



**“Our Rutgers, Our Future”**  
**Annual Address to the University Community**  
President, Richard L. McCormick  
Friday, September 24, 2010

Thank you, Professor Panayotatos, and good afternoon to everyone. We meet today at a time of unprecedented challenges and opportunities for Rutgers. In this, my 8th annual address, I will offer my perspective on these realities and, I hope, chart a pathway ahead for our university.

With us today are several dozen members of our boards of governors, trustees, and overseers; alumni leaders; representatives of the Parents Association; and, above all, Rutgers students, faculty, and staff. Thank you for your presence this afternoon and for all you do for Rutgers.

May I say especially to my faculty and staff colleagues: Thank you for carrying on so *well* the work that is responsible for the achievements and successes of which Rutgers is so proud. Thank you for your shared sacrifices in the interest of protecting our university. Rutgers *is* Rutgers because of you, and it will fulfill its goals and solve its problems because of you.

To *everyone* who is present, may I say this: Rutgers has become one of the best public research universities in the world, and it *will remain so* by meeting the challenges we face. But attaining our bold ambitions for Rutgers and responding effectively to the compelling issues before us will require difficult strategic choices and carefully chosen directions—both now and for the years ahead. I take seriously my responsibility as president to articulate these choices and directions, but they are not mine alone. They have been gleaned over time, through myriad experiences at Rutgers and, above all, by listening to you.

Over the course of the past academic year, as I promised I would on this occasion last September, I visited with faculty and staff in every school and college on our three campuses and listened closely as they shared their plans, their opportunities, and the hard decisions they are facing. The most common feature of those 20 meetings was the inspiring expression of academic goals. These included new programs in education, up-to-date and technologically advanced modes of instruction, innovative ways of assessing student learning, and outreach to men and women whom we were not previously teaching. At these same meetings I also heard about our university’s signature mission of research: in fields where Rutgers has opportunities and comparative advantages, where the 21st century world has needs, where our students have interests, and where resources are available. Faculty and staff also told me about their own and their students’ application of knowledge in real-world circumstances: through legal clinics and health-care clinics in Camden and Newark, within the schools of New Brunswick, on farms across New Jersey, and in private-sector and nonprofit institutions around our state and beyond.

As I tried to pull together what I had heard from our colleagues, it added up to a portrait of a remarkably ambitious and already successful institution. So much of what we see at Rutgers today bears out what I heard in those meetings. Rutgers has its all-time largest enrollment on all three campuses, with more out-of-state and international students than ever, more diversity, and more students with very high academic achievements. There are Signature Courses in the School of Arts and Sciences and Byrne Family First-year Seminars enrolling fully half of our New Brunswick freshmen; new undergraduate curricula in Newark and New Brunswick; expanded opportunities on each campus for students to engage in research; more off-campus and online courses and programs than ever; and in Camden two strategically selected new doctoral programs, one in computational and integrative biology and the other in public affairs.

Last week we received fresh evidence of our success in educating students for lives of achievement. The *Wall Street Journal* surveyed nearly 500 corporate recruiters to ask their preferences for hiring college graduates. They ranked Rutgers 21st among all universities in the nation. The great majority of the top 25 were drawn from among the country's leading public research universities, because those institutions are perceived to prepare students well for work and leadership in today's economy. This is exactly the group of universities in which Rutgers always wants to find itself.

In research, last year our faculty won more than \$430 million in new support for their investigations, most of it from the federal government. This is an increase from \$390 million the previous year, which was, in turn, an even bigger jump from the year before that. Rutgers has identified, and successfully targeted for support, areas of research where we can make a difference to something important—highway safety, childhood nutrition, wireless technology, urban entrepreneurship, alternative energy, and many more. The faculty and staff with whom I met last year were justifiably proud of their initiatives in research and of the practical uses to which their new knowledge was being put. Rutgers faculty in the arts and humanities expressed equal pride, and rightly so, in creations and discoveries that increase the store of human art and wisdom.

But these points of pride were not the only things I heard about in my meetings with faculty and staff in every school. I also heard about the severe shortage of resources, the loss of valuable staff, the outstanding graduate students for whom there was inadequate support, the inability to make many of the faculty and TA appointments that were needed, and the shortage of well-equipped classrooms and laboratories. These observations were valid and, if anything, they are even truer today than they were a year ago.

What are the causes of these problems? How has the university responded to them? And, most important, how will we solve these problems for the future? The remainder of my remarks today will be entirely devoted to answering these questions.

The most significant cause of the budget problems is the two-decades-long decline of government support for public higher education in America. President Obama recently declared that "education is the economic issue of our time." It is sobering, then, that the United States, which once led the world in the percentage of adults with college degrees, now ranks 12th out of 36 developed nations in this category. State after state—even California, which is synonymous with public support for higher education—has been dramatically reducing funding for colleges and universities. New Jersey's track record may be worse than most, but it is far from alone.

What a historic change this is from the decades between World War II and the 1980s, when my parents' generation of Americans made continuous new commitments to higher education through government at every level. Those commitments were based on the belief that the whole society benefited when growing numbers of men and women had access to college and when universities were entrusted to address boldly the most important challenges facing humankind. And what world-historic changes those investments in American higher education brought about: vast increases in the numbers and diversity of college students; the invention of whole new institutions like community colleges; and, through university-based research, the elevation of the American economy to international preeminence and the solutions to problems ranging from human health to the preservation of our environment.

Now the theory is that a college education benefits only the person who receives it, and he or she should pay the cost. What a change in the social contract between government and public higher education, between government and the people. And while states across America are spending ever less on colleges and universities, other countries around the world are committing more resources to higher education and university research.

How much has Rutgers been affected by this American trend away from government investments, and especially state investments, in higher education? It has been affected a lot. This year Rutgers' operating aid from the State of New Jersey—which has been declining for many years—has now fallen back to the actual dollar level of 1994, when Rutgers had 10,000 fewer students and when the dollar was worth much

more than it is today. The most recent state budget cuts for Rutgers include a midyear rescission of \$18.5 million last spring, followed by a \$46 million reduction for the current year. And, unlike last year, there are no federal stimulus dollars to soften the blow.

The reductions in our budget have been caused not only by the long-term pattern of disinvestment in higher education, but by other developments as well. Most recent and most important is the severe and relentlessly continuing economic downturn, which has dramatically decreased the revenues received by the state. Not just higher education, but practically everything government does, has seen reductions, and not just in New Jersey but across the country.

Other long-term causes of our budgetary condition include the ever-increasing burden of governmental regulations, reporting requirements, and unfunded mandates. In many instances, these demands have led to good educational outcomes and to necessary forms of accountability, but they are expensive and time-consuming, and they diminish the resources directly available to our academic programs. Yet another cause of our budget problems is the inexorable competitive pressure from some of the very best, and best-financed, private colleges and universities. We go head-to-head with them for top students and faculty, and their ability to make generous investments in their programs has driven up the costs that Rutgers must pay.

The budget reductions caused by all these trends have severely affected every department, school, and unit at Rutgers—with impacts that are similar to those I heard about in my visits to the schools and colleges last year, only now they are worse. Even with the tuition cap imposed by the state, moreover, many of our students and their families are struggling to pay their bills. Those receiving Tuition Aid Grants are getting less than they expected because the demand for this assistance has been so high across the state. *So far*, Rutgers has maintained the economic as well as ethnic diversity of its student body, but we must be concerned about how to remain accessible to students from low-income families and from families who are suffering in this recession.

So that's my brief summary of the budget *problems*. What is Rutgers doing about them *now*, and what *will* we do going forward?

Most onerously, as each of you knows, the university has taken the drastic step of imposing a salary freeze for faculty and staff. Withholding salary increases, while permitted by our contracts, is a significant burden for all our employees, especially for those who are at the lower ranges of pay, those who may have a partner who lost a job, those who were counting on a salary increase to help pay for a child's college education or for the mortgage on a house. Like you, I personally know Rutgers employees who are experiencing each of these painful problems, and sometimes several at once. They are very worried and very hurt.

But the alternatives are even worse. In Illinois, university employees were compelled to take furlough days without pay this spring on top of a salary freeze. In Wisconsin, mandatory furloughs over a two-year period will result in annual pay cuts of more than 3%. In Maryland, university employees are in their third straight year of furloughs. In Louisiana, university faculty and staff are facing layoffs in a terrible employment market, where some will not be able to find new jobs.

Unfortunately Rutgers, too, will have some layoffs, but far fewer than if the university paid the salary increases. We did not make this decision lightly, and we do not wish for any employee to suffer economic hardship, but we believe shared sacrifice hews to the Rutgers spirit and is more humane than the alternatives we have before us.

The salary freeze is among several steps Rutgers is taking to respond to the current budget problems. We have continued to cut costs and to realize savings and efficiencies. We have grown our enrollments, and thereby increased tuition revenue, in selected fields and among targeted student populations. And we have made some carefully chosen investments that are paying dividends now and will pay more in the future. Let me briefly describe what we are doing in each of these areas and then turn our attention to the

years ahead, because, in fact, each of the actions I have just mentioned is a critical component of Rutgers' plans for the future.

First, there are cost savings. Over the past two years, Rutgers has reduced its energy expenditures by approximately 5% despite adding almost 120,000 square feet of new space. We are anticipating additional energy savings of 7% this year, for an annual total savings of almost \$5 million. Next month, the Office of Information Technology will begin phasing in a new internet-based phone system in New Brunswick, saving \$1.4 million a year. Although Rutgers continues to invest in new faculty, as each dean knows, we have curtailed the number of faculty searches and have sought to incentivize faculty retirements. All across our campuses, there are additional examples of savings and cost efficiencies, and, I implore you, there need to be many more.

Second, as noted above, we have increased enrollment, especially in targeted fields such as business and engineering, where student demand is very great; on our Camden Campus whose master plan includes significant expansion to accommodate the growing college-bound population of South Jersey; and on all our campuses among out-of-state, international, and nontraditional students who add so much to our university. These enrollment increases have produced crowded conditions on the buses, in the residence halls, and in our classrooms, but they have also brought in badly needed new revenue. Again, as each dean knows, the budget cuts to our schools would have been much worse this year without the enrollment increases. At the same time, we know that we cannot *enroll* our way out of our budget problems.

Third, this year we have made selected strategic investments, despite our severe budgetary constraints, because these investments are essential to the future excellence of Rutgers and because, in many instances, they have, or soon will, increase our revenues. These investments include nearly 130 new faculty in fields from autism to municipal finance to high-energy physics; new or improved facilities like the Gateway building, now under construction at the New Brunswick end of College Avenue, which will house the Barnes & Noble Rutgers Bookstore; the proteomics building, which is rising on the Busch Campus; and the renovation of Olson Hall in Newark. The university has also made other notable investments this year, none more important than financial aid for students who need help paying their bills. If we were not making investments like these, Rutgers would be neither academically excellent nor fiscally sound in the years to come.

The steps we are now taking, and others like them, will serve Rutgers well in the future. We hold in our hands Rutgers' destiny as a university, and we bear responsibility for its future. The current situation is painful, but Rutgers—like other public research universities—is in a time of historic transition. We can and will move successfully through the transition into a new era of even greater achievement, but doing so will require sacrifice and will demand decisions that are not always easy or popular.

For the future, our decisions should be marked by three qualities that I have already noted: cost savings and efficiencies, strategically chosen investments, and the generation of new revenues. Everything we undertake, every goal we set must be academically sound and be consistent with the missions of Rutgers and with its highest standards. But in the new era we are entering, our goals simply cannot neglect or ignore efficiency, strategy, and revenue.

Let's go back to the subject of our students. Right now our undergraduate student body is overwhelmingly from New Jersey, over 90%. And while it's appropriate for the state university to serve mainly women and men from here at home—indeed, we are educating more New Jersey students than ever this year—we have much to gain by recruiting, admitting, and educating students from other states and other countries. Their presence, and especially the geographic and cultural diversities they bring, will enrich everyone's education. Because their tuition is higher, these students will also improve our budget. Through planning and hard work and growing recruitment efforts around the country and in strategic locations abroad, our first-year class in New Brunswick this fall includes more than 10% increases of both out-of-state and international students. This is a good start on a goal that will enable Rutgers to prepare all our students better and will improve the university's financial self-sufficiency.

The makeup of the student body is also changing in response to demands and expectations. On all our campuses, business education remains very popular, as do engineering and pharmacy in New Brunswick. Where student demand is growing and where the anticipated personal income of our graduates is also high, we will increasingly see differentially higher tuition rates. In this way, Rutgers will meet the needs of students while helping the university's bottom line.

The student diversity we seek also includes men and women whose situations in life are different from those of most college students. Just as in the case of out-of-state and international students, the presence of these nontraditional students improves everyone's education because they bring tremendous motivation, perspective, and experience to our classrooms. They also add to the financial resources that are available to all our programs.

For decades, Rutgers has welcomed and educated thousands of nontraditional students. But today more of these men and women than ever want and need our programs: people who are unemployed or underemployed in this economy, those who might not have formerly required a baccalaureate degree for their careers but now do, those whose family situations demand that they become breadwinners, those returning from military service (of whom we have proudly welcomed more than 500 this year), and those who are living longer than ever after retirement. I have asked a group of faculty and deans to develop recommendations providing more Rutgers options for nontraditional students. Some of these options would be available on our campuses, others would involve completing Rutgers degrees at off-campus sites, still others would involve a mix of on-campus and online experiences.

These new educational programs will not only enable us to reach students whom we would otherwise never see but will also be sources of revenue. Executive and continuing education, new master's degrees, summer and winter sessions, and off-campus and online teaching are both efficient and profitable. Over the past year, the university's revenue from off-campus degree completion programs increased by 14%, while income from online courses doubled. The Mason Gross School of the Arts has quickly gone from having almost no online courses to becoming the leader among all schools at Rutgers—and there is plenty of room for more online courses in every unit. The School of Arts and Sciences is inviting faculty to compete for seed grants to support entrepreneurial activities such as new masters programs, web-based teaching, and lifelong learning. A common feature of my many meetings with faculty and staff last year was the appetite they expressed for undertaking new revenue-generating programs—and the acceptance of responsibility for obtaining many of the resources upon which their academic programs depend.

The faculty also told me that Rutgers has much to gain by increasing our global reach, and so we are investing there, too. A committee is working to improve and expand our international service learning program, and I have asked a group of Rutgers faculty with experience in China to recommend strategic choices for advancing our programs and opportunities there. We already enjoy partnerships in China through many of our schools. But we can do much more—to increase significantly the number of students coming here from China, to send more Rutgers students for a semester or longer in China, and to build new research collaborations for mutual benefit. The opportunities are vast, and they can bring new revenue to Rutgers.

Attaining the educational goals I have been describing, and garnering the revenues they bring, will require continuing investments in people, programs, technology, and facilities. Even at a time when our budgets are severely constrained, we simply must make commitments for the future. The new faculty and staff we have appointed this year, and those whom we seek to appoint for next year, are in both instances less numerous than we would like, but are completely essential to progress at Rutgers.

Where will our growing numbers of on-campus students live, if not in the new residence halls at Busch and Livingston? Newark and Camden need new residence halls, too, and we're trying to develop business plans that will make them feasible. Where will our faculty do their research, if not in new buildings like those for proteomics, going up today; nutrition, tomorrow; and nursing in Camden, before long? How can Rutgers maintain its historic excellence in the core field of chemistry without undertaking wholesale renovations of Wright-Reiman? How can we meet the demand for 21st century engineers

without adding to a facility that still mostly resembles the School of Engineering as it was built in the 1960s?

Hard as it may be to believe today, when our budgets are so constrained, these goals for Rutgers are achievable. But the responsibility rests with *us* to assure the university's future in a demanding environment. The greatest public research universities—like the other ones that were listed in that *Wall Street Journal* article last week—are making the transition that I'm describing, and Rutgers can do it, too.

A couple of weeks from now, on October 13, Rutgers will kick off the public phase of a fundraising campaign with a goal of \$1 billion. Some have said we should not be starting a campaign in such bleak economic times. I say we *must*. We cannot wait for the state to provide a windfall, nor can we delay while the economy recovers. We need to give our students more scholarship support. We need to keep attracting world-class scholars to our faculty. We need facilities that match our ambitions. We need to continue our outreach as the state university. So we will confidently launch a campaign that asks individuals, corporations, and foundations to embrace the future that we and they envision for Rutgers. We feel sure they will respond to our appeal because the Rutgers Foundation, deans, and development directors have spent years of quiet preparation for this moment. We know it, too, because we have seen the generosity of our donors again and again through the years.

Richard Goldman, Class of 1972, made the gift that launched the Signature Courses in the School of Arts and Sciences. Jack Byrne, Class of 1954, made the gift that secured the future of the first-year seminars that bear his name. Steve Colson, a friend of the university, has given three large donations to the Rutgers Future Scholars program, which is providing opportunities for boys and girls in our hometowns of Camden, Newark, New Brunswick, and Piscataway to prepare for college. Beverly Johnson, Class of 1971, established a scholarship to help students in Roselle Park, where she grew up, to attend Rutgers. The Robert Wood Johnson Foundation has given \$10 million to launch the Institute for Food, Nutrition, and Health.

The name of the campaign is "Our Rutgers, Our Future." And it will succeed. That same phrase, "Our Rutgers, Our Future," also expresses what I have been discussing with you this afternoon. Here and now is an institution called Rutgers about which we care deeply and which we must protect and nurture. We must consciously seize the future or be overwhelmed by it. The *choice* is easy, but the decisions required to face the future are not.

Rutgers has mighty challenges ahead, but also a wealth of talent and commitment among our faculty, staff, students, alumni, donors, board members, parents, and friends. I deeply appreciate the goodwill and extraordinary efforts that are being exerted across our university, by all in a tough time, to maintain quality and achieve our goals. Because of these efforts we will meet the demands I have described today, just as we and those who came before us have done for nearly 250 years.

These goals for Rutgers *are* achievable. The students and their parents who are paying tuition believe it. The federal agencies supporting our research believe it. The football fans who have bought tickets for tomorrow's game believe it. The donors who are contributing to our \$1 billion campaign believe it. And so must we.

Rutgers has *never* had it easy, never benefited from a whole lot of entitlement—but our accomplishments are very real, indeed they are remarkable, for our students, for the state, and for the world. For that record of achievement, and for the next installments to come, for which *you* are responsible, I thank you. This is *our* Rutgers and *our* future.