

**New Brunswick Faculty Council**  
**Resolution on the financial situation of the Rutgers athletics program**  
**March 2017**

Background

As members of the faculty of the New Brunswick campus of Rutgers University, we wish the Rutgers intercollegiate athletics program every possible success. The great majority of student-athletes who participate in the program perform to a high standard, not only in athletic contests but also in the classroom, and learn valuable life lessons about teamwork and good sportsmanship. For students, faculty, staff, alumni, and residents of New Jersey, intercollegiate athletics can foster a sense of belonging to the Rutgers community. Athletics can also help increase awareness of what Rutgers has to offer in terms of academics as well as athletics.

For a number of years, however, the finances of the Rutgers athletics program have been a matter of very serious concern for the New Brunswick Faculty Council<sup>1</sup>, the University Senate<sup>2</sup>, and many other members of the University community. The program has consistently had sizeable operating deficits, which the University administration has covered by taking money from student fees and general University funds – money that could have been used to support the University's academic programs. In May 2013, President Barchi himself noted the adverse impacts of these athletics deficits and declared that the athletics program is "siphoning dollars from the academic mission." This is still the case today.

The University administration has long maintained that it has a "sound business plan" that will eventually eliminate the athletics program's deficits, thanks in large part to anticipated (but as yet unrealized) revenues from the move to the Big Ten conference. However, the athletics program's financial report to the NCAA for 2015-16, released in late January 2017, shows that, far from getting better, the athletics program's financial situation has actually gotten worse:

- The athletics deficit in 2015-16 was over \$38 million, the second-highest deficit in the history of the program, surpassed only by the \$46 million deficit of 2013-14. To pay for this deficit, the University took \$11.4 million from student fees and \$17.1 million from general University funds, and also provided a loan to the athletics program of approximately \$10 million.
- The 2015-16 deficit was \$15.4 million greater than the amount provided for in the University's athletics financial plan of February 2014.
- Expenditures in 2015-16 were \$13.8 million greater than the amount provided for in the University's athletics financial plan of February 2014.
- Revenues in 2015-16 (exclusive of sums derived from student fees, general University funds and the loan) actually fell by \$1.88 million, relative to 2014-15.

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<sup>1</sup> See "Report and Resolution on the Athletics Program's Revenues, Expenditures and Deficits," available at [http://nbfc.rutgers.edu/index13\\_14.html](http://nbfc.rutgers.edu/index13_14.html).

<sup>2</sup> See "Report to Charge S-1408 on Athletics Program Deficits," available at <http://senate.rutgers.edu/reports.html>.

To make matters worse, the athletics program and the University administration have yet to offer any substantive plan to remedy athletics' failing financial situation. The University's financial plan for athletics, released in February 2014, has, as far as we know, never been updated. We realize that eliminating the athletics deficit will be a complex task. Given the University's failure to make progress toward this goal, however, we believe it is time to bring in an outside group to review the athletics program's finances and help the central administration develop an effective financial plan for athletics.

The athletics program has had some success in raising funds for its "Big Ten Build" project, and construction for this project has now started. However, after more than a year of fundraising, donations are still almost \$30 million short of the target. This shortfall inevitably raises the question of how the project will be financed if fundraising fails to hit its goal.

Finally, the Rutgers athletics program has also been beset by a series of well-publicized scandals so serious that high-level employees had to resign or were terminated. Buyouts of the contracts of some of those employees added several million dollars to the program's deficits – both past and future – and the University has been compelled to hire outside investigators and law firms in connection with the scandals. The resulting fallout from the scandals has likely also had an adverse effect on donations to the program. Most of these scandals could have been avoided by better oversight of the athletics program and better hiring decisions by the University's central administration and governing boards.

In sum, the athletics program's financial situation remains a matter of very serious concern: clearly, the program has failed to meet its financial targets for expenditures, revenues, and deficit reduction; and there is a substantial likelihood that athletics will continue to drain large amounts of resources away from the academic mission of the University.

#### Resolution

Now therefore be it resolved that:

(1) The New Brunswick Faculty Council deplores the University administration's continuing failure to eliminate or even reduce the athletics program's chronic deficit spending and its continuing reliance on millions of dollars in student fees and general University funds to pay for the program's deficits – all of which harms the University's academic mission.

(2) The Faculty Council calls on the University administration to commission a fully independent external review of the athletics program that will (a) evaluate the program's current and future finances, expenditures and revenues and (b) assist the University in developing a realistic and up-to-date financial plan for athletics that will eliminate the program's deficits as quickly as possible.

(3) The Faculty Council calls on the University administration to make the new financial plan available as quickly as possible, and to discuss this plan with the Council and the general University community.