

THE COOPER UNION ALUMNI PIONEER

Real Questions for the Board of Trustees (and the Chair's responses)

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Abstract

Through the wonder of Google Documents and the intelligence of the Faculty/Student Senate, *The Alumni Pioneer* got Mark Epstein, Chairman of the Board of Trustees, to answer all six questions: on student fees, putting tuition on the table, the President discovers financial trouble story, the crisis story, and the Chrysler Building lie.

The following questions from *The Alumni Pioneer* were posted to Google Documents on the morning of November 7, 2011. Thomas Micchelli, Chair of the Faculty/Student Senate, assisted by Senators Atina Grossmann and Anne Griffin, chose to ask all of the questions of Chairman Mark Epstein that evening.

Question #1: According to Cooper Pioneer articles from the 80's, the 1975 bond issue to raise money for the first Foundation Building renovation pledged and assigned to the Dormitory Authority the first \$230K per year of student fees for academic instruction, as stated in its financial reports approved by the Board. In 1979 student fees were raised to provide revenue to the college, and have continued to be raised until they raise \$3 million a year for the school. How does the Board justify raising the student fees each year and how does it justify telling the government that it provides a full-tuition scholarship?

Epstein Response: The costs go up. Every college or most colleges that charges tuition charges student fees, things that are not covered by tuition. [Cooper] does [provide a full-tuition scholarship]. [Student fees are] for extra costs. That's not the scholarship. There are other schools that charge tuitions and fees. They are listed as separate charges.

(In light of Epstein's response, The Alumni Pioneer has investigated the difference between fees for academic instruction and tuition, and posted an analysis at <http://www.notnicemusic.com/Fee_v_Tuition.pdf>.)

Question #2: According to another article, the Board insisted on surplus spending after the US financial crisis of the 70's, even rejecting an administration budget for FY 1983 that did not provide enough of a surplus to create funds to increase the endowment. Yet after the US fiscal crisis of 2008, the Board accepted continued deficit spending, knowing earnings from its investment portfolio were down and draining the endowment. Was it the Board's intention to force the issue and turn the college from a partial-tuition college to a full-tuition college by intentionally creating this CU fiscal crisis, knowing it would incur yearly \$10 million debt payments in 2009 for the \$175 million it borrowed to finance the NAB construction?

Epstein Response: Absolutely not. Be aware that the question of tuition didn't just pop up. It has been on the table literally for over 20 years except this is the first time it has been out of the board room. It's always been an issue. Everyone says that we can't sustain this model. We've gone around that by taking steps like selling off assets and taking some money out of the endowment to make up for the deficit. In one respect, the board is doing exactly what you are asking it to do now.

(This is in agreement with the "last resort" wording from Bharucha, but against those who want tuition "off the table".)

Question #3: Was Jamshed Bharucha told he would have to institute this policy before being hired, or was he merely chosen for his knowledge of full-tuition colleges with aggressive research arms, and then told of the need to convert the school to full-tuition after assuming office?

Epstein Response: We did not hire Jamshed with any plan in place to charge tuition or change things in any structural ways. When we narrowed down the search to a few finalists, they were all given full disclosure about the school's finances. We didn't want to have somebody hired as president, not knowing where we were and saying, "Well, you didn't tell me this," and buying the first ticket to Nepal and disappearing. Everyone was given full disclosure – the small group of finalists – and Jamshed was aware of the situation. But this wasn't a plan to do anything. Again, tuition is not a definite. If we can find ways to avoid it, we will.

(Bharucha came to the Halloween meeting fully prepared with tales of the Deed, the history of charging tuition at the college, deficit spending for decades, and the need to do something or the college would go out of business in two to three years.)

Question #4: Since the Board clearly is responsible for ensuring the long-term financial stability of the college, and the President merely proposes budgets and acts as the college's mouthpiece, and since the President has embarked on a media campaign to tell a story about the time when Cooper was not tuition-free, does the Board really expect the Cooper Community to believe this story about a new president discovering disaster in two years, and that the Board did not have a 30 year plan, let alone a 2 year plan, that saw this crisis coming? Why is the President telling a tale of investigating and discovering the financial history of the college, when the Board creates long-term financial plans, not the President?

Epstein Response: When the board makes a decision on something, it's really very thoroughly investigated and projections are made. Prior to the crash with the onset of the capital campaign and the new building, we had projections that showed that had the capital campaign been completely successful and had the market not crashed, nobody could have predicted that, and had the economy not been so slow to recover, that were sustainable for a couple of decades at least with things the way they were. The fact that the capital campaign was not successful and the economy did crash, hurting us drastically, put us in a different light. With 20/20 hindsight, it's easy to see what took place. But, when you're trying to project into the future, it's very difficult. Initially, the board made projects thirty years out, and it sort of became ludicrous because you really can't predict that far out. But we did have a long timeline of sustainability if those unfortunate events did not take place. But it wasn't a haphazard decision. Again, we are not in a crisis today, we knew this was happening, but we were trying to avoid coming to a decision. The board is doing what it's supposed to do. We are looking at a looming disaster and trying to rectify it before it reaches that point. That's the job of the board.

(What is the difference between a crisis and a looming disaster? Just because Cooper did better than other colleges when the world financial crisis hit, was keeping the story of the NAB opening clean more important than implementing any austerity measures? The issue of growth will be addressed separately.)

Question #5: Is the Board imagining that it can re-create the Andrew Carnegie scenario of 1902 and provide a hero story to a multi-billionaire who is going to give a quarter-of-a-billion dollars to The Cooper Union to save the college? If so, why is the President telling the Cooper Community that it doubts the probability of such a scenario?

Epstein Response: Because he's right. We can imagine it, we can hope for it, but the reality of it is that it's extremely slim. If you have the phone numbers for any of those billionaires, let me know. I'm ready. But it's probably not a reality.

(According to other reports, the price tag of how much money is needed to keep the college from charging tuition is rising every time the administration is asked.)

Question #6: Why is the President telling students that this crisis is due to a drop in Chrysler Building rent when, in fact, revenues from the Chrysler Building have kept pace, while earnings from our investment portfolio haven't even kept up with inflation?

Epstein Response: The economy has been bad, the capital campaign was not completely successful, and because the economy has been down, we are getting a poor rate of return from our invested cash.

(As reported at <<http://www.notnicemusic.com/counter-narratives.pdf>>, the Chrysler Building rent has kept pace with rising expenses, but the investment portfolio earnings haven't even kept pace with inflation as defined by the Consumer Price Index. Meanwhile, expenses have tripled over the rate of inflation. Details on the capital campaign and on the tripling of expenses are being investigated and will be reported on. The latter can only be addressed when the Financial Report, not the Form 990s, are provided to The Alumni Pioneer.)

The current version of this document can be found at <<http://www.notnicemusic.com/questions.pdf>>. The original version was completed on November 7, 2011, with minor formatting changes made on November 12, 2011, and Epstein's answers and some analysis posted on November 13, 2011, with corrections to the FY references made on November 18, 2011.

The Alumni Pioneer, <<http://www.notnicemusic.com/Cassandra/cooper.html>>, is a virtual newspaper with breaking news stories and links to analyses, sources and the media. It is written and formatted in an inverted-pyramid newspaper style to facilitate quick access to what is deemed the most important information. The abstract was added on January 28, 2012.

The Alumni Pioneer would like to thank The Cooper Pioneer for devoting hours to transcribing the first part of the meeting, devoted to questions consolidated by the Student/Faculty Senate. The transcript can be found at <https://docs.google.com/document/d/1qvQbPehy4HnQdr5Y1-BpTuIWiv3xrwK6GG_AzIswRw/edit?hl=en_US&pli=1#> and/or <<http://bit.ly/uMAr5o>>. The second part, which starts at Part 9 at 2:05 on YouTube (<<http://www.youtube.com/user/notuitionever>>) and runs through Part 16, and consists of answers to questions from the audience, has not been transcribed, and has only been viewed all of the way through by 13 people. If someone would transcribe the rest, it would be greatly appreciated.