THE COOPER UNION
ALUMNI PIONEER

Alumni Giving Part II: The "Regular Contributor" and Other Myths

by Barry Drogin, EE '83

Abstract
Analysis of the Fiscal Year 2009 Donor Report reveals that there is no such thing as a "regular contributor" to Cooper; aside from a general trend to give more often as they age, with the Green Camp generation particularly generous, in any given year, only half of alumni contributors are listed. Also, the downward trend in alumni giving is actually part of a national trend in better database techniques. The "Blame the Alumni" narrative is disproved, followed by a consideration of how many components of the Master Plan were recession proof.

> "A big part of that problem - and I've made this public before - is that we don't have enough alumni support. Traditionally, only 20 percent of our alumni, who have gotten 100 percent scholarships, give back to the school on a regular basis."
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> – Mark Epstein, Democracy Now!, May 16, 2013
> <http://www.democracynow.org/2013/5/16/debate_what_caused_cooper_unions_fiscal>

In previous decades, alumni were told that 35% to 40% of alumni gave to the college in any given year. In a previous article in *The Alumni Pioneer*, "Michael Borkowsky and Alumni Giving" <http://www.notnicemusic.com/giving.pdf>, it was shown how, as the Capital Campaign heated up in the millennial decade, Annual Fund giving dropped from 30% to 25%, with a precipitous additional 3% drop after the Crash of 2008. Other alumni, most notably Michael Borkowsky in the Borkowsky letter and Harold Goldberg in his Gano Dunn award speech at the 2013 Founder's Day celebration, have repeated Chair Epstein's criticism of alumni giving. "Traditionally," Mr. Epstein asserts, only 20% give on a "regular" basis? What is a "regular contributor"?

In 1980, the alumni office computerized its donor databases, and in FY 2008, for the first time, it published data on the number of times that each alumni listed gave since FY 1980. These results were summarized in a separate donor document as follows:

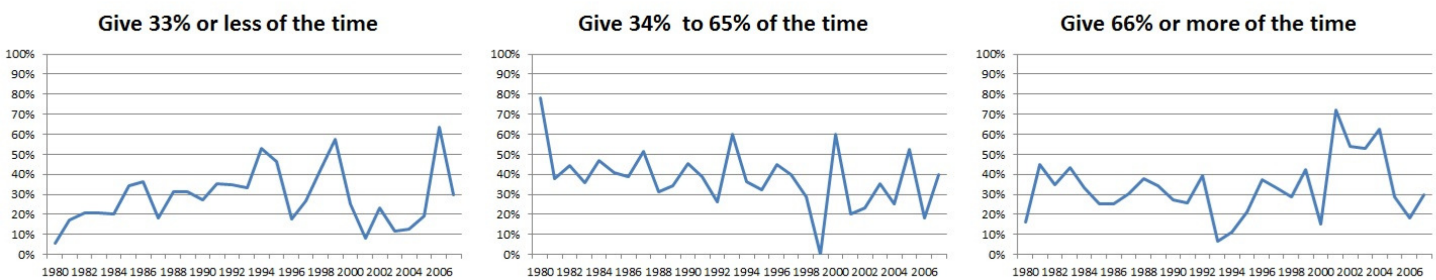
> "Peter Cooper himself," Ronni Denes, vice president for external affairs, "said our alumni would be the shepherds and caretakers of the institution, and that has proven to be the case. Over 30 percent of Cooper Union graduates give back to the college every year, which is more than twice the national average for specialized colleges. Over a three-year period, more than 70 percent of all our alumni contribute. These are terrific numbers, and they are eloquent testimony to the bond that forms between The Cooper Union and its graduates. We are deeply grateful to the Alumni Association for all that they do."

In my presentation in The Great Hall at the First Community Summit, I read this passage aloud although, in an aside, I can be heard wondering how the 30 percent figure turned into a 70 percent figure. I, too, believed in the myth of the "regular contributor," and questioned whether Ms. Denes had counted donors twice.

A relatively exhaustive analysis of the FY 2009 Donor Report reveals the answer: there is no such thing as a "regular contributor" to The Cooper Union. On average, alumni show up in donor reports 54% of the time, so that, in any given year, you are looking at only half of the names of alumni donors. For alumni in classes 1980 through 2008, individual alumni giving rates since graduation are illustrated:

The data smooths as the years progress, as recent graduates are based on just a few years of giving. (The Donor Report includes data on classes prior to 1980 but those figures max out at 30 and do not include any donations prior to 1980.)

Alumni give, on average, only half of the time, or every other year? Perhaps this is an error produced by averaging "regular contributors" with "infrequent contributors." This isn't the case, as illustrated below:



Roughly half of alumni give half of the time, with less than a quarter giving less than a third of the time, and more than a quarter giving more than two thirds of the time. For each year, only one alumnus has a perfect giving record (our current Annual Fund Committee Chair, Darrell Low, will be relieved to learn that he falls into that elite group).

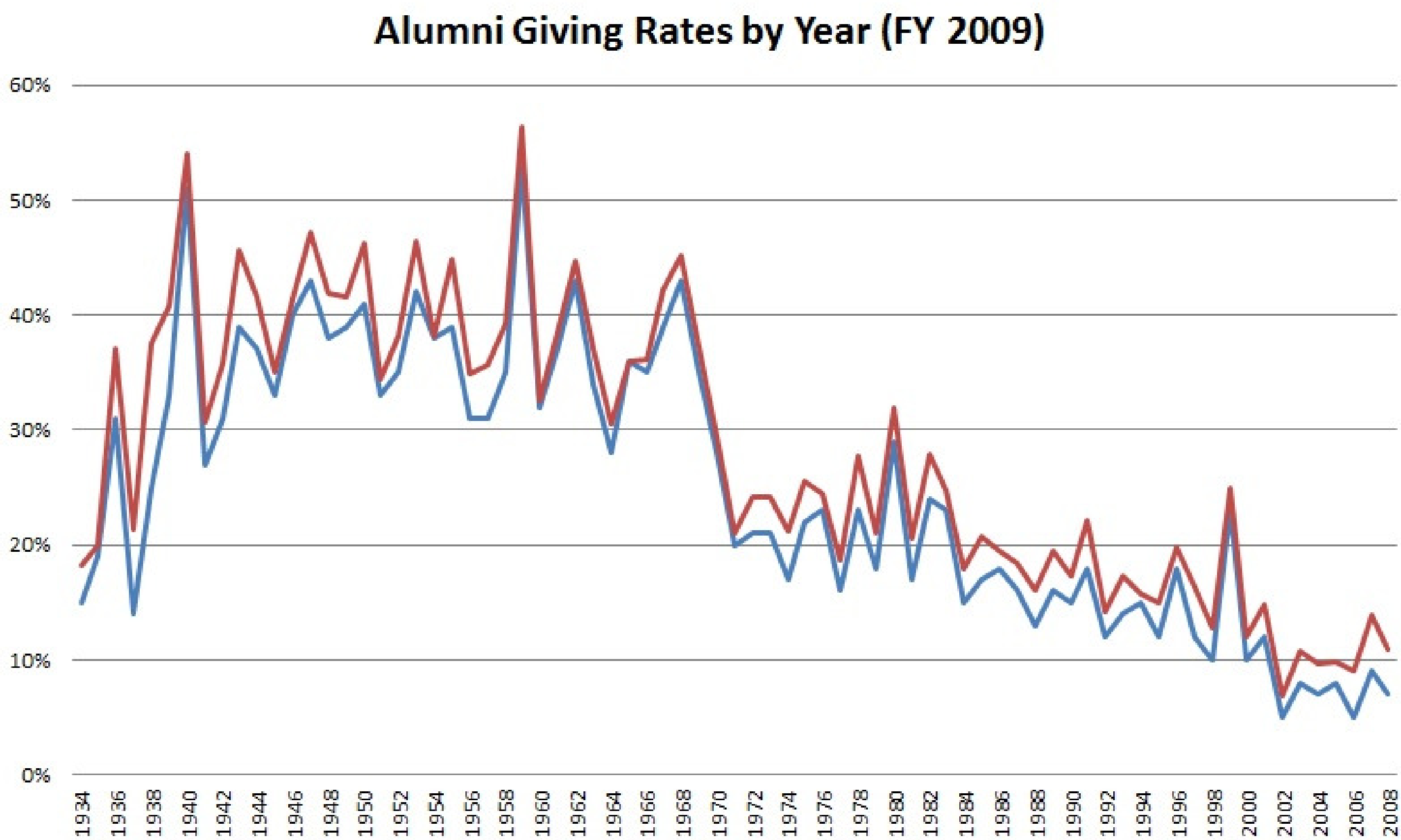
For those who are statistics-minded, this is an extremely large sample population – nearly one third of all contactable alumni. FY 2009 straddles the Crash of 2008, with three months before the Crash, and nine months after. But these statistics are based on computer records that date back to 1980; the Crash of 2008 is irrelevant.

Why do all of these alumni give, on average, every other year? A few pledge to the Phonathon, but don't send in their checks until after June 31; from a personal income tax viewpoint, they gave once a year, but from the point-of-view of Cooper's fiscal year, they gave twice in one fiscal year and not at all in the other. Many alumni fall on hard times, for whatever reason: a new baby, unemployment, a new house. Some are temporarily lost, and then reconnect. All of these individual circumstances combine together to create the reality of the 54% figure.

The data, however, does not bear out these assertions made by Mark Epstein in the Open Forum:

> There are alumni who won't give back to the school because they're annoyed that Green Camp was sold in the 70's. There are alumni who complain about a particular professor giving them a hard time on a test and they don't want to give back to Cooper Union. I mean there's a thousand reasons why people claim they don't want to give back to Cooper Union.

The data clearly shows that people *want* to give back to Cooper Union, but, in any given year, many alumni *don't*. The Green Camp argument is particularly refuted by the data, as illustrated below:



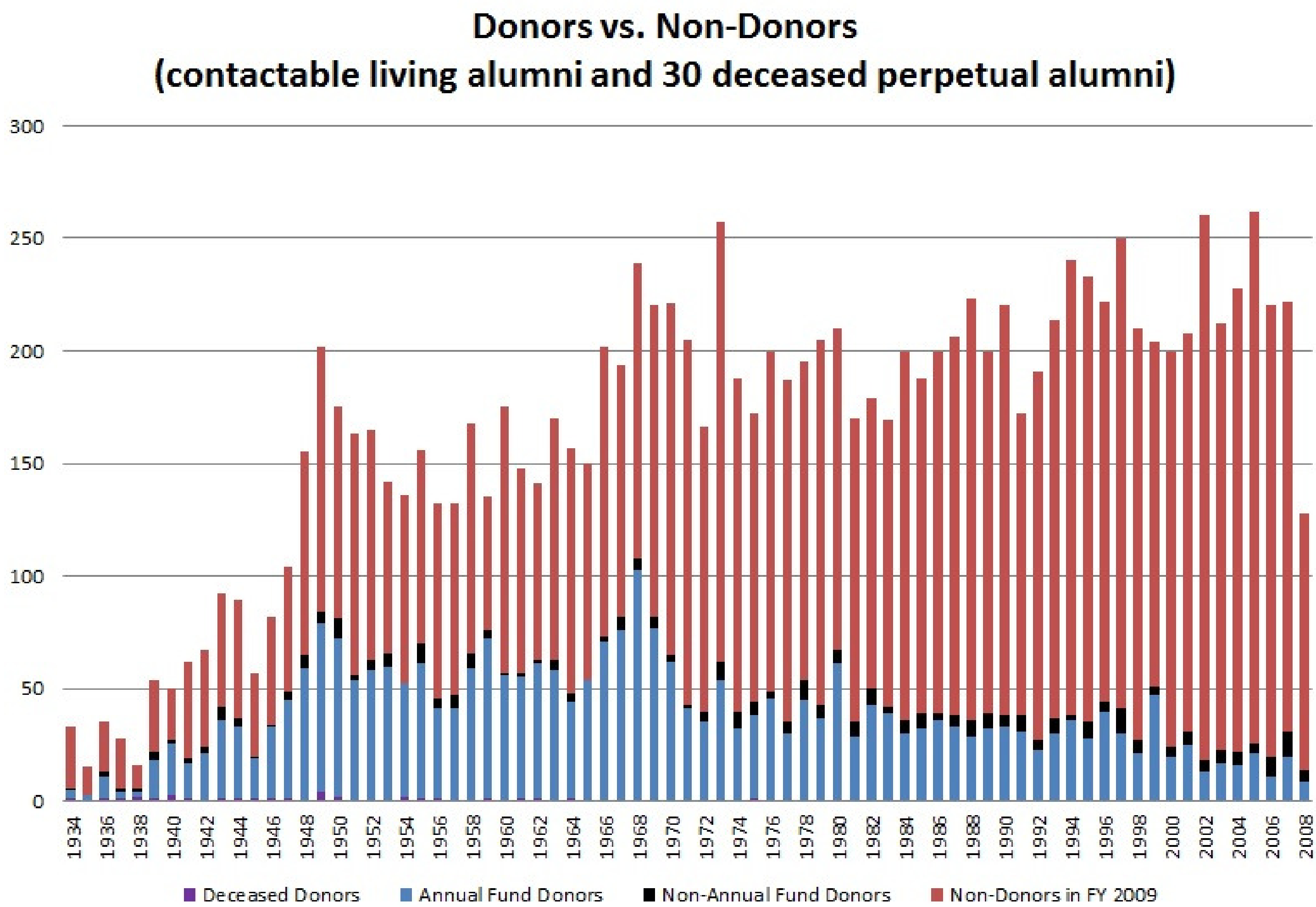
The blue line is Annual Fund giving; the red line adds on alumni who did not give to the Annual Fund but gave financially in other ways, either to the Capital Campaign or to other restricted funds (memorial funds, dinner dance sponsorships, athletic funds, and the like). What the data clearly shows is that, as alumni get older, more of them give to The Cooper Union. Prior to 1970, the alumni who had actually experienced Green Camp and, reaching age 60, started to retire, their classes have the highest giving rates. The alumni who will never give to The Cooper Union because Green Camp was sold? A very vocal minority, perhaps, but a minority nevertheless. It is also intriguing that as alumni reach retirement age and start living on a fixed income, they look at their accumulated wealth and start giving to Cooper more – following the example of Andrew Carnegie (Peter Cooper, to contrast, started buying up land and building the Foundation Building prior to his retirement years).

Many trustees give substantial sums to the endowment, but do not give to the Annual Fund (or, per policy, large money donations are not included there). There are alumni who made five-year pledges to the Capital Campaign, and were surprised to learn that their donations were not included in alumni giving rates. However, according to the FY 2009 Donor Report, there is significant overlap between the Annual Fund and the other restricted giving categories. Of approximately 800 non-Annual Fund donors, only 355 did not give to the

Annual Fund. Compare this to the 3000 alumni who gave to the Annual Fund. Alumni giving rates are only increased by 12% by adding restricted giving, so that the Annual Fund alumni giving rate of 23% is increased by another 2.8% to 26%, the actual alumni giving rate in FY 2009. This ratio is repeated in FY 2012 and FY 2013 figures reported to the Alumni Council.

The donor reports are based on "contactable" alumni; alumni for whom the alumni office has what appears to be a valid e-mail address, telephone number, or snail mail address. Since Cooper used to be a commuter school (I'm reluctant to make any assertions about current geographical diversity without data to back it up), for many alumni this was their parents' address. A significant number of parents of students and parents of young alumni contribute to Cooper, but those donations are not included in these figures (parent names are listed in the Donor Report, but it would take significant effort to link those names back to particular graduates by year). The FY 2009 Donor Report lists 271 members of the parents council, 466 parents of alumni, and 222 parents of current students (pairs of parents are counted as one in my figures).

The quantity of "contactable" alumni varies, here is the data in absolute terms:



One or two "deceased" donors are included in the Annual Fund reports in some class years – these are alumni who gave to something called the Perpetual Annual Giving Endowment, or PAGE. Their names continue to be listed after their death. You can see how the ratio of Annual Fund donors to Non-Annual Fund Donors is small. You can also see a general upward trend in giving as alumni age and are more financially able to give.

On average, only 12% of young alumni, 43% of contactable alumni up to and including the 25th anniversary, give to the college in any single year. There is a bump up to 23% for those celebrating their 10th anniversary, and a bump down for those celebrating their 25th anniversary. The bump down is a result of the old Founder's Day Dinner Dance, which, at the time, cost $250 per head. A big secret of these dinner dances is that they lost money for the college. Alumni who shelled out $500 for a couple for a night on the town, let alone those who came from out-of-town and paid for their transportation and lodging, tended not to give to the Annual Fund that year.

After their 25th anniversary, average rates jump to 21% for those younger than 60, about 20% of the total. There are similar bump downs for the 30th and 35th anniversary year.

After they reach 60, 37% of the alumni, giving rates average 36%. There is a bump up for the Golden Legion 50th Anniversary folk, probably because, given a choice between travelling to a noisy dinner dance or making a donation, they'd rather just send a check.

Another issue still under investigation is that of Cooper couples. There is definitely data to show that some Cooper couples were undercounted in the 80's and 90's if they wrote a single Annual Fund check. When the Annual Giving numbers were first published in FY 2008, Carol (Robinson) Wolf complained that she and her husband, William Wolf, were counted only as having given 12 and 10 times, although they had given 22 times. In the FY 2009 report, they are listed as 13 and 11. A similarly famous Cooper couple, Alumni President John Leeper and his wife, Gilly Youner, are listed as only giving to the Annual Fund 9 times each in over 20 years.

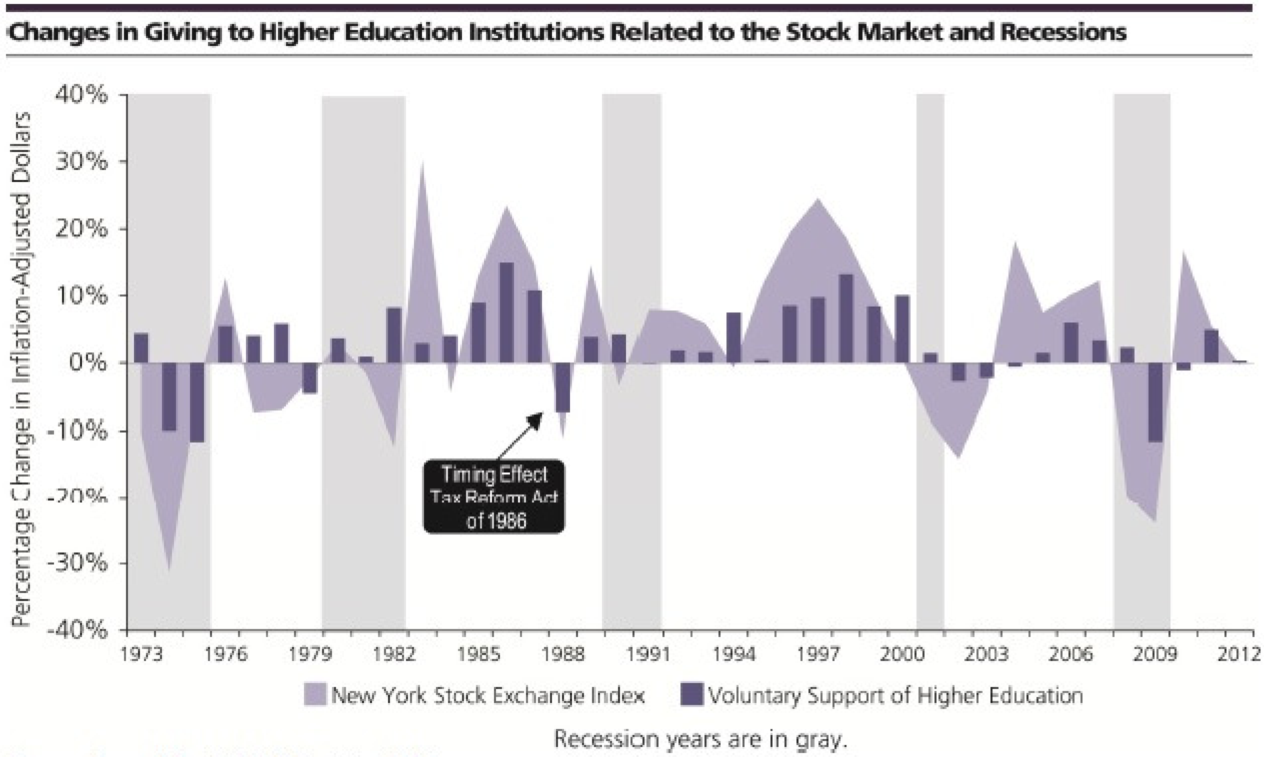
The February 2013 Alumni Association newsletter lists 8 Cooper couples, comprising 16 alumni, in the post-1980 category. In agreement with the 54% figure, only half of those Cooper couples appear in the FY 2009 report. The sample size is too small to indicate how common the under-reporting has been. One recent Cooper couple with different last names does not appear to be under-reported, another Cooper couple with different last names may have been, another Cooper couple with different last names was not under-reported, as well as the fourth Cooper couple with the same last name.

Under-reporting of Cooper couples does not affect the general concept that actual alumni giving rates are more than double any single year's rates: if every alumnus was actually part of a Cooper couple, and if they were consistently under-reported every year (with credit for each check going to one half of the Cooper couple), the three-year moving average would stay the same.

In November 2011, Mark Epstein kicked off his "Blame the Alumni" campaign. This campaign was continued by President Bharucha and the development staff as they toured the country to fundraise against the fiscal crisis.

"Keep quiet," some alumni say. "Guilt is a powerful motivator in fundraising." It is the Board and the administration and self-hating alumni who have made the "Blame the Alumni" narrative a consistent part of the fiscal crisis story. The development office was approached by Alumni Council representatives and asked to provide the three-year moving average for alumni giving. As expected, given the many false narratives, FAQs and Q&As concocted by the Bharucha administration, there has been no response.

The real narrative of alumni support of institutions of higher education is shown on the next page. With the Crash of 2008, non-profits world-wide saw an enormous drop in charitable giving from rich and poor donors, alike. Higher education was not immune to this and, like other charities, has still not recovered.



Source: Council for Aid to Education, 2013

The Council for Aid to Education notes another trend that is visible in the Annual Fund data published by *The Alumni Pioneer* in the previous report on alumni giving – a general downward trend in alumni participation rates throughout higher education. CAE explains this trend as an increase in the number of "good addresses institutions have in their databases… [T]he decline in participation is a positive sign that institutions are keeping better records."

The Cooper Union is in a financial crisis due to the failure of all six parts of the 2000 Master Plan; the short-term crisis is due to the weird Chrysler Building rent deal, which leaves the college cash poor until a $20M net bump up in rent occurs in 2018. Trustees are supposed to take a long view, and certainly they should expect market booms and busts. How many parts of the Master Plan were recession proof?

Achievement of the Capital Campaign goals, and the reliance on Annual Fund giving, are not recession proof, as has been born out. The reliance on PILOT payments from 51 Astor Place was not recession proof, as can be seen from the delay in construction for half of a decade. As historian Buckley has reported, Peter Cooper, who was very conscious of boom and bust cycles, always saved during booms and built during busts when construction and purchasing prices were lower – this was a concept completely ignored in the Master Plan. The sudden push into hedge funds, using millions from the loan and the sale of 51 Astor Place, was particularly bad timing – Cooper lost over $30M in one year. Trustees are now arguing that Cooper's investment portfolio is designed to under-perform in up markets and over-perform in down markets; what they mean, as evidenced by the infamous Wall Street Journal article of 2009, is that Cooper didn't lose as much of its endowment as other institutions.

The 50% deal on the PILOT for 26 and 51 Astor Place is unrelated to the recession, but has been part of a general trend to starve governments of funds, the under-taxing of the rich. Similarly, the administrative bloat that has led to the rising cost of higher education and spurred a student debt crisis is unrelated to the recession, except to the extent that, as Peter Cooper thought, banks playing with people's money leads to inevitable booms and busts.

According to the Bureau of Labor Statistics, employment in the "architecture and engineering sectors" (it does not separate the two) was hit particularly hard by the recession (lower than the national average, but 50% higher than normal). Unemployment for recent graduates in architecture and engineering is triple the national average. The trend towards defunding of governments has led to defunding of the arts, which has only been exacerbated by government fiscal crises resulting from the recession.

The Crash of 2008 is tied to the home mortgage crisis. Here, the rich and poor point fingers at each other, the rich blame the poor for taking mortgages they couldn't afford, the poor blame the rich for creating derivative markets from those mortgages that collapsed. The middle class, who identify more with the lower class, bailed out the upper class from the crisis.

Is Mark Epstein's "Blame the Alumni" narrative just a spin on Herman Cain's "If you don't have a job and you're not rich, blame yourself" narrative? That's a Board of Trustees transcript we'd like to see. At the Alumni Trustee forum, Ed Mokuvos compared the $2M from alumni Annual Fund giving to the $13M he expects to see from tuition. He left out the additional $54M in Capital Campaign giving by non-trustee alumni. When trustees as well-meaning as Mike Borkowsky and Ed Mokuvos are following the "Blame the Alumni" script, it becomes high time to put this false narrative to rest. Instead of inspiring increased alumni giving, it has done the opposite – and that is part of Mark Epstein's plan.

The current version of this document can be found at <http://www.notnicemusic.com/giving2.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 August 11, 2013.

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