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PUBLIC HEARING

before

SENATE SPECIAL COMMITTEE TO REVIEW LEGISLATIVE
FUNDING POLICIES FOR RUTGERS UNIVERSITY

"Review of Rutgers University's Seven Year Facilities
Master Plan; its impact on tuition, State
appropriations, and long term costs"

March 20, 1990
Room 424
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Laurence S. Weiss, Chairman
Senator Matthew Feldman, Vice Chairman
Senator John H. Ewing
Senator Leanna Brown

ALSO PRESENT:

Linda Lashley
Office of Legislative Services
Aide, Senate Special Committee to Review
Legislative Funding Policies for Rutgers University

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State of New Jersey

SENATE SPECIAL COMMITTEE TO REVIEW LEGISLATIVE
FUNDING POLICIES FOR RUTGERS UNIVERSITY

LAURENCE S. WEISS
CHAIRMAN
MATTHEW FELDMAN
VICE-CHAIRMAN
RICHARD VAN WAGNER
JOHN H. EWING
LEANNA BROWN

NOTICE OF PUBLIC HEARING

The Special Committee to Review Legislative Funding Policies for Rutgers University will hold a public hearing on the following issue:

**Review of Rutgers University
Seven Year Facilities Master Plan,
its impact on tuition, State appropriations
and long term costs.**

The hearing will be held on Tuesday, March 20, 1990 at 10:00 A.M. in Room 424, State House Annex Trenton.

The public may address comments and questions to Linda Lashley, Committee Aide and persons wishing to testify should contact Mary C. Lutz, secretary, at (609) 984-6843. Those persons presenting written testimony should provide 10 copies to the committee on the day of the hearing.

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TABLE OF CONTENTS

	<u>Page</u>
T. Alexander Pond, Ph.D. Acting President Rutgers, The State University	6
Marvin W. Greenberg Senior Vice President for Program Planning, Budgeting and Student Services Rutgers, The State University	18
Joseph P. Whiteside Senior Vice President and Treasurer Rutgers, The State University	27
Donald B. Edwards Vice President for Community Relations and University Development Rutgers, The State University.	27
Joanne R. Euster, Ph.D. Vice President for Information Services University Librarian Rutgers, The State University.	32
Frederick Grassle, Ph.D. Director of Institute of Marine and Coastal Sciences Rutgers, The State University	45
James Wallace, Ph.D. Assistant Chancellor for Fiscal Affairs New Jersey Department of Higher Education	55
Philip V. White Vice Chancellor New Jersey Department of Higher Education	86
Grey J. Dimenna, Esq. Special Assistant for Government Affairs New Jersey Department of Higher Education	104
William Gaudelli Campaign for an Affordable Rutgers Education Rutgers, The State University	105
Jason A. Scorza Student Rutgers, The State University	109

TABLE OF CONTENTS (continued)

	<u>Page</u>
John W. Crosbie Associate Director for Legislative and Public Affairs New Jersey Commission on Science and Technology	135
Jack L. Nelson, Ph.D. Rutgers Council of Chapters American Association of University Professors Rutgers, The State University	139
Thomas Knoche President, Part-time Faculty Chapter American Association of University Professors Rutgers, The State University	139
Kenneth Carlson, Ph.D. Chairman The University Senate Rutgers, The State University	161
APPENDIX:	
Statement submitted by Joanne R. Euster, Ph.D.	1x
Statement submitted by William Gaudelli	4x
Statement, graphs, and charts submitted by Jack L. Nelson, Ph.D.	9x
Statement submitted by Kenneth Carlson, Ph.D.	22x
Letter and statement submitted by Glen Gechlik Student Rutgers, The State University	24x
Statement submitted by Philip K. Beachem Executive Vice President New Jersey Alliance for Action, Inc.	28x
Statement submitted by Richard L. McCormick Acting Dean Faculty of Arts and Sciences, New Brunswick Rutgers, The State University	30x

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SENATOR LAURENCE S. WEISS (Chairman): Good morning. I have waited for Committee members to arrive. I guess maybe it's the weather that's holding them up. I'm going to start the meeting, however, and wait until you hear the grousing when they find that out.

But, with the latitude given the Chair in meetings or in forums such as this, I think that -- and all of you nice people came down early this morning -- it's not my intent to drag this meeting out for the rest of the day waiting for members.

With that latitude given to the Chairman, I declare the Chairman a quorum of one, able to conduct this meeting legally and so forth, whatever.

I'd like to open this meeting on Rutgers funding with some background on the origin of this Special Committee and an explanation of what our purpose in meeting today is.

The reason we are focusing on Rutgers today and not the other public colleges, is that Rutgers is the State University, the flagship of the public college system, with the largest budget and the largest projected capital program.

The other reason we are focusing on Rutgers today relates to the historical circumstances that led to the creation of the Special Senate Committee that is conducting today's meeting.

Let me, for the sake of placing this meeting in context, briefly review those circumstances. As you know, last spring the announcement of a 13% increase in Rutgers' tuition led to student discontent, protest, and even arrests. A member of the Board of Governors, Mr. Walter Wechsler, proposed that a full operational audit be conducted of Rutgers to determine if there were alternatives to this tuition increase.

A number of legislators requested that the Senate President, then Senator Russo, respond to this issue. In response, Senator Russo directed the State Auditor to conduct a

review of the University's financial audits for the last five years. He requested that they report back recommendations, including a finding as to the need for a performance audit.

The most striking aspect of this report was that it highlighted the fact that Rutgers had submitted a seven-year Facilities Master Plan to the State Board of Higher Education last May, that was predicated on an annual State appropriation increase of 11% a year. The Auditor's letter recommended that an independent study be conducted of the assumptions utilized in the seven-year plan and the relationship of these assumptions.

The issue that Senator Russo found to be critical was this anticipated high level of State appropriations contained in the Master Facilities Plan. To examine this issue, he created this Special Committee last September. The other findings of the Auditor may have bearing on this central issue, so I have included them in the Committee's material.

The budget model with the 11% annual appropriations increase that was presented to the State Board of Higher Education in order to meet the State Board's requirements for the Jobs, Education, and Competitiveness Bond Issue is referred to as the official model. Rutgers developed two other models: the original model at a 7.6% annual appropriations level, and the worst case mode, at a 5.2% appropriations level.

Even without the full knowledge of this year's financial crisis, it was evident to many of us in the Legislature that this was an unrealistic proposal that needed to be questioned.

Rutgers' rationale, as we understand it, for submitting the most ambitious proposal was apparently based on what Rutgers had received for the last five years from the State of New Jersey. It is a fact that Rutgers for the previous five years had averaged 11% in State appropriation increases. The State support for Rutgers during this period had been extraordinary.

The Chancellor pointed out at a State Board meeting in September of last year, that in a comparison of 40 major State universities over the last 10 years, Rutgers had ranked fifth highest in the level of increase in State appropriations. For the two prior years Rutgers ranked second. So, there is no doubt that the State has been supporting Rutgers generously.

The problem is, Rutgers assumed that such extraordinary growth, twice the level of inflation, could continue seven more years, if not indefinitely. To be honest, Rutgers' mistake was similar to that of State government as a whole. They assumed that the good times and unprecedented growth in revenues would continue indefinitely.

Just last week, Rutgers revised their official model and made available a new model that reflects changes in this year's appropriation and tuition levels. This model is based on an annual appropriation increase of 8.64%, but this includes a 12.5% increase for FY '91 and a 10% increase for FY '92.

Rutgers has also indicated publicly that Phase IV and Phase V of the facilities program have been indefinitely postponed, much to their credit. As a result, the new plan does not include a 15% increase in tuition for FY '92 to pay the interest on Rutgers' bonds for Phase IV. The original model and the official model had contained this 15% increase. The new model, however, contains the 13% increase in this year's tuition that became part of the new model's base.

If this new budget model that Rutgers has given us had been presented last November, its more moderate projections of appropriation growth and the postponement of later projects would have been received as reasonable adjustments. In light of the news of last week's budget message, however, the postponement of Phase IV projects is a given, and we must now examine whether even some Phase III projects need to be delayed. The elimination of the 15% tuition increase in '92 for projects results from this decision, but we now must face

the question of whether similar increases are necessary next year just to maintain the basic educational program.

I would like to ask the participants in this meeting to try to approach the problem before us in a nonconfrontational manner. We need to work together to maintain the integrity and purpose of our State University in a very difficult time.

I would ask Dr. Pond, and the Rutgers administration certainly, to explain their vision for a world-class research University, but I would also like to hear how the University in this time of fiscal crisis plans to pursue that vision while maintaining the integrity of the basic educational mission of the university. I would hope you can also speak to what economies and efficiencies you plan to implement to avoid shifting too great a burden of the current fiscal crisis to the students in the form of tuition increases. I am especially interested in whether Rutgers had been more prudent than the State, and has a real "rainy day fund" and reserves that can be used to lessen the impact of this immediate crisis.

I'm going to go on for a bit more. I'm not stalling for time, but I would like everyone to understand, if they don't already do so, what the entire problem is.

To the student representatives, I ask patience and understanding. I personally appreciate the effort that you made in developing your dissertation on tuition. I must admit that I have sympathy with your basic contention that you have been asked to bear some excessive tuition increases in the past. But I must ask you to understand that this year the best that can be done is to attempt to keep increases in some sort of reasonable range.

To the AAUP representatives I would indicate that this public forum is not a proper arena for negotiations. And certainly it is not our role to negotiate. We all are opposed to the prospects of massive layoffs of faculty and fear the

impact of such layoffs on the school. Help us find short-term solutions to our problems, and they are many.

We in the Legislature will have to do our part, also. But let me not hold out any false hopes for the immediate future. The budget crisis is real. We must close an immediate budget gap of almost \$600 million in the next three months just to get to zero.

Let me note for the audience that most of today's hearing will be devoted to testimony by, and questioning of, the Rutgers administration. When this testimony is complete, we will allow the two major constituent groups to be represented; that is the students and the faculty, and also a brief statement by a Vice Chancellor-- Vice Chancellor Dr. White.

The students will be represented by the articulation group. The faculty will be represented by the Association of University Professors. Because of the scope of the hearing and resultant time limitations, testimony will be limited to these groups today. Others may submit written testimony for the record, and that will be cheerfully accepted.

So, in your comments today, please share with us your vision of the future and your concerns for the immediate crisis, but let's do it in a way that leads to solutions, not confrontations.

I see Senator Ewing has arrived, and I would like to introduce him to you if you don't already know him. I think most people in this State do. Why not, Jack?

SENATOR EWING: They don't all play polo.

SENATOR WEISS: Oh. They don't all play polo. So, all you non polo players, I'd like you to meet Senator Jack Ewing.

That, I do believe at the moment, ends my statement. It was given in sincerity and related to some of the problems that the State has, and believe me, they're true.

I went through the last couple of weeks with the administration on their budget problems and they are many. You start-- Pick your number. They could go up to as high as \$2.3 billion or \$2.4 billion to the end of FY '91. So, therein lies another basic problem that may have an effect on this hearing, and any other hearings held in this State on any other monetary initiatives.

With that, I would like to call our first speaker this morning. That would be Dr. T. Alexander Pond, Acting President of Rutgers University. Dr. Pond?

T. A L E X A N D E R P O N D, Ph.D.: Good morning, Senator Weiss.

SENATOR WEISS: Doctor, there's a microphone in front of you, and there's a little white button. Push that and a red light comes on, and you've got it.

DR. POND: Again, good morning, Senator Weiss, Senator Ewing. I would like to introduce to you my administrative colleagues from the University: On the far right is Don Edwards, the Vice President for Community Relations and University Development. On my immediate right is Senior Vice President Marvin Greenberg -- Senior Vice President for Program Planning, Budgeting, and Student Services. On my left is Senior Vice President and Treasurer, Mr. Joseph Whiteside.

We very much welcome the opportunity today to review Rutgers' Facilities Master Plan with you. We thank you, Mr. Chairman, for a very judicious framing of the problem that we gather around.

Our Facilities Master Plan was approved by Rutgers' Board of Governors and the State Board of Higher Education in May of 1989. It is a long-range strategy to reach nationally competitive capabilities in education, research, and service by moving Rutgers closer to the national norms of space available for these functions at leading public universities. The Plan also provides for the elimination of the \$40 million backlog of

deferred maintenance projects for Rutgers' existing physical plant and makes provision for the future operation and maintenance of new buildings, many of which are to be constructed under New Jersey's 1988 Jobs, Education, and Competitiveness Bond Issue.

As I will explain later, the projections we present today have been very substantially scaled back, as you mentioned, Mr. Chairman, from the version of last May in response to the drastic deterioration of the State's finances in the past year. We have not yet been able to further modify our projections to reflect the severe reductions for fiscal 1991 contained in the Governor's message of last week, so that additional major changes will be necessary which will further decrease and delay the developments projected. Those effects will be extremely severe and pervasive. It is nevertheless still useful, we think, to discuss today the projections you have received recently. The total changes in funding projected still approximate the needs generated by that portion of our facility program which has actual or prospective funding, and the list of projects themselves will remain as urgent priorities for the University when its progress to national leadership can be resumed.

As the State University, Rutgers plays a unique role in New Jersey's system of public higher education, drawing three essential products from a single faculty. In education, we provide contemporary, high quality curricula at the baccalaureate and advanced levels across a comprehensive array of arts, sciences, and professions, preparing our young people to contribute to meeting the challenges of the future. To enrich their teaching and strengthen New Jersey's competitive position, our faculty also bears the responsibility to establish creative leadership in their disciplines in appropriate scholarship, discovery, research, or artistic accomplishment. In public service, Rutgers' contributions

range from developments in health care policy to working with government and business to enhance the competitiveness of the State and nation in a world economy made ever more complex by each passing day. The State has made economic development one of its top priorities and has clearly told its colleges and universities that it wants higher education to help; we are doing so. We also contribute in many other ways to improving the quality of life for all.

Rutgers has, so far, been remarkably successful in achieving these goals. One measure of our success was our invitation to become the 58th member of the Association of American Universities a year ago, a sign of our true emergence as a national institution. Over the past 25 years, only 17 universities have been asked to join the AAU. Broad recognition of Rutgers' reputation has been demonstrated recently as well, when Rutgers was cited by "U.S. News and World Report" as one of only a handful of "up and coming" national universities.

You will recall that our efforts toward national distinction began in 1980, when our Board of Governors decided that Rutgers should attempt to enter the first rank of American research universities. Rutgers began with an extraordinarily strong base in undergraduate education. Our Middle State reaccreditation review team, which was chaired by the President of Penn State, confirmed this in 1988 by stating, in reference to our system of undergraduate colleges in New Brunswick, that Rutgers "may have the best undergraduate program of any large public research university in the country."

In the 1980 mission statement, the Board recognized the need to strengthen Rutgers' role in research and graduate education so that Rutgers could serve New Jersey at a national level of distinction in these activities as well. These institutional goals were adopted for Rutgers in the ambitious 1981 statewide plan for higher education. Our direction was

then clear. What was needed in addition was a mechanism to win the additional resources necessary to support the University's new obligations.

In 1983 the Board appointed a Committee on Future Financing of Rutgers, a panel of distinguished citizens, including several former legislative leaders, to advise the University on its long-range financial strategy. Their report, issued in 1984, concluded that Rutgers was, "poised on the threshold of a new level of distinction," and recommended that a new partnership be formed to help New Jersey build a University geared to the State's enormous needs and potential. The report endorsed a development plan to be funded by new levels of State and Federal government support, private funds, systematic development of the University's own resources, and tuition.

These recommendations won the support of the Governor and Legislature, the business community, and the public at large. The Governor and legislative leaders have embodied this commitment to excellence in major additions to both operating and capital budgets. In the operating budget, provision has been made to improve the faculty's circumstances for teaching and for scholarship, to attract the ablest faculty, senior and junior alike, to our campuses, and to improve the student experience at both the undergraduate and graduate levels. In addition, the bond issues of 1984 and 1988, both of which were overwhelmingly approved by the Legislature and the voters of this State, have combined with additional sources of support to underwrite the cost of a building program that now totals \$480 million.

It was clear at the start of these efforts that our physical facilities were going to require concentrated attention if we were indeed to begin to move toward the goals set for us. The degree to which our campuses fall short of standards set by the leading state universities is very well

established. We review each of our degree programs every five years, inviting a team of leaders in the discipline from other universities to visit Rutgers and assess our activities in-depth. In the great majority of these reviews, we learn that further development is prevented by the absence of essential facilities. In 1986, a Department of Higher Education study showed that, in terms of overall space availability, New Jersey's colleges and universities provide less than half the national average per student. Rutgers, with 200 gross square feet of space per student, is at only 55% of the national average of 364 square feet of space for students at public research universities. Even when the current phase of the ambitious program of capital construction underway at Rutgers is completed, we will still have only 70% of the national average for public research universities in terms of space per student.

The capital construction program has carried out the 1984 vision of the Committee on Future Financing: a financial partnership including the State -- most recently through the 1988 bonds -- business and industry, alumni, faculty, staff, students, the Federal government, private donors, and the University's own governing boards to generate the necessary resources to achieve excellence.

Thus far, we have undertaken three phases of capital construction amounting to one-and-a-quarter million gross square feet of space for academic and support purposes either completed, under construction, or in design. A further 400,000 gross square feet of space is being provided for Advanced Technology Centers, which are funded by the Department of Commerce and Economic Development. In addition, 340,000 gross square feet of space will accommodate projects supported by student fees and including recreational, cultural, and student center space in New Brunswick, Newark, and Camden. These together total almost 2 million gross square feet of new space.

The projects under Phase I of the capital program include the Center for Advanced Biotechnology and Medicine, the Center for Ceramic Research, the Center for Advanced Food Technology, the Athletic Training Facility, and the Business and Science Building in Camden. Phase I also includes a number of renovations and asbestos removal projects.

The projects under Phase II include facilities for the Center for Computer Aids for Industrial Productivity, the Teaching Theater, the New Brunswick Business School, the Physics and Astronomy Building, the Fiber Optics Research Program, the renovation of Winants Hall, and recreational facilities on the Busch and Douglass/Cook campuses and in Camden.

Of the nearly 30 projects included in Phase III, nothing is more important than the libraries in terms of service to all of the purposes of a university, from freshmen education to the most advanced studies. A major expansion to the New Brunswick library system is planned to bring it toward the level of the first rank of public university libraries in the country. An addition to the art library in Voorhees Hall will provide adequate space to house the expanding collection and permit more efficient use of the facility. A building addition to the Camden library will provide more space for the law and undergraduate collections. An addition to Dana Library is required to provide additional library stack and study space for the Newark campus as a whole, for special collections and the business collection, and for the growth of the computer support system.

Other Phase III projects include major renovations on the College Avenue Campus, marine and coastal sciences, environmental and occupational health, engineering, management, women's studies, mathematics, and law.

Phases I and II are funded in large part under the 1984 "Jobs, Science, and Technology" State Bond Issue, special

State appropriations, and Rutgers bonds. More than a dozen of the Phase III projects depend in significant measure on funding from the 1988 bond issue. Additional funding for Phase III is provided by the sale of Rutgers bonds, private gifts, Federal grants, and other sources. Taken together, these new facilities are playing a vital role at Rutgers in terms of our ability to undertake initiatives across the whole spectrum of our teaching and research, to increase the quality and quantity of services to both undergraduate and graduate students, and to provide important new services in all the State's undertakings.

I would like to speak particularly to two of these projects, by way of illustrating more directly some of the general characterizations I have just made. As the land-grant institution of New Jersey, Rutgers has a long and proud history of support to the State's vitally important agricultural industries. Here a new age is dawning with the advent of the Center for Agricultural Molecular Biology, sited on the Douglass/Cook campus as a new unit of the New Jersey Agricultural Experiment Station, where Selman Waksman's work on streptomycin earned him a Nobel Prize a generation ago. "AgBiotech" for short, this new center is dedicated to biomolecular research in agriculture and the environmental sciences. Working for the moment out of temporary quarters, the center is helping New Jersey address the concerns that arise in efforts to maintain the delicate balance between our agricultural and urban environments.

Under the direction of Dr. Peter Day, former director of the world-renowned Plant Breeding Institute in Cambridge, England, AgBiotech focuses its research on fundamental problems of State, regional, and national significance. This research can reduce the use of pesticides in agriculture while improving the nutritional value of foods.

I mention AgBiotech also to underscore the relationship between State and Federal funding for many of

these projects. With the plant science component of the program, AgBiotech's overall project budget is \$37.2 million. Of that, we expect \$10 million to be forthcoming from the U.S. Department of Agriculture when the State's portion of funding for the project under the 1988 bond issue is in place. That is an extremely important leverage that will be made possible by the demonstration of commitment of both the State and Rutgers to this effort.

The second project I'd like to review is the Institute for Marine and Coastal Sciences, established at Cook College under the direction of Dr. J. Frederick Grassle -- who has kindly agreed to join us here today. Dr. Grassle is one of the world's foremost authorities on the ecology of the ocean floor. Prior to coming to Rutgers, he was a senior scientist at the Woods Hole Oceanographic Institution in Massachusetts. Dr. Grassle and other scientists associated with the Institute will conduct the basic and applied research needed to understand and sustain the State's coastal estuaries and wetlands, the revitalization of its fishing and tourism industries, and the rational development of its waterfront and coastal areas.

Construction of the Institute totals more than \$21 million. A contribution of a little over \$5 million in State bond moneys for the Institute enabled us to attract \$13.5 million in leveraged funding for the Institute from the Port Authority of New York and New Jersey.

Both of these projects will bring together major new concentrations of teaching research activities in the sciences which will add important new dimensions to undergraduate programs, especially at Douglass and Cook Colleges.

It is our commitment as a University and as a State to projects of the type I have reviewed that enables New Jersey to attract truly world-class leaders such as Dr. Day and Dr. Grassle to Rutgers and to New Jersey. There are many, many

other examples of truly fine scholars who have agreed to come to Rutgers to help us translate the vision I spoke of earlier into the reality of tomorrow.

The plans we are presenting today are a very substantial revision of the plans we submitted to the Board of Higher Education a year ago, and additional revision is required, as you emphasized, Mr. Chairman. While the list of projects proposed for funding from the 1988 bond issue remains the same, several factors call for changes in the projections.

First, because of the deterioration of the State's fiscal condition and concerns in our student body over the prospect of tuition increases for capital purposes in such circumstances, the beginning of an additional, fourth phase in the capital plan scheduled previously for construction beginning in 1992, has been indefinitely delayed. Those needs remain but they can only be considered when the State's ability to support the University's operating needs has recovered. So long as the tuition is being called on to relieve the State of operating costs, as is the case this year, and may be so to some degree in the next, the University believes that no additional tuition revenue should be sought for new commitments in academic construction.

Second, the base of State appropriations to Rutgers used in the projection you have received has been decreased to reflect the reduced appropriation of the current year, as you pointed out, Mr. Chairman. As I noted earlier, it will be necessary to reduce that base very substantially again to introduce the further reductions announced for 1991 last week.

In the projection before you, in response to concerns expressed by members of the Legislature, we have identified the least cost to the State in maintenance and programs in bringing Phase III into operation by carefully accounting for the non-State revenues which many of these buildings will attract.

Finally, it should be noted that the schedule of completions for Phase III, and therefore onset of their operating costs, is made uncertain by the State's fiscal difficulties, as you pointed out. The projections are a best case scenario. Delay in authorization of issue of the 1988 bonds may delay that schedule.

In spite of these fiscal difficulties and the uncertainties in timing, the revised projections we have submitted, in their changes from year to year in the future, remain a good approximation of the increases in maintenance and programmatic costs through Phase III. We now project a seven-year increase in the State appropriation reduced from \$254 million to \$160 million. This remaining increase is virtually dominated by salary increases and other inflationary effects, so that its total is largely determined by the assumptions we have made for those effects. This reduces the average increases in State appropriations for Rutgers to 8.6% annually. This projection is consistent with the average increase in the State appropriation to Rutgers over the past 10 years, from Fiscal Year '82, which averaged 8.4%.

With regard to tuition, as you know the State's fiscal difficulties forced us to raise tuition by 13% last year. We are now projecting an annual tuition increase at only 7%. It is important to note that these tuition projections adhere to the State's guideline that tuition comprise no more than 30% of the cost of an undergraduate student's education.

One of the uses of tuition revenues in our capital plan is its application to underwrite a portion of the costs of recreational facilities. An example of the importance of this is that our current construction program of recreational facilities includes the first swimming pool built at Rutgers since 1936. The use of tuition revenues for these purposes means that for student life a new day is also dawning at Rutgers.

I would like now to summarize for you the projected increases in additional operation and maintenance and program costs for Fiscal Years '90 through '93 of all projects, excluding only dormitories, which are self-financing, but including the Advanced Technology Centers and Student Centers. The increase over the period is \$30 million, expressed in 1989 dollars. Of this amount, we anticipate that more than half -- 56% to be exact -- will be supported through Rutgers' non-State revenues. That includes \$12.3 million through increases in grants and contracts to Rutgers and \$4.4 million accounted for through increased indirect cost recovery. Of the remainder, nearly 8% will be provided by student fees, leaving only 36% to be covered by increased State appropriations. Annually, this represents an average increase of only \$3.6 million in the State appropriation, including New Jersey Commission on Science and Technology funding.

New Jersey faces difficult choices as we begin the decade of the '90s. The boom years of the '80s are over, but New Jersey has made some wise investments for the future -- investments in capacity and quality of higher education, in basic research, and in technology transfer. It is critical that we now protect these investments so that they mature fully to support the State's continued growth and development. It would be a tragic policy to allow these new ventures to wither on the vine. Rutgers and the rest of our higher education have emerged on the national scene, and this State has earned a reputation for enlightened support of excellence in higher education. That is, however, a reputation that will be quickly and easily lost if commitments are not kept. In a knowledge-based economy, New Jersey must maintain its new image as a State that is committed to keeping its place in the front ranks of higher education and research.

Our Facilities Master Plan has been endorsed unanimously by the State Board of Higher Education. I hope

that through our presentations today, this Committee will share our view that Rutgers is acting responsibly in its revisions of the expectations of support from the State; and that it is making contributions from faculty through increased indirect cost recovery, as well as from students at a level in keeping with the State's policy.

Again and again, Rutgers has been encouraged to rise to the challenge of greatness before us, and we are meeting that challenge as responsibly as we can. For the '90s, we are off to a difficult and demanding start requiring all of us to share in a spirit of cooperation. It is clear that the State's economic recovery will be helped in significant measure by the continued development of an educated citizenry to contribute to economic growth. Business and industry require strong support through state-of-the-art technology. These times demand a great and creative University to lead the way. With your help, Rutgers is equal to that task.

Those are my remarks, Mr. Chairman. If you will, I would like to ask Senior Vice President Greenberg to give you some additional particulars of the revised projections that you have before you.

SENATOR WEISS: Thank you very much, Dr. Pond. Just one moment, please.

DR. POND: May I also say good morning to Senator Feldman, and to Senator Brown?

SENATOR WEISS: Mr. Greenberg, would you just hold-- I'm sorry. Would you just hold it for a minute, please? Thank you.

Dr. Pond?

DR. POND: Yes, sir?

SENATOR WEISS: Mr. Greenberg is going to continue where you left off, is that what it is?

DR. POND: Yes. That's my suggestion. I have a couple of other very brief presentations I would like to add at the end of that.

SENATOR WEISS: Okay. Then we will hold you there for further questions, okay?

DR. POND: Yes.

SENATOR WEISS: Let me introduce the members who came in. Senator Ewing I introduced before. Senator Feldman was the next one who came in. Senator Feldman is Chairman of the Senate Education Committee. And Senator Leanna Brown.

Mr. Edwards, Mr. Greenberg, Dr. Pond, and is it Mr. or Dr. Whiteside?

DR. POND: Mr. Whiteside.

SENATOR WEISS: Mr. Greenberg, if you would like to continue at this point?

M A R V I N W. G R E E N B E R G: Thank you, Senator. I'm simply going to expand on the Plan itself. In the new Plan we started with the Board of Higher Education recommendation which we were aware was not going to be fully funded in view of the State's fiscal position, but we had to start with an official number. The subsequent increases in the State appropriation, as Dr. Pond indicated, were based on assumptions that we could correct from our previous plan.

The most important significant points were the expectation of salary increases. We know the value of the proposed State settlement of salary adjustments for this year, and we used the projection of 2% for 1990, which is one-half of a 4% annualized; 3.4% for '91; 5.5% for '92; and 4.5% for the remainder of the seven years, providing 1.65% in addition for normal increments.

SENATOR WEISS: Excuse me. Mr. Greenberg, do you have this reduced to--

MR. GREENBERG: I have a-- This is in the material that we have given to the staff, Senator.

SENATOR WEISS: Are you speaking from this summary document?

MR. GREENBERG: I'm not, no. I'm speaking from previous documents that we gave the staff, on the assumptions of the model.

SENATOR WEISS: Okay. We are going to have to somehow get that. It's in their packets? Just hold it for a minute, please. It's very hard to follow the demographics that you're laying out.

MR. GREENBERG: Yes, it is, if you don't have the numbers. Right. This is in the document which was sent to Mr. Noonan and Ms. Lashley on February 28, which is a letter followed by page two, a table from which I am reading.

Senator, if it develops that it's not in your material which was sent to you by your staff, I apologize for the omission.

SENATOR WEISS: That's okay. No, we do have it. But you started to refer to it -- it was like the second document down -- and it was difficult to get to and listen to you at the same time. We didn't want to miss anything.

MR. GREENBERG: I'm pleased that you have it. It is very difficult to follow these numbers. If you look at the second page of the letter to the staff members, I'm reading from that page which compares the model which was presented before the Board of Higher Education last May with this model. It indicates the changes. The change for the salary program should start with '90 instead of '91, and it does indicate that the three years for which we were aware of the State's package take a conservative view of the remaining years.

The major increase then would be for the salary program, which we are assuming would be fully funded, as I understand is in the Governor's proposal for this year. A key point, and this is displayed in the two-page summary that you have before you, is the funding of the projects. Our original model-- This one here--

SENATOR WEISS: You're talking about this one?

MR. GREENBERG: Yes.

SENATOR WEISS: Okay. Why don't we talk from that one, so everyone then will have--

MR. GREENBERG: All right. If you look at page two of this document you will see the operating costs for the--

SENATOR EWING: Excuse me. Dated March 20?

MR. GREENBERG: Yes, it is, Senator. Page two of the document dated March 20. What we did throughout this process, Senator, was develop on a building-by-building basis a specific detailed analysis on the program, operation, and maintenance costs, using the formula basis for the number of square feet to be provided for a custodian, and noncustodial supplies, and based upon the construction of the laboratories, and the staffing by faculty and support staff. That detail has been made available to the staff, and what we have done here is summarize the operation and maintenance costs, not only of the buildings that are in the Rutgers' budget, but also those for the Commission on Science and Technology that are at Rutgers.

You will see at the top of the page, at the left, a listing of the sources of funding: the Commission on Science and Technology, the student fees for student-related buildings -- and that's State policy, that student fees fund recreational and student union buildings -- indirect expense recovery, which is money which the University recovers from the Federal government on grants -- grants and contracts themselves -- and then the University operating budget, where we would seek the increases from the State.

The 1990 basis, the current year budget -- that is to say, that is what we're currently spending-- As you can see, the University is already including \$1.6 million in the operations of the buildings from Phases I to III from its indirect expense recovery and grants to our faculty, which have increased measurably in the recent past, and are at \$6.9 million.

This display takes us through '91, '92, and '93, as you see to the right of the first section, and shows an increase, a total increase in operation and maintenance and program funding from \$29.55 million to \$59.4 million. It's instructive that the increases, if you look across, provide for a significant growth in the indirect expense recovery. Going back to 1990, you see on the third line down, the total is \$1.6 million. We're anticipating an increase of \$6 million -- an increase to \$6 million rather -- and in grants and contracts from the current year of \$6.9 million to \$19.2 million.

Senator, this is the result of the efforts of the very fine faculty that we have brought to the University. They are expected to, and they already have, proven that they can get significant Federal funding, an important addition to our economy and to the strength of the University. This funding provides for the staffing of the buildings with faculty, support of graduate students, and the necessary equipment that is needed for the research.

Those funds will be major contributors to the funding of the facilities that will be opened by 1993, when the program is completed. The increases that we show for the Commission on Science and Technology, are what we anticipate will be required from that agency for operations and maintenance of program, and again, where grants are involved, they will reduce the call on the State budget.

The summary that I have at the bottom, in the middle of the page, shows the total increase from \$29.5 million to \$59.4 million, which is \$29.87 million, as you see on the top line of the highlights portion. Some \$16.7 million, or 55.92% will be covered by Rutgers' non-State activity. Some 7.94% will be for the student buildings covered by fees--

Do you have a question, sir?

SENATOR WEISS: No. Just continue.

MR. GREENBERG: And the remainder, we're seeking from State appropriations, \$10.798 million, over the three year period, which amounts to \$3.6 million per year on average. That demonstrates that the University is making efforts on its own to alleviate the pressure on the State budget.

In terms of the student fee increase, the total student increase would be about \$20 a year, each year for the three-year period, for a total of \$62. That student fee increase will provide for the operation, maintenance, and program costs of the new swimming facility and the student unions, and the other student space that will be constructed.

I realize that these are a lot of numbers and if someone has a specific question, I'll be pleased to try to respond.

SENATOR WEISS: I just have one for you at the moment. Let's refer back to grants and contracts.

MR. GREENBERG: Yes, sir.

SENATOR WEISS: It starts out with programs, \$6.9 million and then it goes on and it winds up at \$19,201,000.

MR. GREENBERG: Yes?

SENATOR WEISS: Mr. Greenberg, are they not competitive grants that you are putting down here?

MR. GREENBERG: They indeed are competitive.

SENATOR WEISS: Okay, so there's a chance that we may not get those?

MR. GREENBERG: That's correct, sir. But if you look at the record of our faculty in the recent past, the increase in Federal grants to Rutgers' faculty from 1982 when it was \$18.5 million, now stands at \$45.6 million. It's only in the recent past that we have added great emphasis on the part of the University administration to all faculty and recruited additional stellar faculty, and we have reasonable expectation that this is a conservative growth in Federal grants, sir.

SENATOR WEISS: I appreciate that, Mr. Greenberg, but-- I know that Rutgers is shooting for records, so to speak, after that NRA demonstration out here yesterday. But I still have to make the assumption because we are in the hard science now of raising money, and I want to make sure that that record is -- and I don't know how I'm going to do that -- but that that record that you just revealed to me is maintained. That was not in my original thought, however, because they still have to add into that one question: Will we be able to still get Federal funds?

MR. GREENBERG: Well, sir, if we don't get the Federal funds, then we won't staff the buildings. It's that simple. That's a direct answer.

SENATOR WEISS: That's as direct as I've ever heard.

DR. POND: May I join in on that? There's no university anywhere that can support, from its own resources, research in a number of these fields. It is dependent--

SENATOR WEISS: I understand, and I'm not demeaning your effort.

DR. POND: --and the work simply won't happen.

SENATOR WEISS: We're just trying to get some logical conclusions somewhere down the line, and I'm not even at the beginning.

DR. POND: If I can offer at least some years of experience in watching curves of that sort, I believe the projections here, in consideration of the capabilities we have built, are fairly, fairly modest.

SENATOR WEISS: Senator Ewing?

SENATOR EWING: On the figures you've got for the Science and Technology Commission, you say you relieve the State budget, but that money is coming directly from the State also into Sci-Tech.

MR. GREENBERG: Senator, a portion of the moneys that will be sought from the Commission are represented in the years

beyond 1990 in the fact that many of the science and technology buildings have yet to open. Some are-- A number are under construction, and one is in design, and the reflection of the increase there accounts for the fact that they will have to have some State support. However, when the buildings are opened-- Within three years of their opening, we expect that significant portions of the costs of those buildings -- the program and the operation and maintenance of plant -- will come from grants. The increases displayed here are a function of the fact that all of the buildings are not currently in operation.

SENATOR EWING: I have another question I would like to add: Where does the indirect expense recovery come from?

MR. GREENBERG: It comes from the overhead that the University levies on Federal grants.

SENATOR EWING: Okay.

MR. GREENBERG: These are annually audited by the Federal government.

SENATOR EWING: Thank you.

SENATOR WEISS: Senator Feldman?

SENATOR FELDMAN: I don't want to trigger any redundancy. I came in late, and I apologize. I want to know more about the significance of the Governor's proposed budget cuts to Rutgers' total program, both building and operations? And then as a follow-up, I was very happy to hear about project, I think, III being curtailed. What other programs and Rutgers' building programs have been curtailed because of the budget -- our severe Trenton budget, today?

DR. POND: We are still designing a solution to the budget reduction that was called for last week. It will take us some few days, at least, to work out specific details -- programmatic details -- of what will have to be delayed, deferred, reduced, or canceled in the way of programs, to adjust to the operating circumstances reduction.

I can assure you though, that it will reach profoundly throughout the University. This is a major reduction which will require responses from virtually everything we do.

That will surely slow down any motion in the University. Before you arrived, Senator Feldman, I more or less apologized for the fact that we have put before you a not up-to-date projection. The model that you are seeing here has not yet internalized that, and cranked forward the effects of the reduction.

So, there is no question that these base figures will all have to drop, and they will all have to take longer to build up, to recover from this jolt in the road.

I did suggest that the data that you are evaluating here today retain some significance in the change from year to year. The changes from year to year that you see here are probably higher than any we could manage in the future because of the loss of base in the current year. But they are a topside figure of the kind of expenses that we must contemplate or we will not be able to succeed in our program.

On the capital side of the Plan, we are going to have to, obviously, evaluate everything that we have in the works that is not under contract. The key question there will be: What is the State's decision on proceeding on the 1988 bond issue? We need some instruction on that subject, because virtually everything that we are proposing in Phase III, the currently active part of the program, makes some draw on those bonds.

We can discuss the impact of that, or the envelope of the uncertainties that that introduces in some detail, if you would like. Mr. Whiteside is able to respond to specific questions project by project.

SENATOR FELDMAN: You mentioned in your remarks that the Board of Higher Education approved of the future projects at Rutgers. But it was also the Legislature. We passed the bond issues back in '84, as well as in '88.

DR. POND: Right. And we're grateful to the Legislature for that support.

SENATOR FELDMAN: Little did we know what was happening.

DR. POND: Mr. Greenberg would like to add something.

MR. GREENBERG: Senator, you asked about the effects of the budget difficulties. We're enduring some of that now, and that's having a profound effect as well.

We have had to reduce the pace of hiring faculty. We've hired fewer faculty. We've hired more at temporary levels.

We've reduced a number of our services, some of which I think even nonpartisan advisors would say are valuable to the State. We've inaugurated a municipal executive training program for municipal officers, to help make local government more efficient. We've done that in about eight or nine cities. We have several cities that would like to embark upon that program, and we've been forced to cancel it.

We have increased, regrettably, the numbers of our large enrollment classes. We have deferred the purchase of necessary equipment. We have delayed, to a degree, our deferred maintenance program. We have deferred our library collection. We have deferred the building of modern computer-based systems to make the institution more effective in its purchasing, its library acquisition, its student services, and in other ways.

We have reduced the level of service. In offices that report to me, we are slower in getting out admissions applications. We're slower in processing financial aid. We have had a job freeze in effect, and that's had a toll on the level of service.

We are going to have to look in the future to fewer students enrolling, regrettably. We are going to model that to

see whether that's possible, whether it makes sense. But it certainly will hurt the opportunities that the State University provides.

We will look at everything that we can to try to come close to -- as close as we can -- to this rather substantial gap that has resulted from the State's fiscal problems.

SENATOR FELDMAN: Will Rutgers' presence in the NIT bring in additional moneys?

MR. GREENBERG: Mr. Whiteside's in charge of that. He'd be glad to answer.

J O S E P H P. W H I T E S I D E: A modest sum, Senator.

SENATOR FELDMAN: Michigan is doing fine. I guess Connecticut will build a dozen new buildings.

D O N A L D B. E D W A R D S: Senator, if I may just add to that in terms of the impact of the budget on next year. As Dr. Pond said, we're still trying to assess how best to absorb that. But just to put it into perspective, one way of looking at the magnitude of the proposed cut in the Rutgers' budget is that that cut represents one-eighth of the budget of the entire New Brunswick campus, and it represents about half of the budget of the Newark campus and the total budget of the Camden campus.

Just to give you a sense of how big the cut is, if we were to absorb it entirely by laying off employees, that cut would represent the average of between 700 and 800 employees. If we were to absorb it entirely by raising tuition, which we know we cannot do, it would represent a 25% to 30% increase in tuition; totally intolerable.

So, none of these alternatives is acceptable. We're trying to find some mix that will keep the damage as low as possible.

SENATOR WEISS: Don, you're not telling us that a State cut is the equivalent of all three?

MR. EDWARDS: No, no.

SENATOR WEISS: Okay. I just wanted to make sure everyone understood that.

MR. EDWARDS: I was just trying to put it into perspective, campus by campus.

SENATOR WEISS: Okay, fine. Otherwise it portends all sorts of disaster, and we have enough of that around now. But, if I hear Dr. Pond correctly, it appears that you are currently reevaluating your programs, and I have a question on that one point: What ones are you looking at? What's in design, what's not in design in Phase III that you're really closely watching?

DR. POND: Do you mean with respect to capital projects--

SENATOR WEISS: That's correct.

DR. POND: --or academic programs?

SENATOR WEISS: That's correct.

DR. POND: There's a particular list that has been approaching -- that is in design, that is approaching completion, and we will, I think, have to look at every one of them. There are certainly priorities within that list that we will have to assess.

There will be attached operating questions. Can we afford the operations that will be contemplated by moving the building forward? It's a complex set of questions, and that will have to be a part of the very comprehensive review of our programs that we must make in connection with reducing the operating budget in the coming year.

I would not want, at this point, to give a generalization or predict answers.

SENATOR WEISS: Okay. I can accept that, in part. How about-- I'm looking at this list here. I think this is one of yours, isn't it? Oh, it's just a blowup of your chart.

How about Bio-Tech? Just let me go down the list.

MR. GREENBERG: The agricultural Bio-Tech?

SENATOR WEISS: Yes.

MR. GREENBERG: Senator, that's a key project for this reason: We're seeking some \$10 million from the USDA appropriation in the Congress, and the question has been raised about New Jersey's commitment. Your predecessor as Chairman of this Committee is an important Congressman, as you know, and he's helped us to get this in the forefront of a committee that, I believe, will meet within a week. Don?

MR. EDWARDS: Next Wednesday.

MR. GREENBERG: So, that's a critical project for the University, for agriculture in New Jersey--

SENATOR WEISS: Wait a minute, Mr. Greenberg. I don't object, I just want to know-- You're making it sound like, or maybe I have made it sound like the question was, "Let's stop it." I just want to know.

MR. GREENBERG: I'm sorry. That's a critical project for the University and for the State.

SENATOR WEISS: Okay.

DR. POND: The next person, Mr. Chairman, that I hoped you could hear for a few moments--

SENATOR WEISS: Well, let me--

DR. POND: --and speak about the libraries, which are a very element--

SENATOR WEISS: Okay. That was my next question. Are you reading my mind?

DR. POND: Well, I hope so. Would you entertain a brief presentation from Dr. Joanne Euster, who is the Vice President for Information Services at the University, and also the University Librarian, who is here to speak briefly on the importance of the planning of the library?

SENATOR WEISS: I would, Doctor, in just a moment. Senator Brown, do you have questions for Mr. Greenberg, who I hope will remain here so that we can bring him back?

SENATOR BROWN: Yes. Thank you, Mr. Chairman.

HEARING REPORTER: Excuse me, Senator Brown? Could you take a microphone for the recorder, please?

SENATOR BROWN: (complies) I'm a little bit curious where the thrust of getting money from outside sources for what you want to do at the University blends with the historic mission of the University? Obviously, your faculty are pursuing grants and projects from the Federal government.

I guess my question will zero in, as far as the financial help that you've gotten over the last few years from the State of New Jersey in connection with the centers, on whether the emphasis on spending the money for the centers has finally meshed with the mission of the University, which I assume is educating the student? There has been an awful lot of new thrust, obviously, that has come with the goodies of centers. Can somebody just answer the question of how we're getting harmony within the University with the money coming from so many different sources?

DR. POND: I can certainly try, Senator Brown. It's absolutely correct that in the centers the University accepted in addition to its mission, it was a new purpose that we have welcomed, but nevertheless, it is additional to our traditional activities and it would be something of an extension of the activities of any university. It was an initiative that the State of New Jersey, in fact, invented.

Those centers are still in the very dynamical state of development, but at least a couple of them are very mature objects. The first one that Senator Ewing and his colleagues on the commission put in business for example, was the Ceramics Center. There you find a fully integrated, in fact, excitedly integrated new research dimension within the University, reaching across a number of academic departments, drawing faculty and students into their programs from all over the University. Interestingly enough, a very high level of undergraduate involvement, juniors and seniors, and indeed even freshmen and sophomores are engaged in those programs in numbers just a little under 100, the last I heard.

We've taken steps to make sure that that integration will go harmoniously. We have, in setting up the books and so on, been careful to make clear that the capabilities that the centers generate, the activities that they sponsor, are complementary to the corresponding departmental activities in instruction, in research. The members of the center are also always members of an academic department, so each person in the center has a dual responsibility; some research obligation within the center, but always a departmental role, or with very rare exceptions. So, we are avoiding the tendency of building two categories of research activity, two categories of faculty. It's all one faculty serving multiple missions.

A great solvent in the relationships between or among academic units in the University is what the various potential partners bring to a cooperation, and to the extent that the centers-- For example, ceramics are superbly equipped to do the work that the Commission on Science and Technology mandates for them. Those equipments, and people who serve them and so on, are also quite generally available to other elements in the University, so there is a wonderful solvent activity going on there. There's nothing like good equipment to get people together.

SENATOR BROWN: Two quick questions: Refresh my memory, how many centers are there?

DR. POND: Let me count quickly. There are five centers at Rutgers. We are joint members with other New Jersey institutions with two others, and there is a TEX, a technical exchange activity in fisheries.

And in the whole State-- I believe, Senator Ewing, you operate, is it 12 or 13 that are active throughout the State?

SENATOR BROWN: And the last question: I wasn't sure why you were confident that you were going to get over \$3 million in additional funds from the Sci-Tech Commission?

DR. POND: That's a reasonable projection based on the program growths that we see, and have, in fact, discussed with the staff of the Commission and their long-range planning people. But we perfectly recognize that that money is not assured. If it's not there, we will have to do -- optimize a lesser sum.

It is, I think, already so, that with only a couple of exceptions our centers are quasi-mature; that is, they are well hooked into the University. And the key measure, of course, is the degree to which the centers are attracting extramural support to their programs, that is quite beyond the nucleus of funding that the Commission supplies. Those curves are very gratifying, both in terms of the attraction of industrial support and also attraction of quite standard Federal support from the premier research supporting agencies of the Federal government.

Those curves-- That relates back to the question about the probability of our being able to hold to that curve of Federal support. I think that the dynamic is successful in all of the cases where it is old enough for us to test. They are well internalized. The multidisciplinary draw on the University faculty is going in a very wholesome way. Students are increasingly engaged.

If there are disfunding disappointments, we simply have to slow down and redouble our efforts to attract support. And that's true of support from any quarter.

SENATOR BROWN: Thank you.

SENATOR WEISS: Thank you, Senator Brown.

Doctor, you were going to bring someone on to talk about libraries?

DR. POND: I propose to surrender my seat for a moment to Dr. Euster.

J O A N N E R. E U S T E R, Ph.D.: Senator Weiss and members of the Committee, thank you for the opportunity to talk to you today.

The libraries form, as you've heard, a major component of the Phase III construction plan. They also form a very important component and make a direct contribution to the historic education mission of the University.

The 20 libraries that make up the Rutgers system, make up the largest publicly owned collection of information resources in the State of New Jersey. Our collections contain 3.1 million bound volumes, another 3 million Federal, State, and international government publications, and about 3.5 million microforms, as well as substantial collections of audiovisual materials, computer data bases, manuscripts, and other original source materials.

The special libraries contain the world's largest collection of jazz music recordings and literature, a U.S. Federal patents depository, and the papers of hundreds of distinguished New Jersey leaders, organizations, and historic figures, to name just a few of the specialized collections.

The collections are linked electronically through a computerized catalog. We have terminals in all of the libraries.

Our libraries serve not only Rutgers students and faculty, but also individuals, government and business users throughout the State, and indeed, throughout the nation. Last year, for example, more than 12% of the recorded circulation in the libraries was by these larger community users.

But, proud as the University is of the part the libraries play in the State and national areas, the primary mission of the libraries is to serve the academic needs of the students and faculty at Rutgers.

Throughout the last decade, the University has made special allocations to support growth in the library collections and improved services. Much has been accomplished. The Rutgers' libraries now rank 16th among the 107 distinguished university libraries that make up the Association of Research Libraries.

However, facilities have not even remotely kept up with academic needs. The last major library capital project was in 1974. The central library for social sciences and humanities, The Archibald S. Alexander Library, was completed in 1956. The Art Library is crowded into 4200 square feet in Voorhees Hall, where it maintains valuable art books in conditions of temperature and humidity that are virtually guaranteed to cause the books to deteriorate and ultimately simply turn to dust. Water damage from leaking pipes and air conditioning threaten the irreplaceable recordings and publications in the Institute of Jazz Studies in Newark.

These dangers to collections from deteriorating buildings are very real threats, but the greater threat is to educational quality. Quite simply, students are being crowded out of the libraries, and what little space there is for them to study is noisy, overcrowded, and completely inappropriate for their research and study.

Standards for academic libraries are quite specific: Students are entitled to quiet, well lit space in which to pursue their studies. They are entitled to a mix of tables and carrels for private work; small group rooms for collaborative work; access to the latest in electronic library resources; and library classrooms in which librarians teach them to use both traditional print and new computerized library information. They are entitled to collections which are organized and housed in ways that make them easy to locate and use. At Rutgers, unfortunately, these conditions are the exception rather than the rule.

New Jersey Department of Higher Education Standards for academic libraries call for approximately 600,000 net square feet of library space for a university the size of Rutgers. Under the current formula, the present libraries would have to be expanded by 22% to comply with that standard. A revised model, which is intended to take into account the

growing use of electronic information technology in libraries, is now being reviewed. If adopted, it calls for a 43% increase in library space.

The result of this deficit is crowded, inefficient collections, and even more crowded students. Total library seating of all types in all the libraries together comes to little more than half the number generated by formula. A visit to one of the libraries during prime student study hours can reinforce what dry numbers cannot hope to convey. Students are hopelessly crowded together with noise and confusion where there should be quiet and concentration.

Library additions planned in Phase III will take significant steps toward correcting these deficiencies. As you've heard, additions to the Art Library and the Alexander Library in New Brunswick will add about 58,000 net assignable square feet. An addition to the Camden Library will provide space for both the Law and undergraduate college libraries. Expansion of the John Cotton Dana Library in Newark will relieve crowding and provide environmentally proper housing for the specialized materials held by the Institute of Jazz Studies.

In each case, library planning is centered on an appropriate balance of space to accommodate the first-class library collections in which the State and the University have invested, and the needs of Rutgers students and faculty for accommodations which enhance the educational experience.

It is said that the library is the heart of the University. This is especially true of the undergraduate educational mission of the University. The Rutgers libraries are building world-class collections; they are organized around state-of-the-art technology; they are staffed by some of the most highly trained and experienced librarians in the country. It's critical that they also function in buildings that facilitate, rather than hinder, educational excellence.

Thank you.

DR. POND: Mr. Chairman, with that background, may I return to the very difficult--

SENATOR WEISS: Would you, Dr. Pond, allow me to thank Dr. Euster for her presentation?

DR. POND: Excuse me.

SENATOR WEISS: I do thank you. I have a question or two for you, okay?

DR. EUSTER: Certainly.

SENATOR WEISS: I was unaware, and I'm sure that some members of this Committee, perhaps all of them, were unaware, of the condition of the library at Rutgers as you indicated on page two of your testimony, about halfway down.

DR. EUSTER: You're referring to the extensive use by other communities of the collections?

SENATOR WEISS: Yeah, well, basically starting somewhere about, "small group rooms where collaborative work, access to the latest in electronic resources, library classrooms in which librarians teach them to use both traditional and--" I think beyond that. I had the impression that there was some disorganized organization or organized disorganization -- I'm not sure how to put it -- or that you were having some sort of problem. Did I get the correct impression?

DR. EUSTER: Senator, the collections are organized and the libraries operate on state-of-the-art principles. They are widely accepted in the profession.

What occurs at Rutgers is because of the extreme crowding that it is not possible to implement all of the elements of good organization. It's simply, things are too closely pushed together to enable you to, for example, have collections in an orderly fashion. There is inadequate space to allow for proper kinds of study spaces for students. Students are crowded together at study tables, in some cases, as closely as we are sitting here.

SENATOR WEISS: Okay. That brings me to the first part of that paragraph, where you really lay it out about being "noisy, overcrowded, and completely inappropriate for research," and so on. That is the way it is today?

DR. EUSTER: That is the way it is. It's not that way in every single library; there are exceptions. But, in general, that is the case.

SENATOR WEISS: Okay. Thank you for being so candid. Then in your-- This goes back and goes to Dr. Pond: In Phase III of your building program you have, I do believe, three libraries, three new libraries for future, whatever, building?

I'm curious. Rutgers put up other buildings on their campuses, buildings that are not fully occupied at the moment or perhaps that you can't even fund at this point from the view of employees, or help, or professionals. I'm wondering why they put the buildings of that sort up first before they put up libraries that you already had in your plan? Can you answer that?

DR. POND: Actually, that was precisely the problem, Senator Weiss. We had to spend a several year period in planning. There was no comprehensive development plan for the library until Dr. Euster joined us and formed it. That's why the libraries--

SENATOR WEISS: Perhaps we should have had Dr. Euster there some years ago?

DR. POND: That would have been a great pleasure, and it would have been very good for business to have had her, but we did not, and that accounts for why libraries, a very central need, occur only several years into the development.

SENATOR WEISS: Well, considering the importance that libraries have I -- and think that we can all agree on that -- do you think that there is some thinking or rethinking of a past position on this, and can we go and do what we have to do first, and do the fringe benefits later on?

DR. POND: I can try to characterize how we will respond to this new problem superimposed on a very old one, namely, the inadequacies of our libraries. I think we have to ask Dr. Euster and her staff to think through some very difficult problems in connection with each of the library projects.

We need to know to what degree they themselves sort out into a temporal order. Some of these projects are surely more immediate than others, serve more, or are more widely-- And also, they imply, if we must-- If, for example, the '88 bonds-- If the decision is taken that they should move and the library can in principle be built, we have to ask before we commit in that direction, can we sufficiently operate it for it to be a wise investment at this point? That means if we're moving ahead in the near future, we must look at a year like '93, and ask, what are the implications of the operating costs for that year?

For the libraries, that means looking at a very harsh set of equations. The worst case scenario would have to be contemplated in which the only possibility for increasing the scale of operations -- physical operations at the library -- would have to be very largely covered by retreat from some other objective, namely in the libraries; such as, for example, equipment, acquisition, or collection development.

SENATOR WEISS: I'm not suggesting, sir, that we go and do this thing haphazardly, or just because this Committee said, or people on this Committee indicated what they would like to see happen; or, as a matter of fact, anyone else.

I'd like to see a study of the process and the priorities and get things in their right place so that we have more harmony on the campus, in this case, and also to the point where students would have their facilities and can operate in an area they feel comfortable with.

If those priorities are somewhat reorganized, I think it would help everyone.

DR. POND: Well, I entirely agree, and I was trying to describe very briefly the process we would have to go through in changed circumstances to reoptimize what we ought to do with whatever capital is available, for example, for a library--

SENATOR WEISS: Everything is predicated on that, we understand.

DR. POND: --and the operating problems.

I beg your pardon?

SENATOR WEISS: I said, everything is predicated on that, and that we understand.

Are there any questions for Dr. Euster? Senator Brown?

SENATOR BROWN: Mr. Chairman, first of all I really do want to congratulate you for holding this meeting here today. I'm just terribly embarrassed that scheduling was just impossible to change, so I am going to have to go back to my district. But I have a few specific questions, and I've got a general philosophy.

Following through on the library: Where on the Rutgers campus is the responsibility for telecommunications, for media training for TV? I gather that does not come out of the library, is that correct?

DR. POND: Media training is not Dr. Euster's responsibility, but the general management of media as an academic service is certainly Dr. Euster's responsibility.

SENATOR BROWN: I ask the question because the County College of Morris is expanding their library also. One of the reasons they are expanding is because they are getting more TV equipment within the library facility itself. So, I am sure that this is handled in different ways in different institutions. But, as a legislator who strongly supports Rutgers' goal of being among the best universities in the nation, where in its facilities and program and so on is an emphasis to make sure that those students who want to prepare themselves for a career in TV, and so on, have access to the latest technology and so on?

DR. POND: Well, do you want to start on that?

DR. EUSTER: The instructional component of your question is outside of my domain. In terms of audiovisual facilities and the appropriate kinds of networking, Rutgers, only within the last year, has brought together the networking and computerized part of the information equation, along with the libraries under my responsibility. We are working toward bringing all those pieces together as one coordinated whole.

There is a small audiovisual center in each of the cities, in New Brunswick, in Newark, and in Camden. We have now really quite a challenge to leap forward, not just to audiovisual components, but to electronically transmitted images, sound, and text in general on the campuses.

SENATOR BROWN: And this is a fairly expensive budget item, is it not?

DR. EUSTER: It's fairly expensive, yes. One of the things that it hinges on is extensive, what we refer to as wiring, cabling of the campuses, which is only partially done at this point.

DR. POND: The curricula dimension, Senator Brown, is located in New Brunswick, in the School of Information Science and Library Service Skills. That is where students in New Brunswick who are interested in a career as a manager or a developer of media services starts out. There are also programs in Newark that attempt to address that rapidly growing career interest among students.

SENATOR BROWN: My second question is because of a--

MR. GREENBERG: Senator, may I add a point, in answer to your question? One of the things we seek to do at Rutgers is to provide an opportunity for statewide broadcasting of degree course work. One of the things that's a budget casualty is the funding of a fixed television distribution center where Rutgers and other institutions would provide courses throughout the State.

We had hoped to match a grant from the Department of Higher Education to establish that this year. Another problem that we addressed only in part was the question you raised about telecommunications. We are fiber-optic cabling our Douglass and Cook campuses. We need to link all of the New Brunswick campuses together and we have a plan for that, but that's in the infrastructure item in our long-range capital plan, and we will do it when funds become available.

That will enable us to provide some television teaching and access for students on a campus, which as you know, is quite dispersed.

SENATOR BROWN: Exactly what outreach program have you embarked upon to explain to the academic community the importance of your Facility Plan?

Is there any attempt to go into the dormitories, for example, to explain what's going on. Obviously, we have seen on New Jersey Public Television the excitement at your last Board of Governors meeting and so on. How are you, as the administration-- You're here today; you're talking to us. What attempt is there to outreach to the community at Rutgers about the importance of your programs that you are explaining to us here today?

DR. POND: The whole thrust of our drive to raise the University's standings, which began in earnest, that is, operationally began, in perhaps 1983, has been discussed very widely in every available gathering that we can get to, and by every member of the University.

It is obviously extremely important that people share not only an understanding of what is being attempted in their immediate area, whether they either study or teach, but also that they understand it in the context of the larger development and the larger goals of the University.

I wish I could say that I was fully satisfied with the results. It is constantly necessary to keep remembering that

audiences change, and that it is necessary to keep summarizing and resummarizing what the effort is all about.

So, we have put a good deal of effort into it. I wish it had been more widely appreciated or understood, but we will continue to do so.

Your point is a very good one, though.

SENATOR BROWN: Thank you. Well, again, I think it is very good that we are having a public discussion of this today, but of course, and again, Mr. Chairman, I'm just very apologetic, sir, that I am going to have to leave.

But anyway, I think the one thing that cannot be tolerated at this moment in time by any of the academic community -- and I'm very pleased today to see different representatives, and I'm sorry that I can't stay to hear some of the testimony from others who are going to come forward-- I certainly will read it.

But we've got to work together to continue the great work that's been done at Rutgers, because we need to be supportive of our flagship, i.e. Rutgers University, as we seek to further the prestige of New Jersey vis-a-vis the other 49 states.

DR. POND: Amen.

SENATOR WEISS: Thank you very much, Senator Brown. I appreciate your coming down. I know you had a busy schedule and that you canceled things to get here. Dr. Pond?

DR. POND: I wonder if we could complete the overview with two brief presentations, one from Dr. Fred Grassle, who I mentioned in my remarks?

SENATOR WEISS: I'm sorry, sir. I just got two messages at one time. I was trying to listen to you, and it's impossible. Let me try and hear.

Before Dr. Euster leaves, Senator Ewing does have a question for her.

SENATOR EWING: Dr. Euster, you talked about the leaking pipes up in Newark. When are they going to be repaired?

DR. EUSTER: Sir, they have been repaired. However--

SENATOR EWING: Well, they shouldn't be in the report then?

DR. EUSTER: It's a continuing kind of a problem. They are repaired but the incidences reoccur. It's a long-term facilities problem. It's an old decrepit building.

SENATOR EWING: So, they only repair one part of the pipe and then they wait for 15 feet beyond to go two weeks later, or five weeks later?

DR. EUSTER: I'm afraid that's a little beyond me. The plan, with the addition to the Dana Library to move that institute from what is really very, very temporary quarters into a permanent facility that would then integrate it with the other library operations.

SENATOR EWING: Dr. Pond, of course, granted, money is the main cause. But if something is very, very old, the way we had at Katzenbach, they'd fix a steam line, only one little section, and then six weeks later something 200 yards away -- because it was underground -- would go. The State finally did an overall study of it and they are replacing the whole thing.

It just seems incredible, if you know the building is old, and there are records that should be preserved, and etc. to fix only one little section of a very old lousy piece of pipe.

DR. POND: Well, actually we are trying to get an appropriate solution to that by rehousing the collection in a library structure.

SENATOR EWING: And then what would you use the space for after they got out?

DR. POND: If I understand the situation correctly, that building is virtually useless. In other words, it cannot be used for any-- Am I right, Joe?

MR. GREENBERG: That's Bradley Hall, Senator, a former spark plug factory that the University took over a number of

years ago. Mr. Whiteside has a study underway to determine how best to refurbish it. It's an essential building with the jazz archives in the basement and above it classrooms for the arts and the business courses in Newark, and other faculty, and also a television studio.

We must repair the building. It has old industrial windows and it leaks. We have a study underway to try to do it. That's among the capital projects in the \$40 million deferred maintenance that we would eliminate with, in part, bond issue funds.

As you know, there's some \$14 million in the bond issue that would come to Rutgers which we must match, and those funds, in part, would be used for that and other projects where we have a stock of both splendid new buildings and some very old ones, and that's one of the older ones, sir.

DR. POND: We can point to one success in Camden where you helped us replace a similarly catastrophic building -- the Victor Building -- with the new business school. That's worked out very well, but there was some very bad suffering in the interim. The building was hopeless.

SENATOR EWING: But the feeling was, it was so important to get these other projects started that you used that old building anyway, although you knew it was in lousy shape and you'd have constant problems with it. Well, you know, would it have been better not to have used the building until you got the money to fix it up and house people properly?

DR. POND: Retrospectively, there may have been a more effective way to schedule it. It was the move of the particular instance. The Institute for Jazz just sort of encumbered in the solution, in the development of a library plan, which as I mentioned, was somewhat delayed.

SENATOR EWING: All right. Thank you.

SENATOR WEISS: Thank you very much, Senator Ewing. Dr. Euster, thank you.

Dr. Pond, did you have someone else?

DR. POND: Yes. Could I ask Dr. Grassle, whom I identified to you as the Director of the Marine and Coastal Institute--

SENATOR WEISS: Well, that's the general idea, sure. Dr. Grassle?

F R E D E R I C K G R A S S L E, Ph.D.: Senator Weiss, Senator Ewing, thank you for the opportunity to tell you a little about our new institute.

Since coming to Rutgers last August, I have been impressed with the eagerness and warmth with which the University community, as well as the State and Federal marine-science agencies have embraced the concept of the Institute of Marine and Coastal Sciences. Thus far, we have identified about 120 Rutgers' faculty doing teaching and research related to marine and coastal sciences. Of these, about 80 came to a recent meeting to hear about our new facilities and plans.

Plans for the Institute started with the vision of Alex Pond and the Directors of Rutgers' Centers of Coastal and Environmental Studies and Fisheries and Aquaculture Technology Extension. This vision was stimulated by the nearly unanimous concern for our shores on the part of citizens and public officials in New Jersey. The Institute was needed to coordinate our efforts in teaching, and laboratory and field research, to provide research results and transfer of technology to marine industries and the public through extension services, and most importantly, to act as a hub for marine science activities in the State.

The Atlantic Ocean and estuaries of the Delaware, Hudson and Raritan Rivers surround our State with 325 miles of shoreline that plays a vital role in all aspects of its life. Expansion of activities at a single coastal research laboratory would not have done the job, since we would have emphasized one coastal area and not have been in a good position to draw on

the talents and skills of the faculty on the central University campus. Marine programs in other states that have expanded on the coast away from the central university have regretted it.

Initial funds for the Institute were \$5 million from the 1988 bond issue. The Port Authority of New York and New Jersey found the concept of the Institute attractive and awarded another \$13 million for a building in New Brunswick on the Cook College campus. I have a sketch for the plans for the building which you can look at later, if you wish. We will truck sea water from the coast and be able to maintain marine ecosystems in this laboratory.

Our plan is to build on existing strengths in fisheries and aquaculture, marine genetics, beach processes, and wetlands and pinelands ecology. These areas are now all in one department and are getting stronger. We plan to hire a physical oceanographer and a geochemist very soon. With support from the National Oceanographic and Atmospheric Administration, we have extended our studies offshore to the continental shelf and the Deepwater Sludge Disposal Site. We are providing leadership in the fledgling Delaware and New York/New Jersey Estuary programs with the sponsorship from EPA. The Pinelands National Preserve protects the watershed and estuary of one of the cleanest stretches of coastline in the country near our field stations in Tuckerton and the Pinelands. We have plans for cooperative agreements with the regional centers of the National Marine Fisheries Service and U.S. Geological Survey. We are optimistic that our Institute will soon be recognized as one of the major marine science education and research centers in the country. Continued State support is critical at this moment when Congress is looking to regional leadership to solve the major environmental problems facing our coastal areas.

Thank you.

SENATOR WEISS: Thank you very much, Doctor. I appreciate your statement. Senator Ewing, do you have any questions?

SENATOR EWING: What's your estimate of trucking the salt water from there, back into New Brunswick, over the long-run? I mean, one truck a day, or two trucks a month?

DR. GRASSLE: No. We project that it will be about once every two months. The main cost will be the truck, and I think that will be borne from the equipment funds from the Port Authority.

SENATOR EWING: Thank you, Doctor.

SENATOR WEISS: Thank you, Senator Ewing. Thank you, Dr. Grassle.

Dr. Pond?

DR. POND: Yes, sir?

SENATOR WEISS: I have listened to a number of people from Rutgers, and I have used up a lot of my time and the time of this Committee, but it has been very interesting. However, I want to get back to Rutgers and the demographics and the candid Mr. Greenberg, who is probably the most straightforward person who has come out of Rutgers for a long time. I mean, I've listened to a lot of Rutgers testimony over the years and this is the first time that I have felt comfortable with what I've heard.

I didn't intend to say that, but as Chairman of this Committee I'm a bit annoyed at all the good things I hear that all these nice people are saying. It's not that they're not saying the right things, they are. But we have a charge and I don't know if this morning we're living up to that charge. The charge is to find out just what happened with the tuition raises, where all the money's going, why your priorities are out in the future, and what, in fact, is the meaning of Fund for Distinction, and so on. That's the thing we're here for.

Now, I appreciate Dr. Grassle's-- I really do, Doctor. You're performing a great service, and I don't question that. Dr. Euster, I thank you, also. You brought out a point today that I think everyone's in agreement with on libraries, and so on.

That's not what we're here for today, okay? I know what you're doing. I can read. Members of this Committee can read, too. I want to get to the nitty-gritty, that which -- and I'm going to say it again -- a very candid Mr. Greenberg, has--

Now we're going to adjourn for lunch. When we come back I want to continue with Rutgers along those lines, sir, okay? Now that we've got all of the good things behind us, there are some questions that I would like to have the answers to. And I must say I have the answers to a lot of them, because you were so candid this morning, and I appreciate that, also.

But, I have a lot of people on this afternoon who I have to hear. The format of this meeting was changed for me. I'm not too happy with that, but I'm going to have to live with it.

So, why don't we all get back here at exactly 1:00, and start again from ground zero, if you would.

I thank you very much for being here this morning.

(RECESS)

AFTER RECESS:

SENATOR WEISS: Good afternoon. I hope everyone's had a nice lunch and relaxed. Dr. Pond, I'd like to start with the 1988 DHE bonds that were passed last year, or the year before.

The information I have -- the best information that I have -- is that none of these have been used yet. They're

still intact in their entirety. However, on page three of the Resources Capital Financing Chart that Don Edwards talked to me about, there's listed \$12.3 million in expenditures for Phase III projects under construction. This money is listed under the 1988 bond column.

I'm curious as to how that got there, considering the fact that this Legislature never passed the proper legislation for that to be used or released.

DR. POND: The column showing the DHE bonds for '88 is a final State column. That's our intention of how to match out those bonds should they be distributed to us as originally planned. Failing that, you'll have to shift those expenditures when they occur, and some of them already have occurred, to the already issued Rutgers' bonds that are not expended.

SENATOR WEISS: Okay, then. Didn't you already spend the money, or spend \$12 million and some odd--

DR. POND: These projects are, at least in part, under construction, and I believe one of them is virtually finished. What we have done is advanced the funds from Rutgers' sources. If the '88 bond issue is withheld indefinitely, we will have to place those charges against the Rutgers Bond Issue of '87 -- the '88 bond issue -- which has been funded and is available to us.

SENATOR WEISS: Then this is sort of a beginning of a wish list, or part of a wish list?

DR. POND: No. Well, it has very large elements of wish in it.

SENATOR WEISS: Well, anticipated revenue, sort of, which, in most cases around here, is a wish list, the way things are going.

DR. POND: As you know, the JEC issue requires a matching provision, and we have had to plan how we would do that in the event that they did issue. These columns represent the final state that we would present to close the books on that funding, if and when it occurs.

SENATOR WEISS: Excuse me for a moment. (members of the Committee confer)

DR. POND: Mr. Chairman, it's been pointed out by my colleagues that I may not have been clear. If the JEC bonds must be removed from this picture, and the missing dollars made up out of Rutgers' bonds, what this would do would be to unfund some of the projects in the "still in design" category of that Rutgers' bond plan.

SENATOR WEISS: Give me that again.

DR. POND: In the later pages of these presentations, you find projects which are still in design, which have not gone to contract.

SENATOR WEISS: Okay. But the thing is, this was assigned, Dr. Pond, this was assigned to-- The \$12 million was on this list and it appears to me that it was a drawdown on that bond fund, okay? Now you're telling me that you took the money from somewhere else.

DR. POND: Until that money is released to us, it will have to be a drawdown on the Rutgers bonds, which were sold in '89.

SENATOR WEISS: Okay. So--

DR. POND: What we are showing here is the final state in which we are proposing the fashion in which we would match the appropriations, as required in the JEC bonds.

SENATOR WEISS: Okay, but then, let me take it one step beyond that, okay? The bond is-- The bond money's still intact; none of it's been drawn down. You've used \$12 million of some fund from somewhere to make it good. That is the story up to date, right?

Now, is there another step beyond this to make that \$12 million good to wherever you borrowed it from, and are we, the State of New Jersey, in line for paying that \$12.3 million, which we didn't approve in the first place?

DR. POND: That could be made good only by removing projects not yet commissioned, that have been charged in the future to the balance of that Rutgers bond, and those projects would be unfunded by that substitution.

SENATOR WEISS: Maybe so, but I'm not really sure that that's the way it could work. Mr. Greenberg?

MR. GREENBERG: Senator, the display you see is required under the Bond Act where we have to match 50 cents on the dollar to the JEC bonds. The University's Bond Issue enumerated a number of projects -- these projects specifically listed -- and said that our funds would be used for a match for those projects. As you know, so long as you build in the general purpose for what you have said, you need not be strictly limited to the exact amounts that are in the bond issue.

In fact, the issue that went to the voter, as you know very well, is just about six lines. We have to take each project individually through the Board of Higher Education to see if it conforms to our Master Plan and the Board of Higher Education's stipulations, so that we would, in the worst case, were there no JEC bonds issued, and if we had the project started and decided that it was essential to continue -- we would fully fund it from the Rutgers Bond Issue which we sold last year. We would then terminate some of the items on the Rutgers Bond Issue so that we stayed within the total funds available from the Rutgers Bond Issue.

Again, we would still be required to take these projects individually through the Board of Higher Education.

SENATOR WEISS: Okay, but that has-- On the '88 bond issue that has not yet been done, has it?

MR. GREENBERG: We have taken some of the '88 bond issue projects through the Board of Higher Education. Yes, we have. Specifically, number 34 on the sheet you're looking at. Camden Law is now complete.

Now, what we had to do in that case, because the Law School could only be renovated and improved during the summer-- We had to do that with our funds and anticipate they would be returned from the JEC 1988 State Bond Issue.

SENATOR WEISS: Okay. Then you did take it to the Board of Ed, but the Legislature has not yet appropriated the money for it?

MR. GREENBERG: No. As I understand it, sir, there will be a list of a number of projects, so when the administration takes it to the Legislature you will have a number of projects that make it suitable for the State Bond Issue. I understand that is among those projects.

We have taken a number of our projects through the Board of Higher Education because we have architects at work, and in some cases they are under design and construction.

SENATOR WEISS: I think, Mr. Greenberg, we're probably working somewhat at cross purposes, and I think maybe even after the fact, because if you're going to do it, and I've already had the list for some time, and I'm having a hard time reconciling it in my mind--

MR. GREENBERG: Well, it was our anticipation, prior to the situation in the State--

SENATOR WEISS: We're back to anticipation again.

MR. GREENBERG: But sir, the-- You understand--

SENATOR WEISS: I understand.

MR. GREENBERG: --that the bond issue was sold with the understanding that the University would put up fifty cents on the dollar, and the voters voted the bond issue. We are simply following that original plan, until the Legislature and the Governor change it.

SENATOR WEISS: Okay. Why don't I put it, Mr. Greenberg -- since you've been so candid with me all day -- another way, because I'm not going to ask you how you spent money that was not appropriated. That perhaps is not the line

I should take, but nevertheless, let me get down to the last line; that if, in fact, Rutgers does need money out of a bond issue, or wants to use some money in excess of what they have and there is a bond issue available, that it goes through the process.

Now, I don't think that's asking too much.

MR. GREENBERG: Well, certainly-- But please understand, we did nothing that was improper. This was a case--

SENATOR WEISS: I didn't say that you did.

MR. GREENBERG: No, you didn't.

SENATOR WEISS: I'm just asking you to change the form.

MR. GREENBERG: I'm simply pointing out we are following the process. So long as we match fifty cents on the dollar, we're informed by the Department people that we meet the requirement.

SENATOR WEISS: Then you advanced your part of the match, the \$12 million, that came out of your funds in anticipation of getting the same amount out of the bond issue?

MR. GREENBERG: Correct.

SENATOR WEISS: That's an acceptable way to do it. But the risk there is you might not get the \$12 million for whatever reason. Then you're stuck and you still have to go back to returning the money for one thing or making use of whatever you use the money for for another, and/or, and I hope not, coming back to us for another \$12 million in some other area to make good the original concept.

MR. GREENBERG: What you say is correct, sir, but in every past bond issue, and there have been several, the State has kept faith with the University in terms of its end.

SENATOR WEISS: I would agree to that. Senator Ewing?

SENATOR EWING: When are you going to ask for the drawdown on the 1988?

MR. GREENBERG: Senator, we have. Mr. Wallace from the Department of Higher Education can speak to the specifics.

We have asked for the drawdowns for the projects which are in progress and which we've completed. We have not asked for the drawdowns where the projects are still in design.

Mr. Wallace has informed us that, indeed, he has made a request through the executive branch for approval to take a specific amount for the '88 bond issue to the Legislature. I don't know-- I think he's better able to speak to this than I, sir.

SENATOR EWING: Larry, when did we get the requests from the Department of Higher Education on legislation?

SENATOR WEISS: When did we get them? We haven't gotten any yet.

SENATOR EWING: Yeah, but they've made the request to the Department--

SENATOR WEISS: When, Mr. Greenberg, was the request made to the Department of Higher Education?

MR. GREENBERG: The request was made immediately as we-- What we did was inform them that because of a time window we had to have the funds last summer. They said, "Go ahead, use your money, and then make a request of us for all of the things that are in progress." The request was made this past fall for all of the things that were in progress.

SENATOR WEISS: This past fall. You mean fall of '89?

MR. GREENBERG: Yes, sir.

SENATOR WEISS: How long does it take-- I'm only asking you because I don't know. How long, normally, does it take the Department of Higher Ed to come up with their approval so you know where you're going and we know where we're going?

MR. GREENBERG: Well, what they do is when-- I can't answer that specifically, but they wanted to have a large enough bond issue so that it makes sense to go to the bond market. I really think, sir, Mr. Wallace is better able to answer that question than I.

SENATOR WEISS: Well, Mr. Wallace is here from the Department of Higher Education. Mr. Wallace, would you sit at the table over there, please? We're going to get everybody together here yet. I can't get legislators to fill up the table, so we'll do it with those who come to testify.

That microphone does have a--

J A M E S W A L L A C E, Ph.D.: There's a microphone here.

We have a draft bond bill that we had submitted to the Governor's office and we're waiting for that to be debated.

SENATOR EWING: When was that submitted?

DR. WALLACE: It has been drafted for several months, at this point. It has been delayed at this point simply because of the change of administration.

SENATOR EWING: How long has it been in the executive offices, six months, one month?

DR. WALLACE: Probably two or three at this point.

SENATOR EWING: Two or three what, months?

DR. WALLACE: Months.

SENATOR EWING: Well, doesn't anybody push it to say they need the money?

DR. WALLACE: Yes. A member of our staff regularly-- I mean, we have a Director of Governmental Affairs, and this person's job is to do just that.

SENATOR EWING: Who does he go after up there to see where it is? Who did he contact?

DR. WALLACE: I don't know the specific individual in the Governor's Office, but it's the individual whom he regularly deals with in the Governor's Office. Unfortunately, the individuals have changed. That's part of what the delay has been.

SENATOR EWING: Oh, there's been a change? I didn't know that.

SENATOR WEISS: Dr. Wallace, let me ask you one question, if I may. The DHE apparently gave Rutgers the right to use \$12.3 million. Is that correct?

DR. WALLACE: We took Rutgers' projects to the Board of Higher Education and--

SENATOR WEISS: And got permission that way?

DR. WALLACE: At risk, I'm going to use the same word that Marvin Greenberg used, in anticipation of JEC bond funds and a bond bill being introduced and working its way through the Legislature.

SENATOR WEISS: I guess that's the answer to my next question. That's almost precisely-- I don't understand how all of this anticipation could come about prior to a bill even being introduced. That leaves me in somewhat of a dilemma.

I have a hard time getting bills through this Legislature, and I can't figure that others would have it any easier, especially when it comes to bonds.

I suppose what I am really trying to say is that all these things ought to follow a form and maybe situations such as this will not then arise, where we have the cart before the horse, to use a cliché. I do think that there are priorities involved.

It's not that anyone took the money and stuck it in their pocket and went home with it. The thing is that we lose control of what is really going on, and the intent-- I went through this process in another department about a year-and-a-half or two years ago, where there was some \$30 million that were spent on programs that were not exactly-- They were on the books, but they were not in there for further enhancement at the time.

So, I'm puzzled as to the reasons that things happen this way. And I'm trying to be nice about it.

DR. WALLACE: No, I understand. And I could add to that, in each case-- Marv mentioned the Camden Law renovation, and the Neuroscience project. In each of those cases when the Board of Higher Education considered the project, the Board discussed the fact that an alternative was to postpone the

project, and made it clear in their action that the Board was approving subject to the approval of the Legislature and the Governor with respect to allocating funds, and that the institution and the funds the institution was advancing were at risk.

SENATOR WEISS: I understand what you're saying, but I have to come back to my original premise on this thing: I don't know of any assumption that I could make about any bill in either house or, you know, that passes either house or comes to this Committee or any other committee, being passed. You people are taking risks, I think, that are unnecessary, to say the least.

It would be nice to do it whenever you decide to do it, but you better have the financing in your back pocket, at least, or the assurance -- and I don't know how you can get that without a vote -- of the actual passage of the bond issue.

I just don't know how you folks do those things. I don't understand it. I'll go on to Senator Ewing for a moment.

SENATOR EWING: How much was the '88 bond issue for Higher Education for?

DR. WALLACE: Three-hundred-and-eight million out of three-hundred-and-fifty.

SENATOR EWING: Three-hundred-and-eight million?

DR. WALLACE: Correct.

SENATOR EWING: And the other 42, I think was Science and Technology?

DR. WALLACE: For the Commission on Science and Technology, that's correct.

SENATOR EWING: All right. Of the \$308 million, how much was allocated to Rutgers?

DR. WALLACE: Directly, 60 million. An additional 10 million for the Agricultural Experiment Station, and another 3 million in a category called "Statewide Regional," that was also allocated to the Agricultural Experiment Station.

SENATOR EWING: Well, that comes up to 73?

DR. WALLACE: Seventy-three, and then Rutgers will also get a portion-- There was a \$45 million capital renewal and replacement fund included in the 308. Rutgers will get a portion of that fund.

SENATOR EWING: Yeah but, between the projects under construction, they get 12.3 coming from the bond issue; then in design they've got 73 million.

MR. EDWARDS: Senator, that's 60 million--

SENATOR EWING: Was it 60 million--

MR. EDWARDS: Right, the total is 73.

SENATOR EWING: So that comes up to the 73, that you expect to get from it. Do you know how much has been sent over to the front office to be approved, I mean for the legislation?

DR. WALLACE: In total, or just for Rutgers?

SENATOR EWING: No, for Rutgers.

DR. WALLACE: In the draft bill that's in the Governor's Office now, there is, I believe, approximately \$70 million that would include the 45 million capital and replacement fund. It would include the Camden Law rehabilitation, and it would include Neuroscience. I would have to double check. It may also include the Graduate School of Management, but I'd have to check on that.

SENATOR EWING: The other two they got in here are the Cook greenhouses, and the--

DR. WALLACE: Cook greenhouses are included.

SENATOR EWING: --infrastructure, for three million?

DR. WALLACE: That's not included. That may be out of the renewal and replacement. I'm not sure which project you're making reference to.

SENATOR EWING: Thank you.

DR. WALLACE: You're welcome.

SENATOR WEISS: I suppose, Mr. Greenberg, the bottom line on this thing is you're not going to come to us for the funding of that \$12.3 million, are you, to make it good?

MR. GREENBERG: Well, sir, we--

SENATOR WEISS: The State appropriation is what I'm talking about.

MR. GREENBERG: I'm sorry, would you--

SENATOR WEISS: You're not going to come and ask us for the \$12.3 million?

MR. GREENBERG: We would hope at some point that we would have an opportunity to do so.

SENATOR WEISS: That's what I figured.

MR. GREENBERG: But from the bond issue. We want to make clear that's from the bond issue of 1988.

SENATOR WEISS: Well, all right, but meantime the bond issue hasn't passed and we're in a--

MR. GREENBERG: Well, it's--

SENATOR WEISS: I'm sorry, the bond issue has passed, but there hasn't been a drawdown on it.

MR. GREENBERG: That's correct. If the moneys were not forthcoming, we would have to suffer the consequences.

SENATOR WEISS: That might be tough.

MR. GREENBERG: Very tough, sir.

SENATOR WEISS: Yeah, I understand that. Okay. So, we're all, in the future, going to follow form and get it through the right process at the right time, and sort--

MR. GREENBERG: Senator, I don't want to be argumentative, but we were told what to do by the Board of Higher Education, and we did--

SENATOR WEISS: I understand that, and I hope they have ears. You know, that's really the way it should work, because the process gets out of control.

I'm not saying that the process is that great, but at least it's a process. It's a better plan than no plan. So, until that's changed, we're going to have to live with it. But you can't short-circuit that process.

SENATOR EWING: Yeah, but Dr. Wallace just said, I gather anyway, that Higher Education told Rutgers that they were not sure that it would be approved and everything, at the further-on levels. They were approving it but on the basis that you really have to wait and see. So, there was no guarantee, necessarily, that you were going to get the--

Is that correct, Dr. Wallace?

DR. WALLACE: That's correct. In fact, if I can indulge you for just a moment, this is a May 1989 document, when the Board of Higher Education reviewed Rutgers' plan, and on that occasion authorized the Center for Molecular and Behavioral Science for funding by the JEC. This is a paragraph that was included in the Chancellor's memorandum to the Board, and there was a resolved in the resolution to this effect.

I am now quoting the Chancellor: "After Board of Higher Education approval, an appropriations bill will be introduced into the Legislature as required under the provisions of the JEC Bond Act. Rutgers will advance the project funds from available institutional resources to implement the project later this spring. These funds will be replaced by the bond funds at the completion of the legislative process. Until the appropriations act for these funds is signed into law, the interim funding advanced by Rutgers will be at risk."

DR. POND: Mr. Chairman?

SENATOR WEISS: Dr. Pond?

DR. POND: That is certainly a risk. I want to emphasize, though, that the risk is not one that we're trying to pass off onto the State. The risk is to other projects, future projects which have already been funded in the Rutgers Bond Issue, which would be bombed out of that list so that money could be replaced, in the case of the JEC bonds, default on us.

We did take a risk. We took it in some confidence that the bond issue which had passed the general election by the largest plurality in the memory of living men and women -- that meant that there would be bonds in due order.

SENATOR WEISS: Yes, I agree, Dr. Pond. But, there is still another process after the public votes on a bond issue. There are project lists that come out and have to be approved. Time goes by, and I wouldn't want Rutgers to take a risk that someone couldn't make good on, Rutgers or someone else.

DR. POND: We certainly recognize--

SENATOR WEISS: Because if you default, we, the State of New Jersey, defaults. That's disaster.

Thank you, Dr. Wallace.

Do you have a question?

SENATOR EWING: For Dr. Pond. Alex, the Rutgers Bond Issue-- How much was issued on that, was authorized?

MR. WHITESIDE: It was about a \$74 million bond issue, Senator.

SENATOR EWING: How much has been used up?

MR. WHITESIDE: Most of those projects are either at the early stages of construction or still in design. We've committed \$24.5 million of that, but we probably haven't expended it as yet. In other words, of the project budgets, there's about 24.5 million of that 75 million that's committed to a number of the projects in this Phase III, and they are in various stages of construction.

If you asked me to guess, it's probably somewhere between a third and a half of it that has actually been spent.

SENATOR EWING: So, I mean, you still have some safety in, if you had--

MR. WHITESIDE: If we had to backtrack, we would certainly have some time to do that.

SENATOR EWING: Thank you.

SENATOR WEISS: Thank you, Senator Ewing.

Let's get to some Rutgers GO bonds, okay? I know what a State's GO bond is. I know what a Rutgers Revenue Bond is, but I'm not really sure that I know what a Rutgers GO bond is.

DR. POND: It's secured against the general revenues of the University as opposed to revenues associated with auxiliary enterprises. Is that about right?

MR. WHITESIDE: Yes, but in addition, Senator, we've actually pledged the tuition. In other words, we've pledged some 11 million of tuition that has been imposed over recent years, plus there's a \$2 million State match that we've been receiving. So, even though it's a GO obligation, with the general revenues pledged, there are specific pledges of tuition in the State match to pay for the debt service.

SENATOR WEISS: I'm a little concerned. If you look at the prospectus that the State of New Jersey puts out, and it has everything listed, Rutgers is in there for some number that I don't recall offhand. In some instances the indication is that, as I recall, we are morally -- the State -- responsible for some bond or for the repayment of the bond and the debt service, or whatever.

We're being committed -- the State -- for a lot of it. Now, I saw some heads going this way, but I find it hard to believe, in my experience and really in my heart, that if Rutgers -- or anyone else, as a matter of fact, and on that list I think there are like \$17 billion worth of outstanding bonds in this State other than the State which will add another three, so it makes it about \$20 billion-- I find it very difficult in my heart and mind to come to a conclusion that the State would not make good on any one of those bonds if, in fact, the issuing authority failed to do so.

So, I-- By that moral obligation, or nonmoral obligation in that prospectus, as being an obligation, moral or not-- I'm just wondering if, in view of that concept, and

legally, maybe some court might find that the State of New Jersey is not really responsible for it, but then there goes our credit rating, so I think that's strong enough to hold the line.

Why these bonds that have been issued would not have been somehow processed through the Legislature or, as a matter of fact, through the administration-- They just hang out there with just the tuition behind them, and I think that that tuition had been allocated to many other items.

MR. WHITESIDE: Before we can issue any debt, we do have to fill out appropriate forms to send to the State Treasurer and to the Department of Higher Education and other folks. So we do, in advance of any bond sale, have to disclose all of that information and get their blessing before we move forward.

But in addition, I mean the bond indenture and the official statements that go out clearly indicate that these are not obligations of the State or that any guarantee of the State is implied. But, I agree with you, Senator, if something ever happened down the road, and Rutgers couldn't meet its debt service, it's unlikely that the State would--

SENATOR WEISS: Well, I would hate to see a University as good as Rutgers go under a Chapter 11 hammer somewhere, which is what seems to be down the road if things don't get better. I hope they don't get that bad, but at any rate, there ought to be some control over some of these things, Mr. Whiteside, and perhaps you're the man to talk to. I'm not sure, I'm just guessing. Are you?

MR. WHITESIDE: Yes.

SENATOR WEISS: Okay. You're the man we're going to talk to. There's another part to that question: Do you use State appropriations as revenue toward those bonds?

MR. WHITESIDE: Well, as far as these "GO obligation" bonds, all our revenues are basically pledged as collateral, but--

SENATOR WEISS: So what if you pledge, in a year like this one, where you get cut by \$40 million?

MR. WHITESIDE: Please, let me finish -- but specifically on the bond issues that were sold. We sold an issue in '87 and one in '89, GO issues, and in the legal papers of the offering, the only thing basically pledged to pay for the debt service is the tuition, matching tuition and matching State grant.

SENATOR WEISS: That's then-- I'm willing to believe that the tuition is fully pledged for the backing of those bonds.

MR. WHITESIDE: Eleven million dollars of our current tuition base is pledged, yes.

SENATOR WEISS: Is set aside for that. How much of that is--

MR. WHITESIDE: About 10% of our total tuition.

SENATOR WEISS: How much beyond that is State appropriations?

MR. WHITESIDE: There is a 2 million State match that we've built into our pledge, against those GO bonds. In addition, some years ago, in order to finance the University's share of some of these advanced technology centers, with the concurrence of the Budget and Management folks, we did pledge 1.8 million. This is overhead that we receive on Federal contracts and grants, and that 1.8 million is an additional pledge to cover the debt service on our GO obligations.

So the total of about 14.8 million of tuition, State match, and overhead. That covers our long-term debt service obligations on the various GO bond issues, Senator.

SENATOR WEISS: What's the total support of the bonds of that amount of money?

MR. WHITESIDE: What was the total of the bond issues?

SENATOR WEISS: Yeah.

MR. WHITESIDE: It was 10 million and then there was an 81 and a 75, in round numbers, Senator.

SENATOR WEISS: Ten, eighty-one-- Eighty-one million? And 75?

MR. WHITESIDE: Right.

SENATOR WEISS: So, that would look like 166.

MR. WHITESIDE: Right. I think it was around 170 million we have.

SENATOR WEISS: Well, that's the number I saw before. I think that was 167? (witness nods affirmatively)

You may be saved. My information indicates that the administration is working on a bond issue in the next two or three weeks and -- on a drawdown on the bonds in the next two or three weeks, so you might, in fact, get your money, if you're good.

MR. WHITESIDE: Thank you, Senator.

SENATOR WEISS: Maybe it took a hearing like this to smoke it out; I'm not really sure.

Could you-- I want to pursue that line a little bit further. Could you tell me how you use those GO bonds to match State GO bonds, if, in fact, you do?

MR. WHITESIDE: Yes, we do, Senator. We had a plan. Let's call it the Phase III Plan.

SENATOR WEISS: Phase III.

MR. WHITESIDE: And the total plan -- the total project budgets-- There must be 20 or 30 different projects in that plan, Senator, project budgets totaling some 232 million. You may not have these figures in the same form, but if you just-- The total project budgets of all of Phase III, which is a combination of projects that are either in construction or in design, at a cost of \$232 million, of which the \$93 million was to come from the State 1988 JEC Bond Issue, 20 of Commission funds, and 73 million through the Department of Higher Education -- that's the 93--

Of that 75 million of Rutgers' bonds, some 72 million or 71,677,000, was coming from the proceeds of the Rutgers '89

Bond Issue. There was a whole variety of other funds -- the \$13 million grant from the Port Authority, and the \$10 million grant from the Department of Agriculture. All those pieces, plus gifts, really would fund the project budgets of some \$232 million.

So, Senator, in August we sold those bonds. We've had a very good track record with the rating agencies. Our bonds are rated AA. They've always been pleased and complimentary of Rutgers' financial management, and we're one of the few institutions in the country that carry a AA credit rating.

So, we sold those bonds at a little less than 7%. We got in at a great window. And those funds are with the trustee. They are being invested and we're drawing to pay contractual obligations with contractors. Hopefully, we're using some of our own money until some of the State matching money comes forward, but we're still early enough in the program that if something happened we'd be able to react accordingly.

I don't know if I've answered your question, but that's--

SENATOR WEISS: Well, I'm not really sure, but let me say, at least part of it, okay? I'm looking at page four -- I have a blowup of it -- of the Capital Financing Chart, Projects and Design, and I notice that the projects in design-- It shows \$60 million in State GO bonds at the -- where it says 1988 DHE, right at the bottom of that column -- \$60 million?

MR. WHITESIDE: Right.

SENATOR WEISS: Then that's matched with \$32 million of Rutgers' GO bonds, which are over in the next column.

MR. WHITESIDE: Right.

SENATOR WEISS: So, it would appear to me that Rutgers is using kind of borrowed money to meet the match requirements of the 1988 bond issue. Is that not right?

MR. WHITESIDE: No. We've sold those \$32 million, Senator. I've got that money in the bank waiting for the projects to actually go out to bid. In other words, they're in design. So, I have that money. Those Rutgers GO bonds we sold in August--

SENATOR WEISS: Okay. But, you're using it to match. There's no disagreement. But, also, let me carry it one step further, and you tell me if I'm right or wrong. The \$2 million of this annual debt service for this issue is borrowed money that comes from the State appropriation, is it not?

MR. WHITESIDE: It's on the assumption, Senator, that when we got into this whole program the State was going to be a partner to our whole capital program, and this \$2 million has been appropriated. And it's true, it's subject to annual appropriations--

SENATOR WEISS: Well, you know what I'm driving at?

MR. WHITESIDE: I know.

SENATOR WEISS: I could tell. You know, it's like the State loaning you money, and then becoming a cosigner on the same note and then being responsible in the end for the whole issue. So, it looks to me like-- I hate to use the term, but I can't think of a better way to express it at the moment. We all understand what those three little walnut shells are with the pea under it, right? (no response)

That's what this appears to me, to be. But, let's for this exercise say that this is an honest one. I recognize that you guys are in a position where you are running a large institution. It's just that from this side of the aisle I kind of resent having to give you the money to match money that we're going to give you.

MR. WHITESIDE: You're giving us a portion of the money to take care of the capital--

SENATOR WEISS: Yeah, well, whatever, even if it's only 10 cents, and it's a little bit more than that. It just

makes me feel like maybe I ought to be on your side of the aisle, instead of where I am up here.

Do I misunderstand? Am I misunderstanding this issue, or am I on the right track? Are you guys really doing this to us?

MR. WHITESIDE: Well, Senator, I think we've gotten into this program on the basis that we could reasonably expect to get \$2 million from the State each year as part of our appropriation for debt service. If that doesn't materialize, we'll have to find the \$2 million somewhere else.

SENATOR WEISS: I can understand that, and I can understand your addressing it to some other title but, this is like throwing it back into our faces, you know. We've got a little bit of pride up here, too. Not too much, but just enough to get by on issues such as this.

DR. POND: Senator?

SENATOR WEISS: Yes, Doctor?

DR. POND: A small but significant additional point is that the appropriated match was made, if my memory serves, in connection with the first allocation of tuition revenues for the purpose of building academic buildings. It was at that time that the Governor proposed, and the Legislature disposed of the notion of putting in some appropriated funds on top of the then \$5 million tuition increase. The match for the Jobs Education Competitiveness Bonds -- the '88 bonds -- is the other \$5 million, which came sometime, a year or more after, the State's decision to contribute in the earlier phase \$2 million a year, to \$5 million being put forward by the students. So, there were only two walnut shells there, there weren't three. That's all I'm saying.

SENATOR WEISS: Well, okay, so you reduce my odds by 33%. But, nevertheless, I was under the impression that this money that was used for the match was student and State money. That's the impression I got. I kind of maybe-- Maybe I missed

the point, all right? Because I thought this was going to be money raised separately through some fund-raising process.

DR. POND: There was never any pledge to raise money generally for the -- to match the Jobs, Education Bonds. There have been efforts, and some of them have been largely successful in funding particular capital projects. They have been rather limited on this scale, though.

SENATOR WEISS: I suppose the-- I'm trying to reduce the next question to as simple a one as I can. If that's the case, I suppose, "Why have a match?"

DR. POND: I'm sorry, I didn't hear.

SENATOR WEISS: Why have a match? Why match anything? What's the purpose of a match, matching one fund to another?

DR. POND: Well, that was a feature of the 1988 bond issue which was fairly widely discussed. At Rutgers it was talked of in terms of a partnership.

SENATOR WEISS: Mr. Greenberg, you looked like you wanted to say something?

MR. GREENBERG: Well, the feature of match was advanced by the Board of Higher Education and its staff in order to indicate a commitment by the institution as -- to use the word again -- a partnership, with the State coming up with funds and the institution coming up with funds, thereby stretching the State's dollar or causing the State to avoid issuing more bonds because the institution would pick up a piece of that debt.

SENATOR EWING: May I just ask him a question?

SENATOR WEISS: By all means.

SENATOR EWING: Mr. Greenberg, on the bond rating for Rutgers, when you have-- Is this the first issue that you've ever floated, or--

MR. GREENBERG: No. I'm going to ask Mr. Whiteside to describe it. He can tell you the details of it.

SENATOR EWING: No. I was just wondering if the Rutgers rating has always been lower or just about on a par with the State's rating.

MR. WHITESIDE: Well, it's been-- We've had a AA rating. Very few of the colleges and universities have the State's rating. Maybe a Princeton or a Harvard.

SENATOR EWING: No. But, the interest you're paying, is it similar to what the State's paying on their bonds?

MR. WHITESIDE: It would be slightly higher because there would be a differential between the AAA that the State would get and the AA that Rutgers gets.

SENATOR EWING: Okay. Thank you.

SENATOR WEISS: Let's go on. Are you satisfied with your answer, Senator?

SENATOR EWING: Yes.

SENATOR WEISS: Let's go on to the next area.

The Fund for Distinction reserve: There's an indication that there's \$25.14 million in projects that were financed through this Fund for Distinction reserve. Could you tell me about that?

MR. WHITESIDE: Yes, Senator. Back in-- Let me get a hold of my papers here.

SENATOR WEISS: Sure, go right ahead.

MR. WHITESIDE: I guess as we began this Fund for Distinction capital program, the center started out with the imposition of some additional tuition increases to set aside funds to pay for the debt service on the portion of this capital program, so starting in '85/86, we dedicated 5 million of the tuition increase that was imposed that year. In '86/87 it was increased by another million to 6 million. And then in '87/88 there was a further large increase and an additional 5 million was dedicated as debt service on this capital program, so that's how we got to that 11 million base.

So, for the five years from '85/86 through the present year, we have in effect collected some \$44 million of tuition. The State match that has actually been appropriated and received is some 7 million.

We've invested those funds until they were needed either for debt service or as equity capital. That totals some 58 million, and then we've dedicated -- rather than go out and borrow the money -- some 25 million as part of the actual equity, the cost of the various projects in various phases of our program.

I have a copy--

SENATOR WEISS: We're looking at the same chart that you have.

MR. WHITESIDE: That's just a projection for this year.

SENATOR WEISS: Yeah, I know.

MR. WHITESIDE: You can see-- The next section is the actual projects that we've actually allocated some of those funds towards as equity contributions, so we're not out borrowing all of the costs, or expecting the State to--

So, you see, we've allocated in Phase I \$1 million for Busch animal care facilities, and 900,000 for the Sisser Building. This was a building in New Brunswick that we acquired as part of our future plans for the School of the Arts.

On Phase II we allocated 3 million for a new teaching theater that's under construction on the Douglass campus; \$2 million to a facility that we acquired near our Livingston campus for temporary space for some of the new faculty that we brought in; and \$1.2 million for a recreation center on the Busch campus. This is actually in construction, it will be a major addition to our campus.

SENATOR WEISS: Oh, okay.

MR. WHITESIDE: And on and on. If you want me to go through each of them, I can.

SENATOR WEISS: No, I do not. I didn't know there was a list here that breaks that down.

MR. WHITESIDE: So that basically, equity contributions-- Then you get to the actual debt service on the various bond issues, and you can see the Phase II Bond Issue. This was the issue that we sold in '87, so we made those debt service payments in each of those three years.

In '89-'90 we don't have a full year of debt service because we sold the bonds in August. You see the debt service allocated for that and some various other commitments that we have some short-term borrowings on.

We also allocated \$2 million, Senator, for this year's operating budget. We ran into a significant shortfall early on in this year, so we used \$2 million for that.

SENATOR WEISS: That's the \$2 million that I see on here?

MR. WHITESIDE: Right, right.

SENATOR WEISS: Okay, then the number I had here at one point-- I'm not really sure when this was, maybe June 30, 1990. The projected number in dollars that you're going to have left in this fund is \$6,614,000?

MR. WHITESIDE: Right, but I don't know if the potential claims are against that, Senator. Right below that there are a number of fund-raising goals that we haven't realized yet. To the extent that we don't raise that money, we would need that balance to pay for the project costs.

SENATOR WEISS: Well, what-- The next-- Looking at this other chart here, the indication would be that these are buildings--

MR. WHITESIDE: Pardon me, Senator?

SENATOR WEISS: --that the money is allocated to. The money is allocated to buildings--

MR. WHITESIDE: Right.

SENATOR WEISS: --more than it is to noncapital items, isn't it?

MR. WHITESIDE: No, in other words--

SENATOR WEISS: The potential claims on the balance, remaining fund-raising goals--

MR. WHITESIDE: No. The Busch Recreation-- We have a fund-raising goal of 1.6 million, Senator. We haven't raised that yet. So, that's part of my funding for the building. If we don't raise that, I'm going to have to dip into this reserve.

SENATOR WEISS: You know, I just happened to notice something on this list. I've been in this Legislature now for 13 years. Not a real senior, senior member, but 13 years is a long time, and I have yet to see one Rutgers budget in all those years without Winants Hall in it. When are we going to get done with that?

MR. WHITESIDE: This September or October, Senator.

SENATOR WEISS: I just noticed it on here for a million dollars, again. I could remember passing bills or voting for bills with \$5 million and \$6 million in them. What are you people doing with that?

MR. WHITESIDE: Well, it must never have passed, Senator. We have received-- The State has been very generous in funding that, but we're still a million dollars short.

SENATOR WEISS: Mr. Whiteside, they've been generous in funding something, but every once in a while you run across something that you ought to ask about.

MR. WHITESIDE: We'll celebrate its 100th anniversary this fall, and it will be reopened.

SENATOR WEISS: And we've been funding it for about 150 years. Now, come on, enough is enough. Is this your annuity?

SENATOR EWING: How much has gone into it?

MR. WHITESIDE: The State has appropriated-- Well, the State's part of this-- It's about a nine-and-a-half million dollar project.

SENATOR EWING: The total project is nine-and-a-half?

MR. WHITESIDE: It's an historic building and we have to go through all kinds of major renovation and alteration procedures.

SENATOR EWING: And asbestos removal?

MR. WHITESIDE: Asbestos, everything. The State's part of the 9.6 million was about 5.8 million. The State has appropriated like 4.8 million and we're still hoping things get good to get the remaining million dollars. If not, it will have to come out of this balance.

SENATOR EWING: Do we have a copy of the figures you're reading from?

SENATOR WEISS: Jack, I'll give you a copy of anything I have.

SENATOR EWING: Well, where did it come from before?

SENATOR WEISS: I don't know. I think it was research that was done by staff. I'm not really sure, but you've got a copy coming your way, how's that?

SENATOR EWING: Slowly but surely.

SENATOR WEISS: Yeah. I was going to suggest that we get a copying machine, but-- Let me just get -- and then we'll go onto other things.

This \$6 million that we're talking about, which has probably been reduced to some lower number by now. That doesn't have any restrictions on it, does it? I mean, you can use it for anything you want?

MR. WHITESIDE: Yeah, but Senator, I think I'd be imprudent, or not exactly responsible--

SENATOR WEISS: Well, we're all aware of that. Now, give me the real stuff.

MR. WHITESIDE: If we fail in our-- I mean, we've got the Busch Recreation Facility in construction. The Levin Building has just been opened. The Art Library is in design, and the Graduate School of Management-- The construction will soon start on that. If I don't raise-- If that money doesn't

come in from fund-raising, I have to get the money from someplace else, so this is where I'm putting a restriction on this balance until I know for sure whether I have that money.

SENATOR WEISS: Then you've allocated this money out?

MR. WHITESIDE: I'm sorry, Senator, I didn't hear you?

SENATOR WEISS: You've allocated this money to projects?

MR. WHITESIDE: I've put a potential claim on the balance, is the way I describe it.

SENATOR WEISS: Is this listed anywhere else for funding, like in the bond issue?

MR. WHITESIDE: It probably is shown in the column, "Gifts" -- in the gifts column. We expect to receive those in gifts. It's not bond issue money. It's part of the sources of funding the project that might be State bonds, Rutgers'--

SENATOR WEISS: Okay. Let me ask you this, Mr. Whiteside: If you, in fact, have money such as the \$6 million or whatever is left, and you allocate it to one project, you get gifts in, then what do you do with that money?

MR. WHITESIDE: Well, if I get gifts-- The question is, if I get gifts for these projects?

SENATOR WEISS: However you replace the, let's call it \$6 million. What happens to that?

MR. WHITESIDE: In other words, if I use up this balance and the gift subsequently comes in?

SENATOR WEISS: Yeah.

MR. WHITESIDE: Well, we would go to our Board and get some resolution of how we would use that gift, Senator, if that happened.

SENATOR WEISS: Would the State have to contribute anything to that?

MR. WHITESIDE: Well, no, I don't--

SENATOR WEISS: Okay. Then what-- I suppose in the next year's budget I could look at that confidently and not

find any of these projects in there? Because you've allocated now, \$6 million, or again, what's left of it, to doing those items on the list I just gave to Senator Ewing that I read off before, including Winants Hall, incidentally.

MR. WHITESIDE: Right. If I have to use that \$6 million, there would only be 600,000 showing as a balance. But, we're still hopeful of raising some of that money, certainly for the Busch Recreation Facility and the Art Library and the Graduate School of Management.

SENATOR WEISS: Jack, have you got anything on this matter?

SENATOR EWING: No.

SENATOR WEISS: I would like to bring this to a halt, okay? Just tell me about any other reserves that you may have that will alleviate the strain that Rutgers is now working-- I'm talking about the dollar strain, the financial strain.

MR. WHITESIDE: Senator, I've given Bob Noonan (referring to Majority staff aide) a copy of a paper that deals with financial reserves.

SENATOR WEISS: You gave it to Bob Noonan, okay. Regardless of that, Mr. Whiteside, I'd like to hear it from you. There seems to be more veracity in any statements such as that then just reading it on a piece of paper.

MR. WHITESIDE: If you're talking about discretionary type reserves, we have a lot of fund balances, Senator, that are dedicated to pay contractual commitments, or to pay for ongoing renovations of student centers and dining. But to get to the real bottom line of what kind of financial reserves would be available or would help us in this current budget situation-- There are basically two: One is a fund that we call the Board of Trustees Consolidated Reserve. It was established by the Trustees back in 1964 through the consolidation of some 24 individual, endowment type funds that have come into Rutgers over the years. That money is invested, and the trustees control how those funds have been allocated.

But, they have been allocated towards the educational program for such projects as graduate fellowships, for merit scholarships, for research incentive grants for our faculty, for renovations to the library. We've had a very successful Summerfest Program in New Brunswick each summer. The Trustees have annually contributed to that fund, and a whole variety of other projects, including our intercollegiate athletic program.

So, that's one reserve, Senator, that the Board of Trustees does control and does have discretion over in most respects as to the use of the income.

The other big fund is the fund that's described as the Board of Governor's Consolidated Reserve. It has a balance of around \$22 million, and of that 22 million some 5 million is permanently allocated to a reserve for vacations for our employees. Our accountants insist that before we close the books each year, we set up a liability for compensated absences for vacation and sick time earned by our employees. So, 5 million of that is dedicated.

But this fund has been developed over the years -- or built up over the years -- from a whole variety -- from gifts, from investment income. The Governors, in recent years, have allocated the income from that fund and any new additions to the fund for a deferred maintenance program. As you probably have seen, we do have a significant deferred maintenance program. We've had a very successful Merit Scholarship Program that enables us to attract the brightest and best New Jersey students to their State University.

The incomes have been used to fund part of the operating costs of the Rutgers Press, to finance a good chunk of the operating expenses of the Rutgers Foundation. Don Edwards may want to say a few words about how successful the campaign has been. Also, it has funded a portion of our intercollegiate athletic program.

So, the Governors felt since we really have-- Rutgers, considering its size and the magnitude of its annual budget-- The endowment is small in relation to our size. Certainly the amount of unrestricted endowment is very small. So, the Board has had a goal of trying to establish the reserve somewhere between 4% and 5% of its annual operating budget in reserve to take care of contingencies and also to support a number of these programs.

So really those are the two main types of reserves. We have other fund balances that are set aside for bookstores and health centers and so on.

SENATOR WEISS: I don't have the end line figure on how much you have in reserve in these various accounts, but I don't think I need it for--

MR. WHITESIDE: Right. But that paper-- When you get a chance to look at it, Senator, the paper does describe everything that we have.

SENATOR WEISS: Yeah, okay. I want to go beyond that, at least for the moment. There's one thing that interests me that you mentioned, and I don't recall ever having heard of, although it probably existed in other places. I just can't recall having heard of it.

You mentioned something about holding \$5 million in some kind of vacation account. Would you explain that one to me?

MR. WHITESIDE: Well, in other words, the-- Generally accepted accounting requires corporations and institutions--

SENATOR WEISS: Take a step back. What requires it?

MR. WHITESIDE: Generally accepted accounting principles that we have to follow. We have to set up as a liability on our balance sheet each year, the amount of vacations earned by our faculty and staff, during that-- And we have to set that up as a liability, even though we know we're going to pay it next year as part of the normal appropriation process.

When that rule was put in -- it was six or seven years ago, Senator -- we had set up a liability for all of the past earned vacations. It was about \$5 million. The only place we had to go was this Governor's reserve. So, that's really a financial statement entry that is kind of a permanent commitment against that Governor's reserve.

SENATOR WEISS: Well, I--

SENATOR EWING: Is that earned but not taken?

MR. WHITESIDE: Earned as of June 30, but not taken until the next year.

SENATOR WEISS: Is that money that folks who work for Rutgers earn and you hold it sort of in escrow for them? Is that it? It's not really your money. It's their money you're holding?

MR. WHITESIDE: It's money that the staff and faculty have earned and they'll be taking their vacations in the following fiscal year, Senator.

SENATOR EWING: Do they get paid when they leave?

SENATOR WEISS: I don't know. I'm trying to find out the reason for something like that. The question from Senator Ewing is, "Do they get paid when they leave?"

If I worked for Rutgers for a year, and you withheld from my salary, I'd be angry for the first thing. But, nevertheless, the--

MR. WHITESIDE: We don't withhold from salary, Senator.

SENATOR WEISS: Is it a contribution in addition to salary?

MR. WHITESIDE: Well, it's a fringe benefit. Vacation that people get is a fringe benefit.

SENATOR WEISS: Well, you use your word, and I'll use mine, but we mean the same thing, though, don't we? It somehow gets into that fund; it comes from Rutgers.

DR. POND: Mr. Chairman?

SENATOR WEISS: Doctor?

DR. POND: I found it strange, too. May I share with you how I came to understand?

SENATOR WEISS: Let's hear a real life story.

DR. POND: In any particular year a number of employees have earned but not yet taken vacation.

SENATOR WEISS: Okay.

DR. POND: The accounting principle that Joe mentions says to the University, "You must behave as if, on June 31, the State of New Jersey went out of business or stopped supporting Rutgers, and you would then have to pay that, rather than send the bill along with the other salary expenses, through the State processes."

For that reason we have a \$5.9 million liability and it has to be-- We have to answer the question, where would it come from if the State of New Jersey were to cast us totally out in the cold on July 1, next? This fund is obligated to that level, for that purpose.

SENATOR EWING: Well, Alex, is that true with other State colleges then?

DR. POND: It is a University accounting rule, as I understand it.

SENATOR EWING: University, or college?

DR. POND: And college.

MR. WHITESIDE: And also corporations have the same requirement, Senator. We fought this as hard as we could, but unless we wanted to take a qualification, in the auditors' opinion, we had to reluctantly agree to set up the accrual. We didn't go through this willingly, I can assure you.

SENATOR EWING: Later on, I have another question to ask.

SENATOR WEISS: All right. Are you not really-- This is dedicated, right, this \$5 million?

MR. WHITESIDE: What I'm really saying is that of that \$22 million balance, Senator, we have to keep in mind that the

auditors require me to reclassify \$5 million of that as a liability on our balance sheet when we close the books. It's really in there as a footnote.

SENATOR WEISS: Well, if you have-- Let me follow this one step, so I understand it. You have \$22 million dedicated. Is the 5.9 part of the 22?

MR. WHITESIDE: It is, yes.

SENATOR WEISS: So, you're down to, let's say--

MR. WHITESIDE: Seventeen.

SENATOR WEISS: Okay, whatever. You still have over \$15 million. That again-- Is there a reason that it has to be dedicated, that you can't use it? Considering that you have a cushion of \$15 million, I'm going to have to ask you and I'm going to have to ask these auditors and your accountants, whoever they are.

MR. WHITESIDE: The \$15 million is invested and the income has been used by our Board of Governors to support a whole variety of functions and needs. For example, the deferred maintenance program, as I said before, the Foundation, the Merit Scholarship. The Board has felt, particularly the Budget Finance Committee, that an institution the size of Rutgers does need to have some sort of reserve for these types of things.

SENATOR WEISS: Well, I don't disagree with that. You can't operate with nothing in the bank. There's no argument with that. I mean, you have to make your checks good, your current obligations. There's no question about that.

I was just wondering if these funds are dedicated, then they're not for the purposes of capital, current capital use? Okay, so you have got them tied up. Is the \$15 million dedicated, or am I--

MR. WHITESIDE: It's the income from the investment, right.

SENATOR WEISS: Okay, so the balance of the 15 is-- The income is dedicated, so then, actually, that doesn't mean anything. If you spent the 15.9, or whatever is left, you would have no income.

MR. WHITESIDE: Right. It would be gone.

SENATOR WEISS: So that's not really a dedication, is it?

MR. WHITESIDE: The use of the income--

SENATOR WEISS: I understand.

MR. WHITESIDE --has been dedicated by the Board, right.

SENATOR WEISS: I just want to question more a statement. I'm not really sure at this point, but considering the severity of the current budget crisis, I hope you're not considering using some of the principal in this fund to lessen the impact of your budget shortfall. Or, should you be doing that?

DR. POND: We will certainly try to avoid that except in absolute extremes, because it is not very big, and when it's gone, it's gone. What we will be looking at very carefully among other things, though, is the degree to which we can redirect income from this reserve to solve the problems created by the budget cuts.

Obviously that's a very limited resource at this point. It's only a few million dollars at the very max, against a \$26 million problem. But we will examine those incomes very carefully in this connection.

SENATOR WEISS: Senator Ewing?

SENATOR EWING: The question I had on the bond issues is the different series. You get interest on those, correct, and you invest it?

MR. WHITESIDE: That's right, Senator.

SENATOR EWING: And what is the interest used for?

MR. WHITESIDE: It's used to pay part of the construction costs of the project, Senator. When we size an issue, in other words, when we go out to the market and as we call it, size the issue, we do factor into, in addition to the project budgets and the costs of issuance-- We do factor in there as sort of a credit, what we anticipate the earnings will be on the investment of the construction fund.

So these, to the extent that the projects move along in accordance with the plan-- The earnings on that construction fund are a source of funds to, in effect, finance the project budgets.

SENATOR EWING: Well, on these sheets that staff has, do you know the ones I'm talking about? They show, Rutgers, The State University, a review of debt service.

MR. WHITESIDE: I have it, Senator.

SENATOR EWING: Just in that first column, 6/30/90, you come down to the earnings, Series 1, 70,000, right? Series 1987 A, 600,000?

MR. WHITESIDE: Right. That's a debt service reserve, Senator. In other words, we sell bonds. The bondholders are required to set up a debt service reserve, using one year's debt service. So, these are actually the earnings on that debt service reserve that we take in as a source of funds to pay off this debt.

SENATOR EWING: And then they use the following year?

MR. WHITESIDE: The 1.6 million '89, Senator, is really included. Remember Senator Weiss before, talked about that 6.5 million. It's really in there. It's in that 6.6 million balance. But in future years we have not committed that. The '91 and the '92-- We have not committed those amounts, but we would hope that we would be able to use those for things like equipment and maintaining the buildings, and reserves for equipment replacement and maintenance. But there's been no designation or resolution at this point as to where those future balances go.

But the 1.6 million for 6/30/90 was on that other schedule that we looked at before.

SENATOR EWING: Well, couldn't it help to reduce the dedicated tuition a little bit?

MR. WHITESIDE: In future years, in '90 and '91, it certainly could, yes.

SENATOR EWING: And also in '92, '93, and '94.

MR. WHITESIDE: Right. If that's the decision, to use that balance to help with the general operating budget, certainly.

SENATOR EWING: The other question I have is-- I don't know whether Larry asked this or not, but if you take the total amount of student fees that have been used for capital construction programs-- If they were eliminated, how much would it reduce the tuition?

MR. WHITESIDE: About 10% of our tuition--

SENATOR EWING: Ten percent of the tuition?

MR. WHITESIDE: --has been dedicated to debt service on these projects, yes.

SENATOR EWING: And what's the average tuition today?

MR. WHITESIDE: I think it's \$2570.

SENATOR EWING: About \$260 or \$257. Thank you.

SENATOR WEISS: Thank you, Senator.

Dr. Pond, is Dean McCormick still here?

DR. POND: I don't believe so.

SENATOR WEISS: If he is, or if he isn't-- If he is, he'll hear me; if he isn't, would you be kind enough to convey to him the fact that I apologize for not calling on him? I know he waited, but he just got caught in the mix here, and I feel very sorry that he came down and expected to be on, but we couldn't put him on. Would you convey my apologies to him, please?

DR. POND: I certainly will.

SENATOR WEISS: We do have his testimony, but I know he was expecting to testify, and it was not to be today.

I'd like to bring the Rutgers part of this to some conclusion, at least for today, Dr. Pond, and I'm going to make an assumption, okay? We're going to assume that Rutgers is still evaluating the impact of the proposed level of State aid, since you only learned its full impact on this past Thursday, and I recognize the seriousness of that.

On behalf of the Committee, I would like to ask that you share with the Committee the details of the plan that you develop to reduce the negative impact of the current crisis on the fundamental mission of the institution. I'd like to get that as soon as you develop it; you know, not next year. We're still going to be here, but it will be of no value. It's like some of the demographics that we get here. Eighteen months late, you may as well drop them in the trash can, which is what I normally do to save space. I don't want to do that. I think this is an important thing.

I think that the situation between Rutgers and its staff and its students, as a matter of fact, ought to be run on some equal playing field -- level playing field. Is that what it is, what we use these days?

But anyway, I thank you very much for your appearance here today. I want to thank Mr. Whiteside, you, Doctor, Mr. Greenberg, and also Mr. Edwards, for your candid statements today. It was probably one of the most candid-- No question about it, it was the most candid program that I've had with Rutgers in all the years that I've been here. I thank you.

DR. POND: We thank you for the opportunity, Senator Weiss, Senator Ewing.

SENATOR WEISS: Now, on to--

SENATOR EWING: Are we going to hear the students now?

SENATOR WEISS: Yeah.

SENATOR EWING: Alec, are you leaving or are you going to stay?

DR. POND: No, I'm going to stay.

SENATOR EWING: Good, so you can hear what else goes on.

SENATOR WEISS: Next I have Dr. White, the Vice Chancellor, Department of Higher Education. Dr. White?

V I C E C H A N C E L L O R P H I L I P V. W H I T E: Thank you very much, Senator Weiss, for permitting me to make a brief statement. Before I begin I would like to introduce--

SENATOR WEISS: I don't think you're on the air. You press the little button in front of you.

V I C E C H A N C E L L O R W H I T E: Oh. Okay, how's that?

SENATOR WEISS: You're on the air.

V I C E C H A N C E L L O R W H I T E: Before I begin, I would like to introduce the members of the staff who are with me this afternoon. On my far right is Valerie Van Baaren, who has recently joined the Department. She works for us in Governmental Relations. And of course, Jim Wallace, the Assistant Chancellor for Budget and Finance, who you know. And Assistant Deborah Fourie, who is working on our Jobs, Education, and Competitiveness Bond Program.

The Board of Higher Education has a strong commitment to upgrading the physical plants of New Jersey's colleges and universities. This, as you know, is one of seven major goal areas in the Board's five-year plan.

When the Jobs, Education, and Competitiveness Bond Act was being considered, we compared available space per student at New Jersey's colleges and universities to the rest of the nation. You will recall that our colleges and universities compared quite unfavorably. President Pond mentioned the statistic of about 200 square feet per student at Rutgers compared to the national average of 364. The purpose of the JEC bond was to help close this gap.

The Board of Higher Education asked our institutions to meet several conditions to qualify for JEC bond funds: Provision of institutional matching funds at the rate of 50

cents for each \$1 of bond funds for public institutions; Board of Trustees approved Facility Master Plans; audit of facilities processes; the elimination of deferred maintenance during the term of the new construction program; the establishment of capital renewal and replacement reserves for new buildings funded by the JEC bond; and use of an automated maintenance management system.

New Jersey, as a consequence, has now gained a national reputation for the comprehensiveness of this approach to managing the physical plants of the colleges and universities.

Rutgers, The State University had developed its Facility Master Plan in the context of this planning model.

The Board of Higher Education reviewed Rutgers Plan on May 29, 1989 and adopted two resolutions, and I quote:

"Resolved, that the Board of Higher Education encourages Rutgers, The State University, to develop individual projects within the overall framework of this Plan with the recognition that the period of time for full implementation will depend, in part, on the overall financial capability of the State of New Jersey and Rutgers, The State University; and be it further resolved that Rutgers, The State University, is expected to implement these Plans within the context of applicable Board of Higher Education guidelines and that Rutgers, The State University, may, beyond some percentage increase in tuition, be required to fund student tuition aid grants."

The Board of Higher Education also adopted three resolutions regarding the level of State support for the program and operating and maintenance costs of the University's Fund for Distinction capital program:

"Resolved, that the Board of Higher Education approves the expanded level of State support as detailed in the Chancellor's April 4, 1989 memorandum to President Bloustein;

and be it further resolved that, this expanded level of State support is subject to available annual appropriations -- base budget and annual changes -- and be it further resolved that; this expanded level of State support is subject to Rutgers presenting its requests for program costs and operating/maintenance costs as priority packages, giving each sufficient priority to be considered for recommendation by the Board of Higher Education during the budget process."

While I would agree that Rutgers' plan is aggressive, I am confident that the pace for implementation, once the University has a chance to fully assess the implications of last Thursday's budget message, will be consistent with the available resources.

Thank you.

SENATOR WEISS: Thank you very much, Doctor. I understand the resolutions. The Board of Education reviewed Rutgers' Plan on May 29, 1989 and adopted these two resolutions. I thought you said there were three. Are there three? However, what parameters did they work on prior to May 29, 1989? Did they have any rules to follow?

VICE CHANCELLOR WHITE: Yes, well, the University had presented its Facilities Master Plan to the Department several months before. Jim Wallace's office was the one that reviewed that and it was on the basis of that review and Rutgers satisfaction of all of the criteria for participation in the JEC Bond Issue that the Board of Higher Education adopted -- approved that.

SENATOR WEISS: No. I was going back to some distance before Dr. Wallace probably. Did they have any rules that they-- I'm giving you the benefit of being 17 years old.

DR. WALLACE: Thank you.

SENATOR WEISS: Were there any rules that governed Rutgers in expenditures in this area? Were they governed by

edicts -- not edicts, yeah edicts -- from the Department of Higher Education to get their things done and sort of summary approvals?

DR. WALLACE: The Board of Higher Education has adopted into regulation a Facilities Procedure and Approval Manual. According to-- And in fact, in January of this year, the Board readopted a revised manual. But the document that would cover the time period that you're referring to several years back-- Rutgers would be required to bring projects to the Board only to the extent that they included State capital funds. As you know, prior to the 1988 Jobs, Education, and Competitiveness Bond Act, the last bond issue that was used for general purposes, higher education facilities such as classrooms and libraries, was 1971. So it's been a long time since higher education has had capital to build classrooms and libraries.

Part of what the April 4 agreement between Chancellor Hollander and President Bloustein was about, was to reach a balance whereby projects that Rutgers would advance under its capital plan, even if there were no State capital dollars but ultimately the State operating dollars, requested for Rutgers to bring those projects to the Board for its consideration.

So, in other words, give the Board of Higher Education the opportunity to be able to review projects that included not only capital dollars but also the ultimate expectation of operating dollars.

SENATOR EWING: Dr. White, on page two, you said that the Board asked our institutions to meet several conditions to qualify for JEC bond funds?

VICE CHANCELLOR WHITE: That's right.

SENATOR EWING: Do you really mean you want the elimination of deferred maintenance during the construction program?

VICE CHANCELLOR WHITE: Yes, sir.

SENATOR EWING: I think that's frightfully shortsighted. Why?

VICE CHANCELLOR WHITE: I beg your pardon?

SENATOR EWING: It's frightfully shortsighted. Why?

VICE CHANCELLOR WHITE: Well, the idea behind that is that over the years our institutions have built up a lot of deferred maintenance. We felt that--

SENATOR EWING: Which is-- Excuse me for interrupting. I don't know how long you've been here?

VICE CHANCELLOR WHITE: I beg your pardon?

SENATOR EWING: How many years have you been in New Jersey in your job?

VICE CHANCELLOR WHITE: Two years.

SENATOR EWING: Well, you go back in history and you look at the requests that the colleges have made for money for deferred maintenance, and between the Department and the administration they would take it out.

To let buildings deteriorate-- I know what you are going to say: You want it to go into new construction. But maybe in the long run it would have been better to do more deferred maintenance to get that up-to-date, because I can't-- Are you familiar with construction at all?

VICE CHANCELLOR WHITE: Somewhat, sir, yes.

SENATOR EWING: Well then, you know that if you let buildings leak and leak, it's certainly going to take down the whole structure eventually, or whole roofs have to be replaced instead of replacing only part. This shocks me that this thing was one of the requirements.

VICE CHANCELLOR WHITE: Well, we did feel, sir, that the institutions did have a backlog that needed to be addressed.

SENATOR EWING: Of what size?

DR. WALLACE: Across the senior public institutions it was approximately \$160 million.

SENATOR EWING: And that should be deferred further?

DR. WALLACE: No, no. Absolutely not.

SENATOR EWING: You said, "Eliminate deferred maintenance."

DR. WALLACE: Eliminate meaning get it caught up. If I could add a little bit to the issue, the prerequisite conditions--

SENATOR EWING: Okay. I misunderstood, because I took it to read that you would not do any deferred maintenance. You wanted all the money to go into new buildings.

DR. WALLACE: Absolutely not, just the reverse. What that meant was we would not approve a project for JEC new construction funding unless the institution had also identified its capital renewal and replacement needs, both those that had been deferred as well as looking into the future, and included a plan to get the list of projects that had been deferred -- to get those--

SENATOR EWING: Well, has that been followed through?

DR. WALLACE: Yes, sir.

SENATOR EWING: And are they really doing a lot of the deferred maintenance?

DR. WALLACE: Absolutely, absolutely.

SENATOR EWING: Well then, I apologize, because I certainly read it incorrectly.

VICE CHANCELLOR WHITE: No, I'm sorry. I misunderstood what you were getting at. This requires that the institutions have a plan to eliminate; that is, to take care of the deferred maintenance that had accumulated over the years.

DR. WALLACE: Senator Ewing, you--

SENATOR EWING: I'll have to ask an English professor if that's a correct sentence, the way it's used.

VICE CHANCELLOR WHITE: That, it may not be.

SENATOR EWING: Because I'm not a college graduate, I'm not saying that I'm right. But the way I read it was certainly, completely wrong. I apologize.

DR. WALLACE: Senator Ewing, you recall that when the bond proposal was being developed-- At one point in time, in fact, there were two separate proposals: One proposal for new construction, and a separate proposal for the capital renewal and replacement. Ultimately, it was at a Senate Appropriations Committee where those two proposals were brought together and the \$45 million was included in the JEC bond proposal for the specific purpose of eliminating, getting caught -- getting the work done, whatever the right word is -- getting the work done.

SENATOR EWING: Thank you.

SENATOR WEISS: Is that it, Senator Ewing? (no response)

Dr. Wallace, what projects funded by Rutgers' GO bonds totally need approval by the Board of Higher Education?

DR. WALLACE: Any project that will involve State dollars or the expectation of State operating dollars -- State capital dollars or State operating dollars.

SENATOR WEISS: I'm talking about Rutgers' GO bonds now.

DR. WALLACE: If Rutgers is going to fully provide the capital dollars itself--

SENATOR WEISS: Yeah?

DR. WALLACE: --but ultimately it would come to the State with the request for either program dollars to operate the facility or a proposal for O&M dollars to run the facility, they would now be required to come to the Board of Higher Education for approval of the project.

Again, the issue preceding the April 4 agreement between Chancellor Hollander and President Bloustein. Prior to that, projects that would be fully paid for by Rutgers with its own resources would not be required to come to the Board of Higher Education. That's simply the way the rules used to be set up.

SENATOR WEISS: Used to be?

DR. WALLACE: Yes, sir.

SENATOR WEISS: And now?

DR. WALLACE: Now, for any project that will involve either State capital dollars or State operating dollars, those projects will come to the Board of Higher Education.

SENATOR WEISS: Then we do have some oversight over the Rutgers' GO bond system?

DR. WALLACE: That's correct, as well as does the State under Executive Order No. 147, which is a process which involves the Treasurer's Office, as well as the Governor's Office of Policy and Planning.

SENATOR WEISS: Okay. The question is, does that also include students' tuitions? Is that also considered as being State funds?

DR. WALLACE: No, it does not. Rutgers agrees to conform to the Board's policy with respect to tuition being set at approximately 30% of E&G. It's 30% of E&G for undergraduates; it's 45% of E&G for graduate students or out-of-state students.

SENATOR EWING: Yeah, but they can allocate part of that towards construction, though, can't they?

DR. WALLACE: That's correct.

SENATOR EWING: Well, therefore, why shouldn't the oversight be done on the money taken out of students' tuition for capital construction?

DR. WALLACE: If Rutgers was going to build a construction project that would involve a bond funded, for example, by revenue generated by the project-- Let's assume it's a student center, for which there are student center fees, or a dinning hall for which there are going to be meal charges, that sort of thing, and it did not involve any State dollars to build it or any State dollars to operate it. The Board of Higher Education, according to our current rules, would not look at it.

SENATOR EWING: All right, but am I right in saying-- Are there then any student tuitions going into construction other than for student centers or dormitories or eating facilities?

DR. WALLACE: Oh, absolutely.

SENATOR EWING: Then why wouldn't the Department of Higher Education have oversight over those dollars that are coming directly from students for capital construction other than those things?

DR. WALLACE: We have oversight at the occasion of setting tuition, and as long as the tuition falls within the 30% policy that Rutgers agrees to conform to, then that's the point of oversight with respect to tuition.

VICE CHANCELLOR WHITE: Our oversight is indirect in that regard, Senator.

DR. WALLACE: I mentioned a few minutes ago that the Board of Higher Education, in January, adopted a new Facilities Manual. I brought copies and certainly can leave them for the Committees' review. I simply point out that on page four there's a detailed discussion by institution or sector of the applicability and the authority of the Board of Higher Education with respect to project review.

SENATOR WEISS: We'll accept those, Dr. Wallace. We'll pick them up from you. You can hold them there for now.

I am curious as -- and it's a question I've had and I suppose now's the time to ask it-- I don't understand why Rutgers isn't subject to the same legal requirements as the other four-year public colleges, in that all the projects over half a million dollars -- \$500,000 -- be approved by the Board of Higher Education? Dr. White, would you or Dr. Wallace please answer that?

You know, since college autonomy, this thing is-- It goes to them, the 11 State colleges. What about Rutgers? Why isn't it in the same category?

VICE CHANCELLOR WHITE: Yeah. If I may quote from--

SENATOR WEISS: You may.

VICE CHANCELLOR WHITE: --the Facilities Manual, sir?

SENATOR WEISS: The Facilities Manual?

VICE CHANCELLOR WHITE: Yes. "For Rutgers, The State University, in accordance with an agreement between Rutgers and the Board of Higher Education governing Board of Higher Education support and review of capital projects at Rutgers, The State University, projects which receive State capital and/or operating funds as set forth within the memorandum from T. Edward Hollander, Chancellor, to Edward J. Bloustein, President, dated April 4, 1989 and adopted by the Board of Higher Education on May 19, 1989, the New Jersey statutes annotated" -- and then it gives the quotation -- "will apply to any project not included in the April 4, 1989 memorandum."

Part of it, sir, has to do, I think, with the nature of Rutgers to the State of New Jersey. As you recall, Rutgers, up until, I guess it was around 1955, was essentially a private University. Now, even today, it has some aspects of a quasi-private institution about it.

SENATOR WEISS: That was 1955 or '56. And that's when someone made a compact with Rutgers. That was a long time ago, a long time ago. I'm just wondering why, in all that time from 1956 to the current date -- which is what, 34 years? -- why this thing hasn't really been solidified more than it has been? I don't think it has at all, but we have other -- 11 other -- colleges now that are required to come in and are required to go to the Department of Higher Education to get certain approvals.

Rutgers sits out there by itself, and I think this State contributes a large amount of dollars which is part of the mix, as I understand the law that you just read, or from the paper that you just read-- I don't recall exactly, but I think last year it was like \$240 million. Is that what it was?

VICE CHANCELLOR WHITE: I think it was about \$232 million or \$240 million. Something like that.

SENATOR WEISS: Okay. Well, don't argue with me. That's only peanuts; that's a round off for a day. But whatever that amount is, it's a creditable amount. Why we don't -- we, the Department of Higher Education -- have more control over this thing-- A compact made in 1956, I mean, it could have been made in 1620 its so far back. You know, it's unreasonable to assume that a deal is made for a lifetime; it's not. Everything has changed since then. The economy has changed. The dollar isn't worth the dollars that we had printed in those days. They were real hard ones and they aren't anymore, so even that has changed.

I think the Department ought to address something and clarify this issue and bring everyone back to that level playing field. They're hanging out there by themselves.

Now, I'm not saying that their administration isn't responsible; yes they're responsible. But there is a point at which that responsibility should have accountability, and I think that's what is missing.

VICE CHANCELLOR WHITE: Well, sir, as we have stated, we do have the 30% tuition policy which Rutgers is subject to. The agreement executed in April between the Chancellor and President Bloustein does give the Board of Higher Education considerably more control over the University's construction funds than had existed before.

SENATOR WEISS: May I run this by you, Dr. White?

VICE CHANCELLOR WHITE: Certainly.

SENATOR WEISS: Rutgers, in its seven-year model, asserts that it is not subject to the State Board of Higher Education policy that student tuition should be limited to 30% of the general education cost. That's what they say.

VICE CHANCELLOR WHITE: That's right.

SENATOR WEISS: So, who's right, they or you?

VICE CHANCELLOR WHITE: Well--

SENATOR WEISS: What line should I follow, yours or theirs?

VICE CHANCELLOR WHITE: I think you should follow the Board of Higher Education's line, sir.

SENATOR WEISS: So, they are subject to it?

VICE CHANCELLOR WHITE: That's right.

SENATOR WEISS: Okay. So, then we're going to have to get a clarification from our friends over at Rutgers University and bring them in line with the Department of Higher Education.

I'm not giving you a hard time, I'm just trying to--

VICE CHANCELLOR WHITE: I understand.

SENATOR WEISS: --get this thing back to reason again, or what appears to be reason.

VICE CHANCELLOR WHITE: I understand.

SENATOR WEISS: Okay. So then, how do I get the message to whomever gets the message? Let's have a meeting with Rutgers and let's clarify the situation, so that people like me aren't confused by all this. Possible?

VICE CHANCELLOR WHITE: Yes, sir. I think so.

SENATOR WEISS: All right. Now, understand I'm more aggravated, and I'm not here to chastise anyone. It's just the only way I know to put it across, okay? Am I getting across?

VICE CHANCELLOR WHITE: Yes, you are.

SENATOR WEISS: Okay, okay, fine.

DR. WALLACE: Senator Weiss, if I might add to the discussion-- Annually the Board of Higher Education reviews the tuitions of all institutions in the State. Bob, I think, has seen copies of the Board of Higher Education action. (referring to Mr. Noonan) It is very specific -- and I'll send Bob another copy to make sure he's got the most recent action-- But it, in fact, is very specific with respect to the pointed legal authority of the Board relative to Rutgers which has one set of laws, NJIT operates under a contract, UMDNJ

operates under its law, and State colleges under their law. And with respect to the county colleges, the Board of Higher Education still sets the tuition cap.

Each year when the Board reviews those tuitions, the Board does review Rutgers tuition, and Rutgers tuition is, in fact, below the 30% guideline that is the Board policy. It's 28.7%, I believe. I know it's below; I may be off on the exact percentage. So Rutgers, while there may be some discussion with respect to the specific applicability, given interpretations of enabling statutes, Rutgers behaves and agrees to conform to the Board's 30% policy.

SENATOR WEISS: Yeah, Dr. Wallace, I hear what you're saying, but that's not what their plan calls for. So we're going to have to get them to change their seven-year model, and then not go over the necessary 30% or whatever, or, as a matter of fact, conform with DHE rules.

DR. WALLACE: That's what I'm saying, they do.

SENATOR WEISS: Well, I'm not really sure they do. Right, okay, they're at 28%. I'm at 28%, and if I wanted to go higher and I'm Rutgers, I could tell you to go fly a kite. Because they don't recognize the fact that -- according to the information I have, the fact that you can impose on them a 30% limit.

What else is there to say? We're back to square one. Somebody better talk to Rutgers, or Rutgers better talk to someone, so that we run a standard shop all the way through the State.

If that's what you want to do. I mean, if you want it to remain this way, then don't conflict with what Rutgers says in their seven-year plan. Go talk to them, and say, "Okay, you're different than the others." I think people will accept that except I think they are going to ask you one question, "Why?" That might be the most difficult answer you've ever come up with.

Jack, do you have any--

SENATOR EWING: No.

SENATOR WEISS: No. Okay. Hopefully that part of the situation will also be somewhat corrected so we can get back to our charges in our particular areas.

I do have one more thing for you, and then, Dr. White, I'm going to let you go. I still have a myriad of people who want to get on. It's getting late in the day, and some of them have been very kind. They have sat through this whole thing. It must be of some interest to them, and it has pretty much to do with oversight.

We have to kind of bring Rutgers into the picture with that oversight, and I think the only way we can avoid having all of this consternation in the future, and problems with -- whatever problems there are with students and faculty and administration through the DHE -- is by discussing the matter with Rutgers and making sure that they understand that there is a Board of Higher Education and that everyone has to comply with what comes out of there, within reason. And, if it's not within reason, we're in a democracy, and they can object to it. They are very conversant with their situation and they can put their arguments forth very well. They've done it here for 13 years that I know about and they-- I don't think they ever went out of here losers.

They do need, however, just like the rest of us, a certain amount of oversight. I think that it ought to start with the Department of Higher Education. That's with you folks, but don't do it alone. I think you have to talk with Rutgers about it and come to some area where there is a meeting of the minds.

VICE CHANCELLOR WHITE: Yes, sir. I would just point out that Rutgers is different, insofar as Rutgers is our State University. It has a multiple mission, but our Budget Committee of the Board of Higher Education regularly reviews the budgets of all of our institutions and has hearings at

which these issues are discussed. As you're well aware, discussing issues such as oversight within the framework of a budget hearing can be very salutary.

SENATOR WEISS: Okay, let me just give you an example: There are a number of projects listed by Rutgers in their Phases I, II, and III; 129 of them, okay? Of the 129, the State Board of Higher Education approved only three or four.

The only reason I put that out there is to show you how lopsided this thing really is. I think you ought to look at them all. If you haven't got the time, look at what you can. It just seems to be outlandish that so many projects would be put on the books and you folks only get to look at so few, and I can't figure that out.

VICE CHANCELLOR WHITE: That was the reason, Senator, for the April 4 agreement between--

SENATOR WEISS: For the what?

VICE CHANCELLOR WHITE: That was the reason for the April 4 agreement between the Chancellor and President Bloustein.

SENATOR WEISS: Okay. I'll buy that. From now on I suppose you're going to approve?

VICE CHANCELLOR WHITE: Well, we will be looking at them very carefully, sir.

SENATOR WEISS: Or disapprove, whatever the case may be?

VICE CHANCELLOR WHITE: That's right.

SENATOR WEISS: Okay. I think that-- Jack, do you have anything else?

SENATOR EWING: The only thing is, Larry, I still feel that the State, the tuition of the students who are not going to eating facilities or social service areas such as student centers, or to dormitories, because those are income-producing places -- whether the Board should not review what those tuitions are being used for in the way of capital construction.

VICE CHANCELLOR WHITE: I'm sorry, sir?

SENATOR EWING: As I gather, Dr. White, a certain percentage of the students' tuition is used for capital construction other than student centers, dormitories, things that are income producing. So therefore, why shouldn't the Department of Higher Education approve plans that are using students' tuition for capital construction?

VICE CHANCELLOR WHITE: Does the Department approve plans for the use of students' tuition for capital construction?

SENATOR EWING: Yeah. You're not doing it now, I'm told. You just said earlier, somebody there--

VICE CHANCELLOR WHITE: That's correct.

SENATOR EWING: I'm asking why shouldn't they?

VICE CHANCELLOR WHITE: Why shouldn't they?

SENATOR EWING: Yeah.

VICE CHANCELLOR WHITE: That's a tough one.

SENATOR EWING: Silence reigns, that leaky roof, (indiscernible) that deferred maintenance roof--

SENATOR WEISS: Yeah, well, actually I think what they--

DR. WALLACE: Let me have a go at the answer, if I might. Part of it is a question: When the Board of Higher Education establishes policies in the area of tuition--

SENATOR EWING: Yeah?

DR. WALLACE: If Rutgers stays within the 30% policy, the question then becomes, should the Board then allow the institution to manage itself at what I call the micro management level, the detail level, as long as the institution conforms to the overall guiding policy?

The position that the Board of Higher Education has consistently taken, was to establish broad guideline policies and then -- and what autonomy was about for the State colleges -- look to the Boards of Trustees, and the Presidents and their administrations to do the detailed management, but within the broad guidelines and policies of the Board of Higher Education.

SENATOR EWING: Well, have the tuitions always been 30%?

VICE CHANCELLOR WHITE: That policy, I think, was adopted by the Board in about 1978, as I recall.

SENATOR EWING: Well, since '78, has it always been 30%, or less than 30%?

VICE CHANCELLOR WHITE: I believe that the Rutgers tuition has fallen within the 30% guidelines. I may be mistaken, but I'm pretty sure that since that policy was put into effect--

SENATOR EWING: Has it been below the 30%?

VICE CHANCELLOR WHITE: Yeah, exactly. There may have been one or two years when it went up a little bit, but for the most part, their tuition has certainly fallen below the guidelines.

And, Senator Ewing, I just ask you to remember that the Board of Higher Education is really a coordinating Board, rather than a governing Board. Rutgers has its own Board of Governors. It has two boards, as a matter of fact. I think Jim's response is absolutely correct; the Board of Higher Education does not see itself -- does not see its mandate -- as getting involved on a day-to-day, governing level.

SENATOR EWING: But they do on the State money, or the Rutgers Bond Issue, you said.

VICE CHANCELLOR WHITE: Well, that is part of the coordinating functions of the Board. The Board has to take a look at the entire system of higher education and has to reconcile competing demands and requirements at a system-wide level.

SENATOR EWING: Jim, maybe I should have asked Dr. Pond, but how do our tuitions compare to Connecticut's, New York's, and Pennsylvania's, as far as the State University goes, and Delaware's, Massachusetts'? Are we--

VICE CHANCELLOR WHITE: Our--

SENATOR EWING: In actual dollars and cents for the tuition itself?

VICE CHANCELLOR WHITE: I believe that our tuitions tend-- They're within the range. I think they tend to be a little bit on the high side, but I don't know the exact--

SENATOR EWING: Well, could somebody--

VICE CHANCELLOR WHITE: I would guesstimate that our tuition -- and Dr. Pond could answer this better than I--

SENATOR EWING: Well, could the Department--

VICE CHANCELLOR WHITE: I would say that they probably fall--

SENATOR EWING: Well, Dr. White, just a minute, excuse me. Let's let your staff get it together and give us, through the Chair--

VICE CHANCELLOR WHITE: Very well. We'll be happy to do that.

SENATOR EWING: --what the comparisons are, and let's say just on the tuitions, and take, let's say, six or seven surrounding states.

VICE CHANCELLOR WHITE: We'll be happy to do that, sir.

SENATOR EWING: Okay. Thank you very much.

VICE CHANCELLOR WHITE: You're welcome.

SENATOR WEISS: Jack, are you done?

SENATOR EWING: Yes.

SENATOR WEISS: I have copies of your agreements of April 4, and May 29, 1989. But, there is one thing that I would like to say in addition: We've gone over it in the mix here, but it got kind of lost. However, I think it doesn't address one thing, and that is the policy of student tuition.

I think that Higher Education, in conjunction with the State colleges and Rutgers, ought to formulate a policy as to student tuitions and what can or cannot be done with them. I think that would be fair to everyone, so that we treat student tuitions in a like manner throughout the State, and none of this confrontation will appear or will happen in the future.

I don't think that you folks want it. I'm reasonably sure that Rutgers doesn't want it, nor the other colleges, nor, I don't think, the students really want it. But I think there ought to be some policy set forth where everyone understands that that's all, whatever it's decided that that will be used for -- tuitions, that is -- that's what it will be used for, and nothing else without further appeal to the students or to this Legislature or however that's worked out, okay?

Jack, do you have anything else?

SENATOR EWING: No. They're going to give you that data.

SENATOR WEISS: Yes, I understand.

Vice Chancellor White, Dr. Wallace-- I'm sorry, I didn't get your name in the beginning, this young lady on the right.

VICE CHANCELLOR WHITE: Deborah Fourie.

SENATOR WEISS: And there was another young lady sitting there, but--

VICE CHANCELLOR WHITE: Who metamorphosed into Grey Dimenna.

SENATOR WEISS: To what?

VICE CHANCELLOR WHITE: Metamorphosed into Grey Dimenna.

SENATOR WEISS: Metamorphosis is back again. And this gentleman?

SENATOR EWING: Now, is that the correct use of metamorphosis, or not?

SENATOR WEISS: Of course, that always is. But, I'd like to--

G R E Y J. D I M E N N A, ESQ.: Yes, I'm Grey Dimenna. That was Valerie Van Baaren who was here before me.

SENATOR WEISS: Okay. I thank you for your appearance, all of you, and you will be hearing from us. But, Doctor, please, get together with all the necessary people and let's get this thing thrashed out, all right?

VICE CHANCELLOR WHITE: Thank you, Senator.

SENATOR WEISS: And I thank you very much.

We have the student groups represented by, is it Bill Gaudelli?

WILLIAM GAUDELLI: Gaudelli.

SENATOR WEISS: Gaudelli, okay. And Jason Scorza. That's the Rutgers University Campaign for Affordable Education.

MR. GAUDELLI: Lee is now handing out copies of the report that the students have spent the past five months working on.

SENATOR WEISS: Bill, pull that small mike toward you.

MR. GAUDELLI: This one?

SENATOR WEISS: Yes. Or just bend it over. It's flexible.

MR. GAUDELLI: Lee has just passed out copies of the report that we've worked on, part of the Student Articulation Committee's efforts. Jason Scorza, here to my right, my friend and colleague, was the editor of the report. I was the Chair of the Committee that actually drafted the report.

Our goal was to articulate a student perspective on the tuition increase, and also to provide a student vision on the University and where we're headed in the next decade.

Again, my name is Bill Gaudelli. I am a Rutgers College senior, and am here today as a representative of C.A.R.E., as you mentioned -- the Campaign for an Affordable Rutgers Education. We are an organization dedicated to the quality, affordability, and accessibility of Rutgers, The State University of New Jersey.

Over the past decade, Rutgers tuition has tripled. Students and their parents have borne the burden of skyrocketing tuition increases for too long. The time has come for a reconsideration of the finances of our State University.

The allocation of resources to the three-part mission of the University, which includes instruction, public service,

and research, has significantly favored research over instruction throughout the past decade. As a result, the quality of undergraduate education at Rutgers has been seriously undermined.

The "Report on the Finances and Governance of Rutgers University," prepared by the Rutgers University Student Articulation Committee, documents this shift of University priorities and resources.

Hundreds of courses have been eliminated, causing overcrowding in those which remain. Vital maintenance of residence halls and instructional buildings is deferred while \$10 million is spent to prepare a building for an administrative dining hall, as you referred to. In short, students are paying more and, in fact, we're getting less.

The commitment of Rutgers finances throughout the last decade has been directed towards the construction of research facilities. This commitment, made evident by the University's \$1.1 billion Facilities Master Plan, is overambitious and simply unrealistic. There is a direct correlation between exorbitant tuition increases and construction of research facilities. Last year we strongly recommended to the Board of Governors that the University halt its capital expansion plan at Phase III. This plea fell on deaf ears. Given the new fiscal realities which confront our State, we again reiterate our call for an end to any capital expansion financed through student tuition.

As students, we were concerned at the release of Governor Florio's budget and the proposed \$27.5 million budget cut dealt to Rutgers, and although we understand that Governor Florio has inherited a budget for which he bears no direct responsibility, we hope that the Legislature will be able to restore some small amount of funds cut from the general operating budget of Rutgers.

However, if budget reductions of this size are necessary, we believe it is the responsibility of the Governor and the Legislature to protect students and parents from bearing the burden. Tuition is a tax like any other, but a tax which has the potential to stifle the future of our State.

We are troubled that the Rutgers administration has suggested that University tuition could rise as much as 25% to 30% to cover the State revenue shortfall. The effect of such an increase on the ability of New Jersey students to afford Rutgers would be catastrophic.

In light of recent tuition increase trends and proposed student fee and room and board increases, most students would consider any tuition increase to be excessive. We are, furthermore, alarmed by the recent move by the State Board of Higher Education to remove the 30% cap on the percentage of educational cost paid by tuition at New Jersey's public institutions. This was referred to in each of the previous testimonies. I believe the issue is clouded, but our reading of it this weekend in the newspaper was that the Board of Higher Education has foregone this 30% cap and has now moved the cap to 45%. So that now, Rutgers could make tuition 45% of the total cost of attending the University. We are extremely alarmed by this. Furthermore, we see this as an indication that students who were asked to support the expansion of Rutgers University, are now going to get squeezed again. Thus, we are calling for a tuition freeze and the highest possible funding for State financial aid programs.

Despite the claims of the Rutgers administration, we believe Rutgers, financially, is a sound institution. We support these claims with the knowledge that Rutgers has several "rainy day" reserve funds, documented in a faculty-commissioned report on University finances. It is raining at Rutgers. These reserve funds must be tapped.

The shortsightedness of the administration in not preparing for tighter economic times, the cloak of secrecy which surrounds the University budget and reserves, and the top-heavy administration consisting of 35 vice presidents, all support the claim that a team of professional accountants be called in to complete a full management and operations audit of Rutgers University. Public funds are being held in a private manner. We contend that student tuition dollars and taxpayers' money is being wasted and mismanaged at Rutgers. An audit will prove our claims and those of the American Association of University Professors, and offer insight into how Rutgers can operate more efficiently.

We also call upon the University to increase the corporate user fees charged to members of the University high-technology centers. These fees could be used to defer the impact of cuts in the general University budget. While student tuition has tripled, the "tuition" corporations pay the University has gone largely unchanged. We feel that this is unfair.

Many of the problems which Rutgers confronts fiscally can be directly linked to how the University is governed. Currently, students have a seat on the Board of Governors, the chief policy-making body of Rutgers, but not a vote. Ironically, other State college students have a voting representative on their boards of trustees, but we at the State University are denied this same right of access. We propose having a voting student representative to the Board of Governors, a proposal which may have made this Senate hearing unnecessary had students had a legitimate voice in University policy-making.

Without official representation, students are forced to vote with our feet as we did most recently on March 9 of this year. If we can begin, today, to correct the problems of finances and governance at Rutgers, this type of demonstration

will be unnecessary in the future. But as long as students are not a legitimate partner in our University, we will continue to raise our voices.

The future of New Jersey depends on the products of its colleges and universities. If the State is to succeed economically, it must have a well-educated work force. We hope that the Legislature will not mortgage the future of New Jersey and its citizens by denying today's students the same opportunities given to those in previous generations.

We feel we are credible partners with the State, University administration, faculty, and staff of Rutgers because we have vision. We envision a University which is based on consent not coercion. We envision a University which provides access to all the citizens which it was designed to serve, not only the privileged few. We envision a University which reaches out beyond itself to help the people and communities in despair. We envision a University which truly reflects the best qualities of our society, those of opportunity, cooperation, and democracy.

Thank you, Mr. Chairman. Jason now has some comments he would like to share with the Committee.

SENATOR WEISS: Thank you very much. Jason?

J A S O N A. S C O R Z A: I'd like to address first of all the relationship between finances and governance at Rutgers University. This is something that has been brought up at this Committee previously.

SENATOR WEISS: Excuse me. Do you have a written text, or are you going to talk extemporaneously?

MR. SCORZA: I'm pretty much responding to the things that we've heard today, if that's okay?

SENATOR WEISS: Okay.

MR. SCORZA: Thank you. We see a situation in which there is a status quo within the higher education community and an unwillingness on the part of the Rutgers administration, the

Board of Higher Education, and the Department of Higher Education to move beyond what was set forth in the 1956 charter. We are hoping to achieve more public involvement with the public State University. We're hoping to achieve more constituent representation within the University governance system itself and we're hoping that the State, in the form of the Board and the Department of Higher Education, the Legislature and the Governor, will take a more active hand in matters of finance at Rutgers and, certainly, in tuition matters.

SENATOR WEISS: Is that the end of your statement?

MR. SCORZA: Yes, thank you.

SENATOR WEISS: I didn't think you were going to end that quickly; I'm not used to it.

MR. SCORZA: It's getting late, sir.

SENATOR WEISS: They go on and on. Yeah, I know, and I appreciate that, too.

MR. SCORZA: There are one or two points that I would like to make.

SENATOR WEISS: I'm not encouraging you, Jason, but if you have to go, go.

MR. SCORZA: One or two points I'd like to direct your attention to within the report we have presented. First of all, the quality of education at Rutgers University is something that is often debated. It really depends on how you would like to describe quality.

There are those who would say prestige or image should be the criteria on which that quality is based. Bill and I, as educators -- Bill is teaching now in Bound Brook High School, and I hope to go on to graduate school myself -- take a much more fundamental view of things, and we've found in our research that course offerings at Rutgers University, on the New Brunswick, Newark, and Camden campuses, have plunged over the last five years relative to enrollment at the University.

SENATOR WEISS: Are you telling me that it's not as good as it was sometime in the past? Is that what you're saying?

MR. SCORZA: I'm telling you that classes are getting larger. It's becoming more difficult to get access to professors, and the selection of course work available at the University is shrinking, not increasing. We document those facts on pages 17 and 18 of our report, where we have tabulated the number of course sections, as well as the number of students in enrollment at Rutgers University.

That's one of the reasons that we are particularly alarmed with the current budget cut proposition, and particularly concerned that those cuts do not come out of the University's instructional programs.

SENATOR WEISS: Instead, you would rather see them come out of the capital funds, is that it?

MR. SCORZA: Preferably.

SENATOR WEISS: Is that what you're saying?

MR. SCORZA: The current financing of the Rutgers general obligation bonds that was discussed earlier, is principally coming out of the pockets of students in the form of tuition -- the 1989 general obligation bonds, the \$75 million one to which I am referring

We've been contributing students to the capital expansion of the University through tuition payments. As Bill has mentioned, tuition has tripled over the past 10 years. I can direct your attention to page 45 of our report, which shows, comparatively, tuition increases at Rutgers University and the national average tuition increase at four-year public institutions. That shows that with the exception of only two years -- which correlate curiously with overly high State appropriations -- the average increase at Rutgers University in terms of tuition has been substantially higher than the national average. We find that discouraging, as well.

SENATOR WEISS: You know, Jason, I find I am at odds with you on that last statement, or the statement that you made, only because I've been looking at your report and that doesn't reflect bad teaching at Rutgers.

MR. SCORZA: It does not reflect the necessary--

SENATOR WEISS: By the way, it's a good report, I mean, if you didn't get a good education, what happened? Did Bill do it for you? Oh, he went to Rutgers also.

MR. GAUDELLI: Still do.

SENATOR WEISS: Still do?

MR. GAUDELLI: I'm a student teacher.

SENATOR WEISS: You picked a good school. We may have our differences, you know, with Rutgers and so on, but--

MR. GAUDELLI: Oh, I agree.

SENATOR WEISS: They're pretty good, but go on.

MR. SCORZA: I would contest that on a certain level. When class sizes increase, professors find themselves in a situation where they cannot grade papers which they would like to assign, because they just don't have the time to deal with that number of students, so the quality of education must necessarily go down. That's why we're concerned with the availability of courses, as well as the size of courses.

SENATOR WEISS: I think I am zeroing in on what you are talking about, but that's one of the points that we're going to have to talk to Rutgers about when we get back to them and do our critique with them. Just so that maybe there's something in here that we missed. I suppose there's a lot of that, but we will absolutely discuss that with them.

You're talking about class size, the availability of instructors, professors, and those who impart their knowledge to others. That's a point well taken.

I understand also you're concerned about the \$11 million of the \$14.8 million that you say is going into areas that it should not be used in. I just wonder -- and this is

just something I've been thinking about -- if they didn't use that there, or if they did use that there, what did they do with the funds that that replaced, you know, the 14.8 that they used in this area? They must get 14.8 in some other area to take care of those things that the student tuition would normally have to take care of. In other words, moving funds around, then you have the funds to make it up.

I'm just wondering how they supplied all of the student services that they should have, if in fact they didn't have -- let me reduce it to it's rightful amount -- \$11 million to do it with, each year.

Could you help me with an answer to that?

MR. GAUDELLI: I'm not sure I understand the question.

MR. SCORZA: I'm not certain if I understand which numbers you are referring to?

MR. GAUDELLI: Are you referring to the funds that are generated from a tuition increase, say, last year?

SENATOR WEISS: Yes.

MR. GAUDELLI: Okay. A large amount of those funds are used for debt service on the bonds.

SENATOR WEISS: Okay, if they use that for debt service--

MR. GAUDELLI: We say they shouldn't use it for debt service. I just want to clarify.

SENATOR WEISS: I understand, but they are using it for debt service, at the moment. If they didn't have that, where would they get the money from? If your tuition was absolutely prohibited-- If someone prohibited them from using that tuition for debt service, where would they get the money from for debt service? Now, that's just a question.

MR. SCORZA: One path, certainly, is to tap the reserve funds. There has been discussion of that so far. I believe that the faculty speaker will go into more depth on their findings with regard to the University's reserves.

We have proposed that some limited amount of revenue could be generated through the use of our high-technology centers. Currently, there are corporate user fees paid by corporations, very large corporations, to the University's research centers. Currently those funds are designated directly for use within those centers. We have proposed that those funds could be increased by increasing the user fees charged to the corporations and that some of that revenue might be funneled into general operations, or the settlement of debt. That's another alternative revenue source.

Finally, I would say that a State operations and management audit of the University might uncover cost savings which then could be transferred toward the settlement of debt.

SENATOR WEISS: Jason, will you do me a favor, please?

MR. SCORZA: Certainly.

SENATOR WEISS: You're not talking into that mike, and I'm straining to hear you.

MR. SCORZA: Oh, I'm sorry, sir.

SENATOR WEISS: Okay. What you're saying has a lot of value, and I'm just picking up half of it.

MR. SCORZA: Would you like me to start--

SENATOR WEISS: Would you repeat the last part of what you said, please?

MR. SCORZA: Certainly. I was enumerating three possible alternative revenue sources: The first being drawing upon reserve accounts; the second being the possible increases in the fees charged to corporations to use University high-technology facilities; and the third being an operations and management audit which might hope to result in cost savings and therefore funds that could be transferred for other uses.

SENATOR WEISS: Okay, let's try that. The reserve accounts-- I think Rutgers got a message today. We discussed that.

The increase in fees to corporations: I really don't know what that is, but I assume that you made a study. I have it in front of me. You lead me and tell me what you think the corporations -- or what you know the corporations are now paying and what you think they should be paying. I'm willing to listen.

MR. SCORZA: My understanding is that corporations currently pay between \$30,000 and \$50,000 per year to be members of the University research facilities. Membership gives them a seat on the research center's governing body which determines what research is conducted for that year. Other benefits include exemption from patent and license restrictions and fees, should research be discovered that they would like to use in their corporations.

Further, their operations--

SENATOR WEISS: Let me stop you for a moment. Am I to understand that those corporations that get involved in this program and have a seat on-- The name of that body?

MR. SCORZA: It's named differently on different centers.

SENATOR WEISS: Okay, whatever it is. Then, if they have a seat on that body, whatever comes out of that body as a result of research and is patented, they get without having to pay the patent fees, is that what--

MR. SCORZA: My understanding is that that is the case. Furthermore, in some cases-- I can give you the example of the University's Advanced Center for Food Technology. Corporations have an option in some cases to buy into the patents, in which case they might actually have a financial benefit somewhere down the road from discoveries that might be made at Rutgers.

SENATOR WEISS: When they buy in, are the buy-in fees substantial enough to be reasonable?

MR. SCORZA: The \$30,000 to \$50,000 per year?

SENATOR WEISS: I'm not really sure, you tell me.

MR. SCORZA: My impression is for--

SENATOR WEISS: Are they selling volumes and volumes of stuff that generate millions and millions of dollars? Then, I would say no.

MR. SCORZA: My understanding is that the centers, for the most part, are just starting up and that they are new facilities funded by the 1984 Science and Technology Bond.

It's an investment, I believe, for the corporations, and a very minimal investment. What we would be asking is for those fees to be increased to add to the general health of the University, as well as the specific centers that these corporations are interested in.

SENATOR WEISS: So far, I don't think you've answered my question. How much have the corporations taken out of it?

MR. SCORZA: How much financial benefit have the--

SENATOR WEISS: Of course.

MR. SCORZA: I have no way to quantify that at this time.

SENATOR WEISS: Oh, I see. So then we don't really know at this point. Is there anyway you can find out for me?

MR. GAUDELLI: We requested that from the University and weren't able to get it. It's detailed on page 24 of the report -- the research obligation between the University and the corporations.

SENATOR WEISS: Oh, okay. I've been distracted. I'll come back to the corporation thing. Now, on the audit that you mentioned, the Governor has put out a request to the State Auditor -- I think it was through you folks-- That's one for audits, and my understanding also is that there's been a separate audit ordered for the rest of State government, and I think that Rutgers comes in under that. So, we're going to have that. I don't want to do it twice. The cost is, you know-- It can be prohibitive. To do it once should be enough,

and I think that that's coming down the pike. I don't think there's anyway to avoid it. That would take care of that.

I'm more interested at the moment in what you think the setup is in this corporation fee area?

MR. GAUDELLI: It's our understanding, again, and this is a new development at the University, that the range is between \$30,000 and \$50,000. And when they buy into the University per year, if you compare the \$30,000 figure for a company such as RJR/Nabisco, compared to a student tuition for four years, and living at the University costs about \$30,000-- We feel as though they aren't truly being a partner in the University as they profess to be, and are reaping rewards. Again, as Jason said, we have no way of quantifying that at this time.

But we're certain that the structure for them to reap rewards is there. Whether or not it has occurred at this time, we are not sure.

SENATOR WEISS: Bill, this is a new program, isn't it?

MR. GAUDELLI: Relatively new, yes.

SENATOR WEISS: My understanding of what you're saying is that perhaps they're not paying enough of their dues, and that should be raised.

MR. GAUDELLI: We feel that way.

SENATOR WEISS: Okay. Since I'm not there and I don't have an idea about this thing, what do you think it ought to be?

MR. GAUDELLI: I would say \$100,000, off the top of my head.

SENATOR WEISS: You think that would be reasonable? Let me carry it further: Research that comes out of there-- I know this is a hard question to answer--

MR. GAUDELLI: Right.

SENATOR WEISS: --because you have to anticipate what's going to happen years after the research goes through, the whole process of manufacture and sales and marketing and

the whole bit. So, what do you think the possibilities of some of that research are for these corporations monetarily?

MR. GAUDELLI: I think it's potentially invaluable for the corporations. Not only could they develop something that could be patented, but, as we all know, there are things such as trade secrets that may be developed as well in the technologies department. And if there are, they may be held within the corporation and never released to the public. If that does, in fact, occur, it could be an invaluable investment in the University, or rather, for the corporation from the University.

SENATOR WEISS: Don't you think that Rutgers would hold on to at least a part of those trade secrets and get their royalties on them?

MR. GAUDELLI: They may or may not, but again, the fact remains that the corporations are benefiting, and whether or not that's benefiting the public mission of the University is still under question.

SENATOR WEISS: Jason, do you think that-- Have you seen any of these contracts with the corporations?

MR. SCORZA: I have not personally reviewed any of the-- You're referring to membership contracts, or--

SENATOR WEISS: Well, they must have some deal with Rutgers. I'm sure that they don't just come in and give you \$35,000 or \$100,000 or whatever the number is, and say, "Here, let me know what's going to happen."

MR. SCORZA: I've reviewed the materials that the University uses to present to corporations enumerating the various benefits of memberships in the centers.

SENATOR WEISS: Do you have that?

MR. SCORZA: On my person? No I do not.

SENATOR WEISS: No.

MR. SCORZA: I'm sorry.

SENATOR WEISS: No, I mean, do you have it available?

MR. SCORZA: Yes, sir.

SENATOR WEISS: Could you send it to us, since you didn't bring it with you?

MR. SCORZA: I certainly will.

SENATOR WEISS: All right. So we can look at it and see -- and make an evaluation.

MR. SCORZA: I'd like to make another point.

SENATOR WEISS: It's your time.

MR. SCORZA: Many corporations do donate quite generously to Rutgers University in other forms. We're not busting the corporate world or the corporate community. Our objective is just to indicate potential revenue sources for the University that might be used to defer tuition increases.

SENATOR WEISS: Well, okay. I appreciate that, especially since that is, in fact, a voluntary program on the part of the corporations.

Where do you think-- That brings me to my next question: Where do you think the corporations would stop, as a matter of fact, in participating in such a program, if the dollar amount were raised for that participation?

MR. GAUDELLI: I'm not sure that they would, because I believe that they have said, publicly-- Directors of these institutes have mentioned publicly that this is a bargain for the corporations, to be involved with the University at this point. Maybe we could discuss with the corporation leaders what would be a fair amount for them to pay without the University. I don't think it's a good thing to have them leave the University, but again, for them to be partners is important. I don't know if I can assign a level.

SENATOR WEISS: Besides, there's a tax write-off in it, too.

MR. GAUDELLI: What's that?

SENATOR WEISS: There's a tax write-off involved in this thing, too.

MR. GAUDELLI: I would assume, but I'm not an accountant.

SENATOR WEISS: If you're going to contact these folks, apparently that's-- Did I understand you to say that?

MR. GAUDELLI: I'm sorry?

SENATOR WEISS: Are you going to contact these corporations? Is that what you said?

MR. GAUDELLI: I said, that's a potential in dealing with the budget crisis.

SENATOR WEISS: Well, let me ask you to do one thing: If you do it, don't do it without Rutgers.

MR. GAUDELLI: Right.

SENATOR WEISS: You can't go working around them because then we're going to be at cross purposes in some other area, and we're going to get exactly nowhere. And knowing some of the people in some of the corporations, they'll just pull out because it would seem to them that they don't need another headache, all right? So, they'll go somewhere else.

So, I'll ask you that if you do it, if you want to talk with these folks, coordinate it somehow with Rutgers, so that everyone knows what everyone else is doing.

MR. GAUDELLI: I understand.

SENATOR WEISS: Okay? I would appreciate that.

MR. GAUDELLI: Sure.

SENATOR WEISS: Jack, do you have a question for these two gentlemen?

SENATOR EWING: On the centers that you're talking about, are you talking about the Science Technology, or are you talking about a separate operation, and the research that various people are doing at Rutgers?

MR. SCORZA: We have to distinguish between the so-called high technology centers which were set up and for the most part started by the 1984 Science and Technology Bonds.

SENATOR EWING: And it's the Science Technology Commission that runs that?

MR. SCORZA: Exactly.

SENATOR EWING: That's right.

MR. SCORZA: And just general research, which is conducted through outside grants at Rutgers. That's a totally separate issue.

SENATOR EWING: That's a separate operation, the grants that do the other research, other than the Sci-Tech ones?

MR. SCORZA: Well, certainly the centers themselves could get outside grants. I'm sure that they do, but faculty members and researchers at universities get grants from private corporations, the Federal government, and the State government to conduct research.

SENATOR EWING: Yeah, but to be a first-class university, you've got to have research facilities and do research, and that's what attracts your topflight professors and things that in turn help the overall education system at a place as fine as Rutgers. You can't start killing that off.

As far as the Sci-Tech centers go, we depend a lot on that income from those individual companies that are working with us to run the operation. If we didn't get their funds in, we'd have to get more money from the State; and in turn not getting more money, we'd have to close some of them down.

From what I gather -- and I sit on the Commission-- We only meet four times a year, and I don't have a full intricate knowledge of everything that goes on there. From the data that we have available, there certainly has been a big plus for the State of New Jersey. Also, there are efforts that the Science and Technology Commission will be sharing on some of the potential, way out in the future, patents or things of that nature, in order to keep these operations continually moving along.

There has been a substantial cutback in the funds this year in Science Technology, and what's going to happen there, we do not know yet. I mean, I think you've got to keep that in

mind; and also the other operations the University has to make it first class, because they have been able to attract people that do research and in turn get grants from the Federal government or from corporations and things.

And if you start setting a fee and then funneling part-- I'm not even sure our legislation that set up Science and Technology will permit you to take money out of Sci-Tech for Rutgers students' tuition. I think that's something you ought to look into and see whether that's true. We've asked somebody to come over from Sci-Tech now.

On page 45 you had Rutgers versus national tuition increases. Is that based just on universities in various states or on all colleges, etc?

MR. SCORZA: This was based on four-year public universities and colleges within the United States.

SENATOR EWING: And colleges?

MR. SCORZA: Yes, sir.

SENATOR EWING: Yeah, but Rutgers is a university so why should it be compared? It might be worse or better, I don't know, but why give data if you are not comparing apples to apples?

MR. SCORZA: Those were the statistics in the volume that we discovered. That's how it was broken down.

SENATOR EWING: Well, I think it ought to state that the bar graph shows the Rutgers University tuition compared to public colleges and universities, because it's a misconception in here if we think we're comparing the two.

MR. GAUDELLI: I think it's also fair to compare the University of California, Berkeley to Rutgers and to say that their tuition is lower, as well the University of Wisconsin at Madison. And I think in comparison to quality universities-- There really is not much of a comparison between the two -- Rutgers and Berkeley, and Rutgers and Madison. As well, the State University of New York is significantly lower than

Rutgers. I feel that these are all on the same level as far as their multiversity concept, yet they're all lower than Rutgers. And I think there are reasons for that, which we've detailed.

SENATOR EWING: Well, it depends on whether they are a day student or whether they are a boarding student, because the annual room and board is much higher in California than it is at Rutgers. There again, you've got to compare apples to apples. You're right, the tuition by itself for a day student, as I have the data for '89/90, at the University of California, Berkeley, is \$1672, and Rutgers is \$3101. That is perfectly true. But then you go on into the annual room and board, if you're boarding -- then it is much higher in California.

MR. GAUDELLI: Because the cost of living is much higher.

SENATOR EWING: California does have a different taxing system than we do.

You said -- when you were talking about the vital maintenance of residence halls and instructional buildings -- that they were deferred, while \$10 million was spent to prepare a building for an administrative dining hall. Were you talking about Winants?

MR. GAUDELLI: Winants Hall, that's correct.

SENATOR EWING: And that will be just simply a dining hall, and nothing else?

MR. GAUDELLI: No, we don't believe so. But it will be basically an administrative facility.

SENATOR EWING: Well, then, why put in here just-- You're implying that it's \$10 million just for an administrative dining hall. I think that is completely irrelevant--

MR. GAUDELLI: When it was initially--

SENATOR EWING: --and I hope you're not teaching students the same way. Be complete in what you're saying.

This is, as I understand it -- and I have been over there at various times -- an administrative building. So, maybe it does have a small executive dining room. When you're entertaining, or when the President wants to entertain a topflight professor, like some of the people we saw today, somebody from Wood's Hole Oceanographic Institute to come down and get a job, I don't think you ought to take him down to the student cafeteria or someplace. Unfortunately, I mean, life hasn't gotten that way yet.

But I do think you ought to be fair and just in what you say. So, in other words, this is not a correct statement here.

MR. GAUDELLI: We use that as an example of the--

SENATOR EWING: Well, you didn't say that.

MR. GAUDELLI: Well, we use it as an example of the priorities--

SENATOR EWING: But you didn't state the example.

MR. GAUDELLI: Well, I apologize for that.

SENATOR EWING: Fine.

MR. GAUDELLI: But, again, we're using it as an example of the priorities that are, we believe, misaligned. Instead of building a \$10 million facility which includes a dining hall for the University administrators, we feel the money should be spent elsewhere.

SENATOR EWING: Well, do you believe in editing in history at all? Do you think the past of New Jersey means anything?

MR. GAUDELLI: Yes, I think that's important.

SENATOR EWING: Winants Hall is an historic site. Tragically today, with what people get to repair things, it costs an awful lot of money. I think you've got to look into those things. I think it's only right, the same way as in the bar graph-- You don't state that you're comparing one thing to another. You're letting people assume that this must be the same.

In this thing, I think you could state for an administrative building which would include an executive dining room.

You say this commitment on the part of the University, \$1.1 billion for facilities, is overambitious and unrealistic. There is a direct correlation between exorbitant tuition increases and construction of research facilities. What are the other states' increases, do you know?

MR. GAUDELLI: Again, that's where I refer you to the chart on page 45, versus the national average. The State University of New York has had no increase for six years -- for the past six years.

SENATOR EWING: And how are their building program and everything, and their research facilities. I mean, you've got, if we're going to--

MR. GAUDELLI: They have a \$3 billion capital plan at the State University of New York.

SENATOR EWING: On a separate bond issue?

MR. GAUDELLI: On a separate bond issue.

SENATOR EWING: And the university itself is raising money, or not, in conjunction with that, or is it all state funds?

MR. GAUDELLI: It's a combination of state funds and the university raising funds.

SENATOR EWING: I think you agree, because I think you did before, that we have to have really topflight research facilities for these topflight professors and people coming in. Or, don't you feel that's necessary?

MR. GAUDELLI: We're not anti research. I didn't want to give you the impression that we were.

SENATOR EWING: No.

MR. GAUDELLI: We are not anti research.

SENATOR EWING: But you need that to attract the other professors.

MR. GAUDELLI: Right. But we feel that in teaching a discipline-- You have to have research to develop a discipline, and I feel very strongly about that. However, we feel that the research priority has been overcompensated for versus the instruction at the undergraduate level. That's our argument.

SENATOR EWING: In the past, when we've raised tuition, am I right in saying that also there has been an increase in aid available to those students who needed it?

MR. GAUDELLI: Yes, sir. That's correct. Increasingly, however, we find that the amount of aid available both within the State and at the Federal level is not keeping pace with the cost of education.

SENATOR EWING: Is not what? Excuse me?

MR. GAUDELLI: Is not keeping pace with the educational cost itself. Federal aid certainly has been dwindling, and forcing the burden upon the State to measure up. That's increasingly been a burden to the Legislature to provide the funds.

The question is: How long can the process go on -- raising tuition, raising financial aid, before the gap begins to occur and people start falling through the safety net?

SENATOR EWING: Do you think there's been a tremendous number, because of the increase we have, who have not gone to the University?

MR. GAUDELLI: It's very difficult to determine how many people get discouraged by the cost of education and decide to either go somewhere else or turn their interests somewhere else. It's easier to look at dropout rates. I believe a study came out recently regarding dropout rates at New Jersey's colleges and Rutgers University.

SENATOR EWING: And were those dropout rates EOF students?

MR. GAUDELLI: Once again, I do not believe breakdowns were put in the newspapers.

SENATOR EWING: But then you can't just use the thing and say that the dropout rates are high so--

MR. GAUDELLI: I'm suggesting it as an alternative place to look for information, not saying that it is necessarily proving anything.

SENATOR EWING: But as I understand it -- and you can correct me-- My understanding is that the average student going into Rutgers is better equipped and better qualified, or have-- You know, granted that it's not the last thing, but it's a part, I believe, of your admissions, are your SAT scores. They have increased in the level of those students who are attending Rutgers by and large. Is that right?

MR. GAUDELLI: My understanding is that the average scores have increased.

SENATOR EWING: And therefore, if the average boards increase, it's going to compress the number who can go to Rutgers. I mean, if they are not going to go below a 900 or 1100 -- and I don't know where they are -- total score-- You're getting a better student there, and that's why we have the county colleges and the State colleges and everything, to help out. I don't think everybody can go to Rutgers who wants to -- who would like to -- unfortunately, because we don't have the facilities to do the remedial work that tragically Rutgers and so many of our State colleges are spending millions and millions of dollars on because of the lousy secondary and elementary system we have

MR. GAUDELLI: We believe that State colleges and the State University are about providing opportunity. We should try to provide the best opportunity for New Jersey students and citizens that we can.

SENATOR EWING: Very true. Without an education, where are you going to go?

Now, if Dr. White is still here, I would just like for him to say whether it's true or not, because you made another

statement here: "We are alarmed by the recent move by the State Board of Higher Education to remove the 30% cap on the percentage of educational costs paid by tuition at New Jersey's public institutions." Is that correct, Dr. White, or not?

VICE CHANCELLOR WHITE (speaking from audience): Senator Ewing, what has happened is that the Board adopted at its last meeting some criteria to cope with the budget problem. One of those criteria was -- as was stated in the document -- that the Board endorses the continuance of the 30% tuition policy. However, it recognizes that in times of extreme budget problems, as we're facing this year, a college may go slightly above the 30%.

SENATOR EWING: Slightly above?

VICE CHANCELLOR WHITE: That's right. That's--

SENATOR EWING: What does slightly mean, by the Board of Higher Education?

VICE CHANCELLOR WHITE: I would guess around 33%, or something like that.

SENATOR EWING: Thirty-three percent?

VICE CHANCELLOR WHITE: Approximately. It was not specified in the wording of the--

SENATOR EWING: But, certainly not up to 35% or something.

VICE CHANCELLOR WHITE: However, the Board is also saying that those colleges that raise tuition at a great rate will be expected to make up in excess tuition revenues for the TAG funding for the neediest students.

SENATOR EWING: They would have to make up the TAG funding?

VICE CHANCELLOR WHITE: That's right.

SENATOR EWING: And will you be policing that?

VICE CHANCELLOR WHITE: Yes, we will.

SENATOR EWING: To make sure they do.

Then you say, "Despite the claims of Rutgers administration we believe Rutgers, financially is sound. We support these claims with the knowledge that Rutgers has several 'rainy day' reserve funds documented in a faculty-commissioned report on University finance."

Well, how many are they and what are they? Were they more than what were mentioned today? Were the--

MR. GAUDELLI: That report was submitted, I believe, to staff, and should be in someone's possession.

SENATOR EWING: Bob, was a report submitted to you, this faculty-commissioned thing about the -- that Rutgers has several rainy day reserve funds?

MR. NOONAN: The concept of rainy day, Senator Weiss used in his opening remarks. There is nothing in Rutgers, that I know of, that is called a rainy day fund. The concept is -- as we asked before -- if some of the money that exists in various reserves could be available for such needs? I think that's what the reference to--

SENATOR EWING: But they're saying-- The students are saying, "We support these claims with the knowledge that Rutgers has several rainy day reserve funds documented in a faculty-commissioned report on University finances."

I asked them what they were and they said the data was given to staff, most probably. I'd like to know what those reserves, those rainy day funds, or whatever name you want to use, are, that's all, so we can compare apples to apples.

Are they the same funds that they're talking about. Or are they something different that Rutgers hasn't brought to our attention.

MR. SCORZA: Those questions would be better addressed to the faculty speakers who will be coming up later and will have much more complete information than ourselves.

SENATOR EWING: Okay. What was this college tuition, Rutgers tuition, 10 years ago?

MR. SCORZA: The dollar figure?

SENATOR EWING: Yes.

MR. SCORZA: It was one-third of what it is currently, which is \$2576.

SENATOR EWING: It definitely was one-third then?

SENATOR WEISS: Jack, we have the demographics here. Bob will get it for you in a minute.

SENATOR EWING: And also you said, "We hope the Legislature will not mortgage the future of New Jersey and its citizens by denying today's students the same opportunities given to previous generations."

You don't feel that we're giving the students a greater opportunity today than they got previously?

MR. GAUDELLI: I feel that it is possible, if we continue the trend that we have seen at Rutgers, that that day may soon come.

SENATOR EWING: Well, if we keep it a number one University with the research and everything that's being done, and the results of the students, such as yourself, being turned out-- Don't you feel that you've gotten an excellent education?

MR. GAUDELLI: I feel that I have. However, I also think the statistics speak volumes in regard to student enrollment going down, but not as significantly as class sizes going down. We referred to that in the report, as well.

Class sizes are getting larger. There is a growing distance between professors and students at the University. I think that's a negative trend. I'm not saying that we have directly suffered immediately and we can necessarily feel the effects immediately, but I think that we have to be more long-term in this, and in thinking about this, have more vision and say, "This is a negative trend. We should try and correct this." That's basically what I was referring to.

SENATOR EWING: I don't necessarily agree with all the University spending, but I certainly think what Bloustein did

is absolutely tremendous in bringing the University up to the stature that it is now. It is something that I can't really say, but I would certainly feel that a Rutgers degree today means an awful lot more than it did 25 or 30 years ago, because of the stature of the University, and you're gaining from that.

So, when you go out to get a job or go out on an interview and they say, "Oh, you have a degree from Rutgers," they know what it means. It's simply because of the work that's been done by Dr. Bloustein and others in building up the University to where it is today.

Do you feel that's true or not?

MR. SCORZA: We wouldn't debate that the image or prestige of the University has gone up by leaps and bounds over the years. And while that's good, and something that we will benefit from, we also feel that we have to look at the reality of what goes on within the classroom. That's what education is about. Education is not what my starting salary is going to be next year. It's what I've learned and what is available for students to learn at the institution.

SENATOR EWING: Okay. You say, "We envision a University which provides access to all citizens which it was designed to serve, not only the privileged few."

How many students are at Rutgers University?

MR. GAUDELLI: Which branch, the entire University?

SENATOR EWING: I'm not talking about the branches; I'm talking about all of them.

MR. SCORZA: Overall, 48,000.

MR. GAUDELLI: Forty-eight thousand, forty-nine thousand. Something like that.

SENATOR EWING: Is that the full-time equivalent, or is that part-time and—

MR. GAUDELLI: That's graduate, part-time, full-time. That's the entire University.

SENATOR EWING: Of the 48,000, what percentage are EOF students, etc. and remedial students?

MR. GAUDELLI: I'm not certain.

SENATOR EWING: Well, then, how do you know we're not serving all those?

MR. GAUDELLI: The argument was that when we cut scholarships, or even, take the-- If there's a potential to cut scholarships--

SENATOR EWING: Oh, the potential. But, we haven't-- Have we cut them yet, or not?

MR. GAUDELLI: Well, again, we're signaling the possibility of that change, and that's--

SENATOR EWING: The possibility? I said, "Have we cut them yet?" That's the question I asked.

MR. GAUDELLI: No. That EOF has not been--

SENATOR EWING: We haven't cut them yet?

MR. GAUDELLI: EOF has not-- The Governor's Teaching Scholarship, however, has been cut. A scholarship that made it possible for me to attend Rutgers. If it weren't for it, I would not be there.

SENATOR EWING: Which scholarship were you on?

MR. GAUDELLI: The Governor's Teaching Scholarship.

MR. SCORZA: I would add that the--

SENATOR EWING: Well, that's one that will come and go with the tides of the finances of the State, I would imagine. I'm not sure if that's a permanent one. Is that a legislative one?

MR. GAUDELLI: That's a legislative scholarship, and that was cut by the Legislature.

SENATOR EWING: It was cut, yeah. What, by this administration?

SENATOR WEISS: Who's in there? Isn't it so obvious, you don't even ask the question anymore.

SENATOR EWING: I had to ask him, though.

SENATOR WEISS: That was between the Senator and myself.

MR. SCORZA: I would add that the only State fellowship for graduate students has been eliminated, and no further awards will be offered. I think that decreases the quality of education, overall, if you can't bring in a better class of graduate students and maintain them in New Jersey.

I mean, there are signs that there may be a weakening of resolve. Really, there is no time like the present to hold fast and make sure that financial aid is fully funded relative to the tuition.

SENATOR EWING: Well, I do think it's unfair, though, to say that we're just working with the privileged few, when you take the size of Rutgers and what they're doing in the EOF plan, and the remedial plans, etc. throughout the State.

And you cannot look at just New Brunswick by itself on that particular campus -- the Busch campus -- and all of that. You've got to consider what we're doing in Newark and in Camden. It could be -- and I'm not sure of the figures -- a greater percentage of those students who are in dire need-- A lot of people can see potential in them, and they're given an opportunity. Many of them succeed, which is what they should do, and we should give them the opportunity. But I think we are certainly doing all we can. Tragically, we cannot have enough money in the State, ever, to do everything for everybody. But I think it's really unfair to imply that we're not trying to help those on a very broad cross section, not just those in the upper area that you imply.

MR. GAUDELLI: There have been concerns overall with the general financial aid structure. Increasing reliance upon loans is well documented in all of the educational journals, "The Chronicle of Higher Education." There is a current trend, that cannot be denied, of squeezing the lower middle class between a very rough loan structure and no college whatsoever. We have to be vigilant.

SENATOR EWING: It's a rough loan structure, the Student Loan Program? Why is it so rough?

MR. GAUDELLI: The amount--

SENATOR EWING: As I understand it, you can borrow for the four years that you are there, and you don't start paying back until 60 or 90 days after you get out, and you work out a payment plan. I'm not positive, but I think that's the way it works.

MR. GAUDELLI: You are correct. I am speaking to the size of the loans that are becoming forced upon students. I myself am accumulating debt as an undergraduate. I had intentions of attending graduate school in New Jersey under the Graduate Fellowship, which is no longer there. I will have to accumulate debt as a graduate student. It is something I am willing to do to pursue my education. I don't know whether the same diligence applies to everyone, though. How much debt is the maximum people are willing to accumulate in order to go to school?

SENATOR EWING: That is a very serious subject, no question. Particularly young people who get married and they both have very substantial educational debts and they're just starting out. I don't know what the answer to that is.

But here again, there are just so many demands on a State. You sit with us in some of our budget hearings and hear what Human Services has to do with the homeless, and the AIDS, and the battered wives, and children with disabilities. It's just-- You can't imagine the problems out there. If we didn't have them, then we could put it into education. It's a very, very difficult thing.

I agree that if Rutgers is doing something wrong with their money, then we certainly have to try to get that straightened out. I don't agree with them if they're not spending their money properly. It's got to help the student. But I think, by and large, from what we've seen, they've certainly done an outstanding job, and if we can help them, we should.

Thank you very much.

SENATOR WEISS: Thank you very much, Senator Ewing.

SENATOR EWING: Excuse me just a minute. I'm sorry, Larry, excuse me. I asked John Crosbie from Science Technology to maybe answer a couple of those questions. I think it's only right that the people hear from somebody who is on the staff of the Science Technology, if you wouldn't mind, just briefly.

SENATOR WEISS: Jack, you have me in a bad position.

SENATOR EWING: I know I do, but we've got other days.

SENATOR WEISS: I have a countless number of-- Let me finish now, all right?

SENATOR EWING: Yeah, but--

SENATOR WEISS: Just give me a chance. I have turned down a great number of people who wanted to testify here today. I really shouldn't do it, but I will because you ask that it be so.

SENATOR EWING: I appreciate it.

SENATOR WEISS: But, I will only entertain a short statement.

SENATOR EWING: John Crosbie. John, there were questions asked about a greater fee being charged to the corporations that make use of the Science Technology -- the Tech Centers. I don't know. If you could just say quickly as to what those fees run, and what percentage of the operation comes from those fees-- And, is there a potential for raising those? Also, I stated that I did not know, in our Commission when it was set up, whether if those fees were raised -- whether some of that money could be put off to one side to help ease the burden at Rutgers on their tuition increases, and therefore the same would be true at Stevens Institute, where we have a Tech Center, and other places, at Princeton, etc.

J O H N W. C R O S B I E: It depends on what kind of a center you are talking about. Our advanced technology centers have industrial members that pay on an average of \$35,000 a year to become members, affiliates, to participate in and benefit from research.

The fees are structured in such a way as to get them to become involved. The statute for the Commission is to create this academic industrial interaction, so that when the people who are getting the education there go out into the work force, they have these skills that are applicable to industry. They're not just dealing in theory. They know what industry needs.

In turn, industry is benefiting from real world research, you know, cutting edge research. We're talking about generic stuff. They're not developing a new product for "X" company or "Y" company, but in it's process, in it's innovations that they can adapt to the companies.

The fee structure is designed to support these centers. You'll find that, in general, every dollar the State puts into these centers -- I can give a breakdown to the Committee, to the Chairman-- Generally speaking, every dollar that the State puts in attracts two dollars from private industry and the Federal government.

I make that proviso because it's not just private companies. The EPA, the U.S. Army, and other entities pay in membership fees, as well as additional fees to participate in research. They may have a proprietary type, separate research project they want to pursue.

But the purpose of it is -- and the \$35,000 again is an average; some centers charge more-- They try and determine what fee will help them cover -- again it's a sizable sum of money -- their costs, but will also attract the companies. The level of participation is just as important. If we make it higher so that smaller or mid-sized companies can't participate, we're taking that dynamic out of the economy. In many instances, those middle-sized companies are the ones that are going to benefit the most.

So, to answer your question directly, we're talking, in the last year alone, industry provided somewhere-- I don't

have it broken down for Rutgers alone. I would have to do that as an exercise. But in the past year we're talking about \$36 million from the private sector that came into our advanced technology centers and our tech centers through our programs, which is better than a two-to-one match of what the Commission is providing.

SENATOR EWING: Do they share in patents if a patent is made? Or, do we share?

MR. CROSBIE: Well, the practice is if a company joins a center-- Most of the centers have a policy where it is a royalty free license on that patent which is developed there. However, the patent, if it is licensed to other entities, a company that is not a member, there is a threshold where the University -- and the University can speak to this because it's their policy -- the University recoups a portion of that royalty.

Now, we can get into a whole discussion as to how many innovations actually bring a return of that nature. They don't. I mean, it's a very risky business. We're still very early on in what these centers are doing. The answer is that down the line, if you have a significant innovation or product that is developed there, and it does yield patent royalties, they will accrue to the University. That is correct.

SENATOR EWING: John, I think it would be helpful if John were to give you his card and either you or somebody else could contact him to get more details to see if there is a potential or something to work out. I'm not that sure. I mean, I don't think it's the answer, but it's a potential to look at.

We better not do any more questions, because there are other people waiting.

MR. CROSBIE: I appreciate that, Mr. Chairman.

SENATOR WEISS: Mr. Crosbie, I thank you very much, but you recognize, don't you, what you just did? You left

yourself and the Commission on Science and Technology open to further questions, okay?

And now we're going to have to look into the Commission on Science and Technology. I wasn't looking forward to it, but you're in it. And the first question is: What's \$36 million? It's two to one of what? Of 18?

MR. CROSBIE: No. The \$36 million that comes from industry-- I can give you a complete breakdown in writing, Mr. Chairman. I think that's the best way to do it, because numbers from Federal and industry are all included in that.

I was called over five minutes ago. I'm trying to provide you with quick numbers and general statements.

SENATOR WEISS: While you're getting those, since the State put \$24 million into Science and Technology this year in the budget, let me know about the 48, not the 36, okay?

MR. CROSBIE: Absolutely.

SENATOR EWING: We'll sit down with you.

SENATOR WEISS: Oh, I'm sure you will, and I appreciate that. But that's what happens when you come to a meeting like this.

MR. CROSBIE: Oh, I understand.

SENATOR WEISS: There's always somebody with another idea.

MR. CROSBIE: Well, I can provide you with the numbers, Mr. Chairman.

SENATOR WEISS: Okay, thank you. And I thank you for your testimony and your supposed-- What's this dialogue, now. You're going to get a card to Bill and to Jason?

SENATOR EWING: To the students so they can find out more about Sci-Tech and how it actually works and whether there is a potential there for trying to get additional funds from someday or other, for the various universities where we have Sci-Tech Centers.

SENATOR WEISS: Okay, fair enough.

MR. SCORZA: If I might add something before we leave, I didn't think I was actually opening that much of a new kettle.

SENATOR WEISS: Well, you didn't, Jason. Mr. Crosbie did. No, Senator Ewing did.

MR. SCORZA: Our hope, though, was that the technology centers may, in some way, contribute to the general health of the University, economically.

SENATOR WEISS: Okay. Hey, Jack, are you going to give them cards on the way out.

SENATOR EWING: No. I said thank you before.

SENATOR WEISS: I thought you were still on.

SENATOR EWING: I thanked you before. thank you.

SENATOR WEISS: Jason and Bill, I think that's all we have for you for today. If there's anything further you'd like to add to these proceedings, would you submit it, please? Anything else you have, we'll be glad to accept.

I must indicate -- and I think I indicated it before -- if this brochure is a reflection on the education that you got at Rutgers, I think we ought to double your tuition. So, next time, be careful.

MR. SCORZA: Next time we'll have more typos, sir.

SENATOR WEISS: I thank you for coming down today.

I think I have one group left. Two? I agreed to two. I have first the AAUP. Are the representatives here? Dr. Nelson and Mr. K-N-O-C-H-E. (spells name) I don't want to mispronounce it.

T H O M A S K N O C H E: Knoche. (pronounces name)

SENATOR WEISS: Knoche. I didn't want to pronounce it in some other manner. Dr. Nelson, any time?

J A C K L. N E L S O N, Ph.D.: Thank you, Senator Weiss, and Senator Ewing. I think you have a copy of my written statement. Next to me is Tom Knoche, who is an instructor in urban studies on our Camden campus, and is President of the Part-Time Faculty Association, part of the AAUP at Rutgers.

I am pleased that the students that you just had before us are such a great reflection on the quality of education at Rutgers. I think with a lowered tuition we might attract even more of that kind of student to Rutgers.

SENATOR WEISS: What are we going to do with the other State colleges when you take them all?

DR. NELSON: We'd be happy to take all of them like the last two, I think.

SENATOR WEISS: I know, but we have to support the other plans, too.

DR. NELSON: They really are a credit to our University and we're very happy with them.

Thank you for this opportunity. I am Jack Nelson, a Rutgers professor for 21 years. I am here today as a representative of the Rutgers Council of Chapters of the American Association of University Professors, a professional association of faculty members, librarians, extension agents and others at Rutgers since the 1920s, and the bargaining agent for these groups since the State permitted collective bargaining in 1969.

As the faculty association, we have interests, I believe, that are far larger than collective bargaining and we are here -- as the Senator indicated earlier today -- we are not here to bargain, but rather to represent those broader interests.

My brief oral comments today support your efforts to conduct a thorough financial analysis of Rutgers in an attempt to bring openness, effectiveness, and efficiency to the management of the University. Appended to this presentation is a longer statement explaining the context in which the AAUP appears here today to raise questions about the University's administration during recent years. I will highlight aspects of this appendix following this introduction.

In the past and historically, the AAUP has worked with the administration. We hope to continue to work with the administration, the students, and the staff. In the past we have come to Trenton quite often in support of State funding of the University.

However, essentially put, the administration, we believe, has become increasingly secretive, arrogant, and unresponsive. The administration makes unilateral decisions on financial, academic, and personnel matters, leaving the faculty, students, and staff employees without suitable internal means to influence decisions which directly affect them. While we recognize that your Committee has a more narrow charge and focus, we believe that you should understand the broader rationale behind our appearance today. The appendix also contains conclusions and tables from an AAUP-commissioned independent study of Rutgers financial statements

We want to make it clear that the Rutgers AAUP continues to strongly support full and adequate State funding for Rutgers as fundamental to:

- *improvement in the quality of education, research, and public service at Rutgers, the State University;

- *improvement in the quality of life for students, faculty, staff, and administration at Rutgers;

- *excellent, affordable, and accessible education for New Jersey residents and future leaders; and

- *increased distinction and recognition for Rutgers in New Jersey, the nation, and internationally as a center for scholarship, education, and innovation.

New Jersey was for far too long a notorious entry at the bottom of states in regard to State spending on higher education: We have made some progress since then, and this State cannot afford to return to that unenlightened and uneconomic view.

It is for these reasons that we make the following points:

1) Rutgers students, staff, and faculty should not be further victimized by disproportionate cuts in the State or University budget. If Rutgers could be relieved of the excessive extra burden required in recently announced State budget cuts, we believe that Rutgers would have sufficient other funds to prevent a tuition increase and provide fair contracts for employees.

2) We contend that the Rutgers administration has erred in their priorities and policies. Student education, public service, and quality of University life have suffered, while high visibility and high cost efforts have flourished and while administration costs have risen dramatically.

3) The Rutgers AAUP supports strong research programs and improvements in buildings and equipment for an excellent education for our students. Decisions on these matters, however, have not adequately involved appropriate faculty and student bodies and, as a result, favor a few at the expense of the many.

4) The Rutgers Board of Governors has not been sufficiently responsive to repeated efforts of students, faculty, and staff to gain fair hearings. This situation could be improved by adding voting seats on the Board for their -- that is student and faculty representatives -- and by appointing to membership on the Board thoughtful persons who understand shared governance principles used at the best universities and in the most enlightened industries.

We support your mutual interest in continuing the development of Rutgers, The State University, as a source of pride to the citizens of New Jersey. We think the students, staff, and faculty at Rutgers have been worthy of your past support and have returned your considerable investment in them. We think that your examination of financial affairs of Rutgers will lead to improvements in openness, efficiency, and effectiveness that will contribute to further development of a great University as befits a great State.

The AAUP then is prepared to join with students, staff, and administration in a thorough reexamination of Rutgers' policies and priorities in finances and decision-making. We think this will be positive response to Senator Weiss' charge to preserve the integrity of the University. We are the University and want to participate fully in this development.

Those were comments I added. I'm sorry they were not on the written statement.

SENATOR WEISS: Oh, okay.

DR. NELSON: Because they were in response to Senator Weiss' charge to us early today that we cooperate in developing and protecting the University.

If I may call your attention, for a moment then, to the appendix which follows-- I won't read this in its entirety

SENATOR WEISS: I thought it was some sort of psychological warfare. You know, you gave me this big packet, I found a two-page statement, and then suddenly you went on to a third page that I didn't have.

DR. NELSON: Yes, thank you. I wrote that only because you had made the comments earlier in the meeting, and I wanted, it seemed to me, to respond to them. We are, I think, in the interests of cooperation and improving the University -- and we do accept your concept, I believe, of the integrity of the University-- We want to be a part of that, and we're arguing that we believe we should be full partners in that.

SENATOR WEISS: Thank you. I appreciate that.

DR. NELSON: As I said, I won't read the entire appendix, but will point out one or two things, partly because of your comments, Senator Weiss, earlier, that you did not want us to engage in just bargaining questions here.

If you'll note then, in the second and third paragraphs on page four, bargaining for fair contracts is, of course, a large part of our work, but not the full extent of

our activities or interests in University affairs. We share with our National AAUP a commitment to high-quality higher education for students and faculty. Bargaining is merely one aspect of that commitment.

I then go on to indicate that the National AAUP has been the leading advocate of sound policies for higher education in the United States since 1915. And those policies include such things as faculty involvement in University governance, protecting academic freedom, due process, student rights, and professional ethics.

Now, beyond that on page five, I indicate that in recent years, however, at Rutgers, there has been an increase, we believe, in secrecy in University administration, more unilateral decisions by the administration on academic matters, less willingness to seek or listen to the counsel of faculty groups or the University Senate, and a more restrictive collective bargaining setting which results from court decisions that have narrowed the scope of bargaining.

The AAUP, among others on campus, tried a variety of means within the University to address these problems, but unfortunately, has been relatively unsuccessful. A Middle States Association evaluation for accreditation a few years ago pointed out the low faculty morale and lack of adequate communication between administration and faculty, but no real change occurred. The most recent Middle States evaluation noted that Rutgers had more secrecy in budgetary matters than any institution the members of the Middle States team had encountered. I then try to provide a few -- very few -- examples of that.

This is the context, then, within which we come today to discuss our examination of financial affairs at Rutgers. We recognize that your Committee is not concerned with the internal operation of the University, but we see that financial matters and the pattern of decision-making at Rutgers are

intertwined matters. While we are pleased that Rutgers has improved its financial position over the past two decades, we are disturbed at the process and substance of decisions made about those funds.

I go on to indicate that we are not looking at it merely as a concern for faculty salaries, here. But, in our attempt to gather information about University affairs -- and I'm at the bottom of page six -- the AAUP has had decreasing confidence in financial and other information provided to us by the administration. We have been dismayed at the cavalier attitude of the administration, and we have been surprised at some of the administrative decisions made in regard to University expenditures. Thus, we join other Rutgers groups in raising questions about University finances.

The Rutgers AAUP, in an effort to gain insight into Rutgers finances, commissioned a separate analysis of the financial statements of the University. That analysis was conducted by Dr. Richard Weber, Professor of Economics at Monmouth College and consultant to the National AAUP on higher education finances. Dr. Weber has been a consultant on finances of higher education institutions for about 55 colleges and universities in a number of states.

Dr. Weber's report shows that Rutgers has enjoyed a surplus of income beyond expenditures annually for the past decade, a period when student tuition was increased by about 300% and faculty and staff salaries increased at a significantly lower rate. Further, recently the size of the faculty has decreased and the cancellation of undergraduate classes has increased; thus, class size has increased for many students. There has been a significant shift toward part-time teachers for staff for the undergraduate students, but an unwillingness to treat these part-time faculty fairly. The size of the administration, however, has significantly increased in the past 20 years. Dr. Weber's report also

identifies the transfer of funding from instructional support over that time period -- about 10 years -- to research support and capital expenditures.

In summary, Dr. Weber points out that the fund balance of Rutgers has increased an average of \$75 million each year for the past five years and is enjoying "excellent financial health." As faculty members we are pleased to have the University in a good financial position.

But we are not pleased at the means to obtain that health on the backs of students, staff, and faculty -- with excessive tuition increases which improperly penalize students who have limited income, conditions of work for staff that do not provide adequate support, and cuts in teaching faculty. Rutgers must remain accessible and reasonable in cost for good students, and superior in quality of education provided.

I go on to talk about what I call posturing of the administration in regard to bargaining. I won't read that at this point.

Further, we are not pleased with many of the decisions made by the administration for expending funds of the State University. I suggest, once again, a dramatic increase in the size and presumably the cost of the administration. I then go on at the top of page nine:

This was also a period when Rutgers undertook significant increases in new building construction and remodeling. While we agree that Rutgers needs some new buildings, we are concerned that the building plan emphasizes specialized buildings that are less related to the educational mission of the University than are needed instructional buildings. On each campus there is a severe lack of adequate classroom space and other facilities for teaching. Many high schools in the State have better teaching facilities and equipment than does Rutgers.

There is some more material, and then let me finish with the two last paragraphs on page 10: The recent State budget cut proposed by Governor Florio for Rutgers is a serious threat to the financial health of Rutgers and to the need to keep the University excellent, affordable, and accessible for New Jersey residents. We disagree with the Rutgers administration in their priorities, their decisions, and their approach to decision-making. We submit that students, staff, and faculty should not be the victims of budget problems created by those priorities and decisions. The proposed State budget cuts exacerbate that situation and seem excessively burdensome.

In the spirit of the great state universities in the United States, we believe in University autonomy from State interference. We also believe in the corollary of full faculty involvement in University governance. Autonomy, however, does not mean secrecy, arrogance, and lack of accountability; and faculty involvement requires mutual respect. We think that Rutgers has an obligation to be accountable to the State for its budget, to be accountable to the public for its quality, and to be accountable to the faculty, staff, and students for its academic and personnel policies. It is because of the erosion of that climate at Rutgers that we seek a proper accounting of the University's affairs that might lead toward significant improvements.

Appended to that are a few of the tables and graphs that come from the Weber report. The data that you see reflected on what is called pages 7a, 15a, and 20a, come from the Weber document, which is much longer than that, but I think gives a brief overview of Weber's data.

Thank you. I would like now, if you don't mind, to have Tom Knoche make a statement.

SENATOR WEISS: Thank you very much, Dr. Nelson. Mr. Knoche, if you will?

MR. KNOCHE: Thank you. I am part of the part-time faculty chapter of the American Association of University Professors. We represent instructors who teach on a per-course basis. At Rutgers there are roughly 700 of us scattered on the three main campuses and we provide approximately 30% of the undergraduate instruction at Rutgers.

We believe that Rutgers University's much-publicized campaign for excellence is more show than substance. We believe that this Senate Committee must focus on our State University's priorities. It's been made clear today that the State Legislature should do whatever it can to keep the University's priorities in order.

More specifically, we have lots of information and examples which show that the University's priorities in recent years have shifted away from basic undergraduate education -- the function we believe should be the main focus of any state university. Our concern goes beyond the present. The seven-year plan, which is the particular focus of this Committee's scrutiny, indicates a continuing shift in spending priorities away from undergraduate education.

Let's first look at some recent history to illustrate the direction in which the University priorities have moved. In the last decade, the total number of full-time faculty has declined by 179, a 7% decrease, while tuition has increased 239% and student enrollment has remained nearly constant. Over the same time period, noninstructional staff increased by 889 people, or 21%.

Start-of-semester course cuts have been severe, most recently blamed on budget cuts rather than low enrollment. Over the past five years, the number of courses offered -- as the students pointed out -- has declined on all three campuses, even though enrollment has stayed relatively constant at two campuses and has increased substantially at Camden.

The previously documented \$28 million -- now I hear today \$40 million -- in deferred maintenance is evident on a daily basis. We teach in classrooms where furniture is broken, temperature is out of whack, and windows don't work. We learned today of the leaking pipes that have caused water damage to the Institute of Jazz Studies collection at Newark. These are examples that we deal with everyday.

Part-time faculty are often assigned a course a week before classes begin, yet we are expected to order books and prepare in the thorough manner students deserve. The administration's best pay offer for part-timers, made during negotiations for our first contract prior to impasse, amounted to less than \$6/hour on the average. This represents a cut in our already low per-course average salary. I'm not bargaining here, but since we teach 30% of the undergraduate students, the offer that is made is indicative of the priority given to undergraduate instruction.

Funds to supplement classroom instruction with outside speakers, films or videos, and field trips are virtually nonexistent.

In this academic year, language training for foreign teaching assistants was severely reduced, leaving many students dependent on TAs with unacceptable English language skills.

We could go on and on with examples. The University appears to use financial hardship to justify and excuse these unfortunate realities. My colleague mentioned the AAUP study of Rutgers University's financial situation which shows that Rutgers' financial position is sound. The administration appears to have created a financial crisis and has used reduced growth in State appropriations in recent years to do it -- to provide an excuse for cutting some budget line items. Meanwhile, funds seem to keep flowing to pay for some administration priorities. Cuts in State appropriations are

bad enough, but when they are coupled with misguided management priorities, the effect on the quality of education is disastrous.

The plans that we have seen for the next seven years will not reverse the University's misguided management priorities, and I understand that they are all being reworked. Undergraduate education will continue to decline in priority, yet students will be expected to pay for a higher proportion of the University's operating expenses. Research expenses are projected to increase 139% from 1990-98, while instructional expenses will increase only 93%.

The plan does make an effort to reduce the level of deferred maintenance by increasing physical plant expenditures. By the administration's own admission, these increases have been mandated, in part, by the New Jersey Department of Higher Education. For me, this provides an example, a positive example, of how State government can influence the University's spending priorities. Similar leverage is needed to protect the quality of basic undergraduate education and certainly to control tuition, as discussed earlier today.

Over the past few months, students, faculty, and employees have been trying to convince the University to change its priorities. We have talked. We have begged. We have marched. We have protested. Consistently, we have encountered stone-faced, cold, and indifferent administrators and members of the Board of Governors. They seem to have lost sight of the University's priority to provide a quality, affordable undergraduate education to the citizens of our State. We hope -- we appeal to our elected officials to help restore their vision; in short, to minimize the cuts and redirect the priorities.

Thank you for your attention.

SENATOR WEISS: Thank you, Mr. Knoche. Jack?

SENATOR EWING: Mr. Knoche, you said that over the same time period noninstructional staff increased by 889 people. What was the breakdown? Have you got how many were added here and how many were added there, and what jobs they had?

MR. KNOCHE: Job classifications?

SENATOR EWING: Yes.

MR. KNOCHE: I don't believe so, but if you'll give me a second, I'll check the source for that information.

SENATOR EWING: Well, no. You can get it for us and give it to us, because I'd like to know about security. Over that period of 10 years, tragically, all of our campuses have had frightful security problems. I can't believe that a large percentage of the people added would be in that area, but it would be interesting to know where the 889 come from?

MR. KNOCHE: Actually, the information-- Where that came from is from an affirmative action report which does a breakdown by minority versus white, male versus female, but not by job classification.

SENATOR EWING: No, that doesn't-- I could care less whether they're white, black, or blue. It's a question of what job they hold. That's what makes the difference. It's interesting-- Why should you even-- You know--

MR. KNOCHE: We do have that at the bottom of this page. There is a breakdown into six categories by classification which we'll be glad to provide to you.

SENATOR EWING: Yeah, but how far broken-- If there's six categories--

MR. KNOCHE: Executive, administrative, managerial, one. Professional, noninstructional, another. Technical and paraprofessional, clerical and secretarial, skilled crafts, service/maintenance--

SENATOR EWING: Where does security come in?

MR. KNOCHE: Service/maintenance most likely is where security--

SENATOR EWING: Is that one of the categories?

MR. KNOCHE: Yes, sir, it is.

SENATOR EWING: Well, it would be interesting to see what the breakdown is on it.

MR. KNOCHE: Okay. I'll be glad to provide those to you.

SENATOR EWING: Dr. Nelson, I believe it is?

DR. NELSON: Yeah.

SENATOR EWING: Do you have a copy of the last Middle States Association evaluation?

DR. NELSON: Not with us. We can provide--

SENATOR EWING: No, but, it would be interesting to give the Chairman one, so he could have it.

DR. NELSON: Indeed. I don't think the AAUP has those. They go to the administration, but they are maintained in the University library. If we can get access to it, we'd be happy to make sure you get a copy.

SENATOR EWING: Well, we'll ask Dr. Pond to send us a copy of the last--

SENATOR WEISS: We have a copy.

SENATOR EWING: You have a copy?

SENATOR WEISS: We have a copy.

SENATOR EWING: Is it in our book, here?

SENATOR WEISS: I've got it in my--

SENATOR EWING: Well, if we haven't got it here, they'll give it to the Minority, and I don't mean those others that you were referring to.

Besides the fact that it decreased, the cancellation of undergraduates has increased. Is that referring to the sections of the students we're referring to -- the 335 less sections?

MR. KNOCHE: Yes. I think I mentioned that the course offerings have declined. That's both the total number of different courses, as well as sections. The student report documents both.

SENATOR EWING: Now, it's interesting that the students didn't bring it up, but I heard in past years that people were -- I didn't hear a great deal of it -- but were annoyed by professors who sent an assistant to run the class, or they put a tape on and let the students listen to that. It would be interesting to hear whether you feel that goes on or how you actually police that? Not for-- You know, if we're paying professors and assistant professors and things like that, I feel if a professor's meant to be in a class, he should be there. Maybe that's where some of the students feel they are being shortchanged, by not getting the proper teaching that supposedly they're paying for.

DR. NELSON: I would agree with you. I don't believe that's what the students said. I have no way of surveying the students, but they were referring, I think--

SENATOR EWING: Well, I disagree with you. I'm telling you that several years ago, they did tell me that, so don't tell me they didn't.

DR. NELSON: No, no. I'm saying the students who appeared here today, I didn't hear them saying that.

SENATOR EWING: No, no. They didn't.

DR. NELSON: Well, I'm hoping that we've corrected some of that, perhaps. But I have to agree with you that faculty are hired to teach and do research and be involved in public service. I'd like to believe that's the basis on which faculty members are retained and promoted within the University.

SENATOR EWING: Hopefully. Maybe we ought to get a poll of the students and find out. I think that would be very interesting, to just see how many actual professors-- They sign up for a class in "XYZ," whether Professor Zilch gives that or whether he has his assistant or whether he puts a tape machine on and has the students come in and listen to the tape.

DR. NELSON: I can't speak to that because I know of--

SENATOR EWING: No, no. We'll try and see if they could run a poll on that and see what we get back. It would be very interesting.

DR. NELSON: --no such instances, but they may occur.

SENATOR EWING: You say in summary: "Dr. Weber points out the fund balances at Rutgers increased an average of 75 million each year for the past five years." What fund balances are those? Are they spent each year, or does he mean they accumulate so there should be \$375 million in it now, or what?

DR. NELSON: One of the problems, as I suggest in my statement, is the level of secrecy and convolutedness in discerning the University's budget. I got a sense that you had some similar difficulties as we. One of the reasons that we asked Dr. Weber to examine it was to give us a better indication. We would get general data and would request, increasingly, more and more information from the administration and not be very content with the quality of the information we were getting.

What Weber had discerned were the fund balances, the difference between the amount that they identify in their statements as expended, versus the amount received as income. That represents the fund balances. Now, I can understand that they -- the administration -- would categorize their budget differently; that is to say, that some of it may be committed to other kinds of things. I don't know all of the terminology that would be used here -- dedicated may be another term -- but fund balance represents a sort of gross analysis that Weber determined was an increase in the amount of funds available to the University versus what they had identified as having been expended.

SENATOR EWING: Does anybody from the Rutgers staff-- Can they answer that, or-- I mean, I think-- Because there's no question that a greater communications in life resolves a lot of problems.

MR. WHITESIDE: (speaking from audience) Senator, we do have-- We are audited annually by independent certified public accountants and we have a published report that indicates our fund balances. Earlier today I gave you a document that actually-- If you look at the last report, you will be able to identify every fund balance and an explanation of what those funds are earmarked for and dedicated for.

SENATOR EWING: Well, do they increase 75 million a year, or--

MR. WHITESIDE: If you combine bond funds, where we go out and sell bonds with capital programs, I'm sure some of those funds-- I don't know what the background of Professor Weber is, or what his experience--

SENATOR EWING: Have you ever talked to Dr. Weber?

MR. WHITESIDE: No. He never had the courtesy of calling me or--

SENATOR EWING: Dr. Nelson, may I make a suggestion then that you have Dr. Weber speak to them and see, and if they won't talk to them, let us know. We'll get a meeting together with the two of them.

DR. NELSON: Well, yes. I don't mind pursuing that. The difficulty that we have had is--

SENATOR EWING: Well, no. Will you pursue it, definitely?

DR. NELSON: Yes, certainly. I'll request the AAUP to ask Dr. Weber to meet with the administration, or at least have us meet with them with Dr. Weber's report.

The concern I'm trying to express, though, is, we've been concerned about the University's budget for a good many years. This is the first year that we've had an outsider come in to try and help us make sense of it, because we can't get adequate sense made of it from the administration.

SENATOR EWING: Well, what about that annual report that they talk about, that's no good?

DR. NELSON: It is not sufficiently complete. What Dr. Weber did was to examine the financial statements that Rutgers is required to make, and examine them in their completeness. As far as he was concerned, they are publicly available documents, and Dr. Weber is a professor of economics -- with a doctorate from Rutgers, of all places, in economics. This is his specialty. He has done this kind of work for some 55 institutions. He is a national consultant to the AAUP. We believe that he is knowledgeable in the work he does, more knowledgeable than the AAUP members would be who would have access to the annual Rutgers report which, -- much as the annual reports of many corporations -- are not terribly detailed.

SENATOR EWING: Mr. Chairman?

SENATOR WEISS: Senator?

SENATOR EWING: Would it be all right with you if Mr. Weber talks to them and then Weber writes you a report and tells you what he finds?

SENATOR WEISS: Well, I think he should, because I'm getting another impression of this thing, too, as you are. I'm not really sure, Dr. Nelson, that this \$75 million that Dr. Weber talks about is a \$75 million increase. Is it cumulative? If not, how come they don't have \$300 million or so? Do you follow? It leaves questions. I thought I understood numbers, but I don't understand the language.

DR. NELSON: Well, that's part of the problem that we've had with the budget continuously. It's part of our claim that the level of secrecy is far beyond what we would like to have be the case. We would prefer to have openness. We would prefer to resolve these questions within the University.

We requested, as an example, a special meeting with the President of the University, and met -- that is several of us in the AAUP--

SENATOR WEISS: I think that--

DR. NELSON: --with him to try to resolve this early last fall, and we were still confused.

SENATOR WEISS: I think that will all be kind of put to bed because the Governor is suggesting a full audit of Rutgers, and we will then know.

DR. NELSON: And we're supporting that.

SENATOR WEISS: So, I didn't want to get into that. I just wanted to find out where the \$75 million is then.

DR. NELSON: It is Dr. Weber's opinion, looking at the budget, that it was an annual fund balance, but does not--

SENATOR WEISS: An annual fund balance? You mean when they got through at the end of the year it was \$75 million, and the next year it was \$75 million? This is the second year, but not \$150, making it a cumulative situation?

DR. NELSON: Well, it isn't cumulative, but rather there is a \$75 million annual--

SENATOR WEISS: At the end of any year?

DR. NELSON: Yes. He also determined-- I'm sorry, go ahead.

SENATOR WEISS: That doesn't sound-- I hate to tell you this, but that doesn't sound too bad to me. It sounds like pretty fair management, but maybe there's something in here, Dr. Nelson, that I don't understand. I'm willing to rely on the Governor's -- on the audit that's coming up, and also, as Senator Ewing suggested, I'd like to hear from Dr. Weber and have him explain this, since you apparently can't at the moment, and I don't understand the matter.

DR. NELSON: Yes. You have a copy of his report, but you've only received it recently. I think you will find that much more explanatory than my brief--

SENATOR WEISS: What do you mean by recently?

DR. NELSON: Pardon me?

SENATOR WEISS: What do you mean by recently?

DR. NELSON: It was-- We attempted to fax it, as I understand it, and it did not work with this new high-tech system we have.

SENATOR WEISS: Oh. I understand that. So, we're going to have to go back--

DR. NELSON: I'm not sure when Dr. Noonan received it.

SENATOR WEISS: I think what you mean is that it was today?

DR. NELSON: Was that today? All right. We brought some with us, and I think-- I don't know when you got that one.

I think when you look at that you will see that it's a fairly carefully done and thoughtful document of some 30 to 40 pages.

SENATOR WEISS: May I ask: Was this in the-- It says, and I'm not really sure-- Apparently he did not do a complete audit, is that right?

DR. NELSON: No. He is not really charged to do that. We asked him to do what he could do, which is comparable to what he has done at other institutions; and that is, he examines the available financial statements. He did not get into the other kinds of records.

SENATOR WEISS: The nitty-gritty of it?

DR. NELSON: Well, I think you'll find there's some nitty-gritty there, but it is data that we've had some difficulty obtaining from the University.

SENATOR WEISS: I don't want to belabor this, but would you get him to send us a report that we can read and understand?

DR. NELSON: I'm hoping you'll find this is it, which was just transmitted to you today. We gave Dr. Noonan his report today.

SENATOR WEISS: Okay. Then we'll look at that, and we may have to get back to you on that matter.

SENATOR EWING: Larry?

SENATOR WEISS: Yes?

SENATOR EWING: May I make a suggestion?

SENATOR WEISS: Sure.

SENATOR EWING: Before Weber gets back to us, I think he ought to sit down with Rutgers people and go over this report and then let him say he still finds it lacking in information. Maybe they can resolve the difference. Maybe they can't, but I think there's no sense-- All Weber's going to do is give us a concise report of what he's got here already.

Let's get the communications going with Rutgers' people and then let Weber come back and say, "They still stink. They're no good." But I also think that this report should go before an English professor then, because it certainly gives the impression here that it increased an average of \$75 million each year. So, to me, it certainly implies that it's building up to 75 every year. So, maybe the AAUP could get somebody to go over these things first, so we don't get the wrong impression.

Now, that extra payment to the retired administrator-- That was the person in charge of security, wasn't it?

DR. NELSON: Yes. That's our understanding. And we got this--

SENATOR EWING: Is he still getting it?

DR. NELSON: Pardon me?

SENATOR EWING: Is he still getting that extra--

DR. NELSON: That I can't tell you. We got that information from the students doing diligent research. That's why I started that phrase by saying, "It's our understanding." I can't testify to that, only that we did understand that there were some other expenditures about which appropriate questions should be raised. We understood that he is living in a different state.

SENATOR EWING: That's right. I understood that at one time, too, that he had moved out-of-state. Well, we'll check with him and see. Thank you.

Larry, I'm all finished.

SENATOR WEISS: Thank you. You finished so abruptly, and I was giving my staff here an argument.

SENATOR EWING: I'm never abrupt.

SENATOR WEISS: No. You finished so suddenly, okay? Gee, you're pretty touchy around here. It's only 4:30, or so.

Dr. Weber and Mr. Knoche, I--

MR. NOONAN: It's Dr. Nelson. We don't have Dr. Weber.

SENATOR WEISS: Dr. Nelson, all right. Yeah, I've been here too long today, so you'll have to forgive me. It's been a long one. I really don't have any further questions for you that wouldn't extend this meeting to midnight, and I don't want to do that. But we're going to look over the information you gave us -- the Weber report. I'd like to take a good look at that.

I know that in government we have a unique bookkeeping system never heard of in the real world; way out there somewhere. So, I'd like to look at it and see just what Dr. Weber, Dr. Nelson, is talking about, okay?

DR. NELSON: Indeed, and if you have any questions we'd be pleased if you would direct them to us.

SENATOR WEISS: And I think Senator Ewing's suggestion that we all work together, you especially with Rutgers, to find out what the situation is and how good this report is and how good their accounting is, would also help.

DR. NELSON: That's an appropriate recommendation. As I indicated in my statement, we will be pleased to try and work things out within the University. It is our University--

SENATOR WEISS: I think that both the University and the AAUP will profit from that. I think maybe, though, the end product will profit from that; that being the students. That's

what I am concerned about, that Rutgers is there, they matter. You're there, you matter. And we're here, and I'd like to believe that we matter, too. But, most important, those two young men who said they were getting a good education and said it wasn't so good, they matter, too.

DR. NELSON: That's right, and that's the future.

SENATOR WEISS: Thank you, sir.

DR. NELSON: Thank you very much.

SENATOR EWING: Do you have Mr. Whiteside's phone number, so we don't later on say, "Oh, I didn't know where he was," or something?

DR. NELSON: I know Mr. Whiteside. He also has ours, and he can contact us easily.

SENATOR EWING: No. I didn't ask you whether he had yours. You're to contact Weber, and get him to get in touch with Whiteside. That's how we left it.

DR. NELSON: Well, I didn't agree that I would contact Weber. I said I would contact the AAUP offices--

SENATOR EWING: Fine. You do it your way. If we don't get the answers, don't bother us.

MR. NELSON: All right. Thank you. And the administration has always had our number, sir.

SENATOR EWING: I could care less about that.

SENATOR WEISS: Oh, hold it, Jack. Hold it, hold it. It's too late in the afternoon for that.

We have Dr. Ken Carlson. Dr. Carlson?

K E N N E T H C A R L S O N, Ph.D.: (speaking from audience) Mr. Chairman, I submitted a written statement this morning because I did not expect to be scheduled. I thank you for the opportunity, but time is running on so long now, I don't think I can say anything that will not be redundant. The only thing that I'd like to say, is to thank the Committee for today's splendid tutorial. Thank you.

SENATOR WEISS: Doctor, your statement is just getting to me and I thank you very much, and I thank you for relinquishing your time.

DR. CARLSON: Not at all. If there is a popular demand to the contrary, I will say something.

SENATOR WEISS: I don't hear a lot of applause, but the Chair personally thanks you and applauds you.

That is the last person to testify. That leaves it up to me. I would like to thank everyone who participated today. You've just been a great group, and I really appreciate that personally because I had visions of more than sugarplums and things like that for today. Thank you for sitting through all this.

This Committee will collate all this material. We're going to contact all those whom we said we were going to contact, and we'd appreciate the reciprocal cooperation.

I thank you again for spending the day with us.

(HEARING CONCLUDED)

APPENDIX

New Jersey Senate Special Committee
to Review Legislative Funding Policies for Rutgers University
March 20, 1990

Senator Weiss, members of the committee:

My name is Joanne R. Euster. I am the Vice President for Information Services and University Librarian at Rutgers. Thank you for the opportunity to inform the subcommittee of the part the Rutgers Libraries play in the University's Capital Plan.

The twenty Rutgers libraries together make up the largest publicly-owned collection of information resources in the state of New Jersey. Collections contain 3.1 million bound volumes, another 3 million Federal, state and international government publications, and 3.5 million microforms, as well as substantial collections of audio-visual materials, computer databases, manuscripts and other original source materials. The libraries include the largest collection of New Jersey historical manuscripts in the state, the world's largest collection of jazz music recordings and literature, a U.S. federal patents depository, and the papers of hundreds of distinguished New Jersey leaders, organizations and historic figures. The many and diverse collections are linked electronically through a computerized catalog, with terminals in all libraries.

The libraries serve not only Rutgers students and faculty, but also individual, government and business users throughout the state, and indeed, the nation. Last year, more than 12 per cent of the recorded circulation in the libraries was by these larger community users. In addition, uncounted numbers make use of the collections and services by simply availing themselves of the open access policies of the libraries.

Proud as the University is of the part the libraries play in the national intellectual community and as an information resource to individuals, business and industry in New Jersey, the primary mission of the libraries is to serve the academic needs of the students and faculty of the University.

Throughout the last decade, the University has made special allocations to support growth in the library collections to keep pace with increased enrollment, with the emphasis on increased quality of instruction and research, and with the exponential growth in knowledge. Much has been accomplished. The Rutgers Libraries now rank 16th among the 107 distinguished university libraries that make up the Association of Research Libraries.

However, facilities have not even remotely kept up with academic needs. The last major library capital project in New Brunswick was in 1974, and was an addition to the Mabel Smith Douglass library. The central library for social sciences and humanities, The Archibald S. Alexander Library, was completed in 1956. The Art library, crowded into 4200 square feet in Voorhees Hall, maintains valuable art books in conditions of temperature and humidity which are guaranteed to cause the books to deteriorate and ultimately simply turn to dust. Water damage from leaking pipes and air conditioning threaten the irreplaceable recordings and publications in the Institute of Jazz Studies in Newark.

The dangers to collections from deteriorating buildings are very real threats. The greater threat is to educational quality. Quite simply, students are being crowded out of libraries, and what little space there is for them is noisy, overcrowded and completely inappropriate for their research and study. Standards for academic libraries are quite specific: Students are entitled to quiet, well lit space in which to pursue their studies. They are entitled to a mix of tables and carrels for private work; small group rooms for collaborative work; access to the latest in electronic library resources; library classrooms in which librarians teach them to use both traditional print and newer computerized library information. They are entitled to collections which are organized and housed in ways that make them easy to locate and use. At Rutgers, these conditions are the exception rather than the rule.

New Jersey Department of Higher Education Standards for academic libraries call for 595,646 net square feet of library space for a university the size of Rutgers. Under a new revision of the standards now under consideration that takes into account the growing use of electronic information technology in libraries, the allocation is somewhat greater. Under the current formula, the Rutgers libraries as they presently stand would have to be expanded by 22 per cent to comply with the standard. The revised formula calls for a 43 per cent increase in space. The result of this deficit is crowded, inefficient collections, and even more crowded students. Total library seating of all types in all the libraries together comes to little more than half the number generated by formula. A visit to one of the libraries during prime student study hours reinforces what dry numbers cannot convey: students crowded hopelessly close together, noise and confusion where there should be quiet and concentration.

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Library additions planned in Phase III of the capital program will take significant steps toward correcting these deficiencies. Additions to the Art Library and the Alexander Library in New Brunswick will add 58,000 net assignable square feet in New Brunswick. An addition to the Camden Library will provide space for both the Law and undergraduate college libraries. Expansion of the John Cotton Dana Library in Newark will relieve crowding, provide environmentally proper housing for the specialized materials held by the Institute of Jazz Studies, and provide for the growth of campus computing facilities.

In each case, planning is centered on an appropriate balance of space to accommodate the first class library collections in which the State and the University have invested, and the needs of Rutgers students and faculty for accommodations which enhance the educational experience. It is said that the Library is the heart of the university. The Rutgers Libraries are building first-class collections; they are organized around state of the art technology; they are staffed by some of the most highly trained and experienced librarians in the country; it is critical that they also function in facilities which facilitate, rather than hinder, educational excellence.

Thank you for your attention.

3x

SENATE SPECIAL COMMITTEE TO REVIEW LEGISLATIVE FUNDING
POLICIES FOR RUTGERS UNIVERSITY
STATEMENT OF BILL GAUDELLI
MARCH 20, 1990

MY NAME IS BILL GAUDELLI. I AM A RUTGERS COLLEGE SENIOR, AND AM HERE TODAY AS A REPRESENTATIVE OF C.A.R.E., THE CAMPAIGN FOR AN AFFORDABLE RUTGERS EDUCATION. WE ARE AN ORGANIZATION DEDICATED TO THE QUALITY, AFFORDABILITY AND ACCESSIBILITY OF RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY.

OVER THE PAST DECADE, RUTGERS TUITION HAS TRIPLED. STUDENTS AND THEIR PARENTS HAVE BORNE THE BURDEN OF SKYROCKETING TUITION INCREASES FOR TOO LONG - THE TIME HAS COME FOR A RECONSIDERATION OF THE FINANCES OF OUR STATE UNIVERSITY.

THE ALLOCATION OF RESOURCES TO THE THREE-PART MISSION OF THE UNIVERSITY, WHICH INCLUDES INSTRUCTION, PUBLIC SERVICE, AND RESEARCH, HAS SIGNIFICANTLY FAVORED RESEARCH OVER INSTRUCTION THROUGHOUT THE PAST DECADE. AS A RESULT, THE QUALITY OF UNDERGRADUATE EDUCATION AT RUTGERS HAS BEEN SERIOUSLY UNDERMINED.

THE "REPORT ON THE FINANCES AND GOVERNANCE OF RUTGERS UNIVERSITY," PREPARED BY THE RUTGERS UNIVERSITY STUDENT ARTICULATION COMMITTEE, A SUB-COMMITTEE OF CARE, DOCUMENTS THIS SHIFT OF UNIVERSITY PRIORITIES AND RESOURCES.

HUNDREDS OF COURSES HAVE BEEN ELIMINATED CAUSING OVERCROWDING IN THOSE WHICH REMAIN. VITAL MAINTENANCE OF RESIDENCE HALLS AND INSTRUCTIONAL BUILDINGS IS DEFERRED WHILE \$10 MILLION IS SPENT TO PREPARE A BUILDING FOR AN ADMINISTRATIVE DINING HALL. IN SHORT, STUDENTS ARE PAYING MORE AND GETTING LESS.

THE COMMITMENT OF RUTGERS FINANCES THROUGHOUT THE PAST DECADE HAS BEEN DIRECTED TOWARDS THE CONSTRUCTION OF RESEARCH FACILITIES.

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THIS COMMITMENT, MADE EVIDENT BY THE UNIVERSITY'S \$1.1 BILLION FACILITIES MASTER PLAN, IS OVER-AMBITIOUS AND UNREALISTIC. THERE IS A DIRECT CORRELATION BETWEEN EXORBITANT TUITION INCREASES AND CONSTRUCTION OF RESEARCH FACILITIES. LAST YEAR WE STRONGLY RECOMMENDED TO THE BOARD OF GOVERNORS THAT THE UNIVERSITY HALT ITS CAPITAL EXPANSION AT PHASE III. GIVEN THE NEW FISCAL REALITIES WHICH CONFRONT OUR STATE, WE REITERATE OUR CALL FOR AN END TO CAPITAL EXPANSION FINANCED THROUGH STUDENT TUITION.

AS STUDENTS, WE WERE CONCERNED AT THE RELEASE OF GOVERNOR FLORIO'S BUDGET AND THE PROPOSED \$27.5 MILLION DOLLAR BUDGET-CUT DEALT TO RUTGERS. AND ALTHOUGH WE UNDERSTAND THAT GOVERNOR FLORIO HAS INHERITED A BUDGET CRISIS FOR WHICH HE BEARS NO RESPONSIBILITY, WE HOPE THAT THE LEGISLATURE WILL BE ABLE TO RESTORE SOME SMALL AMOUNT OF FUNDS CUT FROM THE GENERAL OPERATING BUDGET OF RUTGERS UNIVERSITY.

HOWEVER, IF BUDGET REDUCTIONS OF THIS SIZE ARE NECESSARY WE BELIEVE IT IS THE RESPONSIBILITY OF THE GOVERNOR AND THE LEGISLATURE TO PROTECT STUDENTS AND PARENTS FROM BEARING THE BURDEN. TUITION IS A TAX LIKE ANY OTHER, BUT A TAX WHICH HAS THE POTENTIAL TO STIFLE THE FUTURE OF OUR STATE.

WE ARE TROUBLED THAT THE RUTGERS ADMINISTRATION HAS SUGGESTED THAT UNIVERSITY TUITION COULD RISE AS MUCH AS 25 TO 30 PERCENT, TO COVER THE STATE REVENUE SHORTFALL. THE EFFECT OF SUCH AN INCREASE ON THE ABILITY OF NEW JERSEY STUDENTS TO AFFORD RUTGERS WOULD BE DEVASTATING.

IN LIGHT OF RECENT TUITION INCREASE TRENDS AND PROPOSED STUDENT FEE AND ROOM AND BOARD INCREASES, MOST STUDENTS WOULD CONSIDER ANY TUITION INCREASE TO BE EXCESSIVE. WE ARE ALARMED BY THE RECENT MOVE BY THE STATE BOARD OF HIGHER EDUCATION TO REMOVE THE 30 PERCENT CAP ON THE PERCENTAGE OF EDUCATIONAL COST PAID BY TUITION AT NEW JERSEY'S PUBLIC INSTITUTIONS. WE SEE THIS AS AN INDICATION THAT STUDENTS, WHO WERE ASKED TO SUPPORT THE EXPANSION OF RUTGERS

5x

UNIVERSITY, ARE NOW GOING TO GET SQUEEZED AGAIN. THUS, WE ARE CALLING FOR A TUITION FREEZE AND THE HIGHEST POSSIBLE FUNDING FOR STATE FINANCIAL AID PROGRAMS.

DESPITE THE CLAIMS OF THE RUTGERS ADMINISTRATION, WE BELIEVE RUTGERS, FINANCIALLY, IS A SOUND INSTITUTION. WE SUPPORT THESE CLAIMS WITH THE KNOWLEDGE THAT RUTGERS HAS SEVERAL "RAINY DAY" RESERVE FUNDS, DOCUMENTED IN A FACULTY-COMMISSIONED REPORT ON UNIVERSITY FINANCES. IT IS RAINING AT RUTGERS. THESE RESERVE FUNDS MUST BE TAPPED.

THE SHORT-SIGHTEDNESS OF THE ADMINISTRATION IN PREPARING FOR TIGHTER ECONOMIC TIMES, THE CLOAK OF SECRECY WHICH SURROUNDS THE UNIVERSITY BUDGET AND RESERVES, AND THE TOP-HEAVY ADMINISTRATION CONSISTING OF 35 VICE PRESIDENTS, ALL SUPPORT THE CLAIM THAT A TEAM OF PROFESSIONAL ACCOUNTANTS BE CALLED IN TO COMPLETE A FULL MANAGEMENT AND OPERATIONS AUDIT OF RUTGERS. PUBLIC FUNDS ARE BEING HELD IN A PRIVATE MANNER. WE CONTEND THAT STUDENT TUITION DOLLARS AND TAXPAYERS MONEY IS BEING WASTED AND MISMANAGED AT RUTGERS. AN AUDIT WILL PROVE OUR CLAIMS AND THOSE OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND OFFER INSIGHT INTO HOW RUTGERS CAN OPERATE MORE EFFICIENTLY.

WE ALSO CALL UPON THE UNIVERSITY TO INCREASE THE CORPORATE USER FEES CHARGED TO MEMBERS OF THE UNIVERSITY'S HIGH-TECHNOLOGY CENTERS. THESE FEES COULD BE USED TO DEFER THE IMPACT OF CUTS IN THE GENERAL UNIVERSITY BUDGET. WHILE STUDENT TUITION HAS TRIPLED, THE "TUITION" CORPORATIONS PAY THE UNIVERSITY HAS GONE LARGELY UNCHANGED.

MANY OF THE PROBLEMS WHICH RUTGERS CONFRONTS FISCALLY CAN BE DIRECTLY LINKED TO HOW THE UNIVERSITY IS GOVERNED. CURRENTLY, STUDENTS HAVE A SEAT ON THE BOARD OF GOVERNORS, THE CHIEF POLICY-MAKING BODY OF RUTGERS, BUT NOT A VOTE. IRONICALLY, OTHER STATE COLLEGE STUDENTS HAVE A VOTING REPRESENTATIVE ON THEIR BOARDS OF TRUSTEES, BUT WE AT THE STATE UNIVERSITY OUR DENIED THIS RIGHT OF

6+

ACCESS. WE PROPOSE HAVING A VOTING STUDENT REPRESENTATIVE TO THE BOARD OF GOVERNORS, A PROPOSAL WHICH MAY HAVE MADE THIS SENATE HEARING UNNECESSARY HAD STUDENTS HAD A LEGITIMATE VOICE IN UNIVERSITY POLICY-MAKING.

WITHOUT OFFICIAL REPRESENTATION, STUDENTS ARE FORCED TO VOTE WITH OUR FEET AS WE DID MOST RECENTLY ON MARCH 9 OF THIS YEAR. IF WE CAN BEGIN TO CORRECT THE PROBLEMS OF FINANCES AND GOVERNANCE AT RUTGERS, THIS TYPE OF DEMONSTRATION WILL BE UNNECESSARY AS WELL. BUT AS LONG AS STUDENTS ARE NOT A LEGITIMATE PARTNER IN OUR UNIVERSITY, WE WILL CONTINUE TO RAISE OUR VOICES.

THE FUTURE OF NEW JERSEY DEPENDS ON THE PRODUCTS OF ITS COLLEGES AND UNIVERSITIES. IF THE STATE IS TO SUCCEED ECONOMICALLY IT MUST HAVE A WELL-EDUCATED WORK FORCE. WE HOPE THAT THE LEGISLATURE WILL NOT MORTGAGE THE FUTURE OF NEW JERSEY AND ITS CITIZENS BY DENYING TODAY'S STUDENTS THE SAME OPPORTUNITIES GIVEN TO PREVIOUS GENERATIONS.

WE FEEL WE ARE CREDIBLE PARTNERS WITH THE STATE, UNIVERSITY ADMINISTRATION, FACULTY, AND STAFF OF RUTGERS BECAUSE WE HAVE VISION. WE ENVISION A UNIVERSITY WHICH IS BASED ON CONSENT, NOT COERCION. WE ENVISION A UNIVERSITY WHICH PROVIDES ACCESS TO ALL THE CITIZENS WHICH IT WAS DESIGNED TO SERVE, NOT ONLY THE PRIVILEGED FEW. WE ENVISION A UNIVERSITY WHICH REACHES OUT BEYOND ITSELF TO HELP PEOPLE AND COMMUNITIES IN DESPAIR. WE ENVISION A UNIVERSITY WHICH TRULY REFLECTS THE BEST QUALITIES OF OUR SOCIETY - OPPORTUNITY, COOPERATION, AND DEMOCRACY.

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Bill Gaudelli is a senior at Rutgers College majoring in Political Science. He is one of the first recipients of the Governor's Teaching Scholarship and is presently student teaching in Bound Brook High School. Gaudelli has been a member of the Rutgers College Governing Association, the college coordinator for the Dukakis for President Campaign in New Jersey, and has served on the staff of Rep. Dale Kildee (D-Mich.), ranking member of the House Education and Labor Committee. He is currently the chair of the Rutgers University Student Articulation Committee (RUSAC).

Jason A. Scorza is a Rutgers College senior double majoring in Political Science and History and is the editor of the RUSAC's *Report on the Finances and Governance of Rutgers University* and a Rutgers College senior. Scorza is a former news editor and political columnist for *The Daily Targum* and has served on the Rutgers College Governing Association and the student advisory committee to the Rutgers Committee for Education as Civic Leadership. He is currently a research associate at the university's Walt Whitman Center and the New Brunswick Undergraduate Representative to the Rutgers Presidential Search Committee.

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Rutgers Council of AAUP Chapters

Presentation at Hearing of New Jersey Senate Special Committee
to Review Legislative Funding Policies for Rutgers University

March 20, 1990

Jack L. Nelson
Professor, Rutgers University

Representing Rutgers Council, American Association of University
Professors (AAUP; Faculty Association at Rutgers)

Thank you for this opportunity. I am Jack Nelson, a Rutgers professor for 21 years. I am here today as a representative of the Rutgers Council of Chapters of the American Association of University Professors, a professional association of faculty members, librarians, extension agents and others at Rutgers since the 1920s, and the bargaining agent for these groups since the state permitted collective bargaining in 1969.

My brief oral comments today support your efforts to conduct a thorough financial analysis of Rutgers in an attempt to bring openness, effectiveness, and efficiency to the management of the University. Appended to this presentation is a longer statement explaining the context in which the AAUP appears here today to raise questions about the University's administration during recent years.

Essentially put, the administration has become increasingly secretive, arrogant, and unresponsive. The administration makes unilateral decisions on financial, academic, and personnel matters, leaving the faculty, students, and staff employees

without suitable internal means to influence decisions which directly affect them. While we recognize that your Committee has a more narrow charge and focus, we believe that you should understand the broader rationale behind our appearance. The appendix also contains conclusions from an AAUP-commissioned independent study of Rutgers financial statements.

We want to make it clear that the Rutgers AAUP continues to strongly support full and adequate state funding of Rutgers as fundamental to:

improvement in the quality of education, research, and public service at Rutgers as the State University;

improvement in the quality of life for students, faculty, staff, and administration at Rutgers;

excellent, affordable, and accessible education for New Jersey residents and future leaders;

increased distinction and recognition for Rutgers in New Jersey, the nation, and internationally as a center for scholarship, education, and innovation.

New Jersey was for too long a notorious entry at the bottom of states in regard to state spending on higher education; we have made some progress since then and this state cannot afford to return to that unenlightened and uneconomic view.

It is for these reasons that we make the following points:

1. Rutgers students, staff, and faculty should not be further victimized by disproportionate cuts in the state or university budget. If Rutgers could be relieved of the excessive extra burden required in recently announced state budget cuts, we

believe that Rutgers has sufficient other funds to prevent a tuition increase and provide fair contracts for employees.

2. We contend that the Rutgers Administration has erred in their priorities and policies. Student education, public service, and quality of university life have suffered while high visibility and high cost efforts have flourished and while administration costs have risen dramatically.

3. The Rutgers AAUP supports strong research programs and improvements in buildings and equipment for an excellent education for our students. Decisions on these matters, however, have not adequately involved appropriate faculty and student bodies and, as a result, favor a few at the expense of the many.

4. The Rutgers Board of Governors has not been sufficiently responsive to repeated efforts of students, faculty, and staff to gain fair hearings. This situation could be improved by adding voting seats on the Board for their representatives and by appointing to membership on the Board thoughtful persons who understand shared governance principles used at the best universities and in most enlightened industries.

We support your mutual interest in continuing the development of Rutgers, the State University, as a source of pride to the citizens of New Jersey. We think the students, staff, and faculty at Rutgers have been worthy of your past support and have returned your considerable investment in them. We think that your examination of financial affairs of Rutgers will lead to improvements in openness, efficiency, and effectiveness that will contribute to further development of a great university as befits a great state.

APPENDIX TO PRESENTATION

New Jersey Senate Special Committee to Review Legislative
Funding Policies for Rutgers University

March 20, 1990

Jack L. Nelson, Professor
Representing: Rutgers Council of AAUP Chapters

I would like to sketch the context within which our concern about the conduct of university affairs in recent years has led to our interest in your Committee's work.

The Rutgers AAUP is the collective bargaining agent for full and part time faculty, librarians, Equal Opportunity Fund counselors, extension agents, and teaching and graduate assistants. Bargaining for fair contracts is, obviously, a large part of our work but is not the full extent of our activities or interests in University affairs. We share with our national AAUP a commitment to high quality higher education for students and faculty. Bargaining is merely one aspect of that commitment.

The national AAUP, often in collaboration with national associations of university administrators and governing boards, has been the leading advocate of sound policies for higher education in the United States since 1915. These policies include widely accepted standards for faculty involvement in university governance, protection of academic freedom, due process, student rights and responsibilities, professional ethics, and research and teaching. AAUP policies have been used as standards in court cases, including the US Supreme Court, and

in holding institutions accountable for their actions.

The Rutgers AAUP, largest chapter in national AAUP and consistent with its views, was an active participant in a variety of Rutgers University academic matters long before collective bargaining was permitted in New Jersey public higher education. There was a pattern of shared involvement in budgetary and other academic matters. In early collective bargaining, under a previous University administration, that pattern was continued and the Rutgers AAUP advocated increased use of the University Senate as a means for involving faculty in academic decisions outside of collective bargaining.

In recent years, however, there has been an increase in secrecy in the University administration, more unilateral decisions by the administration on academic matters, less willingness to seek or listen to the counsel of faculty groups or the University Senate, and a more restrictive collective bargaining setting as the result of court decisions which narrowed the scope of bargaining for public employees.

The AAUP, among others on campus, tried a variety of means within the University to address these problems but has been relatively unsuccessful. A Middle States Association evaluation for accreditation a few years ago pointed out the low faculty morale and lack of adequate communication between administration and faculty, but no real change occurred. The most recent Middle States evaluation noted that Rutgers had more secrecy in budgetary matters than any institution the members of the Middle States team had encountered.

A number of recent events illustrate the contention that the

Administration and Board of Governors do not want faculty, students, staff, or even nearby community leaders involved in decisions which affect these groups, e.g., new faculty promotion procedures the Board passed despite Senate and AAUP objections, large tuition increases despite legitimate student dissent, and plans to develop University land despite community comments. There appears to be an attempt by the University to keep students, faculty, and staff ignorant, docile, and servile.

This is the context in which we come today to discuss your examination of financial affairs at Rutgers. We recognize that your Committee is not concerned with the internal operation of the University, but we see that financial matters and the pattern of decision-making at Rutgers are intertwined matters. While we are pleased that Rutgers has improved its financial position over the past two decades, we are disturbed at the process and substance of decisions made about those funds.

We also thought you should recognize that we are not seeking an analysis of Rutgers finances on the narrow basis of discontent with faculty salary bargaining this year or because of a few discouraging incidents. Faculty, staff, and students are discontent and discouraged about many conditions of bargaining and the frustration of trying to address non-bargaining issues at Rutgers over a long period of time. There is a pattern of arrogance and unresponsiveness in the administration that prevents appropriate involvement of faculty, staff and students.

The AAUP has had decreasing confidence in financial and other information provided to us by the administration, we have been

dismayed at the cavalier attitude of the administration, and we have been surprised at some of the administrative decisions made in regard to university expenditures. Thus, we join other Rutgers groups in raising questions about University finances.

The Rutgers AAUP, in an effort to gain insight into Rutgers finances, commissioned a separate analysis of the financial statements of the University. That analysis was conducted by Dr. Richard Weber, Professor of Economics at Monmouth College and consultant to national AAUP on higher education finances. Dr. Weber has been a consultant on finances of higher education institutions for about 55 colleges and universities in a number of states.

Dr. Weber's report shows that Rutgers has enjoyed a surplus of income beyond expenditures annually for the past decade, a period when student tuition was increased by about 300% and faculty and staff salaries increased at a significantly lower rate. Further, the size of the faculty has decreased and the cancellation of undergraduate classes has increased; thus, class size increased for many students. There was a significant shift toward part-time teachers as staff for the undergraduate students, but an unwillingness to treat these part-time faculty fairly. The size of the administration at Rutgers, however, has significantly increased in the past twenty years. Dr. Weber's report also identifies the transfer of funding from instructional support to research support and to capital expenditures.

In summary, Dr. Weber points out that the fund balance of Rutgers has increased an average of \$75 million each year for the past five years and is enjoying "excellent financial health". As

faculty members, we are pleased to have the University in good financial position.

But we are not pleased at the means used to obtain that health on the backs of students, staff, and faculty - with excessive tuition increases which improperly penalize good students who have limited income, conditions of work for staff that do not provide adequate support, and cuts in teaching faculty. Rutgers must remain accessible and reasonable in cost for good students, and superior in quality of education provided. And, we are not pleased with the posturing of the administration that fair bargaining with the faculty and staff unions can't be consummated partly because of a "shortfall" in University budget. In the almost twenty years that the current Rutgers administration has been in office, it has consistently failed to complete negotiations with the faculty before the old contract expires. The Rutgers faculty have served without contracts for long periods of time (it is now nearly 8 months since our last contract expired), suffering loss of real income and related benefits, in each negotiations period. Nearly all other state employees settled this year's contract long ago; we are still waiting. It appears that lack of finances is not the reason the administration stalls negotiations.

Further, we are not pleased with many of the decisions made by the administration for expending the funds of the state University. Among other developments during the period of the current administration has been a dramatic increase in the size and, presumably, the cost of administration at Rutgers. We have

a considerable number of Vice-Presidents and Associate Vice-Presidents in addition to Provosts, Deans, and their staffs. We recognize the need for effective management of university operations, especially at the local level; we do not understand the need for the significantly larger bureaucracy now in place. It has not always been a top-heavy university.

This was also a period when Rutgers undertook significant increases in new building construction and remodeling. While we agree that Rutgers needs some new building, we are concerned that the building plan emphasizes specialized buildings that are less related to the educational mission of the University than are the needed instructional buildings. On each campus there is a severe lack of adequate classroom space and other facilities for teaching. Many high schools in the state have better teaching facilities and equipment than does Rutgers.

We also understand that there are some expenditures that may be questionable at any time and certainly in a period of state budget shortfall: e.g., provision of personal cars for administrators; extra payments to retired administrators now living out of state; low cost mortgage and other loans subsidized by Rutgers to specially favored personnel. These are not necessarily improper ideas, but it is nearly impossible to obtain full and open information about them and other expenditures in the current climate of administrative secrecy. Further, we think that such expenditures which may contribute to the competitive need to attract and keep high quality personnel should operate under a policy and criteria that are soundly designed, well understood and open to all, and subject to

University Senate review.

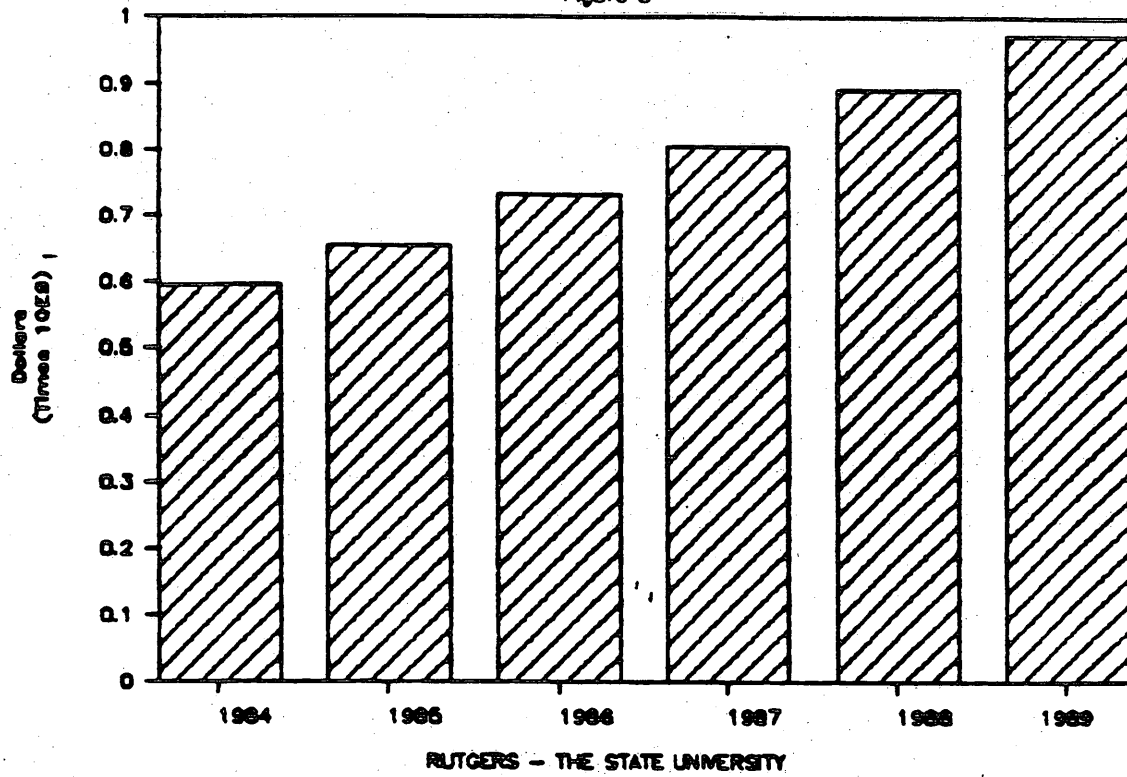
The recent state budget cut proposed by Governor Florio for Rutgers is a serious threat to the financial health of Rutgers and to the need to keep the University excellent, affordable, and accessible for New Jersey residents. We disagree with the Rutgers Administration in their priorities, their decisions, and their approach to decision-making. We submit that students, staff, and faculty should not be the victims of budget problems created by those priorities and decisions. The proposed state budget cuts exacerbate that situation and seem excessively burdensome.

In the spirit of the great state universities in the United States, we believe in university autonomy from state interference and we also believe in the corollary of full faculty involvement in university governance. Autonomy, however, does not mean secrecy, arrogance, and lack of accountability; and faculty involvement requires mutual respect. We think that Rutgers has an obligation to be accountable to the state for its budget, to be accountable the public for its quality, and to be accountable to the faculty, staff, and students for its academic and personnel policies. It is because of the erosion of that climate at Rutgers that we seek a proper accounting of the university's affairs that might lead toward significant improvements.

18x

TOTAL of FUND BALANCES

Figure 3



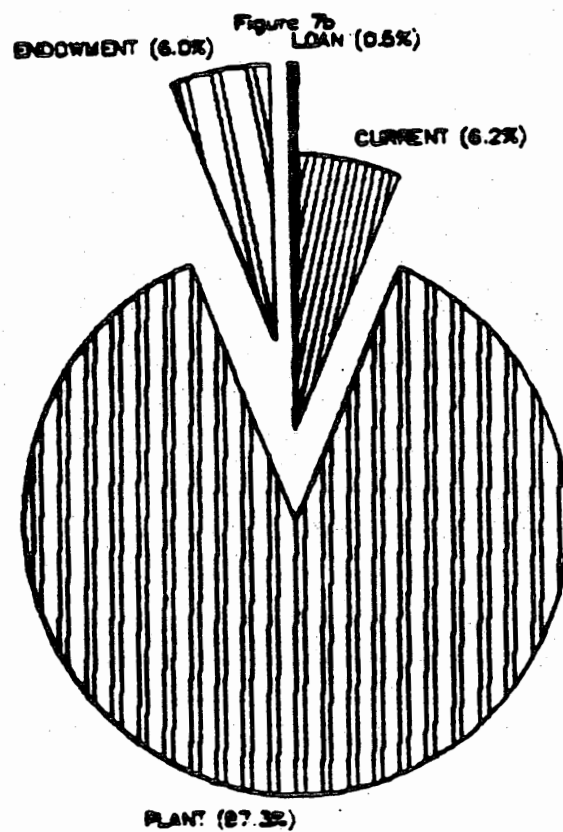
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TABLE 8a
STATEMENT OF CURRENT FUNDS REVENUES,
EXPENDITURES, AND OTHER CHANGES
as of Year Ending June 30

Support and Revenues	1985	1986	1987	1988	1989	Average Annual Growth(%)
Tuition and Fees	80,838,732	94,323,461	102,172,461	115,381,249	125,595,984	11.8
State Appropriations	212,554,804	235,983,048	281,238,551	289,819,588	313,571,079	10.2
Local Appropriations	0	0	0	0	0	
Investment Income	7,530,867	7,233,987	7,713,782	8,189,297	9,043,353	4.7
Grant Grants & Contracts	38,654,834	49,349,104	53,484,803	55,838,724	63,105,615	13.0
Private Sources	11,041,108	13,908,488	17,148,373	19,487,003	23,053,608	20.2
Sales & Service	0	0	0	0	0	
Other Sources	17,000,052	17,753,858	18,073,520	20,282,504	24,020,780	9.0
Total	387,818,195	418,549,944	459,829,490	508,978,385	558,390,419	11.0
Expenditures						
Instruction	152,072,883	163,383,208	176,927,927	194,117,486	216,437,804	9.2
Academic Support	0	0	0	0	0	
Institutional & Admin.	29,049,208	33,114,183	37,095,597	41,150,240	47,985,532	13.4
Research	38,693,638	53,150,970	62,064,049	69,198,919	80,815,415	20.2
Student Services	19,742,282	20,673,652	23,457,905	25,985,422	28,105,844	9.2
Student Aid	6,634,124	7,573,001	8,922,702	11,203,189	12,973,542	18.3
Public Service	17,742,557	18,505,542	20,379,838	23,101,490	24,810,445	8.7
Oper. & Maint. of Plant	46,645,130	50,852,883	54,232,417	57,087,639	63,359,944	8.0
Sales & Service	0	0	0	0	0	
Other	33,271,309	36,717,357	40,482,979	44,739,340	48,882,230	10.1
Total	343,850,911	383,950,586	423,563,412	466,561,735	523,350,758	11.1
Gain from operations	23,767,284	34,599,358	36,266,078	42,416,630	35,039,863	10.2
Mandatory Transfers	(97,589)	(60,103)	(1,106,062)	(8,935,825)	(9,269,920)	
Net Education & General	23,669,695	34,539,255	35,160,016	33,480,805	25,769,743	2.1
Auxiliary Enterprise						
Revenues & Additions	53,620,899	57,678,028	63,784,633	69,389,711	76,578,572	9.3
Expenditures & Deductions	43,352,831	46,701,085	50,946,212	56,256,359	62,080,120	9.4
Mandatory Transfers	(7,085,989)	(8,295,583)	(7,685,264)	(9,277,184)	(12,089,971)	
Net Auxiliary Enterprise	3,202,079	2,679,360	5,173,157	3,856,168	2,398,481	-7.0
Other Transfers	(23,889,181)	(33,028,020)	(37,955,967)	(33,304,821)	(25,285,201)	
Corrections	0	0	0	0	0	
Fund balance increase	3,202,593	4,190,615	2,377,206	4,032,172	2,901,023	

20x

USES of FUNDS - 1984-1989



Page 20a

21x



The University Senate • 33 Livingston Avenue • P.O. Box 5062 • New Brunswick • New Jersey 08903
201/932-7642

STATEMENT TO THE NEW JERSEY SENATE
SPECIAL COMMITTEE ON THE RUTGERS BUDGET

March 20, 1990

Thank you for the time and patience you are devoting to an issue that is as important as it is exasperating.

The importance of Rutgers' budget does not require elaboration here. The exasperating difficulty of understanding that budget is something you may have been experiencing all too keenly of late.

If knowledge is power, it is especially so when other people are ignorant. The Middle States Evaluation Team that visited Rutgers in the spring of 1988 concluded that most people were kept ignorant because the budget process was shrouded in secrecy. Since then the Rutgers administration has opened up the process and greatly expanded the membership on its Budget Advisory Group. More people have been let into the room, but the sum of understanding about the budget has not increased much.

The key misunderstanding is about the degree of flexibility in the budget. The Rutgers Council of the American Association of University Professors retained a national expert on university budgets. The expert said that Rutgers had 166 million dollars of discretionary (or rainy day) funds. The Rutgers administration says that the actual amount is so far below this number that it verges on zilch. That's a difference of about 166 million dollars.

I have asked repeatedly how much of the 125 million dollars Rutgers raised in the first four years of its fund drive is discretionary. The answer consistently has been one million dollars. Obviously, if there is little or no latitude in the budget, and if monies are always committed early and lastingly in however enormous amounts, then sudden revenue shortfalls have to be made up through state appropriations, tuition increases, reduced services, or some combination of these.

It seems, therefore, that the knowledge most needed

22x

about Rutgers' budget is (1) how much of the money has been committed irrevocably, (2) by whom, and (3) how. The answer to the first question should settle the rainy day matter; the answers to the second and third questions should enlighten the Rutgers community about the way it is governed.

None of this is meant to imply that Rutgers has misspent money. Nor should any of it be construed as absolving the state of its responsibility to provide quality affordable higher education. The sole intention is to help all of us achieve a common understanding of Rutgers' budget so that we can work in mutual trust toward goals that we all share.

Kenneth Carlson
Kenneth Carlson
Chairman

Weiss Committee

Written Testimonial

(Glen Gechlik)

COVER LETTER

Weiss Committee
Review of Rutgers Seven Year Master Plan
March 20, 1990
Room 424
State House Annex
Trenton

Glen Gechlik
Rutgers College Senior
Chemistry/English Major
Henry Rutgers Scholar

Dear Sirs,

I would like to provide written testimonial on the Rutgers University Master Plan and on the Rutgers Educational Experience. Currently, I am the President and founder of the Chemistry Club, Organizational Consultant to the Biology Club, Co-Chairman of COSMIC (Committee on a Science and Math Instructional Center), Director of University Relations for the National Golden Key Honor Society, and chairmen of the committee for the Rutgers College Outstanding Teacher Award. In addition, I hold the qualifications of being a chemistry/English major (G.P.A. of 3.84 overall) and a Henry Rutgers Scholar working in the field of inorganic chemistry (fast ionic conduction). Next year I plan to complete an Honors thesis in English literature.

Last Wednesday, I called and asked to speak in front of your committee. Unfortunately, the secretary to the committee was unable to schedule public testimonial for me. Although I can only provide written testimony, I think my viewpoints should be weighed just as seriously. I believe my perspective lies close to the silent majority of serious Rutgers students (G.P.A. > 3.0) which are currently under-represented by your committee.

In order to address this concern, your committee might want to reschedule testimonial for high caliber students. Your committee would quickly find that the students most politically active, most hostile to the administration, and most belligerent to the University overall (and most represented before your committee) are not the students who are most serious about an academic education. In addition, I challenge that the current witnesses to your committee lack a diversity which parallels the current university enrollment. The fact that a high proportion of witnesses are one type of major (poly-sci/history) or one type of student (below "B") would bias your committees findings immensely. In order to defend these accusations I suggest that your committee scrutinize the witness list it has chosen. A release of transcripts and grade averages would empirically determine if these challenges hold. I will voluntarily release my own transcript to your committee upon request.

Sincerely,

24x

Glen Gechlik

Weiss Committee

Written Testimonial
(Glen Gechlik)

Acknowledgements

I would like to open this testimonial with a formal acknowledgement to the Administrators, Faculty, and Staff of Rutgers University and Rutgers College. Over the past four years I have found them to be hard working and diligent. I credit the administrators especially for improving Rutgers University facilities, faculty, and name recognition. All of these factors helped me find the best education I could possibly receive.

In addition, I open with a formal acknowledgment of personal gratitude. Rutgers University and NJ has made my educational entirely possible. Both have invested tens of thousands of dollars in me over the course of four years. Moreover, both have given me a unique opportunity, the opportunity of affordable higher education. As a result, I have skills comparable and/or exceeding the best students put out by the Ivy League Schools of this country. Credit for this feat I give to Rutgers and to those individuals preceding me who made my Rutgers education possible.

Introduction

In reviewing the master plan of Rutgers, I hope your committee will weigh the many missions of a state institution like Rutgers. These include: 1) undergraduate education, 2) continuing education 3) graduate education, 4) pure research, 5) applied research, and 6) public sector research directly improving the capital of NJ. As a senior undergraduate working on applied research, I feel I can comment in an expert manner on undergraduate education and undergraduate research. These two subjects will comprise the bulk of this testimonial.

I

Undergraduate Education: an evaluation of value

In estimating the value of the Rutgers education one must weigh price and educational services. While the price of Rutgers (an objective quantity) has risen over the past ten years, the educational service (a subjective quantity) has also risen. In my short testimonial I will explore the idea of "service".

Most would name only the tangible educational services as "services", e.g. class size, number of faculty, diversity of study options. Unfortunately, many tangible services have fluctuated over the past four years due to fluctuating state budget surpluses and state budget deficits.

In contrast to tangible services, many services are intangible and extremely difficult to quantify. This group would include educational atmosphere of an institution and overall prestige. These services have steadily increased over the past four years.

In addition, many services only appear to students who wish to take advantage of educational

Weiss Committee

Written Testimonial

(Glen Gechlik)

opportunities. For example, "one-on-one" talks with professors and undergraduate research options. These services have definitely existed over the past four years at Rutgers but can only be extracted by the high-caliber students themselves. From my personal experience, I would testify that these services have definitely increased over the past four years. As the caliber of our undergraduates has risen, so has the amount of services that these high caliber students extract from the faculty.

Unfortunately, it has been my experience that most middle and low caliber students do not taken advantage of such services to their full degree. Most do not read materials before class nor are they fully interested in their academic work. These students then tend to complain that Rutgers is not giving them the "services that they deserve." In evaluating Rutgers your committee should investigate this assertion.

In conclusion to this section, I would agree that "Rutgers provides an equivalent undergraduate education to the Ivy League Schools" (a quote from a Rutgers catalog). In addition, I would testify that the value of the Rutgers education has increased in all four years I have attended.

II

Undergraduate Research completing an undergraduate education

Currently, many students are challenging the missions of Rutgers, the state Multi-university. A multi-university has commitments to many parties with in the state and also has commitments to improving the overall prosperity of the state. For NJ, improving the state means educating a diverse populace into a highly skilled work force for the high-tech jobs of the next century.

Unfortunately, most undergraduate students can not see the connection between high-tech education and state prosperity. In addition, these undergraduate students do not understand the high-tech disciplines themselves, nor do they want to. Instead, they choose to attack the high-tech fields and the many diverse commitments which Rutgers offers.

In contrast to what many "non-science students" and many "non-studious" students may testify, I perceive the undergraduate mission and the other missions of Rutgers University to be compatible and inclusive. In short, an investment in high-tech is a three-fold investment. First, it improves the prosperity of NJ. Second, it improves the prestige of a Rutgers degree. Third, and equally important, it improves undergraduate education.

Currently, Rutgers departments fully encourage undergraduate research. These departments share the opinion that undergraduate research completes the Rutgers degree. Such research augments the "in-class" curriculum by giving students "real-life" experiences and original problems to solve.

Over the past four years, undergraduate research options have continued to expand at Rutgers. Undergraduate students can now do research in many fields once excluded to them, e.g.

Weiss Committee

Written Testimonial

(Glen Gechlik)

biomedical, fiber optic, and ceramic engineering (to name a few).

Currently, the Rutgers departments plan to further encourage students to enter research options. For example, the chemistry and biology departments are interested in publishing undergraduate research booklets. One must note that the other colleges in the metropolitan area do not go to such extents to encourage students. In contrast, most liberal arts colleges do not even offer undergraduate research at all.

Unfortunately, most students do not fully take advantage of these services at Rutgers. Then, in evaluating their education, these students accuse Rutgers of "short-changing" them. However, Rutgers really dedicates itself to these students' education.

Conclusion

The opportunities of a Rutgers education are equivalent to other educational opportunities in the country. In comparing facilities and faculty, Rutgers offers resources which are equivalent to those at comparable Ivy League Schools.

In addition, it has been my experience as a high caliber student that Rutgers has improved itself in the area of high caliber education. It has stronger academic departments and research facilities than in any past years. These two factors attest to the excellent missions and life works of the Rutgers Administration and especially of the late Dr. Bloustein.

Unfortunately, the vocal minority of belligerent undergraduates do not represent the silent majority of high caliber students within the college. In order for your committee to truly address the value of a Rutgers education, it needs to address the students who consider education valuable.

27x

ALLIANCE for ACTION INC.

P.O. Box 6438 • Raritan Plaza II • Edison, New Jersey 08818
FAX (201) 225-4694 • (201) 225-1180

March 19, 1990

Honorable Lawrence Weiss
Chairman
Senate Revenue, Finance &
Appropriations Committee
State House Annex
Trenton, New Jersey 08625

Dear Senator Weiss:

I'm Philip Beachem, Executive Vice President of the New Jersey Alliance for Action. The Alliance is a statewide coalition of some 500 business, industry, labor, professional, academic and government organizations. Our commitment is to improve the quality of life in New Jersey through economic progress and the creation of jobs.

The Alliance urges this Committee to view with favor the Rutgers Facilities Master Plan as a critically needed stimulus to New Jersey's economic health.

In 1988, the Alliance was one of the strongest advocates of the Jobs, Education and Competitiveness Bond Issue, which received more "Yes" votes than any previous bond referendum in New Jersey history. That referendum authorized over \$100 million of state bond funds for Rutgers, which the University would match with an equal or greater amount from other sources.

As required of all participating institutions, the Rutgers Facilities Master Plan would establish reserve funds for the future maintenance of buildings to be constructed with funds from the bond issue. The Plan was approved by the University's Board of Governors in May 1989 and passed unanimously one month later by the State Board of Higher Education.

The Alliance believes that approval of the Plan is necessary to carry out the overwhelming mandate expressed by the people of New Jersey at the polls in 1988. And there are other significant reasons, too.

Last November, the Alliance conducted its annual Construction Forecast to project both public and private building activities in New Jersey over the next two years. Unfortunately, the reports added up to a decline in construction activity that is so vital to the state's economy, the creation of both construction and permanent new jobs and revenues to government.

One of the largest components in the construction outlook and one of the few bright spots was anticipated building for higher education --- primarily because of funds from the 1988 bond issue.

28x

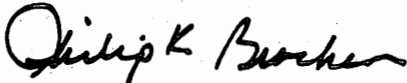
Capital construction projects at Rutgers that would be significantly supported by 1988 bond funds include facilities to house research in marine science, agricultural molecular biology, plant science and many other areas. Of vital importance in support of these and other efforts of Rutgers is extensive work, to be funded in part by the bond issue, on library facilities in New Brunswick, Newark and Camden.

We recognize that the State would have to bear a somewhat greater operating expense for Rutgers' physical plant after the new buildings are constructed. However, in addition to the economic stimulus I have already cited, there are other benefits that are key to keeping New Jersey competitive. To assure a continuing high quality of life and economic success, New Jersey's higher education institutions must play a strategic role in the training of the work force of the future as well as to conduct basic research and provide essential technical assistance.

The Alliance for Action supported the 1988 Bond Issue because higher education is indispensable to the future growth of New Jersey's economy. We ask your support to assure that those plans can go forward.

I'd be grateful if this letter can be made a part of your legislative record.

Very truly yours,



Philip K. Beachem
Executive Vice President

PKB:cjv

cc: Revenue, Finance & Appropriations Committee

29x

New Jersey State Library

SPECIAL COMMITTEE TO REVIEW LEGISLATIVE FUNDING POLICIES AT RUTGERS UNIVERSITY

March 20, 1990

Testimony by Richard L. McCormick

Acting Dean, Faculty of Arts and Sciences--New Brunswick

My name is Dick McCormick, and I am the Acting Dean of the Faculty of Arts and Sciences at Rutgers/New Brunswick. I first learned to care about Rutgers around the family dinner table, as a child of Rutgers employees. Today I am proud to be such an employee myself and to be before your Senate Committee, together with other men and women who have legitimate and differing claims upon our common State University.

Centrally at issue today is the question: What kind of State University do we want for New Jersey? My answer is that New Jersey needs, deserves, and can afford a fully developed State University that is superior in teaching, research, and public service. Nowhere else on earth is there an institution like a distinguished American multi-mission State University. Such an institution, uniquely, provides instruction to undergraduate and professional students alike, research at the frontiers of knowledge, and service to many constituencies throughout the state. This tradition grew up in the late nineteenth century, especially in the Midwest. It came relatively late to the Northeast and, indeed, only during the past decade did New Jersey firmly embrace the tradition of a multi-mission State University.

Although Rutgers was designated as New Jersey's land grant college in 1864, it received no support from the state until after 1900, and public funding remained meager until the 1960s. Then Rutgers made a phenomenal leap forward. Aided by three state bond issues, federal funds, and other sources,

it invested \$200 million in new facilities, chiefly to meet the undergraduate needs of the Baby-Boom generation. As never before, the State University of New Jersey was now serving a large and diverse undergraduate student body, as well as advanced students in law, education, social work, business, engineering, library sciences, and the traditional arts and science disciplines. Still, Rutgers was not a distinguished multi-mission State University. It was seeking to catch up, rather than forging to the front. Not until the 1980s did Rutgers aspire to join the very best—the ranks of institutions like Wisconsin and Michigan that attract the top students in their states. Students don't go to Wisconsin and Michigan because they like the weather there. They go to study with the finest faculty members, working at the very boundaries of their disciplines, communicating all they know.

Supported by the recommendations of the Governor's Commission on Science and Technology, by the Committee on Future Financing, and by the Legislature and the voters which overwhelmingly approved substantial bond issues in 1984 and 1988, Rutgers at last became a full-fledged State University, with growing distinction in research, service, and graduate education. This is the development which inspires the wrath of the critics from whom you will hear this afternoon. This is the progress whose value you must judge.

The students who have so earnestly prepared their report on the University's financing argue that they are being "charged more money to fund a corporate research program while providing a diminished educational product." As evidence, they cite a decrease in the number of course sections since 1985 and some specific instances of rises in class size. Their report is impressive by its sheer bulk and its recital of data from many sources. It is well structured, clearly written, and to the sympathetic reader makes a

powerful case against recent University policies. The wary reader—or listener—however, will take note of its many shortcomings.

The report is the product of an undergraduate perspective. The focus throughout is on undergraduate education and, even more, on liberal arts undergraduate education. There is no reference to the graduate-professional schools that enroll over 12,000 students or to the undergraduate professional divisions, such as Engineering, Pharmacy, and Business. The students' report presents an argument, a brief. The data set forth support a preconceived position, with no pretense of objectivity. The tone is that of populist business-bashing. Over and over again we are told that new research initiatives are intended to enhance corporate profits, that corporations dictate the research agenda, and that students are footing the bill. No doubt the students have in mind the research centers that were created by Legislative action in 1985. But we never get any clue about how much, if any, tuition has gone for this purpose, nor is there any explanation of the actual sources of funding for the capital costs of the new research centers. No reference is made, for example, to Legislative appropriations for the Fund for Distinction and the Excellence initiatives, or to the support which Rutgers has received from the New Jersey Commission on Science and Technology. Nowhere does the report describe the additional funds added to the regular state appropriations to support the growth of research at Rutgers. As the report depicts the situation, these initiatives have been responsible for diverting funds from undergraduate education.

The report seizes any evidence it can document to charge that the quality of undergraduate education is declining. It makes no mention of the many recent successes in improving undergraduate education. The students thus

ignore the Gateway Program of developmental education, the Douglass College Program for Rutgers Women in Science and Mathematics, the growth of Honors courses, the experimental teaching programs in many of our departments, the specially-funded learning center at Newark, the Physics Learning Center in New Brunswick, the greatly expanded writing centers, and so forth. Nor do the students call attention to improved student life facilities, such as new residence halls, additions to student centers and dining halls, and many more.

Despite the glaring weaknesses in the students' report, the very fact that they chose to raise these issues, to devote such an unprecedented effort to researching and producing their report, and to create such a public stir suggests that there is a problem to be addressed. Many students and some faculty are disaffected toward the accelerated push toward excellence at Rutgers. Those of us who are administrators should have done a better job of communicating the value of our University's progress during the 1980s. We can do more than we have done to explain the educational and social importance of a distinguished multi-mission State University and to acknowledge that not everything that is done within such an institution will directly benefit undergraduate education.

Rutgers has many responsibilities. Some of our faculty members work to promote the interests of farmers in South Jersey. Some design plans for the betterment of inner-city education. Some advise our policy-makers here in Trenton. Some do theoretical Physics. Not all of these endeavors can logically or easily be focussed in the undergraduate classroom. This message may not be popular in some quarters, but we will gain a lot of credibility by stating it openly—and educating those who disagree—instead of insisting rhetorically that everything we do automatically benefits the undergraduates.