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University Senate report calls on Rutgers athletics to become self-sustaining

Submitted by Kaitlin Mulhere on March 31, 2015 - 3:00am

Some Rutgers University sports fans, including state politicians, say that if the Scarlet Knights want to compete with the big-name programs in their new Big Ten athletic conference, the university has to pony up for improved facilities.

But a legislative body on campus last week urged the opposite, recommending that the university postpone spending on any new projects until the athletics department solves a multiyear budget deficit.

The University Senate voted overwhelmingly on Friday to back a [report](#) ^[1] that recommends creating a five-year plan to reduce the amount of student fees and university funding that goes to the athletics department.

Over the years, revenue from the sports program has covered only about 60 percent of its costs. Since the 2005-6 academic year, the athletics department has had an annual deficit of \$20 million or more and a total budget that has grown from \$41.8 million to \$76.7 million over that time, according to the report.

Those deficits -- to the tune of \$47 million in 2012-13 and \$36 million in 2013-14 -- are covered by transfers from the university's discretionary fund and through hefty student fees.

The decision by the University Senate, which is made up of faculty and staff members, administrators, and students, follows [longtime criticism](#) ^[2] from [faculty members](#) ^[3] about the way the university subsidizes the athletics department and Rutgers's relative emphasis on sports.

But the report also comes at a time when some are pushing for increased support of the university's basketball programs, specifically in terms of facilities. Earlier this month, the women's basketball coach, C. Vivian Stringer, said [she's embarrassed](#) ^[4] when she brings her players into their competitors' arenas.

The men's and women's basketball teams both practice and compete in the Rutgers Athletic Center, which hasn't undergone significant upgrades in several years. The lack of

a separate practice facility and an out-of-date competition arena hurt the teams' ability to recruit, former and current coaches have said.

Stringer's comments drew praise from State Senator Raymond Lesniak, a Democrat, who had [previously criticized Rutgers officials](#) ^[5] for not properly supporting the basketball program. Republican Governor Chris Christie has weighed in, too. According to [New Jersey Advance Media](#) ^[6], he said in a radio interview last week that Rutgers will have to decide if it wants to spend the money it needs to be competitive in the Big Ten.

Mark Killingsworth, an economics professor who helped write the report for the University Senate's Budget and Finance Committee, said he agrees with coaches and politicians who say it takes spending a lot of money to be competitive in the big leagues.

But Rutgers needs to improve its athletics fund-raising, on which all major college sports programs rely, and lean far less on subsidies from students and the university's general fund, he said.

Take Indiana as an example. The state has 6.6 million residents and a median household income of \$48,000. The two main public universities, Purdue University and Indiana University, are both members of the Big Ten. They brought in a combined \$33 million in donations for athletics in 2013-14, according to the report.

On the other hand, Rutgers -- the only state university in New Jersey -- counted \$8 million in contributions, despite the state having a larger population of about 9 million and a higher median household income.

"If they want Rutgers to be in big-time sports, they've got to have big-time contributions," Killingsworth said. "But they've got to stop thinking of the academic programs as their overdraft."

Last year, the athletics department spent \$76.7 million but brought in only \$40.3 million. The difference, \$36.3 million, was paid for with \$26 million from the university discretionary fund and \$10.3 million in student fees.

Football and men's basketball were the only two sports to generate profits last year, with \$1.9 million and \$1.4 million, respectively. Yet 40 percent of the department's expenses fall under the category of "non-program specific," and some of those expenses could have been tied to the football or basketball programs, thereby shrinking their profits.

The annual subsidies for the athletic department have grown over time, too. In the past decade, the amount contributed from university discretionary funds is up about 80 percent and the amount from student fees has nearly doubled. Some of the expenses that led to particularly high deficits in 2012 and 2013 were one-time expenses, including an [exit payment](#) ^[7] to leave the American Athletic Conference (formerly known as the Big East, which was Rutgers's home for many years).

Using student fees to [subsidize athletic programs](#) ^[8] isn't an unusual practice in collegiate athletics. In fact, a large majority of athletics programs depend on subsidies from their universities' general coffers or student fees.

But the amount that Rutgers charges students is wildly out of pace with most of its Big Ten peers, according to the report. Maryland had the highest total subsidy from student fees at \$11.3 million, followed by Rutgers at \$10.3 million and Illinois at about \$3

million. Maryland was the only other Big Ten institution to come close to Rutgers' deficit last year, with about \$18 million subsidized through university support and student fees.

The University Senate report calls for the athletic department to create a new long-term financial plan. The forecast in the current plan created a year ago isn't entirely gloomy. Fund-raising appears to be increasing, and the plan anticipates more revenue through increasing ticket sales and further fund-raising. In a few years, Rutgers will start receiving the annual payouts that the Big Ten conference makes to all its members, estimated to be roughly \$35 million each year once Rutgers becomes a full member.

But the plan forecasts spending until 2021-22, and while the losses shrink each year, there is still a deficit until the final year of the plan, according to the report. Under that plan, the university still would need to subsidize \$183 million between 2013-14 and 2021-22. As a result, student fees for athletics are anticipated to increase by 2 percent each year.

Other recommendations in the report include no expansion or new construction until the department is self-sustaining, that any student fees or university discretionary dollars that go to the athletics department be considered loans, and that the athletics department provide copies of annual financial reports to the university community.

Greg Trevor, a university spokesman, said in a statement that President Robert Barchi appreciates the work of the members of the University Senate and will consider their thoughts.

Killingsworth said he hopes the wide group that's represented in the University Senate will lead the administration to take the suggestions seriously. He recognizes that Barchi is in a tough position in regards to athletics spending. The university's Board of Governors has decided that it wants Rutgers to be a big-time athletic university, and it's Barchi's job to see that happens, Killingsworth said.

But Barchi also has indicated athletics has been relying on money that could be used for academics, saying previously that the athletic department is "siphoning dollars away from the academic mission."

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[1] <http://senate.rutgers.edu/BFConS1408AthleticsProgramDeficitsMarch2015.pdf>

[2] <https://www.insidehighered.com/news/2012/11/21/struggling-rutgers-follows-maryland-big-ten>

[3] <https://www.insidehighered.com/news/2007/08/27/dowling>

[4] <http://http://www.nj.com/rutgerswomen/index.ssf/2015/03>

[/rutgers_womens_basketball_coach_c_vivian_stringer_1.html#incart_2box_sports_index.ssf](#)

[5] http://media.nj.com/rutgersbasketball_main/other

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[6] <http://www.nj.com/rutgersbasketball/index.ssf/2015/03>

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[7] http://espn.go.com/new-york/college-sports/story/_/id/10445006/rutgers-pay-115-million-exit-fee-leave-aac

[8] <https://www.insidehighered.com/news/2010/06/18/knight>