

## Rutgers Boosting Athletics at Expense of Academics Fails to Emulate Texas

By Curtis Eichelberger and Oliver Staley - Aug 16, 2011

[Rutgers University](#) forgave \$100,000 of the football coach's interest-free home loan last year. The women's basketball coach got monthly golf and car allowances. Both collected bonuses without winning a championship.

Meanwhile, the history department took away professors' desk phones to save money and shrank its doctoral program by 25 percent. After funding cuts by the deficit-strapped Legislature, New Jersey's state university froze professors' salaries, cut the use of photocopies for exams and jacked up student tuition, housing and other fees.

Rutgers also increased funding for sports. The 245-year-old school spent more money on athletics than any other public institution in the six biggest football conferences during the 2009-2010 fiscal year, based on data compiled by Bloomberg. More than 40 percent of sports revenue came from student fees and the university's general fund.

"I am dumbfounded," said [New Jersey](#) Assemblyman David Wolfe, a Republican who is a professor of psychology at Ocean County College in Toms River. "Rutgers officials appear before the Legislature every year and claim they are underfunded and need more money. Now we find out we have the No. 1-subsidized athletics program in the country."

In an environment of fiscal strain confronting state governments, the New Brunswick, New Jersey, school is emblematic of rising tension over funding of athletics at the expense of academics. Of 53 institutions surveyed by Bloomberg, 46 diverted money to sports in their fiscal years ended in 2010, based on financial reports to the National Collegiate Athletic Association obtained from state schools under open-records laws.

### University Support Rises

The NCAA said in a financial analysis published in July that student fees and support from university budgets in fiscal 2010 provided the biggest share of sports revenue since 2004, based on the median of the 120 largest programs in the organization, which the NCAA calls its Football Bowl Subdivision. Schools' subsidies and student fees accounted for 21 percent of the \$6.3 billion in athletic revenue, the NCAA said.

At Rutgers, of the \$26.9 million given to subsidize athletics in fiscal 2010, \$18.4 million came from university coffers, top among state schools in the Atlantic Coast, Big East, Big Ten, Big 12, Pac-12 and Southeastern Conferences.

The other \$8.4 million came from student fees, where Rutgers ranks fifth.

Some universities spread the pain of fiscal belt-tightening to sports. As California's budget crisis forced cuts for higher education, the [University of California](#), Berkeley, planned to reduce athletic funding to \$5 million annually within four years. That will be down from \$12 million in fiscal 2010, when it was eighth-highest in the Bloomberg survey.

## **Campus Life**

At the same time, officials of Rutgers and other schools say sports do merit financial support. Athletics provide an important element in campus life, create opportunities for thousands of student-athletes and keep alumni donors involved, they say. In the case of UC-Berkeley, supporters raised \$21 million to prevent disbanding of the men's baseball, rugby and gymnastics and the women's gymnastics and lacrosse teams.

Not all athletic programs rely on university funds. Seven schools -- all with powerful programs in football, the most profitable sport -- didn't give any money to athletics in fiscal 2010. The NCAA doesn't require universities to report data for the fiscal year ended in 2011 until January.

Among those seven is the [University of Texas](#) at Austin, which generated the most revenue from college sports in the U.S. during fiscal 2010, the Bloomberg data show.

### [Texas](#) Football Revenue

About two-thirds of the university's \$143.6 million in revenue came from football, a program that has produced Associated Press writers' poll national champions three times. The sport is so popular that the school can demand a donation on top of the ticket price for 46,634 of its seats, while Rutgers can do that for 5,950.

Texas athletics has been pouring funds into academics for years and endowed two faculty chairs at \$1 million each, according to spokesman Nick Voinis. Once the 24-hour Longhorn cable TV network starts this month, athletics and academics will split \$10 million a year in expected new revenue, he said.

When Rutgers hired [Tim Perneti](#) as athletic director in February 2009, the school made it one of his priorities to shrink the university's support for sports. His contract provides for a \$10,000 bonus in any year when the subsidy doesn't increase and the amount also falls as

a percentage of the athletic budget. Perneti, a 40-year-old native of Wyckoff, New Jersey, has never earned the bonus, said University spokesman E.J. Miranda.

## **Revenue, Subsidies Rise**

In the three fiscal years through June 30, 2010, athletic revenue excluding support from the university climbed \$7.6 million, or 25 percent, according to school records. The department also took fatter subsidies, including a 21 percent rise in university aid and 21 percent more from fees levied on the 28,904 undergraduates, the data show.

All told, such subsidies for sports in fiscal 2010 came to \$26.9 million, or 42 percent of the \$64.2 million Rutgers athletic budget. The percentage was almost double the median of 26 percent among the 120 biggest programs in the NCAA, according to the organization's financial analysis. The amount was almost twice the second-highest total in the Bloomberg survey, \$14.6 million by the University of [Connecticut](#). Rutgers and UConn each support 24 teams, the most among Big East Conference football schools. UT-Austin has 20.

## **State Aid Decline**

State funding for Rutgers in the three fiscal years ending in June 2012 fell \$29 million, or 10 percent, to \$262 million, Miranda said. Tuition and mandatory fees jumped 7.3 percent over the same period to \$12,755 for state students. The 2,800-member faculty hasn't received a raise since January 2010, according to [Patrick Nowlan](#), executive director of the professors' union.

[Chris Christie](#), New Jersey's Republican governor who gained national prominence after cutting state aid to cities, towns and school districts by \$1.3 billion last year, declined multiple requests to discuss the Rutgers sports funding. So did Rutgers President Richard McCormick, who is retiring from the top job in June 2012 and rejoining the history faculty.

New Jersey Senate President [Stephen Sweeney](#), a Democrat, said in an e-mailed statement that "students and quality of education have to come first."

"These latest revelations yet again highlight the need for strong, effective leadership at Rutgers," Sweeney said. "As Governor Christie conducts his search for a new president there, I hope he will take into account that Rutgers' new leader will have to deal with these issues head on in a smart, cost-effective manner that takes students and their families into consideration."

Rutgers was chartered in 1766 as Queen's College and changed its name in 1825 to honor Revolutionary War veteran Henry Rutgers. In 1869, it played the first college football game against the school now known as [Princeton University](#). Graduates include the late

economist Milton Friedman, the late actor Paul Robeson and [Elizabeth Warren](#), a Harvard University law professor and assistant to President [Barack Obama](#), who received her law degree at Rutgers.

## **‘Pony for Christmas’**

Professors and students resent the general funding cuts, some of them said in interviews. The reductions mean higher out-of-pocket expenses and fewer resources for teaching and doing research. Moreover, the subsidies to sports aren’t likely to pay off for Rutgers, says Catherine Lugg, a professor in the graduate school of education.

“We’re told that at some day in the future we will see the pots of gold made by football,” Lugg said in an interview. “When someone says that, I say ‘Yeah, and I’d like a pony for Christmas.’ It’s just not going to happen.”

Lugg’s ability to conduct research on education policy has been hampered by budget cuts at the library, she said. She now has to pay for subscriptions to journals that used to be available there, and for a while she was using the library at Pennsylvania State University in [State College](#), where she is an alumna, she said.

## **Cut Back Photocopies**

[Lee Jussim](#), chairman of the psychology department, told staff members in a December e-mail that they had to shrink the \$40,000 budget for photocopies and computer-scanned forms for giving tests. Failure would mean rationing or billing instructors personally, he said. He recommended “giving fewer tests, dramatically shortening your tests, giving students online and take-home tests,” according to a copy of the e-mail.

“The cuts are sufficiently severe,” Jussim said in an e-mail to Bloomberg, “that our ability to accomplish our core missions are, for the first time in my career, under serious threat.”

Academic funding has never been worse, says Rudy Bell, a history professor at Rutgers since 1968.

“The short-term fixes are going to have long-term negative effects on the quality of education at this university,” said Bell, a Scarlet Knights football season ticket-holder, in a telephone interview.

Wireless Internet service in his classroom is spotty, making it hard for students when he uses websites in his lectures, Bell says. He relies on an Internet voice service for talking with students because he no longer has a telephone on his desk, he says.

## **Unplugging the Phones**

Two years ago, the department took away the phones from the offices of 40 professors to save \$21,000 annually, according to James Masschaele, the history chairman.

“It was the least-bad option,” Masschaele says. The department also cut the number of Ph.D. candidates to between 12 and 14, down from 16 to 18, he says, and lost faculty members to rival institutions because of the budget constraints.

There isn’t enough classroom space for the 4,000 students taking history courses, Masschaele says. The department schedules lectures from 8:10 a.m. to 10:30 p.m. and turns away those who can’t get a seat at enrollment, he says.

Rutgers spent \$11.2 million on coaches’ salaries and benefits in fiscal 2010, third among Big East state schools behind Connecticut’s \$12.5 million and the University of Louisville’s \$12.1 million, the Bloomberg data show. Compensation packages are determined by the market and reflect the cost of top talent, says Perneti, who holds a bachelor’s degree in journalism and mass media and a master’s in communication.

## **Coaches’ Pay**

At the top of the Rutgers scale, football coach Greg Schiano made \$2.03 million including bonuses for the fiscal year ended in June, according to the school. The 45-year-old Schiano won 59 games and lost 63 in 10 seasons, including a 4-1 record in postseason bowl games.

While Schiano’s compensation isn’t out of line among football coaches, it compares with an average of \$142,000 for full professors, \$96,000 for associate professors and \$49,000 for nontenure-track instructors, according to the professors union.

Donald Siegel, 48, teaches introductory chemistry at Rutgers for about \$70,000 a year, he says. Under the professors union’s 2007 contract, he was eligible for raises of as much as 17 percent over four years, but because of the salary freeze he got 3.75 percent, he says. He and his wife just bought their first house after 20 years of renting, he says.

## **Schiano’s Home Loan**

“Athletics programs are always a net loss, and every economic study that’s been done says that it brings in donations, but it costs more than the donations it brings in,” Siegel said in an interview. “It’s much bigger than it should be, and Schiano’s salary is totally ridiculous. But the real problem is the administration is top-heavy.” He said he resents football spending less than other examples of waste.

Under the terms of Schiano’s contract, Rutgers sold the football coach 0.86 acre (0.34 hectare) in nearby Piscataway and spent \$142,185 preparing the lot. The university then

loaned him \$800,000 interest-free for construction of his house. Each year he stays on, Rutgers forgives \$100,000 of the balance, which was down to \$400,000 as of this year, Miranda said.

Pernetti, who played tight end at Rutgers from 1990-1993, declined to make Schiano available for an interview. The coach is well worth his compensation because he has kept the team competitive, and football has the potential to bring in revenue to pay for other sports, as it does elsewhere. Ticket sales, donations and sponsorships related to the game make it the most profitable sport, according to NCAA analyses.

## **Football Operating Loss**

Football revenue at Rutgers totaled \$24 million in fiscal 2010, according to the data compiled by Bloomberg. The team had an operating loss of \$2.9 million, excluding university subsidies and student fees.

The deficit was the widest in the 53-school Bloomberg survey. Connecticut reported the only other football red ink. The average football team had an operating gain of \$17.2 million, the data show.

Vivian Stringer, the women's basketball coach, got the second-highest pay among Rutgers coaches in fiscal 2011 at \$1.3 million including bonuses, according to the school. She also gets monthly allowances of \$1,000 for a car and as much as \$500 for golf. Stringer, 63, has coached the Rutgers women for 16 seasons, one of which ended in the national semifinal and one in the final.

Even though it won two-thirds of its games over that period, the team had an operating loss of \$2.2 million in fiscal 2010, according to Rutgers records. Rutgers women's basketball attracted an average of 4,008 fans to road games and 3,039 at home. Pernetti also declined to make Stringer available.

## **'Revenue Problem'**

The athletic director, who will make \$410,000 this year, came to Rutgers from the CBS College Sports Network, where he was an executive vice president. The university's sports subsidy is significant, especially as budget pressures force academic belt-tightening, Pernetti says. The athletic programs don't make enough money to do without the support, he says.

"We have a revenue problem, not an expense problem," Pernetti says. "The president, the board, the administration and I agree what the goal is. We want to develop a program that protects the image of the university, that can succeed on and off the field, and that can

generate the revenue necessary to stabilize and then reduce university support.”

Rutgers sold \$10.6 million of football tickets in fiscal 2010, a third as much as UT-Austin’s \$33.1 million, based on the schools’ financial reports. The New Jersey school’s stadium seats 52,454, compared with 96,119 at Texas, which charges twice as much for tickets.

## **More TV Money**

Pernetti negotiated a 10-year, \$6.5 million contract this year giving High Point Solutions Inc., based in [Sparta](#), New Jersey, the right to rename the football stadium. He also got almost \$4 million from [Volkswagen AG \(VOW\)](#)’s Audi for naming rights to the club seating section. The deals were in line with similar arrangements at comparable schools.

His plan to increase revenue depends on the Big East’s ability to negotiate higher television fees when its football contract with [Walt Disney Co. \(DIS\)](#)’s ESPN expires after the 2013 football season. The conference’s basketball accords with ESPN and [CBS Corp. \(CBS\)](#) are up for renewal after the 2012-2013 season. Pernetti estimates Rutgers’s television revenue and postseason bowl payouts may triple from fiscal 2010’s \$9.2 million, based on other leagues’ recent deals.

## **Squeezing Boosters**

In addition, Rutgers is working on squeezing more money out of boosters, Pernetti says. In fiscal 2010, sports donations totaled \$9.2 million, third in the Big East behind Louisville and West Virginia University, according to data compiled by Bloomberg. That compares with \$51.9 million at Oklahoma State University, \$39.4 million at the University of [Florida](#) and \$37.1 million at UT-Austin.

Rutgers also plans to seek bids for an athletic-departmentwide apparel deal, getting a manufacturer to pay for having the Scarlet Knights showcase its shoes and uniforms, according to Jason Baum, associate athletic director. The football and basketball coaches now have their own deals with [Nike Inc. \(NKE\)](#) and keep the fees, he said.

## **Paying Her Way**

Emily Knox, a fourth-year doctoral student in library and information science from Columbia, [Maryland](#), says she is indirectly supporting a football team she doesn’t care about. The budget reductions mean her pay as a teaching assistant was cut \$700, to \$24,205 for the 2010-2011 school year, and she had to pay more than \$1,500 out of pocket to travel to academic conferences in San Diego and Seattle after the school chipped in only \$200. She can’t save money by giving up her car because Rutgers cut campus bus service to the neighborhood where she lives, Knox says.

“I don’t know where that money went,” says Knox, 35. “Did it go to the stadium? Did it go to the coach? They get paid, no matter what.”

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