OPEN FORUM WITH MARK EPSTEIN

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On Monday, November 7, 2011, the Cooper community was invited to an open forum with Mark Epstein, the chairman of the Board of Trustees of Cooper Union and an alumnus from the School of Art in 1976, to have questions answered. Over the past weekend, everyone was given the opportunity to populate a Google document with questions that Mark Epstein answered during the open forum. Thomas Miccichei, the film librarian, was the moderator of the forum and Richard Lincer, another member of the board, was also present to assist in answering questions. The questions were divided into four categories: Finances and Responsibilities, Deficit, Tuition Policy, and Savings and Revenues. Mark Epstein started with a discussion of the responsibilities of the Board of Trustees. The following are excerpts obtained from the open forum.

Finances and Responsibilities

Tom Miccichei: Who do you believe is responsible for the current financial situation?
Mark Epstein: Well, it would be great if there were someone that I could point my finger to and said it was his or her fault, but that’s not the case. … you’ll come away understanding that the problem is a systemic deficit, nobody, no one person’s fault. We’ll get into that as we go along.

TM: How do you respond to charges of the mishandling of funds?
ME: Well, at first, I think its offensive, but I’ll not harp on that. The portion of the endowment that the Trustee’s control, which is basically the cash that’s invested, is handled amazingly well as a matter of fact. If you look at the returns that they’ve been able to get while maintaining a very safe, low-risk policy—because we can’t afford to take losses—and with that very safe policy in mind, the returns that they’ve been getting on the invested portion of the endowment outstrip most other colleges and universities.

TM: What have the members of the Board of Trustees done, individually and collectively, to protect our heritage and our future as a tuition-free college?
ME: Well, it didn’t come about to us as a surprise. There’s no surprise. I want to say that we’re not in a crisis right now, but if major changes don’t take place, we will be in a major crisis in a few years. There’s no urgency for tomorrow, but shortly down the road, there is. On that, I want to reassure to everybody that all the students that are here will never be charged tuition. We assume that we have a contract with the students and they will not be charged tuition.

TM: The trustee meeting tomorrow. There’s much talk that decisions will be made at that meeting. What will be happening at that meeting?
ME: The trustees normally meet four times a year, quarterly meetings. Since this is a hot bed issue and needs a lot of attention, we feel that we just need a lot of meetings now than quarterly. It’s not good to wait three months before meetings. It’s just another inter meeting in the schedule. There’s no decisions that will come out of tomorrow. It’s just to keep everyone informed on what’s going on.

TM: It has been suggested that the Board of Trustees meet once a semester in a Community-wide forum such as this one: would the Board be on board with this arrangement?
ME: I don’t think that’s proper for the board. I think that the administration’s job to deal with the community relations aspects of what takes place.

TM: How can alumni give to the school in good faith if they question the wisdom of decisions such as the construction of the New Academic building?
ME: Well, one of the things that will come out when we get to the finances is that the New Academic building did not hurt the school. … it actually helped our financial picture if you know all the facts and that’s hopefully one of the things we can learn here tonight, that the new building did won-, not wonders, but it helped us, it enabled us to consolidate two antiquated buildings into one facility with of course savings of running these properties.

TM: How does the Board justify raising the student fees each year?
ME: The costs go up. Every college or most colleges that charge tuition charges student fees, things that are not covered by tuition.

TM: How does it justify telling the government that it provides a full-tuition scholarship?
ME: Because it does.

TM: So the student fees are not considered tuition?
ME: No, they’re fees. They’re for extra costs. That’s not the scholarship. There are other schools that charge tutions and fees. They are listed as separate charges.

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Deficit
TM: The financial information sent with Pres. Bharucha’s Nov 4 email identified the current budget deficit as “Deficit drawdown from Investment Portfolio”. Does this mean that investment principal has been sold as opposed to what is invested?
ME: I’m not sure how that question is worded. What that means is, if you have $100 and you’re gaining 5% interest on it, you’ll get $105 at the end of the year. But, if you need some that money because you have bills to pay and you take $10 out to pay the bills, well, next year, you’ll have $95 and you’re now getting 5% interest on $95. If you had to draw out of that again, then you’re lessening investment pool is smaller. And that’s a systemic deficit. That’s what we have.
TM: Do you believe the faculty or staff unions have contributed to the deficits?
ME: Not directly. … I’m not pointing figures and saying that’s the case. There is no one cause. The cost of higher education is going up and we have to pay higher salaries to get the faculty and administration that we need.
TM: Why did the Board allow the deficits to pile up to such huge amounts? Why did it not act earlier?
ME: It has acted earlier. When we decided to build the building, we also asked the administration for a 10% cut and we didn’t quite make 10%. Cuts were made. Outside consultants were brought in to review the situation and they found that we couldn’t really make any substantial cuts without affecting the program.

What happened to the $97 million Cooper received when $1 Astor Place was sold?
TM: It went into the fund which covered the cost of the building. … Also, it was determined that since the bulk of our endowment was tied up in real estate (the Chrysler building), it would be a wise move to take money out in order to diversify our portfolio.

Higher education is fundamentally an investment in our future, what infrastructural investments have you made in Cooper during your presence on the board that have already yielded a return?
ME: I spend time and donate money here. I participated in the phone-a-thon and participate in the development effort here any way I can. I don’t know what I can be a direct result of that, except that some of you are being educated by those efforts. What efforts failed? Well, we made an investment in a lot of students that are now alumni, and only 20% of them don’t need to go to school so I think that’s a failed investment as far as that’s concerned for development. It’s hard for us to justify the small percentage of alumni who donate when we’re asked by potential donors, “what percentage of alumni donate?” They say, “why should we donate to the school where only 20% of the alumni donate back to the school?” It’s a hard question to answer. That has failed.

What is the projected income from the lease of 51 Astor when it will kick in?
ME: We got paid in full for the $97 million. That’s already in our pocket, sort to speak, and some of it was already spent. We will be getting about $2 million a year in tax equivalency and that will kick in when the building is occupied.

Is the Board considering cuts in administrative benefits such as the housing supplied to the President and other perquisites and bonuses?
ME: No. Most of the benefits are in union contracts and we can’t play with them. President Bharucha is being paid an adequate salary.

Would you request a salary cut from administration?
ME: No.

What is the feasibility of starting a 1% campaign to ask all alumni to contribute 1% of their income annually to Cooper? A number of alumni have indicated that this is something within their means.
ME: I hope they start it doing it even if we have a program or not. I don’t want to limit it. If someone is capable 10%, give 10%. One of the worst mistakes you can make in fundraising is to ask somebody for $1 million if they were prepared to give $5 million. So you have to be very careful about that. I could see some kind of ongoing campaign. I think it would be a good idea.

The entire transcript is posted up as a Google document, which can be accessed through http://bit.ly/ah5Ar5. The entire open forum was just posted onto YouTube now. If you would like to watch the entire forum, you may do so at: http://www.youtube.com/watch?v=khX4uS_hEM0. We would like to hear responses from you regarding this forum to create a portrait of our overall impression of Chairman Epstein’s leadership and intentions. Our goal is to give a voice to the community and we encourage the conversation between the three schools, between faculty and students, and between the school and alumni.
Please send your responses (a maximum of 200 words) to cooperpioneer@gmail.com by Friday, November 18, 2011:

JOINT STUDENT ASSEMBLY

Many questioned the creation of the Revenue Task Force, which will consist of students, faculty, and third-party consultants with financial expertise, as a suitable committee of determined said solutions. Currently, it seems as if the RTF will not have any say in the decision making process, but simply be a voice providing suggestions to the Board. Cooper cannot use other institutions as financial models because Cooper is not a traditional school. A student quoted Professor Sayes, saying that the philosophy of providing the right, not a privilege, to a free education was untraditional, thereby stressing that alternative solutions need to be found. As the night continued, it came to the light that there was a deeper issue between the students that needed to be addressed. About half of the room believed that charging tuition would completely change Cooper to the point that it should not bear the same name. The other half would rather charge tuition than close the school so that no one would be denied the right to Cooper. The issue was no longer whether or not tuition should be charged but more about coming to a consensus on the essence of the Cooper Union’s mission. The student body is willing to fight, but in order to succeed it must have a united goal. The night concluded with agreeing to another forum composed of students alone, to create direct communications with the Board, and to determine what the student body wishes to discover and accomplish, including upholstering Cooper’s ideals.