

THE COOPER UNION ALUMNI & PIONEER

Solutions (rev 1)

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Abstract

The Alumni Pioneer repeats financial solutions proposed by its own staff and Friends of Cooper Union that reject the “reinvention strategy,” the “hybrid framework,” and “Responsibility Centered Management” and provide “full scholarships to all enrolled students.”

On October 31, 2011, President Jamshed Bharucha told *The New York Times*, “**Altering our scholarship policy** will be only as a last resort, but in order to create a sustainable model, it has to be one of the options on the table.” On November 1, 2011 – the next day - the same man sent a “reinvention strategy” letter to the Cooper Union Community proposing to **alter our scholarship policy** to one ensuring “access” – eliminating scholarships to the middle and upper class.

The Expense Reduction Task Force and Revenue Task Force rejected all four elements of the “reinvention strategy” – instead proposing a “hybrid framework” that combined for-pay non-undergraduate programs with a tuition-free undergraduate program – what critics have labeled “the donut.” Then Responsibility Centered Management was forced on to the three schools, as well as a secret Undergraduate Tuition Committee in the Engineering School that recommended a 24% reduction in the full-tuition scholarship – but only if the Art and Architecture Schools agreed. Then everyone left for winter break, to let a secret meeting of the Board of Trustees Executive Committee make a recommendation to a secret meeting of the full Board of Trustees on whether to finally change the mission of the college, established at its founding, and reinforced decade after decade for over 150 years.

The Cooper Union financial crisis is real – no one has ever doubted that, although the “blame the alumni,” “since 1902,” “structural deficit” and “decades of deficit spending” narratives have all been proved to be lies. (Lies are statements that facts show to be completely false – refusing to read *The Alumni Pioneer* does not turn a lie into truth.) But there are no alternatives, say the know-nothings. Here are **solutions** that do not alter our scholarship policy and do not institute new for-pay non-undergraduate programs. Presented in the order they were proposed.

Solution: The Way Forward - April 26, 2012

< http://friendsofcooperunion.org/wp/wp-content/uploads/2012/03/CooperUnion_TheWayForward.pdf>

1. Mission and Academic Way Forward

- **Instill Peter Cooper's values into culture and curriculum** and bridge disciplines by incorporating Mission into humanistic study.
- **Foster a culture of collaboration** by involving all three schools in cross-disciplinary and project-based electives.
- **Engage the faculty** by ensuring new hires share academic values of the institution and opening up a feedback loop between alumni and schools.

2. Financial Way Forward

- **Adopt Fall 2011 EID 374 Business Economics strategy** to immediately cut primary deficit, then approach foundations and MetLife

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- **Cut primary deficit (\$6M non-interest deficit) by saving up to \$5.7M from nonacademic expenditures and by raising \$2.6M in new revenue:**
 - Defer 33% of officer compensation until 2018 (-\$0.46M)
 - Replace academic deans with rotating faculty (-\$0.65M)
 - Move out of 30 Cooper Square (-\$0.7M)
 - Minimize noncritical expenses (-\$1.9M)
 - Scale back costs of "Supporting Services" (-\$2M)
 - = Total savings: up to **\$5.7M without cuts to academics**
 - Reposition real estate such as Fish House and dorm (+\$0.5M)
 - Invest in innovative community ventures (+\$0.1M minimum)
 - Fundraise with vision and tap into Cooper's "creative class" (+\$2M stepped)
 - = Total new revenue: at least **\$2.6M**
 - **Promote fiscal governance** by independent monitoring of finances, institutional controls, and honest conversation.

3. Community Way Forward

- **Be a good neighbor** to tenants and Astor Place neighborhood, form Associates of CU.
- **Grow down** through outreach/tutoring initiatives, mentoring and other programs, build better communities within and beyond the institution.
- **Improve the CU Alumni Association** through restructuring and openness.
- **Promote lasting collaboration** - publication, lectures and permanent email addresses.

Solution: Four Scenarios – September 16, 2012, *The Alumni Pioneer*
 <<http://www.notnicemusic.com/2018.pdf>>

- **Scenario 1: Reduce expenses another \$2M/year**
- **Scenario 2: \$40M unrestricted gift to endowment**
- **Scenario 3: \$8M/year Capital Campaign (not bequests), \$1M reduction in expenses**
- **Scenario 4: Get back 100% PILOT 4% inflation**

Solution: A Bridge Master Plan – November 5, 2012, Editorial, *The Alumni Pioneer*

A Bridge Master Plan would have the following components:

- **Faculty** - Greater transparency with the unions leading to honest negotiations and, perhaps, representation on the board.
- **Alumni** - Greater transparency with the alumni leading to a financial watchdog role to control administrative bloat and provide better information to the Board of Trustees (the Associates of The Cooper Union).
- **Students** - Consideration of a return to the 1970 definition of the Student Fee, allowing for an increase in student cost while still preserving the "full tuition scholarship" policy. Alternatively, a **Bridge** policy amounting to a 10% or 20% reduction in the "full tuition scholarship" for all students. The former could be instituted immediately, the latter would have to be phased in with each new freshman class.
- **Staff** - Increased austerity measures, with probable layoffs and space consolidation.
- **Real Estate** - A reconsideration of Cooper's real estate portfolio, such as the proposed sale or lease of the Residence Hall and elimination of free housing for the president.
- **Lobbying** - Stronger political ties leading to a restoration of full PILOT for 26 and 51 Astor Place and revision of the MetLife loan.

- **Philanthropy** - Reinforcing (not "reinventing") the mission statement, a focus that will lead to increases in the endowment, annual contributions, and fundraisers such as Urban Visionaries and proposed Art Auctions, and access to replacement trustees looking for a worthy charitable cause.
- **Administration** - *The Alumni Pioneer* believes that this new Bridge Master Plan cannot be achieved without new leadership, as our current President is an ideologue with pre-existing ideas about higher education, devoted more to his own speaking engagements and to psychological manipulation of the Cooper Union Community rather than to preserving, reinforcing, and thus saving The Cooper Union.

Solution: Friends of Cooper Union 10-point Plan <<http://friendsofcooperunion.org/>>

1. Engage in significant cost cutting over the course of the next year. Re-review all expenses in granular detail, immediately suspend all non-essential programs, and implement a further cut in spending across the board.
2. Implement the longer term recommendations of the Expense Reduction Task Force, including the replacement of Deans by rotating faculty appointees.
3. Terminate the use of all consultants unless they are significantly cash-flow positive, either in terms of revenue generation or cost reduction.
4. Initiate a true hiring freeze.
5. Use measures 1-4 to recalculate where the budget gap then is going forward and establish a new set-point in expense estimation.
6. Start a full strategic planning effort without delay. Engage the faculty in what they know best: a review of existing programs and academic strengths. That could be completed within a year. Develop a strategic financial plan to accompany it.
7. Use the strategic planning process as a means to engage and enroll the entire Cooper community in the plan. Making the community part of the process ensures a greater degree of engagement and enrollment than the administration announcing plans to the community. We are proposing going beyond the good first steps of the the two task forces.
8. Set up a "bridge" Capital Campaign to cover the gap that is left over from the cost cutting.
9. Engage the alumni as a necessary part of Cooper's future. This should take two forms:
 - a. participation in mentoring and networking
 - b. regular giving of some amount by every alumni every year
10. Kick off a long-term Capital Campaign once interim measures are successfully in place. This Capital Campaign should be centered on returning Cooper to tuition free prominence and sustaining its reputation as one of the best schools in the country.

Solution: Alternatives to Fee-Based Programs – *The Alumni Pioneer*, December 29, 2012

- Administration layoffs;
- Move remaining administration into Foundation Building and NAB, using shared office space and telecommuting;
- Replace some administrative and consulting functions with alumni in-kind contribution of services;
- Return to NYC Finance to re-establish 100% PILOT on 26 and 51 Astor Place (note, this will not reduce government funds, merely eliminate additional government funds that would have been received in the future);
- Negotiate benefits with Cooper's three unions;
- Kick-off a new Capital Campaign, and provide transparency into Annual Fund and Capital Campaign policies and accounting;
- Opt-out of the Higher Education arms race, hiring non-academic personnel devoted to free education at The Cooper Union at lower salaries.

Solution: The Driscoll Plan – *Thomas Driscoll, May 24, 2013*

Here is TD's plan:

- Look at all the ideas from FOCU and all the ideas from the revenue/expense task forces. We will come up with \$2-3 million over the next couple of years (say 2) without throwing quality out the window.
- Re-engage the alum for \$\$\$, parents, too. Get me another \$1-2 million.
- I don't think that we can get much from the union.
- I don't think there is anything from Met as much as we wish there was going to be. So my deficit goes from \$12 to \$8 million maybe.
- If we get there I need an endowment that can generate another \$8 million/year. I can dream that we can do that with \$150-200 million of endowment. That would be pretty sweet and would be fabulous.

The current version of this document can be found at <<http://www.notnicemusic.com/solutions.pdf>>. The original version was completed on December 29, 2012. The first revision, adding The Driscoll Plan, was published on February 20, 2016.

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.