

THE COOPER UNION ALUMNI & PIONEER

RCM@CU

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Abstract

The author expands the demand on each academic unit to adopt Responsibility Centered Management practices to the non-academic units in order to demonstrate how ridiculous – and cruel – the practice is.

Jamshed Bharucha's "reinvention strategy" was derailed by his own consultants. Substitute "access" for "merit scholarships"? Reduce the full-tuition scholarship by 25% or more and no one will apply. Generate revenue through increased "entrepreneurial activity"? In a medical university like Tufts, with poor patients as guinea pigs, there are always opportunities for research funding from pharmaceutical and even medical equipment companies, but the promise of CURF (and C.V. Starr) was always a pipe dream, known forever in Cooper lore as the Cooper Cooler.

So what's a guy who is accustomed to jetting around the country on speaking engagements, bragging that he holds the solutions to saving higher education, gonna do? Take a page from cost-control gurus at a few universities: Responsibility Centered Management (abbreviated, RCM).

Granted, the term never appears in Jamshed Bharucha's August 22, 2012 letter to the academics deans, but the concepts embodied in RCM – that each academic unit must have its own balanced budget, through a combination of cost-cutting, revenue generation, even individual fundraising – were clear to anyone familiar in such higher education jargon, and the RCM message spread throughout the Cooper campus. The nastiness of the letter – your school must be sustainable, or your school won't be sustained – merely led to a second campus panic, similar to the one caused a year before by the clumsy antics of a new president teaching a Cooper class who couldn't keep his mouth shut, misguided website rewritings, and a rescheduled Board of Trustee meeting.

Whether RCM has ever been successfully implemented in an institution of higher education with a faculty union – let alone one where no tuition is charged – is for others to debate. But why should RCM apply only to the academic units? Whenever we switch the discussion back to the non-academic side of our academic institution, we are always forced into tongue-in-cheek territory, as in "Endow A President." Here we go again.

For admissions to adopt RCM, it would have to substantially increase application fees. This financial model – everyone who doesn't get in pays for the lucky few who do – actually exists in the real world in, of all places, songwriting competitions. Hundreds, if not thousands, of clueless amateur songwriters enter these competitions, promised that their work will actually be listened to and evaluated by competent judges. They are, but the entrants never stop to do the math: this many entrants, that much in entry fees, this amount of time per judge, that amount of prize money. It's the only Ponzi scheme that resets itself every year.

Can Buildings & Maintenance adopt RCM? It's a tough sell, because they'd rather charge the academic units for use of their own space. Want the light bulb in your faculty office changed? Do it yourself, or pay for the privilege. Better get each class to pick up their own trash. But even this doesn't cover the hallways and other common spaces. As with the Hewitt Building before its demolition, B&M could lease the common use areas to creative artists interested in site-specific installations. Otherwise, B&M is going to have to hold an annual

fundraiser in those spaces – and then clean up after the mess the fundraiser leaves behind. Hope they break even!

The Cooper Union has been beset by exorbitant fees charged by consultants managing its investment and real estate portfolios. Of course, the purpose of an endowment is to raise money for the rest of the institution, not to earn enough money every year to pay for its own transactions. But if RCM is to be truly adopted, then these consultants must be fed to the sharks just like everyone else. 6% net profit? Why not 10%? Or more? Make a killing or be killed, we say.

We already know that Student Housing is on the chopping block. Of course, if The Cooper Union had built the dorm on the parking lot instead of on rented property from Kamenstein, we wouldn't be having that particular conversation. Just saying.

The biggest message from the ERTF was how much salivating over the Library was going on. Chop their space in half to put in street level shops! At least they didn't recommend auctioning off the archives. But in the spirit of RCM, the Library obviously needs to generate revenues by also becoming a textbook bookstore. Isn't it obvious? The Way Forward suggested using St Marks Bookshop as Cooper's bookstore, but that ship has sailed.

Student Services is apparently already revenue neutral due to the student fees, although the exact relationship between the amount of the student fee and where that money actually goes has always been a historic Cooper mystery, changing and morphing over the years. At least RCM is *supposed* to provide more transparency into such shenanigans, even if the Form 990s don't.

How exactly is the Business Office going to adopt RCM and become revenue neutral? In control systems terms, it appears to be, by definition, a positive feedback loop: the more the Business Office tries to keep its costs in order, the more it has to spend in order to watch itself. The Business Office is certainly getting meaner – just try to be late in paying any kind of college fee, and see what you get – but there is no evidence that it is getting leaner, and penalty fees only go so far. One of the biggest problems the Business Office has is the requirement for independent auditors. So it's going to have to go for that – instead of paying an independent auditor, such as KPMG, to audit its financial statements, allow outside firms to bid each year on having the privilege of auditing Cooper's books. Not only might it be tax-deductible for the winning firm, but perhaps they can keep a slice of whatever savings they identify by going over Cooper's books with a fine-toothed comb – kind of like a tax preparer who gets a percentage of the refund check.

You know we were going to have to get around to the Development Office, which now includes alumni affairs. This dilemma is similar to the one faced by those managing the endowment. Bharucha thinks he has addressed this by setting capital campaign goals for the college. But that's looking at the revenue side without looking at the cost control side. Obviously, a Glengarry Glen Ross-like environment – or, if you're theatrically and cinematically challenged, think "Survivor" – needs to be implemented in the hushed and hallowed halls of Development. Of course, the top fundraiser won't get a Cadillac, but the people at the bottom will get fired.

How do the President, his staff, his secretary and the secretary to the Board of Trustees fit into RCM? The Board thinks it has this handled through a bonus system for the president, but, again, where is the penalty side? It's a simple contract fix – if the top administrative offices aren't revenue neutral, then various costs – the costs of his consultants, the cost of housing, the salaries of his secretaries, get deducted from his salary. Nothing like a little reality to keep things focused.

Of course, we've avoided mentioning the various academic support services, all of which are seeing the brunt of budget cuts under RCM. Restoring the level and manpower to these services would require significant outreach to alumni, and a series of crippling fees to the faculty, students, and public that will cripple the college.

But crippling the college – that’s what the Board of Trustees already did after the millennium. Too bad there’s no way to retroactively make the Board adopt RCM on itself.

The current version of this document can be found at <<http://www.notnicemusic.com/RCM.pdf>>. Corrections to this document are appreciated and, if based on substantiated facts from legitimate sources, will be implemented by the author. The original version was completed on December 2, 2012.

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