



# Rutgers Council of AAUP Chapters

American Association of University Professors - American Federation of Teachers

## July 27, 2010 – AAUP-AFT Faculty/TA Response Position

**From: Adrienne Eaton, President AAUP-AFT; Rudy Bell, Ian Creese, Joseph Dwyer, Lisa Klein, and Patrice Mareschal -- AAUP-AFT Negotiating Team**

Dear colleague,

Below in red are responses to factual inconsistencies and misrepresentations in the message sent by President McCormick and EVPAA Furmanski dated July 22, 2010. We've chosen this format so that you can compare facts with fiction. The union's role is to advocate on your behalf while protecting the institution of Rutgers University. But let us not confuse the institution for its management. It is precisely that distinction which calls upon us to send this message and to defend our contract. An attack on the faculty, such as the McCormick/Furmanski July 22 memo, must be corrected, so that we all preserve our system of shared governance and academic freedom itself.

THE ORIGINAL ADMINISTRATION MESSAGE FOLLOWS, IN FULL, WITH UNION CORRECTION/COMMENT INTERPOLATED IN **RED**.

July 22, 2010

To: Members of the University Community

From: Richard L. McCormick, President

Philip Furmanski, Executive Vice President for Academic Affairs

Subject: Update on University Budget and Salary Freeze

At its annual budget meeting last week, the Rutgers Board of Governors approved our 2010-2011 university budget and tuition and fee increases. **It's interesting to note that some BOG members complained of having insufficient information to satisfactorily understand the budget or the priorities applied in its making.** This is an austerity budget predicated on drastic cuts in our state appropriation, and no state funding to account for necessary cost increases, let alone investments required to maintain or enhance program quality. **While severe, the state cut by any measure amounts to less than 5% of the university's total budget.** As we have previously reported, we needed to absorb \$96.6 million in this year's budget mainly through cuts in program funding. **We believe this number to be grossly inflated based on our calculations. As we have been doing for over a year and a half, we again demand that the administration open its books. Show us the precise cuts that were made last year. Show us the reserves and end-of-year balances in all accounts as of June 30, 2010. Show us how the funds from the salary deferrals were spent and how the stimulus money was allocated as you promised in the MOA. Only after we have fiscal integrity can we begin to talk about how any necessary reductions in expenditures should be made. [Click here to see our information request.]** This comes on top of a decade-long series of state budget reductions—our state appropriation in real, non-inflation adjusted dollars is now about where it was in 1994—which left us with little flexibility in making these cuts without jeopardizing the fulfillment of our core

initiatives, laying off large numbers of staff and leaving many critical positions unfilled. **No one suggests that state funding has been generous, but why is it that New Jersey's public colleges have not imposed a salary freeze? They incurred the same level of state funding reductions as Rutgers and have vastly fewer alternative resources to mitigate the state reduction.**

One action we took to help bring our budget into balance, minimize damage to our critical programs and services, and save jobs, was to freeze all salaries. **Many of our member salaries are funded in full or in part from external grants. How can the freezing of external grant funded salaries possibly bring the budget into balance? In fact, freezing grant-funded salaries also reduces indirect cost return, thus leaving money on the table and further "imbalancing" the budget.** We announced the freeze on June 10 when it was clear that we would see no relief from the budget cuts in Trenton and when we understood that the legislature would stand firm on the tuition cap, both of which we and our union colleagues fought aggressively. We made this decision to implement the freeze with great regret and with the knowledge that this would require sacrifice by all our community. But we also did so with the firm conviction that it is the best and least damaging course of action for the university. We want appropriately to reward our faculty and staff for all their contributions to the university—but current economic conditions and the needs of the university cannot justify salary increases at this time.

**Promotional increases are an important feature of the negotiated agreement – they are also important signifiers of our achievements in research, teaching and service. In taking this action, the administration has broken both the formal labor contract, and the social contract under which we have labored for years. Through our demonstrated excellence in research and teaching, we have upheld our end of the bargain; the administration has failed to hold up theirs.**

The leadership of our unions was understandably opposed to these decisions, but their reaction to the situation has not been constructive.

**We were not consulted. Rather than first sitting down with the unions to explain the scope of the budget problem and providing the requested financial information, the University unilaterally announced the pay freeze. We requested that the administration save time and money by expediting the processing of the grievances, but President McCormick refused.**

Meetings we had scheduled prior to the June 10 announcement were cancelled and our requests for meetings since then to discuss the issues and consider solutions have been rejected. **Some meetings were cancelled but they concerned other matters. The cancelled meetings did not involve the union's negotiating committee which, as the administration fully knows, is the group required to conduct negotiations. In any case, we have offered to meet with the administration if they pay what was due June 1 (EOF) and July 1 (everyone else) and provide the financial information we have been requesting for well over a year.** Instead, the unions have commenced a number of legal actions including filing multiple grievances and unfair practice charges. All of this is their right pursuant to the labor agreements, of course. However, the responses to these filings require an enormous commitment of resources. **This is a disingenuous argument for the administration to make given the resources the university continually wastes on dragging out negotiations for months or even years, bringing multiple lawyers and Deans to the bargaining table, not to mention the resources wasted on constantly fighting the unions over relatively simple grievances that should be easily resolved.** We believe the time and energy devoted to these actions, which the university believes are without merit, could be better spent by the parties having the requested substantive discussions of possible solutions. **How can there be useful discussions when the administration hides the books and does not honor its written word in memoranda signed and approved less than one year ago?** Nevertheless, we are abiding by the grievance procedures provided for in our contracts and in the memoranda of agreement, and responding appropriately to the unfair practice charges filed with PERC.

In addition, some of the unions are issuing public statements that are simply not factually correct. For instance, they have asserted that we have violated our contracts by not paying the negotiated increases. In fact, each group to whom the current salary freeze applies has language in its contract making explicit that the payment of the

negotiated increases is subject to the appropriation of and allocation to the university of adequate funding by the state. Clearly, by any standard, our funding by the state this year is not adequate.

The agreements by the unions to defer salary increases were based upon the commitment by the University to pay those deferred increases without regard to levels of State funding. The University knows that the State rarely, if ever, provides Rutgers with “adequate” funding. Further, both the University and the Union anticipated that funding for FY 2011 would be difficult. However, a lack of “adequate” funding cannot be used by the University as an excuse to ignore clear contractual commitments, such as its commitment to pay the deferred raises. The deferred raises are in no way solely dependent upon state funding. It remains the position of the AAUP-AFT that the university’s funding is “adequate” to pay the deferred raises. It should be noted that the PTL contract contains no language linking pay increases to state funding.

We are also accused of behaving unethically in not paying the salary increases. On the contrary, to pay the increases without considering what the expenditure of \$30 million for this one purpose would mean to the health of the university and to the welfare of our students would be unethical. **Who said \$30 million? The deferred increase due on July 1, 2010 for faculty is less than \$7 million and for all unionized employees, including faculty and TAs, it is about \$14.5 million. It is unethical for Old Queens to misrepresent these numbers to include their own salary increases. The University has no contractual obligation to raise salaries for non-union employees, except maybe for the major sports coaches. And the “one purpose” referred to above is nothing less than support for the core teaching and research mission of Rutgers. As two students testified before the BOG on July 15, they would rather see well-compensated and motivated instructors before their classes than to have new dining halls and brightly-lighted stadiums. Further, the unions are charging us with hiding our great “wealth.” To our regret, there is no such great wealth to hide. Then show us the books.**

The unions have also claimed that our agreement to defer last year’s salary increases explicitly included a guarantee that raises would be paid this year, “no matter what.” This is not true. **Did the administration actually enter into a two-year agreement with the prior intent of breaking the agreement before the end of the first year? Recall that they also broke their promise to demonstrate how the cost savings and stimulus money was spent. Transparency costs nothing. Our agreement was clear and the administration has simply chosen to violate its contractual obligation to pay the raises.**

The memoranda of agreement signed last year with our unions contained no such guarantee and, in fact, specifically noted that all other provisions of our contracts, including the adequate funding contingency, remain fully in effect. A final claim is that last year’s salary deferrals already included consideration for this year’s reduction in state support. Again, this is simply untrue. A simple calculation shows that the deferrals last year made up only for last year’s cuts—they did not include the cost of the 2009-2010 mid-year rescission, and they certainly did not predict or take account of a 15.2% cut for this year, plus the tuition cap, and no funding for FY2010-11 salary increases. **When we negotiated last summer, we discussed fully with the administration the likelihood that FY2011 would be even more difficult than FY2010. At the time we reached agreement on the MOAs, the administration clearly stated that they had gotten more salary savings than they “needed” for FY2010. In any case, we cannot evaluate these claims at this time because the administration has failed in its obligation under the MOA to explain how the funds saved by our salary deferral were used.**

Unfortunately, even with salaries frozen, we will be forced to lay off staff in order to generate the resources necessary to maintain appropriate depth and breadth of program offerings and services for our students. While some staff are protected via their union agreements from layoff until January 1, 2011, notices regarding terminations effective that date will start going out soon. We take these actions with great reluctance and sorrow; Rutgers needs more, not fewer staff. **While the tenured and tenure-track faculty are not immediately subject to this dire threat of layoff, we stand in solidarity with our more vulnerable staff colleagues. We ask the administration about their sorrow in hiring new deans and vice presidents at the cost of hundreds**

of thousands of dollars. We ask the Board of Governors about their sorrow in allocating a subsidy of \$11.5 million from the general fund to cover lavish overruns for Intercollegiate Athletics. Staff who lose their jobs will be forced onto a job market in New Jersey that simply cannot absorb them. And the staff who remain will once again be forced to do more with less, to do the work done by their former colleagues, and yet to continue to ensure that we attract the best students and provide an education of value. To the staff at Rutgers whose work is so critical, we understand the stress you are working under, and we extend to you our enormous debt and gratitude. "Layoffs versus salary increases" is a false choice that implies there is no alternative. If the administration practised transparency and valued the core mission, other choices would appear. Take just one example accidentally revealed: Would the \$11.5 million transferred to athletics be able to save the jobs of our staff colleagues?

Finally, we pledge to you, the members of the university community, to continue communicating with you about this matter. Yes, we are all very busy trying to keep the university moving forward. And we are also currently spending enormous amounts of time on these budget and salary matters. But it is important to keep you informed in these trying times concerning the difficult decisions we are all facing. Indeed, open the books so we can appreciate the intelligent managing of \$1.997 billion. We fully appreciate the issues faced by many of our employees who anticipated and even made life decisions predicated on receiving a raise this year. We sincerely regret this predicament and wish it were otherwise. But we also must balance these difficulties against the many colleagues who, without these freezes, would have no paycheck at all and would be seeking employment in one of the most challenging job markets in memory. We face unprecedented challenges and must make very difficult decisions to see us through this period. We are determined to do so and to emerge ready to ascend to a new level of excellence. There cannot be excellence without an excellent faculty and excellent graduate students. The administration has violated our trust and we have lost confidence in its ability to properly manage university resources. We again demand that the university immediately turn over the financial information we have been asking for since April 2009. We urge the Board of Governors to take up the recent suggestion by past BOG Chairman William Howard to hold open forums designed to engage all the university's stakeholders in conversations regarding the university's budget and how to best meet our shared educational and research goals.

Thank you.

We thank you for your continued support and we welcome your participation in our efforts to protect our contract, but most importantly our University and its students.

-- Adrienne Eaton, President, and the MOA Negotiating Committee: Rudy Bell, Ian Creese, Joseph Dwyer, Lisa Klein, and Patrice Mareschal