

# HELP SAVE THE COOPER UNION

**MYTH:** FREE TUITION IS NOT A REQUIREMENT OF THE  
COOPER UNION'S FOUNDING DOCUMENTS

**FACT:** Countless documents and references exist dating back to the founding of The Cooper Union that support the philanthropist Peter Cooper's vision of free education. The school has indeed remained free for a century and a half through various economic slumps and turbulent times in the nation's history. During this time, the Trustees acknowledged their duty to honor Cooper's vision, and the school became known for its full-tuition scholarships. The current Board of Trustees has parsed the Charter to try and erase this 155-year legacy. For example, they have the audacity to imply that the only "free" education Peter Cooper ever really wanted was limited to "night classes" and lectures. Yet, The Cooper Union, itself, has made reference to its history of free tuition in various court cases in order to maintain its tax exemptions with the City of New York.

- **The Charter and the Deed of Trust (1859):**

Provide that classes shall be "free to all who shall attend the same."

- **Peter Cooper's Letter to the Trustees (1859):**

"In order to encourage the young to improve and better their condition, I have provided for a continued course of lectures, discussions and recitations in the most useful and practical sciences, to be open and free to all."

- **Speech by Abraham Hewitt (1903), teacher, lawyer, U.S. Congressman, mayor of New York City and son-in-law of Peter Cooper, and chair of the Cooper Union Board of Trustees:**

"...Peter Cooper declared that what was most needed was a school that should be absolutely free, so he founded and endowed Cooper Union."

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- **Cooper Union Brief to the First Department (1911):**

“Prior to February 17, 1857, Peter Cooper conceived of the idea of founding an institution in the City of New York to provide free instruction in science and art for the people of the city and of conveying certain property to such institution in aid of its purposes. The history of the transaction shows his determination that consummation of the project should be conditioned upon the devotion of the entire income of the institution to carry out his benevolent purpose.”
- **Cooper Union Brief to the Court of Appeals (1936):**

“The relator [Cooper Union] herein is not acting for selfish reasons, but for the benefit of the public, the inhabitants of the City of New York, to whom it offers its educational facilities entirely without charge. The outstanding and unique position of the relator in the educational life of the City of New York in performing the functions of the State by furnishing technical education and laboratory and library facilities, places it in a position like that of a public governmental body rather than in the position of an ordinary business corporation seeking exemption from the burdens of taxation for its own benefit or the benefit of its stockholders.”
- **Cooper Union Cy Pres Petition (2006):**

“Unlike most other schools, The Cooper Union does not receive any revenues in the form of tuition. All students admitted to The Cooper Union’s degree programs receive a full-tuition scholarship, which allows talented students of all economic background to attend, in accordance with Peter Cooper’s vision.”

**MYTH: THE COOPER UNION'S FINANCIAL CHALLENGES ARE NOT NEW**

**FACT: The Board of Trustees claims that years of structural deficits had eroded assets. Why then given this financially delicate position did the Board act so recklessly in the span of a few short years racking up much more debt than the institution had seen in its 155 year history?**

The lack of fiscal discipline on the part of the Board is demonstrated by an extravagant new academic building completed in 2009 costing over \$165 million. The Trustees pushed forward with the new academic building at 41 Cooper Square before adequate funds were raised for it and without the support of the Engineering School faculty. In fact, the faculty had asked the President and Board to explain how the new building was to be paid for.

In addition, the Board and administration appear to have severely undervalued the school's main asset, the Chrysler building, when they renegotiated the lease with Tishman Speyer. There are also more recent examples of fiscal waste including spending \$50,000 on celebrity speaker Fareed Zakaria, spending a total of \$350,000 for Jamshed Bharucha's inauguration celebration, excessive spending on private security, and spending about \$1.5 million on consultants for supporting President Bharucha's program of "reinvention" for Cooper Union.

Fundraising at The Cooper Union is recently woefully underperforming: The fundraising/development office of Cooper Union spends over \$0.50 for each fundraised dollar when according to the Council for Advancement and Support of Education (C.A.S.E.), it should cost about \$0.17 to raise a dollar. Former Cooper Union President George Campbell received a \$1m bonus compensation after leaving Cooper Union in 2011.

President Bharucha's base pay is \$650,000 – above average for a college president. Consider that Harvard President Drew Gilpin Faust's base pay is \$720,441. Cooper Union has 1000 students while Harvard has almost 30,000 students enrolled.

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**MYTH: AN ACCOUNTING OF THE COOPER UNION IS UNNECESSARY; FINANCIAL DOCUMENTS ARE PUBLIC**

**FACT: Much of the institution's recent financial dealings have been conducted under a shroud of secrecy with Trustees expected to sign confidentiality agreements. These measures fly in the face of Peter Cooper's Charter which commanded that every Trustee "shall be at all times at liberty, in his discretion, freely to publish any matter within his knowledge relating to the institution herein contemplated, or to its management in any respect, including any discussions in the Board of Trustees."**

One of the key issues with respect to The Cooper Union's financial mismanagement is the Board's negligence in controlling expenses, a matter that should be further investigated and subject to scrutiny by the New York State Attorney General. The Trustees could have very likely avoided charging tuition by reducing the school's over-bloated expenses.

In a 2006 Cy Pres petition filed by The Cooper Union to seek permission to borrow against its property (granted by the NYS Attorney General), the Board committed to reducing operating expenses by 10% (by 2011), but instead of being reduced, expenses steadily rose from \$43.7 million in 2006 to \$66.8 million in 2010. The Cooper Union has not lived up to its obligations to the Court.

In addition, the Trustees failed to diversify the school's assets as required by the Prudent Investor Act by placing more than more than 60 percent of the managed portfolio into high-risk hedge funds.

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## MYTH:

**THE COOPER UNION EXHAUSTED ALL OPTIONS TO PRESERVE THE 155-YEAR LEGACY OF FREE TUITION**

## FACT:

**The Board of Trustees was not interested in seriously evaluating or discussing alternative plans crafted by a Working Group charged with developing a proposal to preserve free tuition.**

After a 2013 student standoff and votes of no-confidence in the leadership of the university from the School of Art full-time faculty and the Faculty of Humanities, negotiations by two pro-free tuition Trustees helped lead to the formation of a “Working Group” to explore ways to establish fiscal stability and preserve free tuition.

President Bharucha and the administration actively worked against the Working Group by insisting that administration representatives who were against free tuition be on the Working Group committee. The Cooper Union CFO who was working with the Working Group to provide financial information was fired and replaced by well-paid consultants directly reporting to the President. Despite this, the Working Group, with representatives from alumni, faculty and the board, produced a good plan to bring Cooper Union back to free tuition. However, the Board was not interested in seriously evaluating or discussing the plan. Not surprisingly, the Board voted against adopting the Working Group plan.

## MYTH:

**TUITION WILL HELP PUT THE COOPER UNION BACK ON SOLID FOOTING**

## FACT:

**A unique arrangement with the State of New York allows The Cooper Union to forego taxes on its considerable property holdings including the Chrysler building precisely because it offers free tuition to New Yorkers.**

The school has received tax relief on all of its property which has amounted to millions of dollars (\$19m in 2013). This agreement with the State of New York dates back more than 100 years and is contingent on the school being tuition free. Through this agreement, The Cooper Union has effectively served as a de facto arm of New York City’s educational system, providing aspiring students with an attainable world-class education and in return, being granted a property tax exemption for its invaluable and unique contribution. By making the rash decision to impose tuition rather than cut down on its spending, the Board is putting the entire school’s financial future in jeopardy as the tax exemption is now subject to scrutiny by the New York State Attorney General.

**MYTH: DELAYING IMPLEMENTATION OF TUITION WOULD RISK DEVASTATING CONSEQUENCES**

**FACT: The Board of Trustees passed up a generous donation by a Trustee to keep the institution afloat for a year and did not seriously examine ways to 2018, when The Cooper Union is expected to be in receipt of increased revenues, without charging tuition.**

In 2013, Trustee Jeff Gural proposed a plan in which he would make a large donation to offset the revenue lost from not charging tuition for a year, keeping the school tuition free for another year. The Board of Trustees rejected this plan.

Moreover, a significant increase in Chrysler building rents begins in 2018.

2014 – \$9.5m (per amended lease)

2018 – \$32.5 (per amended lease)

2028 – \$41 million (per amended lease)

2038 – \$55 million (per amended lease)

The administration's decision to charge tuition seems a foregone conclusion illustrated by its snubbing of the Working Group's more fiscally conservative plan to get to 2018. Moreover, The Cooper Union must invest in hefty up front costs to create an administrative infrastructure to manage tuition at the school for the incoming class of 2018. In fact, the tuition plan requires borrowing about \$15 million more than the Working Group plan would need in order to get to 2018, when the dramatically escalated income from the Chrysler building rent begins. Thus charging tuition increases the risk by carrying more debt.

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## MYTH:

### **THE COOPER UNION COMMUNITY VIEWS THESE CHANGES POSITIVELY**

**“The deans of the three schools agree that the class entering this fall, the Class of 2018, continues our tradition of excellence in every dimension. And, in the transition to our new financial model, we have not only preserved access for students from low-income backgrounds but improved it.” - Richard Lincer, Chairman of The Cooper Union Board of Trustees**

## FACT:

**The Cooper Union has been a meritocracy for 155 years providing free tuition and “preserving access” for students of all stripes. The Cooper Union faculty, along with the many students, parents and alumni, have been outspoken in their belief that the reinvention of The Cooper Union is not in the best interest of the school.**

Under the guise of improving access for those who most need it, the Board suggests that the new model of granting scholarships to some students will be create more opportunity for low-income and minority students. The reality is that nothing is freer than free. For 155 years, students from all backgrounds have received a free and high quality education when attending The Cooper Union. For example, in 2005 only 50% of students were of Caucasian heritage, with the other half including African/Caribbean, Hispanic/Latino, Asian/Philippine/Pacific Island and Native American heritages.

Furthermore, applications are already down about 20% this year. The tuition plan assumes that the high-caliber students attracted to a free Cooper Union will still want to come even though the school charges \$20,000 a year for tuition.

Preserving the unique mission of this esteemed institution, especially in today’s climate of rising university tuition and student debt, has clearly resonated with hundreds of people from across the country, many in New York City, and even abroad. The Committee to Save Cooper Union’s (CSCU) campaign to preserve free tuition has received overwhelming support from more than 1,000 donors in recent weeks to support its legal battle to maintain free tuition and seek accountability of the Board of Trustees.