

'79-'80 Cooper Finances

By Leo Argiris and Barry Drogin

The Financial Report of the Cooper Union for the year ending June 30, 1980, not yet published, has been made available to *the Pioneer*. The intent of this article is to present, in a general way, the factual contents of the report, and explain the financial workings and status of the College.

As of June 30, 1980, the total assets of the school were \$53,073,180. This figure consists of the sum total of cash assets (money available immediately as cash, as in a bank), the school's investments and holdings at fair market value, and monies owed to the College. The monetary "worth" of the College could be taken as our total assets (\$53 million) minus the monies the College owes to others, the liabilities (\$6.5 million), or roughly \$46.5

million—but this is constantly changing.

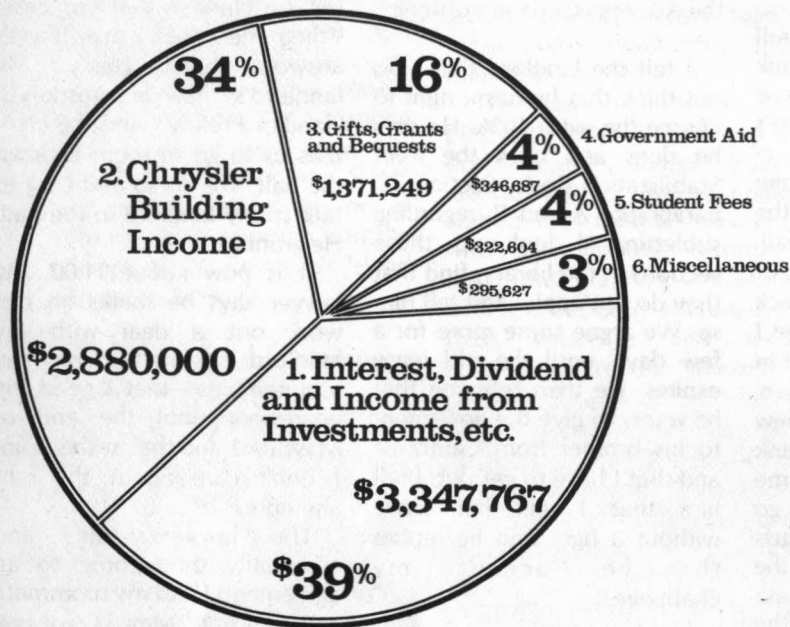
The College's investments and holdings are of three types: the endowment, the quasi-endowment, and the plant and assets.

The endowment was created by Peter Cooper and is the primary source of income for the school. The endowment consists of a portfolio of marketable securities and the title to the land under the Chrysler Building. The revenues generated by the endowment may be used for any purpose, but the endowment itself may not be used at all—to withdraw monies from the endowment is a violation of Peter Cooper's charter. The total value of the endowment at fair market value as of June 30, 1980 was \$11,353,253.

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1980 FINANCIAL REPORT

Revenues = +\$8,563,934



Revenues

1. Interest Dividends & Income from Investments, etc.—Peat, Marwick, Mitchell & Co., who handle Cooper's portfolio, are investing in treasury bonds and short term notes, which pay more than common stocks and bonds.

2. Chrysler Building Income—The land under the Chrysler Building (worth \$8.1 million at fair market value today) is a major source of steady income for Cooper (it was originally purchased for \$610,874!). A fraction of a percent of the figure quoted in the pie chart includes some profit from the parking lot (owned under the Astor

Place Holding Corporation).

3. Gifts, Grants & Bequests—A half a million comes from the Alumni Office as contributions from alumni, parents and friends. The rest is from very rich donors and big corporations, as handled by the Development Office.

4. Government Aid—The Cooper Union gets a certain amount of money for every diploma it awards. And HEW gives the Dormitory Authority roughly \$100,000 to meet interest charges on the renovation bond issue.

5. Student Fees—\$300 per year per student. Two thirds goes to a renovation reserve (see below), the rest is used as unrestricted funds as the Trustees see fit.

6. Miscellaneous—As the assets and liabilities are

adjusted from year to year, a profit or loss may appear on the books. For 1980, it was a profit.

Expenditures

80% of the expenditures are for salaries and fringe benefits. This is the bulk of categories 1, 2, 3, 4 and 7.

1. Instruction—Teachers' salaries, fringe benefits and class needs.

2. Institutional Office Budgets—This includes the President's Office, the Business Office, Alumni, Development, PR and all legal fees. It also includes the mailroom, switchboard, telephone, insurance and xeroxing costs, and the price of commencement.

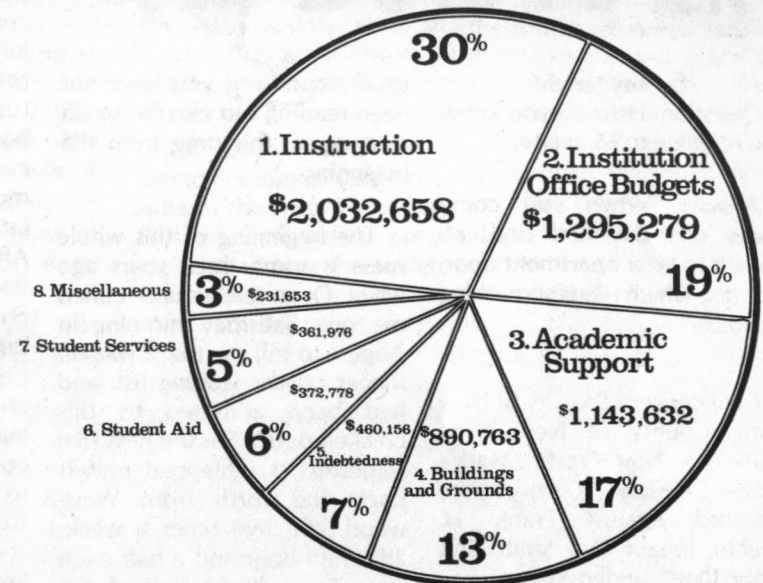
3. Academic Support—The three Deans' offices, all

administrative assistants, lab and technician support, and the library.

4. Buildings & Grounds—Through the efforts of Building Superintendent Joseph Fairman, the B & G budget has significantly dropped during the seventies, due mainly to energy savings.

5. Indebtedness—The renovation of the Foundation Building cost twelve and a half million dollars, six million of which was raised by a bond issue of the Dormitory Authority of the State of New York. Cooper still owes five and a half million dollars, and pays 7% interest semi-annually along with an increasing installment (this year, \$100,000). Various reserves must be kept as a guarantee

Expenditures = -\$6,788,895



(for year ending June 30, 1980)

to the Dormitory Authority that payments will be met. The liability will remain until the year 2005.

6. Student Aid—The Financial Aid Office distributes monies to students in need. Part of this money comes from the Cooper Union.

7. Student Services—The Dean of Students' Office, the Admissions and Registrar's Office, Health and physical education, Student aid and placement. The quoted figure also includes the JAC budget (approximately \$11,000) and the Pioneer budget (approximately \$7,000).

8. Miscellaneous—This includes research grants, the Forum and Continuing Education, and various costs.

Finances . . .

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The quasi-endowment is similar to the endowment and is also a major source of income for the school. The one difference between the two is that the quasi-endowment itself can be used. For example, the sale of Green Camp in 1978 yielded \$1.3 million placed into the quasi-endowment, and can be used by the Trustees for any purpose. The value of the

quasi-endowment at fair market value as of June 30, 1980 was \$14,027,775.

The plant and assets consist of the three buildings and the equipment in them. The report listed their value at \$20,465,063.

The two pie charts and the notes below them are largely self-explanatory. The net in-

creases for the year, after expenses, was \$1,775,039.

The categories in the pie charts do not distinguish between "restricted" and "unrestricted" monies. "Restricted" funds must be used for a specified purpose (as when a corporation gives a gift for a certain department or use), whereas "unrestricted" funds may be used as the need arises.

Contributions from alumni have risen dramatically

throughout the seventies and reached the \$500,000 mark last year. Mr. William Simmons, Director of Development, said, "We must continue our efforts for unrestricted gifts."

In an interview, Mr. Gerald Cahill, Vice-President for Business Affairs, said, "Cooper Union is in a reasonably healthy financial position this year." He also felt that "we've done better than other institutions" over the course of the seventies, but declined to make any predictions for the eighties.

Student Fees Cover Renovation Debt

By Barry Drogin

A year and a half ago the Student Union published a collection of articles and essays (copies still available in the *Pioneer* office) which included a reprint of a *Pioneer* article covering a "Financial Policy Forum" held in 1978 with Mr. William Simmons. A student asked whether the student fees went directly to the JAC. Mr. Simmons said no.

The answer is still no, but part of the answer is available to anyone who turns to Note 3 (Plant Assets) of the Financial Report. It ends with the following statement:

"In addition, the College has pledged and assigned to the Dormitory Authority . . . the first \$230,000 of fees or other charges payable to the College by full- or part-time students for academic instruction."

Put simply, the sentence means that the bulk of each "student fee" is placed in a reserve fund. This fund will remain untouched until the bond issue that raised some of the money for the renovation of the Foundation Building is paid off—in the year 2005.

The sentence is surprising for other reasons. Since the Cooper Union is tuition-free, the students obviously do not pay the fees "for academic instruction." More disturbing is the realization that the student fee at first only raised about \$230,000—then it was raised

(from \$200 to \$300) last year and the total rose to about \$320,000. This implies that the fee was started expressly for this purpose.

The extra \$90,000 generated by the increase in the fee is pure unrestricted revenue for the College, and can be assigned by the Trustees for any need. JAC allocations are a scant \$11,000 in comparison.

The "student fee" is merely a fee paid by students—not for students. No one was hiding the fact—but no one was pointing it out, either.