THE COOPER UNION
ALUMNI PIONEER

Yes, Alexander, There Is A Santa Claus

by Barry Drogin, EE '83

Alexander, thank you for articulating your view. You state, "It is glaringly obvious that an economic model with exponentially rising costs and no source of revenue is unsustainable." The use of the word "exponential" is perhaps misplaced. Inflation is, by definition, exponential. But inflation can affect both sides of an expense/revenue equation. If salaries and benefits rise by one rate, and real estate values and property taxes (which are a major source of our endowment income) and charitable giving go up at the same rate (see salaries), then both go up exponentially together. In fact, if the graphs that TC Westcott had first published to justify the "decades of deficit spending" story had been presented on logarithmic paper, you would have clearly been able to see that, in the late 70s and early 80's, Cooper had a surplus every year. Because of the exponential function, the two lines were so close together that you couldn't see it. I was a student from 1980 to 1983, and the Cooper Pioneer published pie charts of the school's expenses and revenues every year, and I guarantee you this is the case. The old copies are in my possession and I could scan and post the data. Alternatively, you can go to the Cooper library and look at the microfilm yourself.

You further state your position, "Exponential costs are exponential costs, regardless of your opinions about where that money should be going, the deficiency was always there (I believe it largely goes towards teachers' benefits but I could be wrong)." Thank you for asking the question. You probably have heard that the consumer price index rate is below the higher education price index rate. For laymen, this is typically expressed as "the rising cost of higher education." These are facts (although HEPI is self-referential and HECA is not, but that's a debate about which rate is simply a reporting of what is happening and which rate is a reporting of what should be happening). Some of us older folk contextualize HEPI as an arms race (way before your time), where we understand that colleges in competition with each other with no control over the process can zoom up like mad (due to a positive feedback loop).

Kerry, who is an engineer, also, informs you that faculty salaries have been flat, actually stuck at CPI. The Alumni Pioneer has posted several infographics which show the rise in expensive non-academic staff over the last decade, and the disproportion of part-time faculty and part-time technicians (in art and engineering), who receive less in benefits, to full-time faculty vs. full-time non-academic staff (finance, development, president's office, public relations, alumni affairs), who receive full benefit packages. These trends are documented in the Chronicle of Higher Education, which calls the last decade the Lost Decade, and explains why the arms race is happening not just at Cooper but all over. This is why putting up tables (in the ERTF Final Report) comparing Cooper to other institutions is an exercise in futility, if all colleges are laying off secretaries and hiring full-time "directors" at triple the price at the same time. It's data presented with no context.

The student debt crisis, occurring during a long recession, is leading to an enormous change in the supply/demand equation. My son, who is a high school junior at the top of his class (I literally mean number one), is considering a state school rather than a private college. As in the 70's recession, this opt out is going to cause many private colleges to go bankrupt. As these colleges close, the salaries for faculty AND college staff will drop dramatically, or at least not continue to inflate (part-time faculty are living on subsistence wages as it is, and full-time faculty, tenured and not, are decidedly middle class, so many will merely enter the private sector rather than accept any lowering of their meager teaching salaries (the hourly rate, in real terms, is atrocious)).

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The Cooper Union survived the previous recession with some painful cuts which included selling off a real estate asset (Green Camp) and laying off some tenured faculty (Physics degree). But wars are not cyclical; statements like "we have no more real estate assets to sell" and threats to close down schools or programs divert attention from the cause of "the rising cost of higher education" and its proper solution.

Dartmouth is an ivy-league institution with a strong undergraduate program which survived an attempt to turn it into a graduate institution (this actually occurred after Bharucha left, but Pearson was still there). Tufts is a medical university with access to poor patients for drug trials and medical research. The RTF Final Report has already rejected the "entrepreneurial" proposal. In 2009, much of the city shut down. On every block, half of the small businesses were closing. In companies, there were salary freezes, layoffs, and reduced working hours. At Cooper, there was a year-long party in celebration of the 150th anniversary of the school, with tons of overtime for staff.

We expected extraordinary expenses in 2009 and 2010. We didn't expect extraordinary expenses in 2011 and 2012 (Bharucha did not institute immediate layoffs, did not negotiate with the unions, and ignored the announced hiring freeze - these are facts, not opinions). Part of this cost came from merely moving the debt service over to the operating expense column, but the debt service is flat and does not inflate. This is not a "unsustainable structural deficit from decades of deficit spending" (Bharucha to the ESC on October 31, 2011) - this is four years of deficit spending beyond CPI during a prolonged recession - President Obama's entire first term.

Perhaps you recall the rhetoric of the first month - Cooper runs a "lean ship." The next month, we will have a "leaner, meaner administration." Three months later, cut $4M from that "lean ship." Wouldn't if have been nice to cut $4M back in 2009 when the rest of the country did? An extra $16M in the endowment would be real nice right now.

If we merely cut another $2M, we will get to 2018, but barely. That's not a plan, but it's a start. We could clear everyone out of 30 Cooper Square, double up on faculty office space, find room for the administration within our current floor plans. There are creative things we can do which have nothing to do with "revenue generation" through non-free education, but "revenue generation" through increased fundraising. There is already a half of a million dollars "on the table" from Internet fundraising - fundraising the 6,000 members of the alumni association who we have e-mail addresses for were NOT told about.

So, yes, Alexander, there is a Santa Claus. George Campbell is not Santa Claus. Jamshed Bharucha is not Santa Claus. Santa Claus is the belief that lives in the hearts of every member of the Cooper Union Community that we can solve this financial crisis without killing the mission of the college. Both the Revenue Task Force and the Expense Reduction Task Force were supposed to have a real community feedback phase. Instead, we had the announcement of Responsibility Centered Management in August, accompanied by threats to non-tenured full-time faculty to approve undergraduate tuition or be fired. As the President of the faculty union said, that is extortion.

The community feedback phase is happening now, thanks to some very brave, self-less students who are fighting not for themselves, but for future students. Will they be arrested, expelled, disciplined? Will the students on the outside engaging in further action? Will you, if you join this cause? Will the faculty who support this cause?

Listen to the engineering alumni who wrote The Way Forward. Listen to the engineering alumni who write for *The Alumni Pioneer*. Anyone who is not a freshman is already an alumnus. We have solutions. We worked really hard to come up with those solutions. Listen to Peter Cooper.

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We are Peter Cooper, and Peter Cooper is Santa Claus.

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