

**RIDER UNIVERSITY CHAPTER**  
**American Association of University Professors**

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*vox facultatis*

TO: All Faculty

FROM: J. Halpern  
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DATE: February 2, 1994

SUBJ:

At the recent division meeting (February 2) several faculty asked why the AAUP and the University seem to differ so fundamentally in their respective analyses of the University's finances. At that time Dr. Stewart stated that the University was in general agreement with the presentation of the University's finances made by the AAUP at the negotiating table last summer. It may therefore be useful to review that presentation.

First of all, the institution is not in fiscal crisis nor even close to such a state. Secondly, up through the end of the 1993 fiscal year the University had continued to show growth in overall fund balances (our net worth). At the same time, the AAUP noted a number of trends that gave us concern. Among those trends was the slowing in the rate of growth in our fund balances, and that our total debt had increased dramatically since 1985. Debt service in 1993 was 4.6% of all revenue where it had been 2.2% in 1985. Perhaps most disturbing was a seemingly uncontrolled growth in financial aid. This growth led to a situation where out of every dollar in nominal tuition and fees we realize only 79 cents in income. This compares to 89.5 cents in 1985. Finally, we noted slippage in total student numbers which, if left unchecked, would be a source of serious concern.

If, as you heard, the University and the AAUP agree on the above analysis, where does the disagreement come from? The disagreement primarily stems from the parties focus on different elements of the University's financial statements. The University administration tends to focus on the budget, and as we all know, a budget is a statement of intent and not an end of the year balance sheet. Statements of intent include such items as planned savings, which helps to explain how the University could declare a budget deficit in 1993 and still have reserve funds (quasi-endowment) increase by \$2 million. The AAUP focuses on the end of the year audit, which is a statement of all the University's financial transactions, and on the question of whether or not our real net worth has increased or decreased over the past twelve months.

However, the most fundamental difference between the AAUP and the University seems to stem from different views of what the future is likely to hold. I use the word "seems" because

the University has hardly spoken with a single voice on this question. At the February 2 division meeting, Dr. Stewart spoke of an "environment of continuing enrollment decline." But at the same meeting Tom Kelly spoke of flat or slightly increasing enrollments. Further, Vice President Karns in her December 19 memorandum to the campus community flatly denied that the University administration was projecting future deficits or enrollment declines. Finally the University's "Strategic Marketing Assessment" dated February 1994, predicted a 4.2% increase in full-time undergraduates for the 1995-96 year. It should be obvious to everyone at an institution that is primarily dependent upon enrollment that the long term enrollment picture is crucial. If one believes that the present enrollment decline is a consequence of a normal demographic fluctuation that is on the verge of reversing itself, then making fundamental changes in our academic programs at this time would be analogous to selling one's stock portfolio at the bottom of a bear market. Under such circumstances it would make more sense to focus on getting control of our financial aid situation, increasing capital fund raising, taking those cost cutting steps that do not undermine the academic programs (for example delaying high ticket items such as dorm renovation for a year or two), and drawing down reserves from the quasi-endowment. But if one believes that a major sea change is occurring then such temporary measures as putting off a dorm renovation or drawing down reserves will not do. Not to make fundamental changes under such circumstances would be analogous to continuing to make buggy whips after the development of the Model T Ford.

We in the AAUP leadership have seen no evidence to support this second view, which is why we have been so insistent that the University share with the faculty the model they are using to predict future student enrollments. What we have seen are consistent predictions from all quarters of growth in the number of High School graduates between 1995 and the turn of the century. This increase by all accounts will be greater than the decline in enrollments that we suffered since 1988. We therefore see little long-term evidence for the need to make dramatic changes in the nature of the academic programs, and certainly no reason to make such changes in a matter of weeks. Of course there are other factors that can affect enrollment besides demographics, and there are reasons other than projected enrollment declines for an institution to reshape itself. But before any fundamental changes are undertaken by the faculty - the group charged with the primary responsibility in academic decision making - we have an absolute right to know the reasons for such changes, have them explained, and be provided the evidence which supports such reasoning.