

THE COOPER UNION

# BOARD OF TRUSTEES

## RESPONSE TO THE FEC PROGRESS REPORT

The following constitutes the Response of the Cooper Union's Board of Trustees (the "Board") to the January 15, 2017 [Progress Report of the Free Education Committee \("FEC Report"\)](#).

As a preliminary matter, the Board is grateful to the members of the FEC and the Faculty and Staff Representatives who serve as observers to the committee for their significant efforts over the past year. We are also appreciative of the administration, deans, faculty, union leadership, alumni, and other members of the Cooper community who have participated in the FEC's extensive fact finding efforts and who continue to provide valuable support.

### THE FEC REPORT & THE BOARD'S COMMITMENT TO THE FEC'S EFFORTS

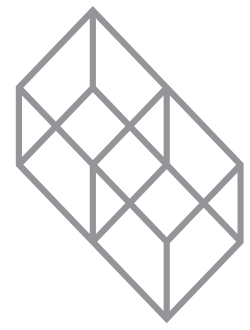
The FEC Report (a) summarized its extensive fact-finding efforts; (b) reported that \$9.1 million of expenses could be reduced over the next two fiscal years without jeopardizing academic excellence; and (c) articulated key metrics which will be used for assessing the institution's long-term financial health and for evaluating the impact of the various initiatives which are being considered to help Cooper Union return to a 100% full scholarship model.

The FEC Report states that, under current financial projections and barring other unforeseen circumstances, it is feasible that, in 2039, Cooper Union can return to a sustainable full tuition scholarship model that maintains the school's strong reputation for academic quality within Art, Architecture and Engineering programs at their historic levels of enrollment. The FEC further states that its goal is to propose a viable, fiscally responsible set of initiatives which will accelerate Cooper Union's ability to return to full tuition scholarships without sacrificing long-term success for short-term gain.

The Board is fully committed to supporting the FEC in achieving this goal.

To that end, the Board has tasked the administration with supporting the FEC and the Board's other committees in reviewing, researching and evaluating the various initiatives enumerated by the FEC. The Board has also authorized the administration to retain outside resources to assist in these efforts as appropriate and fiscally prudent and to coordinate the work of committees to achieve common goals efficiently and productively. So whether the Alumni Affairs & Development Committee is successful in cultivating significant donors, the Finance Committee spearheads additional cost saving measures; or the Communications Committee helps to formulate messaging for a revenue generating program, all of these initiatives will be in service of our common goal—returning to a sustainable 100% scholarship model which aligns with the long-term financial health and strategic goals of the school.

Finally, we agree that the FEC should explore interim steps toward full tuition scholarships, but we cannot sacrifice long-term success for short-term gain.



## THE FEC'S PROGRESS TO DATE

The Board received the [Annual Report of Kroll Associates](#), the Financial Monitor appointed by the NYS Attorney General's office, dated February 15, 2017. The Financial Monitor noted that the committee has already adopted certain governance measures that will promote improved efficiencies and that the Board should do more in that regard (i.e., enact a Code of Conduct). The Board will address the issues raised regarding the FEC's progress and the steps necessary to ensure that the FEC, in collaboration with the Board and its various committees, completes its work in a timely and productive manner.

In addition, the Financial Monitor made clear—and the Board agrees—that cost savings alone will not enable to Cooper Union to reach its goal and that we must focus on revenue enhancing initiatives.

The Board has greatly benefitted from Kroll's extensive experience in financial and governance matters, and we look forward to its continued guidance and support.

## MOVING FORWARD TOGETHER & RECOMMENDATIONS

The Board is engaging in a strategic planning process in 2017 which will integrate the work of the FEC and the Middle States Accreditation Steering Committee within a broader institutional planning effort.

Going forward, the Board recommends that the FEC:

- A. Expand its community outreach to solicit input on potential initiatives.
- B. Provide more regular updates on its progress between now and its final report in January 2018.
- C. Work with the Board and other committees to provide more detail on the initiatives explored and the analysis undertaken to review them—i.e., risk, impact on income statement and balance sheet, materiality, investment required to implement.
- D. Focus on revenue generating initiatives and, specifically, work with President Sparks and the Alumni Affairs & Development Committee to redouble fundraising efforts to increase support from existing and new sources.
- E. Collaborate with other committees of the Board to ensure that concerns of the Financial Monitor regarding governance, productivity and prioritization are addressed and that resources are efficiently utilized for maximum effect. The FEC should focus on the tasks and analysis which are most likely to have meaningful impact on improving Cooper Union's long-term financial health, a prerequisite to returning to a sustainable full tuition scholarship model.

We have a lot to accomplish in the coming year and we—all of the committees of the Board—will be working closely with President Laura Sparks and her team to coordinate all of these ongoing efforts.