

How They **Robbed** Academics for Rutgers Athletics



Rutgers Athletics has drained even more money and resources than we knew from the university's core mission—and the administration's top accountants and lawyers violated university policy and NCAA guidelines to keep it hidden, according to [an investigation by NorthJersey.com](#).

The financial irresponsibility revealed by the article has caused an outcry. But we've known for years that Rutgers Athletics doesn't play by the same financial rules as the rest of us. Our departments and programs have to follow [the RCM budgeting system](#), which siphons off funds we generate from tuition, grants, and other sources to spend on administration priorities like athletics—and then forces us to make do with what's left.

But when it comes to spending by Rutgers Athletics, the sky's the limit. And if there's a deficit even after all the enormous subsidies, the administration makes an "internal loan" from their recently created "Rutgers bank"—which only seems to make loans to athletics!

Here are some facts you should know about this racket:

- Rutgers Athletics owes more than **a quarter billion dollars** to internal and external creditors.
- The administration has sunk nearly **half a billion dollars** into athletics from loans, tuition revenue, student fees, and taxpayer support since Rutgers began playing in the Big Ten in 2014–15.
- Rutgers Athletics' annual **operating deficit tripled** between 2014–15 and 2019–20 to a \$73 million loss.
- More than \$80 million of the university's loans to athletics over those years financed operating defi-

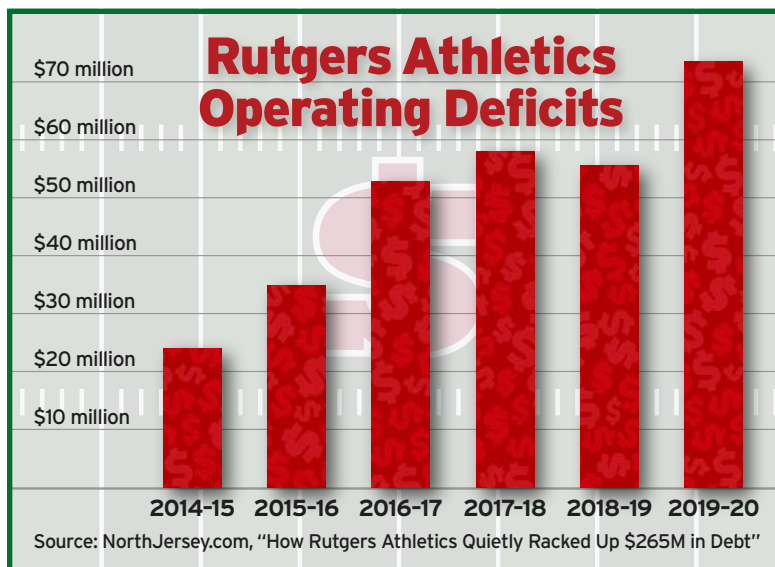


cits, **in violation of university policy**.

The loans to athletics from Rutgers' internal "bank" **weren't even written up**

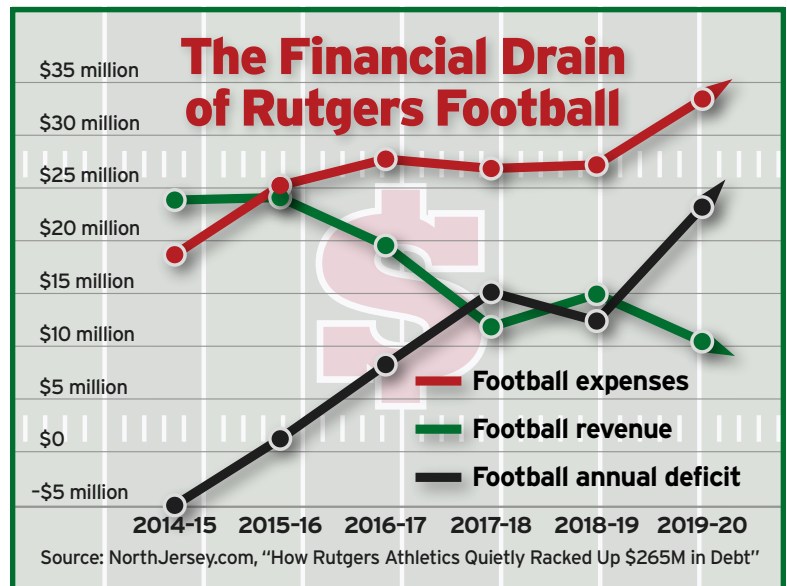
in formal agreements until this summer, after NorthJersey.com reporters asked to see them.

- Management reported some loans to the athletics program as revenue, **a violation of NCAA guidelines** that helped conceal an even worse financial situation than we already knew about.
- New Brunswick **students subsidized athletics** to the tune of \$12.6 million in 2019–20 by paying about \$400 out of each student's mandatory fees. That's more than Rutgers Athletics got from ticket sales and twice as much as total donations.
- **Rutgers coaches' salaries have doubled** since 2014–15. That includes head football coach Greg Schiano, whose \$4 million-a-year salary is more than he was paid to coach in the NFL.
- Rutgers is deep in the hole from **borrowing against future earnings from the Big Ten**. It still has to pay



back \$40 million before it gets its full share of conference revenues.

- The cost of servicing athletics program debt is backloaded and will **double by 2024** to over \$26 million a year—just to pay the interest, and that’s assuming no additional debt is accumulated.
- Despite promises that money would pour in after the move to the Big Ten, Rutgers currently ranks **dead last in donations** to athletics for operations among 52 public universities in the five richest sports conferences—and **next to last in ticket sales**.
- None of these dire statistics include the last fiscal year, which is sure to be **far worse because of the COVID pandemic**.
- President Holloway agrees that the present course is “unsustainable.” Yet he says the university may **forgive tens of millions of dollars in athletics debt**—meaning money that could have gone to our departments and programs would be permanently lost.
- Rutgers Chief Financial Officer J. Michael Gower, who was ultimately responsible for the accounting practices that hid the scale of the athletics program’s financial problems, **has a checkered past**. He resigned from a top position at the University of Vermont under a cloud of suspicion about improper contracts with a management consulting firm—and he was criticized at his next



appointment at Yeshiva University for downplaying losses from the school’s investments in con artist Bernie Madoff’s Ponzi scheme.

Our union has been demanding full transparency and an honest discussion about whether our university is willing to pay the steep price for a money-losing athletics program. Instead of having that discussion, management refused to turn over public information about athletics finances, forcing us to sue to get public records.

That has to end—now. The administration owes it to students, their parents, staff, and faculty to come clean about the financial mess in Rutgers Athletics—and work together to find a solution that doesn’t drain money from the core mission of the university.

What They Took from the Rest of Us

While the administration funneled more money into athletics, the rest of us were asked to sacrifice during the pandemic. Here’s what we were losing:

JOBS

Rutgers laid off well over 1,000 of its most vulnerable workers during the pandemic, disproportionately people of color and women. One-fifth of Part-Time Lecturers lost their regular courses starting in Fall 2020.

SECURE FUNDING

The pandemic disrupted grad students’ research and study, putting their degrees in jeopardy. Under pressure from our union, the administration finally announced a funding extension program, but it doesn’t cover all graduate students.

RAISES

In the same year that Rutgers Athletics lost the most money ever, the administration declared a fiscal emergency and tried to cancel our contractually obligated salary increases.

CAMPUS GOVERNANCE

Rutgers Camden continues to operate under humiliating financial restrictions because of a manufactured budget deficit that is less than half the athletic program’s 2019-20 losses.

SALARY EQUITY

While spending on athletics continued out of control, the administration dragged its feet on a program to address faculty salary inequities on the basis of gender, race, ethnicity, campus, and other categories.



RutgersAAUP.org