

Details of our Process since 2009

Since the spring of 2009, Rutgers AAUP-AFT has been engaged in discussions with the administration after EVP Furmanski informed us that the University would not pay the 5.5% increase contractually due on July 1, 2009. We agreed to address professed budgetary shortfalls and to negotiate, even though evidence demonstrating that RU had a real shortfall was not forthcoming from the administration.

A complex negotiation ensued involving the University, Governor Corzine, the AAUP-AFT, and the other Rutgers Unions. The talk between the State and the state worker unions was about saving money through furlough days. At Rutgers, both sides agreed that furloughs were not in the best interest of the University.

This period of intense negotiations resulted in a Memorandum of Agreement (MOA) that did not give up our salary increases but set up a phase-in period of delay in paying them over the last two years of the contract.

The deferral of raises (and \$15 million in federal stimulus money that came to the University through the state) helped stabilize RU's financial position. Full-time faculty agreed to this sacrifice, but we held firm that teaching and graduate assistants would not suffer a delay. TA/GAs would receive their salary increases as originally negotiated.

This 2009 Memorandum of Agreement (MOA) thus set in place a phased-in delay of salary increases that would save the University more than \$24 million over two years.

The August 2009 MOA specified four wage increases that would be paid out on the following schedule:

1/1/2010	2.75%
7/1/2010	2.75%
1/1/2011	2.75%
6/30/2011	2.75%

TA/GAs received their pay increase as negotiated in the contract for 2009-10, while the full-time faculty began the first 6-month period of delay. January 1, 2010, their first salary increase was paid as scheduled.

Salary Freeze Imposed June 2010

Then, in June 2010, EVP Furmanski suddenly imposed a salary freeze on all faculty and teaching/graduate assistants, claiming that the University had not received adequate state funding to pay the agreed-upon increases due on July 1, 2010. He also imposed the freeze on newly-

promoted faculty, the first time in RU history that a promotional increase had ever been denied.

With this sweeping salary-freeze action, Furmanski abrogated the MOA he entered into only 10 months earlier without providing any evidence that the University's financial position had changed.

When we confirmed with EVP Furmanski that their own accounting demonstrated that Rutgers was accumulating reserves (surpluses or profits), his response was that he was exercising his right under the contract not to pay salary increases when "inadequate" funding was provided by the State. State funding now accounts for less than 25% of Rutgers budget, and State funds have been a steadily declining portion of revenue for the University.

Furmanski made it clear that he was choosing not to pay, not that the University could not afford to pay.

Confirming the Furmanski stance, the University's outside attorney argued in the URA-AFT (staff union) arbitration that "The facts are not disputed.... The fact that the University has resources that could be diverted to pay the raises is irrelevant... the contract does not negate the university's discretion. The University's ability to pay the raises is not the issue."

Neither Furmanski nor the university's attorney made the claim that IEVP Edwards made in his December 1 email, i.e., "the decision to withhold salary increases was a budgetary necessity that averted furloughs, other salary reductions, large layoffs, and damaging cuts to programs and services..." Moreover, the University has continued to hire new faculty and staff and grow faster than any other AAU university, according to remarks made by IEVP Edwards in another setting.

The University has built its arbitration case on one sentence in Article VIII of the Rutgers-AAUP-AFT contract:

VIII - SALARY PROVISIONS....

Subject to the appropriation of and allocation to the University by the State of adequate funding for the specific purposes identified for the full period covered by this Agreement, the following economic provisions shall apply: [the negotiated salary increase schedule].

Similar language appears in the state college contracts and in state workforce contracts. Neither the Governor nor the state college presidents abrogated their labor contracts; only Rutgers chose to do this in 2010.

We are in arbitration with the University to determine the meaning and application of this "subject to" language. We have demonstrated to the arbitrator that the state has not provided adequate funding for salaries for

the past twenty years. The arbitration case is moving along slowly.

At the same time that we have pursued arbitration, we have been in several rounds of unsuccessful discussions to resolve this dispute. Last month we entered into mediation with the administration. Apparently, the December 1, 2011 letter we received from Richard L. Edwards, Interim Executive Vice President for Academic Affairs on "Salary Improvement Program for Non-Unionized Staff" represents his answer to our resolution efforts. RU staff members who are not eligible to have a voice in the workplace through a union will receive salary increases because the RU administration wants salary decisions to be at its discretion.

Additionally, we started contract negotiations with the University in June for a new multi-year agreement for our contract that expired June 30, 2011. In the six sessions thus far, the McCormick administration has put on the table proposal after proposal that would significantly weaken current contractual language.

Pattern Bargaining Abrogated

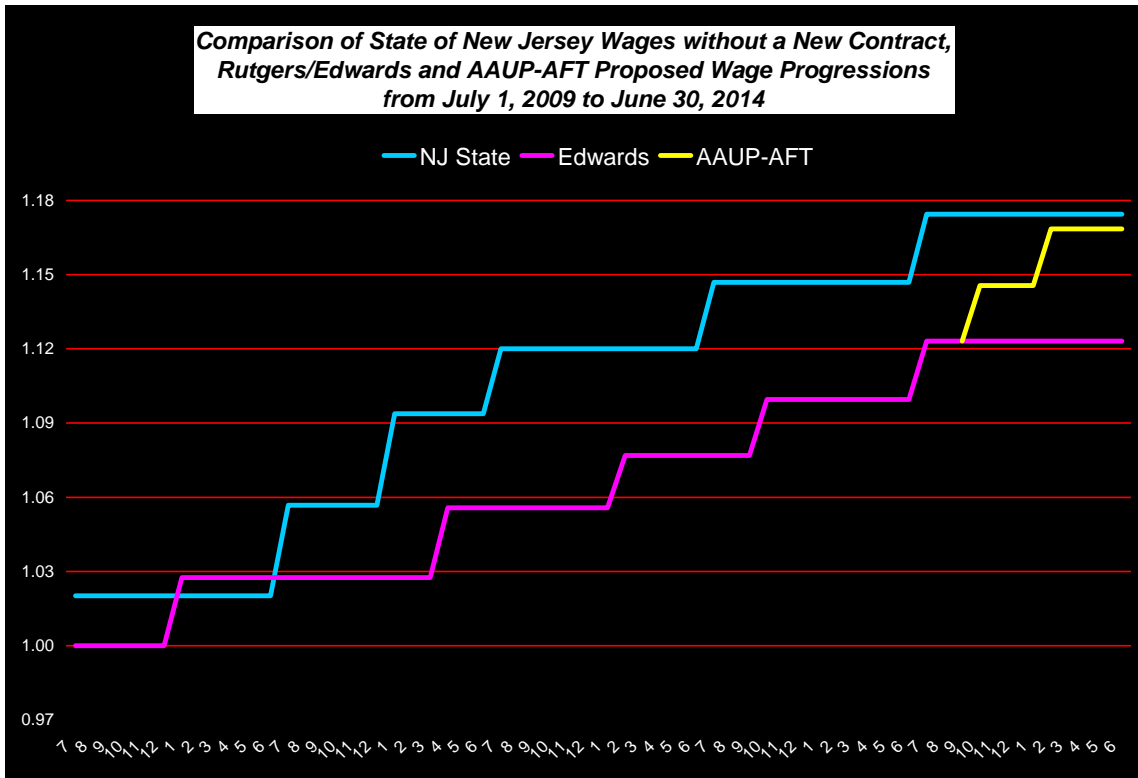
To put this situation into perspective, our bargaining position is strongly influenced by the pattern of bargaining that emerges from agreements that other public sector unions negotiate with the state of New Jersey.

For the last 30 years, public sector collective bargaining over wages has followed a simple pattern. The two major state contracts are resolved first—one with CWA and the other with AFSCME. The terms of the state AFSCME settlement are then directly applied to the Rutgers' two AFSCME units. The AAUP-AFT and the Rutgers Administration historically have relied on the CWA terms of settlement as a basis for a Rutgers contract. That is, CWA across-the-board and longevity increments are translated into Rutgers across-the-board and merit increases.

When Furmanski abrogated the contract in June 2010, he departed from this pattern-setting process—to our detriment.

Consequently, state workers and state college employees received contractual increases in July 2010 through June 30, 2011 and, in addition, received increment steps. Their contracts, like ours, expired on June 30, 2011. Neither the state nor the state colleges have reached new agreements, but their members continue to receive increment step increases.

We have undertaken a cost comparison between the state employees wage increases with those that we would receive under Edwards' proposal and the counter proposal that the AAUP-AFT made to Edwards. The chart on the next page shows the comparisons.



NJ State: Includes 2010 and 2011 wage increases, increments (two-thirds of the workforce are eligible), and eight furlough days. Assumes no base wage increases for fiscal years 2012, 2013, or 2014.

Edwards: Includes the MOA wage increase paid in January 2010 and the unpaid MOA increases that were due by June 2011

AAUP-AFT: In addition to the MOA increases that the Edwards proposal would finally pay, we include 2 increases in the final year of the contract, each worth 2% (combined across-the-board and merit) for full-time faculty.

Even assuming the state workforce receives no contractual increases for fiscal years 2012, 2013, and 2014, they continue to receive increment increases. Moreover, they received their MOA increases in 2010 and 2011. Adjustments for the eight furlough days have been made. Throughout this five-year period, state workers and state college faculty and their staff will achieve considerably greater pay increases than the Rutgers faculty and staff.

We have compared our members' typical earnings losses arising from Edwards' wage proposal and the AAUP-AFT wage proposal and have compared it to the original contract and the MOA. For comparison purposes we assume that there would have been no contractual increases for fiscal

years 2012, 2013, and 2014 under the former contract or the MOA. The comparison of Edwards' proposal to our last proposal is as follows:

	AAUP Prop	Edwards Prop
1/1/2010	2.75%	2.75%
4/1/2011	2.00%	2.00%
2/1/2012	2.00%	2.00%
10/1/2012	2.10%	2.10%
7/1/2013	2.15%	2.15%
10/1/2013	2.00%	0.00%
2/1/2014	2.00%	0.00%

To close the gap, AAUP-AFT offered two alternative proposals: (1) a reopener provision in 2014, or (2) limiting the contract extension to two years by moving the 7/1/2013 increase one day to 6/30/2013. Both proposals were flatly rejected. It appears the McCormick administration, acting through IEVP Richard Edwards, has locked itself into a no-negotiations position.

The table below shows comparisons between our proposal and Edwards' proposal with the original contract and the MOA over the five-year period July 1, 2009 and June 30, 2014. Panel A reports the losses the typical faculty member will endure and Panel B provides our estimates of salary savings achieved by the administration.

Five Year Salary Loss for Typical Faculty Member		
Panel A	Contract	MOA
AAUP Prop	\$17,695	\$9,774
Edwards Prop	\$20,315	\$12,394

Five Year Salary Savings for University		
Panel B	Contract	MOA
AAUP Prop	\$47,777,425	\$26,389,827
Edwards Prop	\$54,851,634	\$33,464,037

The typical full-time faculty member will sacrifice \$20,315 under the Edwards proposal compared to the original contract and \$12,394 compared to the MOA entered into in 2009. This estimate does not include the increased contributions to health insurance. When higher health insurance contributions are included, the salary losses compared to the contract is \$28,040 and compared to the MOA is \$20,119 over five years.

Under all scenarios, the University administration realizes substantial salary savings. Under Edwards' proposal, the University saves \$54,851,634 when compared to our contract and \$33,464,037 when compared to the MOA, which already provided substantial salary savings. Again these cost

comparisons assume that under the contract and the MOA, there would have been zero pay increases in Fiscal Years 2012, 2013, and 2014.

The McCormick administration's offer to the faculty and TA/GAs is worse than their Salary Improvement Program for Non-Unionized Staff. It appears that, for the McCormick administration, "take-it-or-leave-it" is their only position. Problem solving has been ruled out-of-order.

The AAUP-AFT Bargaining Team
December 5, 2011