THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

WORKING GROUP

REPORT DECEMBER 2013

SUBCOMMITTEE FOR ACADEMIC OPPORTUNITIES

Benjamin Davis, Chair
Assistant Professor, School of Engineering

Teresa Dahlberg
Dean, School of Engineering

Atina Grossmann
Professor, Faculty of Humanities & Social Sciences

Alexander Tochilovsky
Curator, Herb Lubalin Study Center

Victoria Sobel
Alumna (School of Art)

Jakob Josef Biernat
Elected Student Representative (School of Art)

SUBCOMMITTEE FOR ADMINISTRATION AND COMPENSATION

Robert Tan, Chair
Alumnus (School of Architecture)
Secretary/Treasurer, Cooper Union Alumni Council

Christine Osinski
Professor, School of Art

Barry Drogin
Alumnus (School of Engineering)

Lawrence Mesich
Academic Support Specialist, Computer Studio/IT

Sue Mccoy
Senior Database Manager, Office of Alumni Affairs & Development

Rob Brumer
Elected Student Representative (School of Engineering)

SUBCOMMITTEE FOR SPACE UTILIZATION

Diane Lewis, Chair
Professor, School of Architecture

Lawrence Cacciatore
Chief of Staff and Secretary to the Board of Trustees

Arta Perezic
Elected Student Representative (School of Architecture)

Robert Tan
Alumnus (School of Architecture)
Vice President, Cooper Union Alumni Association

TRUSTEES

Michael Borkowsky
Jeffrey Gural
Catharine Hill

OBJECTIVE

The objective of the Working Group is to propose alternative strategies to establish financial sustainability while retaining Cooper Union's unique heritage of academic excellence, merit-based admissions, and full-tuition scholarships for all admitted undergraduate students.

APPROACH

Our approach has been to place primary emphasis on generating cost savings and sustainable cost reductions to offset the projected revenue from the imposition of tuition.

ISSUE

SUSTAINABILITY

Financial sustainability, as defined by the Finance Committee of the Board of Trustees, must be required for both the Tuition Plan and the Working Group Plan.

In a twenty-five year horizon of projections, financial sustainability is highly subject to the assumptions made on endowment returns, inflation rates, spending rates from the endowment, and the ability to control expenses. Changes in these assumptions would affect both the Tuition Plan and the Working Group Plan relatively equally, but the Tuition Plan has established a fixed amount of incremental revenue that is expected from tuition. That amount is the target amount to be achieved by the Working Group Plan. If the assumptions were changed, however, that target amount could be significantly higher or lower. It is therefore essential that there be agreement on the assumptions used for the projections of both plans.

ISSUE

ACADEMIC EXCELLENCE

Impact on academic excellence is a critical issue for both the Working Group Plan and the Tuition Plan. The Tuition Plan assumes that the development of new programs will strengthen the academic reputation and excellence of the school. The Working Group Plan assumes the same level of investment in new programs as the Tuition Plan. There is significant concern, however, that further cost reductions would hamper our ability to provide sufficient support for these new programs.

At the same time, there have been no criteria established for the evaluation of the effect of the Tuition Plan on student body quality. Since there is a risk that student body quality could suffer if selectivity is diminished, it seems reasonable to set criteria for number of applicants, test score quality, yield and other relevant measures so that the results of the Tuition Plan, if implemented, can be objectively evaluated. The faculty should generate these criteria, which should be vetted through existing academic governance.

The Working Group believes that both the risks and the potential impact on academic quality would be lessened under the proposed plan and would be best for the long-term quality and reputation of Cooper Union.

ISSUE

THE COOPER UNION MISSION

As yet, there have been no agreed changes to the Mission Statement of The Cooper Union. Under either the Tuition Plan or the Working Group Plan, the mission of the school should not change. It must always focus on the quality of the education it provides.

Cooper Union has relied on a unique strategy to secure its mission. The granting of full scholarships to all admitted students has provided it with a means of accomplishing its mission in a way that differentiates it from virtually all other U.S. colleges. The Cooper Union has achieved its unique reputation and excellence in academic performance by adopting a full-tuition scholarship.

The imposition of tuition would pose major challenges for the school's ability to present a unique, meaningful and compelling new identity. The full-tuition scholarship meritocracy is a significant driver in creating academic excellence. The high quality student body that results from Cooper Union's selectivity has many academic benefits:

- it allows the faculty to teach at an elevated level which leads to greater academic achievement,
- it produces significant success in winning awards and recognition which reinforces the image and reputation of the school and motivates students to achieve even more,
- it creates a "level playing field" which establishes a subtle but meaningful sense of equality…that every student is there based on their abilities and not for any other reason. That helps produce an atmosphere more conducive to collaboration than competition which further supports the learning process.

The Tuition Plan puts this at risk. It does not preclude the ability to maintain a high quality student body, but it creates a major challenge. The objective of offering greater aid to needier students by charging those who are more able to pay is a reasonable one and is used by most colleges. But it is inconsistent with our historical identity. The Tuition Plan is unlikely to be the source of the compelling new identity Cooper Union would require.

In addition to the cost saving measures, the Working Group Plan does include revenue generation schemes. It is important that new programs be compatible with the mission of the institution and not displace, reduce, or negatively impact the current tuition-free programs that are the bedrock of the school. The Working Group recommends that a stakeholder process similar to that used for the creation of this plan be used to develop additional future revenue generating programs.

SUBCOMMITTEE FOR ACADEMIC OPPORTUNITIES

BENJAMIN DAVIS, Chair
ASSISTANT PROFESSOR, SCHOOL OF ENGINEERING

Teresa Dahlberg
DEAN, SCHOOL OF ENGINEERING

Atina Grossmann
PROFESSOR, FACULTY OF HUMANITIES & SOCIAL SCIENCES

Alexander Tochilovsky
CURATOR, HERB LUBALIN STUDY CENTER

Victoria Sobel
ALUMNA (SCHOOL OF ART)

Jakob Josef Biernat
ELECTED STUDENT REPRESENTATIVE (SCHOOL OF ART)

The traditional mission of The Cooper Union has been to provide a guaranteed full-tuition scholarship to each admitted undergraduate student. As a sub-group, we feel the ideas and suggestions outlined below **should only be considered in this full-tuition scholarship context** and should not necessarily be viewed as suggestions we favor if the recently approved Tuition Plan is maintained.

Our sub-group was charged with identifying proposals related to academic units of the institution (the School of Architecture, the School of Art, the School of Engineering, the Faculty of Humanities and Social Sciences, and the Library) which could enable the institution to revert to a full-tuition scholarship while maintaining a sustainable financial model. Many of the suggestions were taken from the 2012 Expense Reduction Task Force Report (ERR); the remainder were proposed by a majority of our sub-group. Overall, we selected 11 proposals (A. through K.) from a list of 35 potential suggestions.

The expense savings estimates in this report are based on information requested from the Business Office, Admissions, and the CUFCT. The total estimated annual savings amount to $3.0M per year by FY 2023 (inflating to $5.4M in FY 2038), with an additional $0.6M in revenues by FY 2023 (inflating to $1.0M in FY 2038):

PROJECTED EXPENSE SAVINGS

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$(373)K	$(316)K	$2,324K	$2,407K	$2,494K	$2,584K	$2,678K	$2,777K	$2,879K	$2,987K

PROJECTED ADDITIONAL REVENUE

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$490K	$505K	$520K	$535K	$551K	$568K	$585K	$603K	$621K	$639K

As a sub-group, we feel that these suggestions, if implemented, would help to enable a Cooper Union which provides full-tuition scholarships to all enrolled undergraduate student while still maintaining a sustainable financial model for the institution and providing for investments in academic excellence.

IDEAS SUBJECT TO COLLECTIVE BARGAINING

I. A. RETIREMENT INCENTIVE PLANS

The first suggestion is to offer an incentive package to full-time faculty of retirement age (65 years or more). Faculty who elect to take the incentive would be covered by Medicare, with Cooper Union as secondary provider. In the past, such buyouts have consisted of two years of salary for each full-time faculty member. Twelve full-time faculty and librarians are currently eligible. The savings depend on the interest level among eligible faculty; if all currently eligible employees take the incentive, then there would be $3.0M in one-time costs for salaries (can be paid out over up to two years). If a new full-time faculty member is expected to be paid $75K with about $15K in benefits, the institution stands to save $600K per year on salaries and $120K per year in benefits by replacing these faculty members.

The cost-cutting effect assumes that retiring faculty will be replaced by younger junior professors who will have lower (but still competitive) starting salaries and a much longer path before they access retirement benefits. The loss of experienced and in some cases well-known senior professors and the inability to hire others of similar stature in their place will certainly have an academic impact. Possible negative academic repercussions could be offset by the infusion of younger talent, well-versed and trained in the most current scholarly debates and technical skills.

I. B. FULL-TIME FACULTY BUYOUTS

Offering a similar incentive package to all full-time faculty and librarians could also provide savings. If four of the remaining 42 bargaining unit members (~10%) take a similar incentive package to what is offered to retirees, there would be about $780K in one-time costs to the institution in order to achieve $90K per year in potential savings on salaries and approximately $5K per year per full-time-equivalent (FTE) savings on benefits. This again assumes that full-time faculty/librarians are replaced with faculty members at the current average full-time salary of $75K per year.

I. C. COMPENSATION BY CREDIT HOUR

This proposal would result in savings on teaching costs by compensating faculty based on credit hours rather than contact hours. The savings derive from a re-adjustment of equivalent adjunct salaries and a more cost-effective assignment of teaching loads. These savings could be especially significant if proportional faculty could be reduced into a smaller number of full-time tenured or tenure track positions (see item E. below.) Adjunct faculty costs in Architecture could be cut in half by making this change:

2008–2009 Academic Year

	Contact hours reported	Credit hours reported
ARCH	423	152
ART	612	494
ENG	862	792.5
HSS	364	350

There exists the potential for a positive academic impact in restoring a more cohesive full-time faculty, especially in the Architecture School, and in standardizing measures of teaching time across the schools. The savings resulting from this change are estimated to be about $330K per year without significant negative academic impact, assuming that this change results in increased teaching of classes by full-time faculty rather than proportional faculty or adjuncts.

ACADEMIC RESTRUCTURING IDEAS

I. D. ELIMINATE OVERLOADS

Currently, full-time faculty are compensated for contact hours taught above the minimum of 18 contact hours per academic year. If courses are assigned to minimize or eliminate this form of overtime pay, there would be cost savings in the four school budgets. Based on estimates from the 2013 engineering budget, these savings could be as high as $400K per year. This change could have a significant impact on the academic program if not done in concert with the faculty and the deans; the potential for negative impact exists, such as cancellation of elective courses or a less-qualified adjunct teaching a required course that could have been taught by a full-time faculty member. This change is strictly an administrative change and is not subject to collective bargaining.

I. E. ELIMINATE PROPORTIONAL FACULTY

Currently, there are 15 proportional faculty at The Cooper Union. These faculty have a ⅔ time equivalent teaching load (12 contact hours as opposed to 18) and full benefits. If proportional faculty are eliminated, their teaching responsibilities could be restructured and performed by full-time and adjunct faculty to save on salary and benefits costs.
The average yearly salary for a proportional faculty member is $70K (ranges from $58K to $110K), which is $105K per FTE load. Replacing these positions with FTEs at $75K per year would save $180K in salary and approximately $120K in benefits, yearly. The savings could be significantly higher if fewer full-time faculty could be used to cover teaching responsibilities, as in item G. below. For example, if the Architecture faculty were restructured to have the same student to full-time faculty ratio as the Art school (about 25), the savings could be up to $475K per year in salary and $140K per year in benefits. This change is strictly an administrative change and is not subject to collective bargaining.

I. F. RESTRUCTURE THE WRITING CENTER

This item suggests restructuring (not closing) the Center for Writing under The Faculty of Humanities and Social Sciences (HSS). The potential exists to save on salaries and administrative costs on the order of $100K per year, depending on how positions are filled and re-allocated. This change would require significant curricular and organizational revision such as restructuring the first year core HSS curriculum to provide a serious theme-based "Writing Across the Curriculum" program, as currently exists in freshman seminars at most elite colleges. It may also entail possible restructuring and rethinking of the admissions process and involvement of HSS faculty on a part-time consulting basis. A restructured program could have a positive academic and financial impact; it could potentially support skills-building among a larger number of students in a more cost-effective way.

I. G. ASSIGNMENT OF TEACHING LOADS

Currently, many courses at The Cooper Union are being co-taught or team taught with all faculty members receiving credit for the full contact hours of the course. The actual number depends on school and context:

2008–2009 Academic Year

	Contact hours reported	Contact hours without co-teaching/team teaching
ARCH	423	215
ART	612	597
ENG	862	853
HSS	364	362

This practice has led to unfair assignment of resources, as some faculty are teaching far fewer classes and students than others. Economizing the assignment of contact hours and teaching loads to reduce salary expenses could be done much more effectively. This involves enforcement of policies regarding faculty teaching requirements per academic year and reduction in co-teaching and team teaching of courses. Savings would result from not replacing proportional faculty positions (item E. above) or by eliminating adjunct salaries. We offer approximately 500 courses per year; if 50 courses per year were reassigned in this way, the institution could save $250K in adjunct salaries.

ACADEMIC REVENUE GENERATION IDEAS

I. H. MAXIMUM CREDITS EARNED

This idea proposes to limit a student's scholarship to a maximum credit limit. Students would be charged an additional fee to take credits above the minimum requirements for graduation. This policy should include:

- Transfer students who are granted credits upon admission.
- All students who take credits beyond the minimum number for graduation.
- Any students who retake a class due to failure or late withdrawal.

This proposal should be applied to students who voluntarily take courses over and beyond the required credit limit and to students who are forced to re-take failed courses in order to meet graduation requirements. In the first instance, the possible academic impact of discouraging students in good standing from extending their curricular program will be offset by the enhanced ability to concentrate and focus on the entire Cooper curriculum, in their major fields, in the schools, and in HSS. In the second instance, both the financial and academic impact will be positive. If Cooper Union is indeed a meritocratic honors college, then the full scholarship is premised on fulfillment of academic requirements.

Students at Cooper Union took 940 credit hours above the minimum in 2012-13 and there were 460 credit hours of classes failed or withdrawn from. Assuming these 1400 credit hours are in 3 credit classes and that a student would pay $1000 to re-take a class, this would be $467K per year in additional revenue. This positive financial impact may be offset by behavioral changes; students may no longer take overloads because they do not want to spend the extra money; however, it is also possible that determined students will be willing to pay the extra fees. Not all courses failed are re-taken and this policy will provoke behavioral changes, so a reasonable estimate is $200K per year in revenue (200 student-courses taken above the minimum per year).

ACADEMIC CALENDAR CHANGES

I. I. This proposal suggests changing the academic calendar to accommodate an intersession in winter and/or more summer session classes. Assuming that existing administrative staff for summer programs can be used for winter classes, additional revenue could be generated with low expense. If four classes are offered with 20 students in each, revenue would be approximately $200K per year at the current rates for summer classes ($2500 per student per class).

OTHER SUGGESTIONS

I. J. ENHANCED FEE-BASED USE OF GREAT HALL AND PETER COOPER SUITE

This item suggests leveraging the Great Hall's iconic status as a historical institution and a New York City landmark. The Great Hall could be rented out for cultural and academic events that enhance Cooper Union's visibility, enrich its programming for the students, faculty, staff, and larger community, and generate income. Examples of uses could include fee-charging lectures or seminar/performance series that showcase the expertise of faculty and well-known colleagues, with speakers or performers donating their time and services to the Cooper Union full scholarship program.

Additionally, we should restore and repurpose use of the historic Peter Cooper Suite with its sweeping views and excellent facilities (kitchen, bathrooms, terrace) in order to enhance the academic culture and generate income. Cooper Union could use the suite for alumni and donor events and receptions; this would work particularly well in conjunction with the Space Committee's proposal to move Development, Communications, and Design offices into the Foundation Building. We could potentially generate revenue by offering the Suite as an event-space. It is ideally suitable as a spectacular venue (the clock, the view, the kitchen and bathroom facilities, the historical significance) for non-massive weddings, Bar Mitzvahs, and other celebrations.

Currently events are rented out in four hour increments. The Great Hall rate is $5,000 and the Peter Cooper Suite is $1,500, with discounts for non-profit groups. Rose Auditorium is $3,500 per four hour rental. Assuming we could add an additional four events per year (arguably a conservative estimate) in each space, this gives revenue of $40K per year.

I. K. OFFER CERTIFICATES AND TRAINING TO LOCAL PROFESSIONALS AND ALUMNI

Historically, the Cooper Union Alumni Association has offered preparatory classes for the Professional Engineer Licensing Exams. The cost of such courses is typically reimbursed by an employer after passing the exam.

In addition to reestablishing the offering of this preparatory class, a preparatory class for the Registered Architect Exam could be offered, as well as AIA and NYSPE continuing education seminars required to maintain licensing and registration. Companies typically reimburse these educational expenses, also.

The New York City Building Code has been recently revised to replace controlled inspections with special inspections. For seven forms of inspection, inspectors without a PE or RA must pass ICC certification exams. To maintain certification, inspectors for these seven forms must accumulate 12 Continuing Education Units every three years. The most efficient way to accumulate the CEUs is by taking a course at an accredited college. The instructor providing the course also receives CEUs. The cost of CEU courses is typically reimbursed by employee companies.

In addition to payment for courses and seminars, which would be open to both alumni and non-alumni, students and attendees could be asked to make a charitable donation to the college. Assuming nine courses are given each year, new revenues of at least $50K are expected. Assumes students would pay a fee of $100 per professional development hour, classes run for eight hours total, and each class would have 10 students. The proposal requires identifying faculty/alumni willing to organize and recruit for courses and seminars.

CONCLUSIONS

We believe that, if implemented, these suggestions would help to enable The Cooper Union to still maintain a sustainable financial model for the institution and that they also provide for investments in academic excellence.

These changes are not minor; they will require serious adaptation in certain academic structures and institutional practices. However, we believe that this sort of reinvention is strongly preferable to the tuition model and is the best way currently to maintain the traditions, values, and culture of our institution.

SUBCOMMITTEE FOR ADMINISTRATION AND COMPENSATION

ROBERT TAN, Chair
ALUMNUS (ARCHITECTURE)
SECRETARY/TREASURER, COOPER UNION ALUMNI COUNCIL

Christine Osinski
PROFESSOR, SCHOOL OF ART

Barry Drogin
ALUMNUS (ENGINEERING)

Lawrence Mesich
ACADEMIC SUPPORT SPECIALIST, COMPUTER STUDIO/IT

Sue McCoy
SENIOR DATABASE MANAGER, OFFICE OF ALUMNI AFFAIRS & DEVELOPMENT

Rob Brumer
ELECTED STUDENT REPRESENTATIVE (SCHOOL OF ENGINEERING)

In agreement with the Cooper Union Working Group Academic Opportunities Sub-Group, we feel these ideas and suggestions should only be considered in the context of the traditional mission of The Cooper Union, the guaranteed full-tuition scholarship for each undergraduate student, and should not be viewed as suggestions we favor if the current tuition policy is maintained.

In addition to proposals related to compensation and benefits, we considered Cooper real estate, expenses, and administrative headcount. A proposal discussed and approved by the Working Group as a whole has been included in our Sub-Group Report for convenience of structure and presentation. Seven proposals (A. through G.) are presented.

The expense savings estimates in this report are based on information requested from Robert Spencer. The total estimated annual savings amount to $5.8M per year by FY 2023 (inflating to $10.2M in FY 2038), with an additional $1.2M in revenues by FY 2023 (inflating to $1.9M in FY 2038):

PROJECTED EXPENSE SAVINGS

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$600K	$3,059K	$3,709K	$3,931K	$4,459K	$4,706K	$5,160K	$5,351K	$5,551K	$5,766K

PROJECTED ADDITIONAL REVENUE

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$934K	$962K	$991K	$1,021K	$1,051K	$1,083K	$1,115K	$1,149K	$1,183K	$1,219K

II. A. PRESIDENT COMPENSATION POLICY

As a unique institution of higher education, The Cooper Union presents opportunities for its chief executive to be part of a landmark institution, with a unique mission based on austerity, philanthropy, and a total focus on the quality of the education of students. A leadership position brings with it prestige and interaction with New York cultural society.

The college does not need to attract star executives at extreme salaries. According to the *Chronicle of Higher Education,* the median compensation package for college presidents at private colleges was under $400K/year in 2009. In the full-tuition scholarship context, the primary function of the president is fundraising and community engagement. Rather than recruit stellar presidents with skill sets that a small specialized college like The Cooper Union does not require, the Board of Trustees, going forward, should negotiate compensation packages closer to the median, with contractual performance bonuses for the achievement of outstanding goals as defined by the Board of Trustees. Many new presidents will be hired within the 25-year timeframe of the Charge of the Working Group. A cost savings of at least $200K/year, starting with the next president, escalating at HEPI, not CPI, is a reasonable expectation.

Former Cooper presidential residences were used as real estate investments. If free housing is to be provided to future Cooper presidents, the Board should consider whether to change the terms of the Stuyvesant/Fish House estate deal in a way that will provide additional revenue to Cooper at New York real estate rates.
This proposal does not require union approval.

II. B. MANAGEMENT COMPENSATION POLICY

Similar to the President Compensation Policy, the proposal is to negotiate compensation for future vice presidents, deans, and other managers closer to 150% of median salaries. According to salary surveys conducted in FY 2012 by the *Chronicle for Higher Education,* and salaries listed in the FY 2012 Form 990s, Cooper pays its vice presidents and deans over 200% of median salaries. Since New York City is a more expensive region, the proposal is to hire new employees into these positions at an average of 150% of the current median.

Based on just the nine highest salaries listed in the FY 2012 Form 990s, savings of at least $400K/year are expected. The Working Group was not given access to salaries for other positions, but savings up to $800K/year, escalating at HEPI, not CPI, are reasonably expected.
This proposal does not require union approval.

II. C. CAP RETIREMENT BENEFITS

All 403b-eligible employees currently have 10% of their salaries invested each year. This is typical in the academic world. The proposal is to cap that contribution at $7,500, so that employees earning salaries over $75,000 would have no more than $7,500 invested each year of employment. The college currently contributes a total of $1.2M for employees earning over $75K and $0.7M for employees earning under $75K. Savings of $400K will be realized in FY 2015, escalating at CPI, assuming both union and non-union positions were effected.

Union approval would be needed for all union employees earning over $75,000. It would be expected that the cap would be subject to negotiation at subsequent union negotiations. For non-union employees, that cap would likely be raised at intervals, escalating at CPI.

II. D. PURSUE SALE OF RESIDENCE HALL

The Sub-Group supports current efforts to sell the Residence Hall, for $20M to $30M. This is a long-range goal. If the Residence Hall is sold, the college will also be able to eliminate two staff positions (formerly three). There will be some complications related to the recent move of some student service offices into the Residence Hall. The sale of the Residence Hall will enhance the college's commitment to education of local residents and its historical role as a commuter college.

The college should withdraw from the CHARAS/El Bohio deal, which has caused further tensions between the institution and local residents and politicians.

If a sale is not executed, significant revenue increases are expected from current commercial lease expirations in 2018, 2023, and 2024. A minimum increased revenue of $200K/year is expected from the first commercial lease expiration in 2018.
This proposal does not require union approval.

II. E. MAJOR EXPENSES

The following proposals do not require union approval.

II. E1. Utilities $200K (10% of $2M)

Utility bills vary from year to year based on weather conditions. The Working Group has two proposals to reduce utility costs: changing building hours at the Foundation Building (FB) and New Academic Building (NAB), and fixing co-generation issues at the NAB.

We propose closing the FB and NAB completely between 2am and 7am on weekdays and between 10 pm and 8 am on weekends. An exception is to keep the buildings open 24/7 during finals weeks. This is a total of 45 hours during a 168 hour week, over 25%. In addition to vacating the buildings during these hours, equipment and infrastructure could be powered off, and campus computers shut down.

Also, during construction of the LEED Platinum NAB, equipment needed for co-generation of energy and even resale of excess energy to Con Edison was not purchased due to cost overruns. When Cooper's cash flow situation is improved in 2018, the college can consider completion of the NAB's co-generation facilities for significant savings.

The Working Group conservatively estimates that savings of $200K, or 10%, are immediately realizable. Co-generation will produce significant savings in the future, but are not included in the Working Group Plan financial model.

II. E2. Consultants $300K (15% of $2M)

A remarkable over-reliance on outside consultants and contractors has developed at The Cooper Union. The Working Group did not want to consider one-time costs relating to the financial crisis in FY 2012, but to propose that the institution rely more on in-house expertise and tap alumni donated services, with proper recognition. When the financial crisis was announced, many alumni volunteered to teach courses for free, a violation of union contracts. There are significant opportunities for engineers, architects, and artists to provide expertise, as well as a knowledgeable staff that feels slighted when work is assigned to outside consultants. The Working Group itself is an example of the use of such resources. We conservatively estimate that at least $300K of savings could be realized from this proposal.

II. E3. Cleaning $150K (15% of $1M)

The Cooper Union uses several cleaning service companies, some for a long time. The Working Group estimates that savings of some 15% could be realized by competitively bidding out these services in the future, as well as some service reductions.

II. E4. Security $150K (25% of $600K)

The deployment of two or more guards at stations where one guard will do is wasteful. The Working Group estimates that at least 25% of the cost of security can be saved by eliminating redundant guards and possible renegotiation or competitive bidding practices. This recommendation is separate from the extraordinary costs of unnecessary security guards in FY 2013. Restoring the full-tuition scholarship will greatly reduce tensions on campus.

II. E5. Legal $0 (0% of $500K)

Legal services required vary from year to year, and the Working Group had no particular recommendations for savings in the cost of legal services.

II. E6. Grant-Funded Programs $400K (100% of $400K)

The Cooper Union currently spends $400K to continue programs that are supposed to be fully funded by grants. The Working Group proposes to eliminate funding to any programs that are not completely grant-funded, and to make sure that overhead costs such as an appropriate proportion of utilities, cleaning, security, and the debt service be included in the costs of such programs. A popular summer STEM program that was free is now being advertised as a $3000 per student revenue generating program. This is the wrong model to use; as with the Saturday/Outreach Program, additional funding should be sought, or the program should be eliminated.

II. E7. Travel $0 (0% of $335K)

Travel was reduced in FY 2013 to $191K from $335K in FY 2012, as part of the Board directive to reduce expenditures by $4M. The Working Group was provided with a breakdown of each department's overall travel budget; these budgets should be closely monitored in the future.

II. E8. Alumni Events — $200K (100% of $200K)

In addition to pop-up events and sponsored Affinity Group events, the CUAA is seeking to make all alumni non-fundraising events net zero, through sponsorship or ticket sales. This effort has started with the 2014 Founder's Day Celebration, which is being re-envisioned from a dinner or cocktail party into a block party.

The major expense categories listed above represent items the Working Group has given consideration to. Other major expense categories include contracted accounting, insurance, general materials and supplies, instructional materials and supplies, and printing and publications, each over $250K. There are many minor expense categories, such as student activities, maintenance materials and supplies, equipment repair, membership and subscriptions, and periodical/eprint/database, which sum to an additional $1.5M. Therefore, the total expense budget is much larger than what has been examined.

II. F. ADMINISTRATIVE HEADCOUNT REDUCTION

In addition to providing other consulting services, CDG was assigned to study the college's administrative structure and make recommendations. Rather than implement all recommendations in order to reduce educational impact, the administration proposed a reduction based upon a 6% across-the-board cost reduction and further 6% reduction in departments that had exceeded HEPI since 2008. This forced the Business Office to reduce their headcount from 20 to 15, but allowed other departments to avoid cuts that would benefit the institution, while forcing cuts in academic units with no consideration of educational impact.

Similar to CDG, the Working Group sought to identify positions where job functions could be combined, or redistributed amongst other college employees. An additional criterion was the consideration of eliminating or reducing support for some functions that are common at other colleges but not essential to education.

In Development, a third criterion was added, that of obtaining the biggest "bang for the buck." Efforts to cultivate large donor donations result in a higher ratio of dollar raised for each dollar spent than efforts involving small donor cultivation. Some of the headcount reductions in Development had to do with allowing Development expertise to be applied where it would provide the most benefit to the college, and relying on alumni volunteers from the CUAA to connect with and pursue the remainder of the donor base. The logistics of defining a "large donor donation" and the process whereby such donors would be brought to the attention of Development and/or "handed off" to them would be worked out.

Based on the criteria above, the Working Group recommends reductions in these five non-academic departments:

- Department of Finance & Administration
  (which includes the Business Office, Facilities, HR, and IT):
  Eliminate four positions, to reduce the headcount from 38 to 34.
- Development & Alumni Affairs:
  Eliminate six positions, to reduce the headcount from 22 to 16.
- Student Services:
  Eliminate two positions, to reduce the headcount from 13 to 11.
- Admissions & Records:
  Eliminate two positions, to reduce the headcount from 8 to 6.
- President's Office:
  Eliminate two positions, to reduce the headcount from 7 to 5.

The elimination of 16 positions would result in an estimated cost savings of at least $1.6M. Further headcount reductions may be realizable due to efficiencies from the Space Utilization Sub-Group report. The analysis does not include the elimination of four new admissions employee positions required to implement the Tuition Plan nor does it include consideration of new administrative positions created by the current administration in the current academic year.

Given a direction to reduce administrative headcount, department managers might differ with the Working Group on what positions to consolidate or eliminate. It is preferable that the Working Group and the Board propose the criteria and the goals, and that the administration make its own decisions on how to execute the proposal.

Although the college can eliminate both union and non-union positions, it is illegal to then create a new position with a new title for a new employee performing the same job function. Since, in addition to eliminating some functions, the proposal considers the redistribution of some functions, a salary adjustment would need to be negotiated for any reassignment of a job function to a union employee.

II. G. STUDENT FEES

To meet the cash flow projections of the Tuition Plan as presented, additional funding may be required. The Working Group is proposing an increase in student fees, if necessary, up to a maximum of $1,000/year in FY 2015. The term "tuition" does have specific legal meaning in the academic context, so the college must verify that the fees can be legally raised by this amount. This fee is not currently included in the financial projections.

The Working Group proposal is presented simultaneous to other fundraising activities; it is not intended to short-circuit these efforts. Some of these efforts in FY 2014 are concerned with payments by students in FY 2015. The Working Group proposes that money raised by these groups would first go towards reducing this raise in student fees. Money raised beyond that amount would be used to reduce student fees even further.

SUBCOMMITTEE FOR SPACE UTILIZATION

COST REDUCTION & SPATIAL ALTERNATIVES FOR THE INTEGRATION OF EDUCATIONAL & ECONOMIC VALUE

DIANE LEWIS, Chair

PROFESSOR, SCHOOL OF ARCHITECTURE

Lawrence Cacciatore

CHIEF OF STAFF AND SECRETARY TO THE BOARD OF TRUSTEES

Arta Perezic

ELECTED STUDENT REPRESENTATIVE (SCHOOL OF ARCHITECTURE)

Robert Tan

ALUMNUS (SCHOOL OF ARCHITECTURE)

VICE PRESIDENT, COOPER UNION ALUMNI ASSOCIATION

The Working Group requests the following IDEAS FOR CONSIDERATION as an answer to the report from the space committee;

1. **REQUEST FOR MOST RECENT LEGAL STATEMENT ON THE STATUS OF TAX EXEMPTION OF REAL ESTATE**
   BASED ON PROPOSED CHANGE TO TUITION FROM FULL SCHOLARSHIP TUITION;
   The working group considers it wise for the success of the implementation of any change to the schools identity and mission, the expansion of our programs nationally and internationally, to secure a contemporary draft ruling on the security of our tax exempt real estate status relative to our holdings at this time.

   This would be a singularly important document to the issues of the charter and a good faith action relative to the real estate actions that have been presented as contributory to the current crisis in the comprehensive overview of the figures showing the financial status that the implementation of any tuition program is based on.

   Therefore, with the intention of sustaining some nugget of full scholarship tuition within a new educational vision for the school, the real estate exemption, and any and all required stipulated spatial uses constituting the charter that secured our tax exemption must be addressed in principle both legally and by the considerations of space allocation in this report.

   This includes the provision for a public reading room, and a rigorous vision on other items on the charter at this time. We have considered the potential of the arcade at the west of the Foundation Building as a potential public reading room which has the important option of its independent entry from the lobby.

2 **REQUEST EXPRESSION OF TRUSTEE INTEREST IN RETURN NEGOTIATIONS WITH NEW MAYORAL ADMINISTRATION** on subject of percentage of tax payments on all Cooper properties.

3. **REQUEST EXPRESSION OF TRUSTEE INTEREST IN SUPPORTING AND ADOPTING THE PRINCIPLE** that the distribution of functions divide the real estate into two categories;
   A. All areas of educational use and the contributory administrative functions, will be housed in school property that requires no rent costs
   B. Any revenue generating programs, including tuition based programs, will be costed appropriately to support the rental spaces that they will occupy in addition to their educational and admin costs

4. **OBJECTIVE: COMPLETE MOVE OUT OF 30 COOPER SQUARE RENT OBLIGATIONS FROM 2014–2018:**
   Request for adoption of plan to move out of 30 Cooper Square into non rental institutional area progressively over the 2014–2018 period leading to level off year.
   Further development of this concept requires:
   A. Idea on Admissions offices progressive re-examination from 2014-2018
   Move admissions progressively into academic institutional building or buildings—Foundation for Art and Arch with appropriate spatial configuration to their admissions process, and into 41 Cooper Square.

5. **REQUEST EXPRESSION OF TRUSTEE SUPPORT FOR DEVELOPMENT NEGOTIATIONS** with Mrs. Wesselmann on 30 Cooper Square re–donation of floors for studio space, and/or air right development project

6. **REQUEST EXPRESSION OF SUPPORT FOR DEVELOPMENT TO** negotiate a new deal for square footage in Minskoff Building devoted to Cooper Union educational use

7. **REQUEST FOR ANALYSIS OF SQUARE FOOTAGE DISTRIBUTION OF PROGRAMS COMPARING 41 COOPER SQUARE TO** total area of demolished Astor Place Engineering school and demolished Hewitt Building art studios and classrooms—this analysis is key to getting the plant costs maximized in efficiency to support the full scholarship nugget of the school and the economically effective position for revenue generating new programs

8. **REQUEST FOR SPONSORSHIP OF SPATIAL ANALYSIS PROGRAM FOR TWO AREAS OF OUR REAL ESTATE HOLDINGS**
   A. Basement at east and south perimeter of Foundation Building including status and ownership negotiations for underground interior below Cooper Park for potential library consolidation and expansion program
   B. Far and air rights status from dorm as of right massing, to allow auxiliary development at north east area of dormitory site-relative to new zoning.

EVALUATION OF THE FOUNDATION BUILDING GROUND FLOOR TO HOUSE MAXIMUM AREA OF RENTAL SPACE AT 30 COOPER SQUARE

The working group space subcommittee proposes that cost-cutting or revenue-generating measures for the ground floor of the Foundation Building are limited to the following criteria:

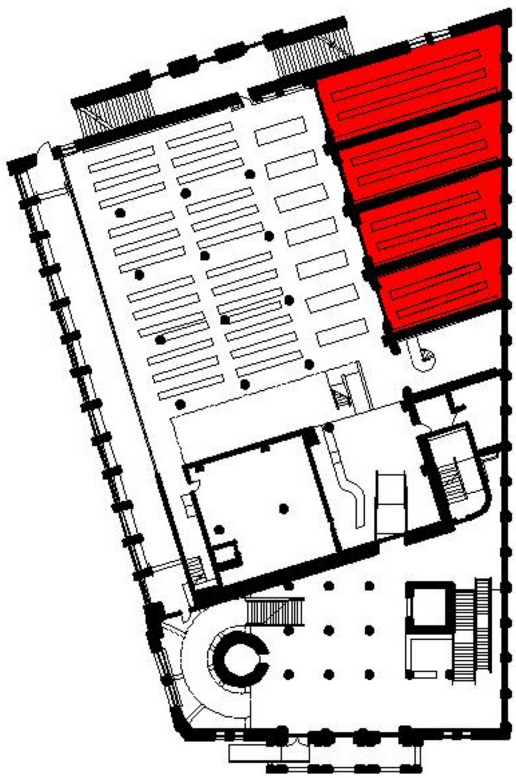
1. Minimal changes to the existing structural & architectural conditions (cost effective)
2. Limit reductions and repositionings in library stacks to those agreed on between all three degree granting schools, Humanities and the librarians
3. Any proposal is made with consideration for renovation costs, timeframe and landmark approval issues
4. Consideration for tax exempt status in regard to "public reading room" as per charter

THE FOLLOWING DRAWINGS
REPRESENT A STUDY OF

COST EFFECTIVENESS

FOR THE
GROUND FLOOR
OF THE
FOUNDATION BUILDING

CASE 1 POTENTIAL RETAIL SPACE (as suggested by Trustee Cost-cutting List)



GROUND FLOOR

TOTAL AREA ON THIRD AVENUE =3,450 SF
TRUSTEE PROPOSED RETAIL

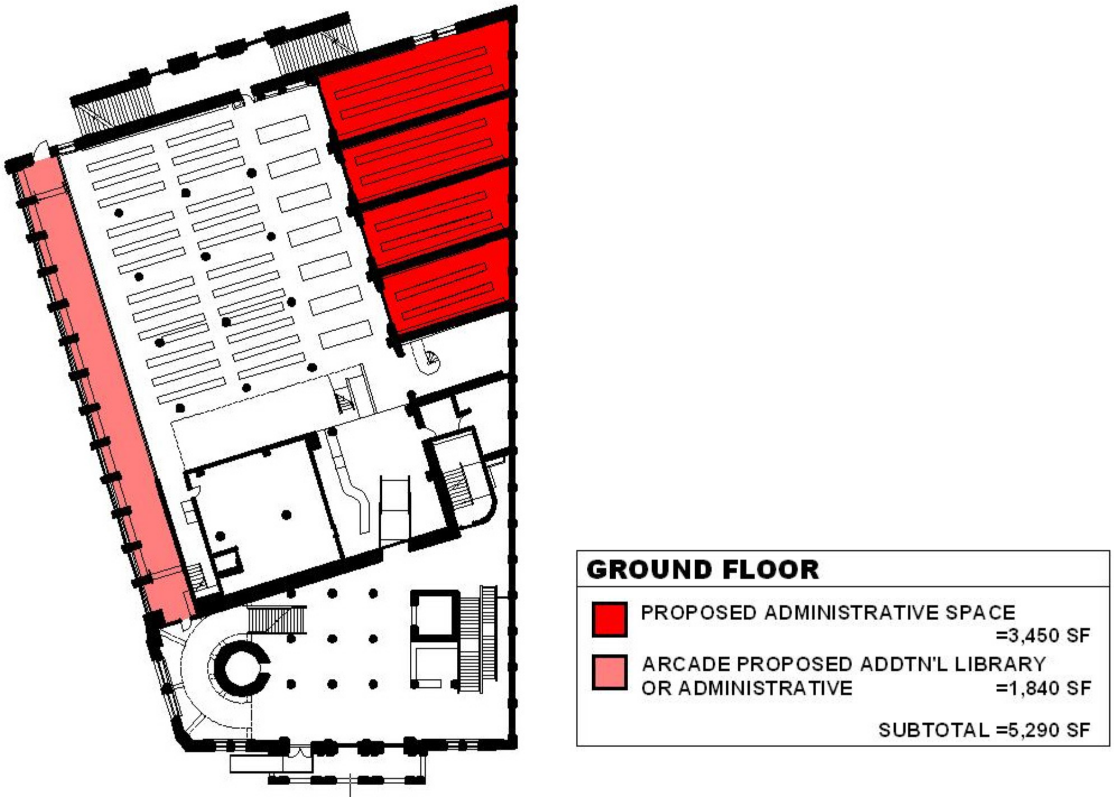
Projected revenue
3,450 sf x $100 per sf =$345,000 @ year

DOB change in C of O and Landmarks approval Professional fees, permits & filing	=$TBD
Architectural and expediting services for use change	=$TBD
Real estate brokers as necessary	=$TBD

SUMMARY

The yearly revenue from retail in the red area is equivalent to the cost benefit of moving two floors from 30 Cooper Square into this area of the Foundation Building.

CASE 1A POTENTIAL ADMINISTRATIVE AREA



Projected cost benefit from reducing rented area at 30 Cooper Square

2014 rent, floor 3 = $162,500

2014 rent, floor 8 = $159,000

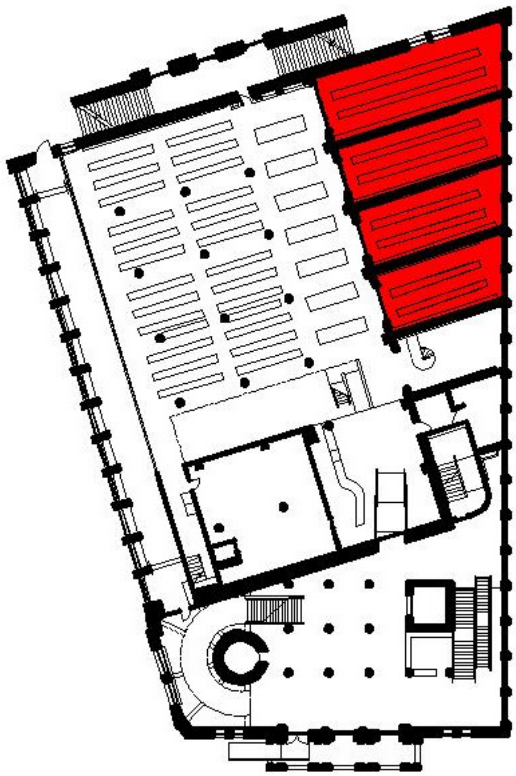
Budget expenditure reduced by= $321,500 per year

DOB and Landmarks approval	=$TBD
Demising partitions and all code required toilets, exit units, etc.	=$TBD
Architectural and expediting services for use change	=$TBD

SUMMARY

Rent reduction for moving out of two floors at 30 Cooper Square = $321,000

CASE 2 AREA AVAILABLE FOR OFFICES FROM 30 COOPER SQUARE



OBJECTIVE

- Reduce rent costs of non revenue-generating functions.
- Vacate 30 Cooper Square
- Relocate functions to institutionally owned property

These 3,450 sf will replace 1.5 to 2 floors of 30 Cooper Square offices.

This is based on the usable net sf in the existing offices.

This move from 30 Cooper Square to the Foundation Building will be achieved with the following approach

A. Open Plan offices

B. Implement staff reductions recommended in CBG Working Group administrative cost reduction proposal

SUMMARY **Rent reduction for moving out of two floors at 30 Cooper Square = $321,000**

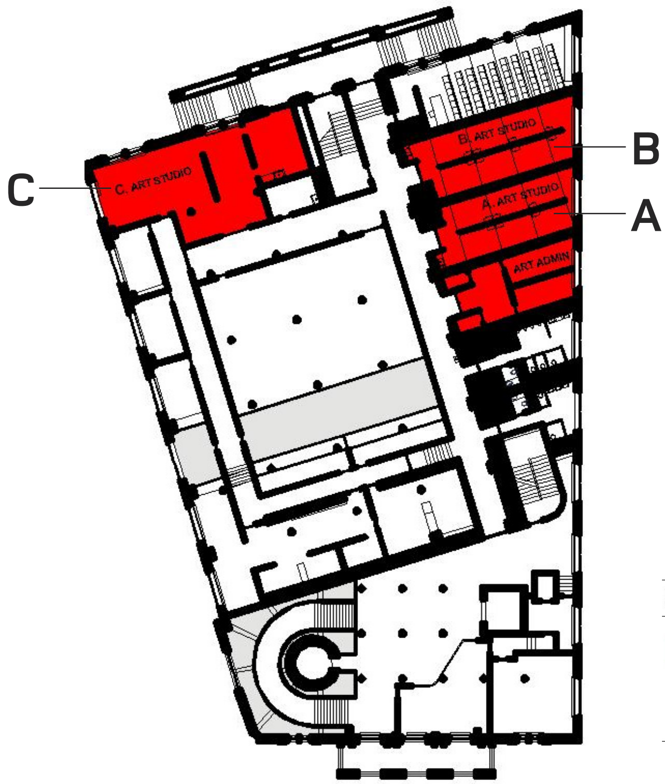
THE FOLLOWING DRAWINGS
REPRESENT A STUDY OF

COST EFFECTIVENESS

FOR THE

SECOND FLOOR

OF THE
FOUNDATION BUILDING



SECOND FLOOR

PROPOSED ADMINISTRATIVE SPACE =3,867 SF

The areas shown in red are 3,867 sf and they are currently occupied by the School of Art.

When this area is used for the offices housed at 30 Cooper Square, the Art School will have to be provided with equivalent studio and administrative space to replace this area.

Rooms A, B & C are occupied by painting studio cubicals.

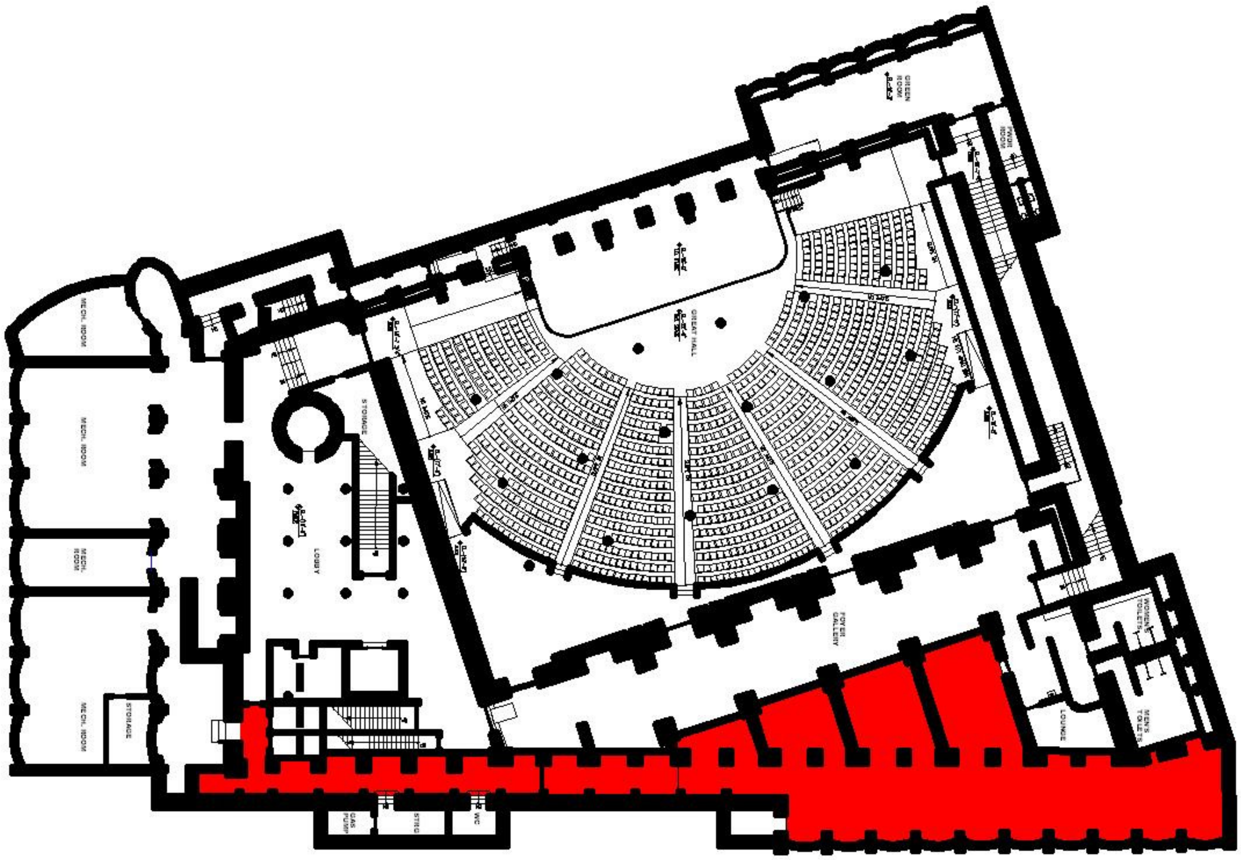
This area is sufficient to accommodate the remaining offices occupied at 30 Cooper Square when added to the ground floor Foundation Building proposal in Case 1A.

Notes:

- This proposal cannot be ratified until agreed to by the Art School Faculty.
- East offices shown can be internally connected to the proposed ground floor offices.
- The Working Group has been informed that Admissions is remaining at 30 Cooper Square with a three year lease and renovation to the second floor beginning 2014.

SUMMARY

Rent reduction for moving out of three floors at 30 Cooper Square = $481,500



- The space shown in red is proposed for relocation or addition of library stacks
- This area is 3,000 sf

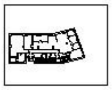
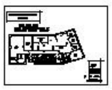
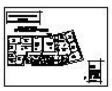
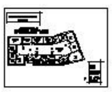
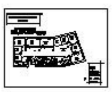
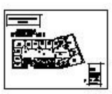
Note: It can be connected with an internal stair to the ground floor library above

THE FOLLOWING DRAWINGS REPRESENT A STUDY OF

COST EFFECTIVENESS

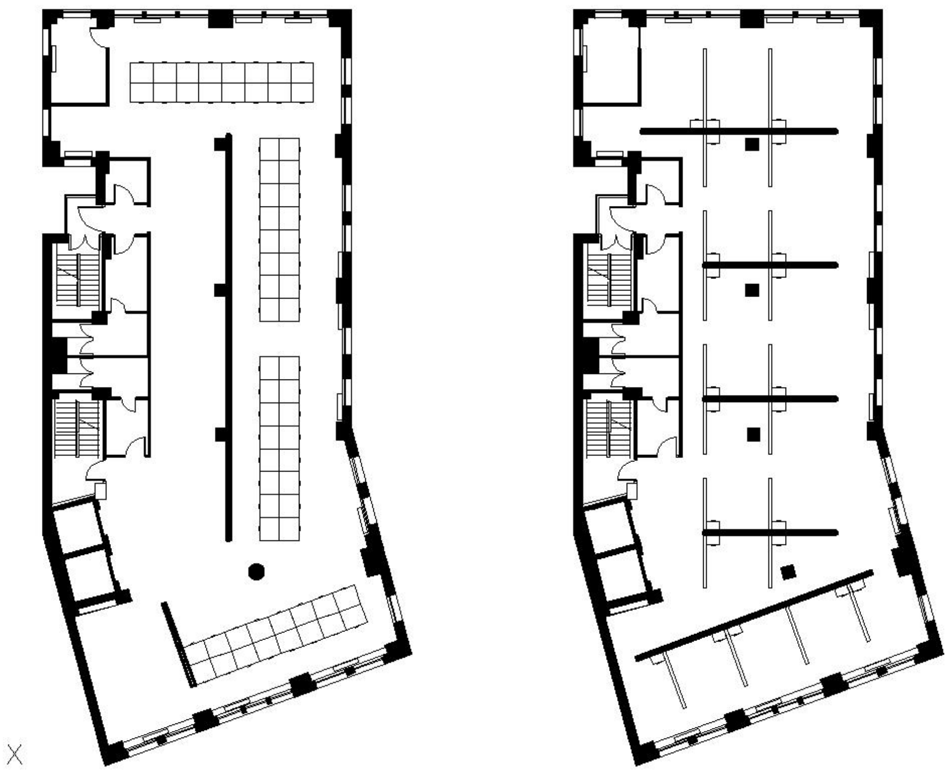
FOR

30 COOPER SQUARE

30 COOPER SQUARE		LEASE SIGNED SEPT 2013 $ 25/SQ FT 2014	INCREASE/SQ FT = $25.6875 2015	INCREASE/SQ FT = $26.394 2016	INCREASE/SQ FT = $27.12 2017	INCREASE/SQ FT = $27.866 2018	
	FLOOR 2 6500 SQ FT	X $25 = $ 162,500	2.75% INC. = $ 166,969	2.75% INC. = $ 171,561	2.75% INC. = $ 176,280	2.75% INC. = $ 181,129	GROSS 5,352 SF NET 3,948 SF USABLE OFFICE 1,463 SF
				ADMISSIONS LEASE & RENOVATION FROM 2014 FORMERLY DESIGN CENTER, SATURDAY PROGRAM, ET AL.			
	ADMISSIONS & RECORDS FLOOR 3 6500 SQ FT	X $25 = $ 162,500	2.75% INC. = $ 166,969	2.75% INC. = $ 171,561	2.75% INC. = $ 176,280	2.75% INC. = $ 181,129	GROSS 5,352 SF NET 3,948 SF USABLE OFFICE 1,463 SF
	PUBLIC AFFAIRS BUILDINGS & GROUNDS FLOOR 5 VACATED			VACATED & MOVED TO DORMITORY			
	STUDENT SERVICES FLOOR 6 VACATED			VACATED & MOVED TO DORMITORY			
	BUSINESS OFFICE FLOOR 7 6500 SQ FT	X $25 = $ 159,000	2.75% INC. = $ 163,373	2.75% INC. = $ 167,865	2.75% INC. = $ 172,483	2.75% INC. = $ 177,228	GROSS 5,195 SF NET 4,012 SF USABLE OFFICE 2,224 SF
	ALUMNI & DEVELOPMENT FLOOR 8 6500 SQ FT	X $25 = $ 159,000	2.75% INC. = $ 163,373	2.75% INC. = $ 167,865	2.75% INC. = $ 172,483	2.75% INC. = $ 177,228	GROSS 5,134 SF NET 3,929 SF USABLE OFFICE 2,224 SF
TOTAL PER FISCAL YEAR		2014 = $ 643,000	2015 = $ 660,684	2016 = $ 679,023	2017 = $ 697,526	2018 = $ 716,714	SUBTOTAL USABLE OFFICE 7,374 SF

2.75% ANNUAL INCREASE THROUGH FISCAL YEAR 2018 - END OF CURRENT AGREEMENT

Square footage analysis of 30 Cooper Square in order to be used for studio space for revenue generating programs such as tuition based grad studios for architecture and art, summer programs, advanced institute, funded outreach, professional licensing courses, et al. which are currently housed in the Foundation Building.

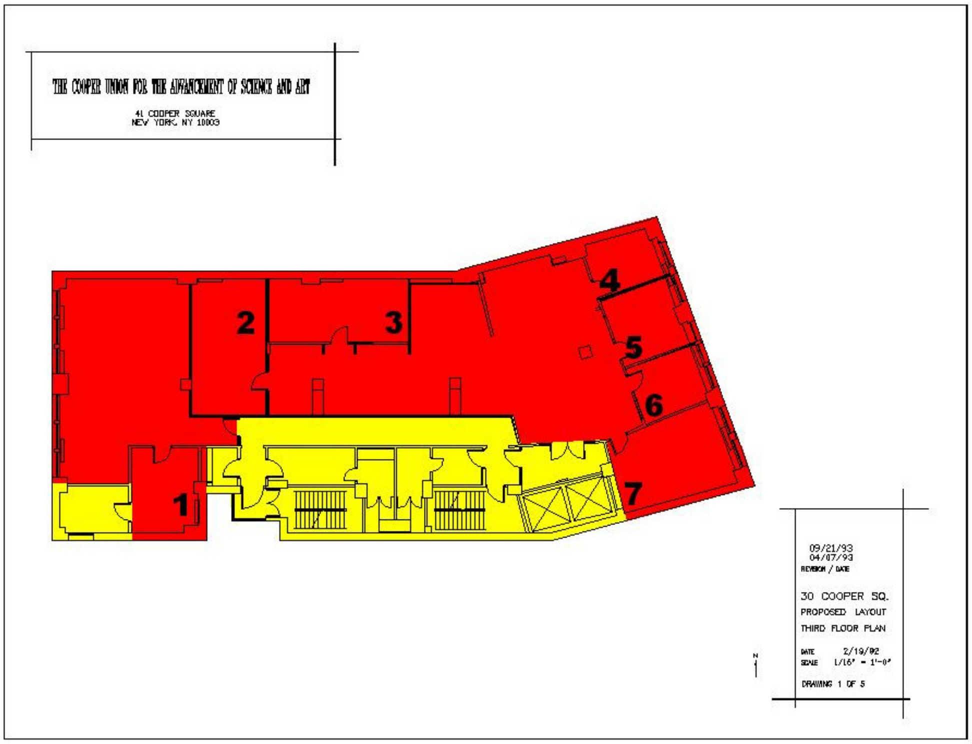


STUDY 1 TYPICAL FLOOR AT 30 COOPER SQUARE SHOWN AS ARCHITECTURE STUDIOS

- Study shows 56 desks, which is lower than public assembly min. and two critique areas
- This floor type at 30 Cooper Square could house the Graduate School of Architecture and thus receive revenue towards any new rent level negotiated with landlord

STUDY 2 TYPICAL FLOOR AT 30 COOPER SQUARE SHOWN AS ART STUDIOS

- +/- 22 studios @ same module as 2nd floor art studios
- 2nd floor studios @ art suite 213, 214 (existing subtotal = 14 studios)
- Estimated additional 4-5 studios in former Design Center area 2nd floor

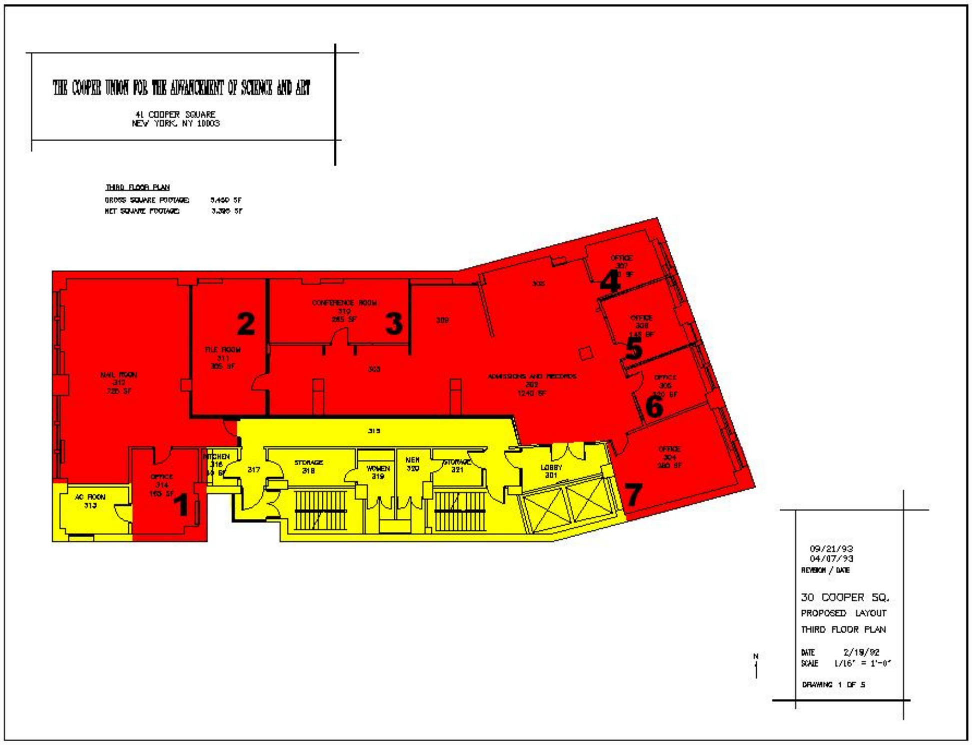


FLOOR 2	
LEASE BASED ON 6,500 SF	
YELLOW - CORE	1,404 SF
RED - USABLE NET SF	3,948 SF
SUBTOTAL	5,352 SF
PERIMETER OFFICES:	1,463 SF

30 COOPER SQUARE FLOOR 2:

DESIGN CENTER, SATURDAY PROGRAM, CONTINUING EDUCATION

Note: New VP of Communications is to be located near Design Center

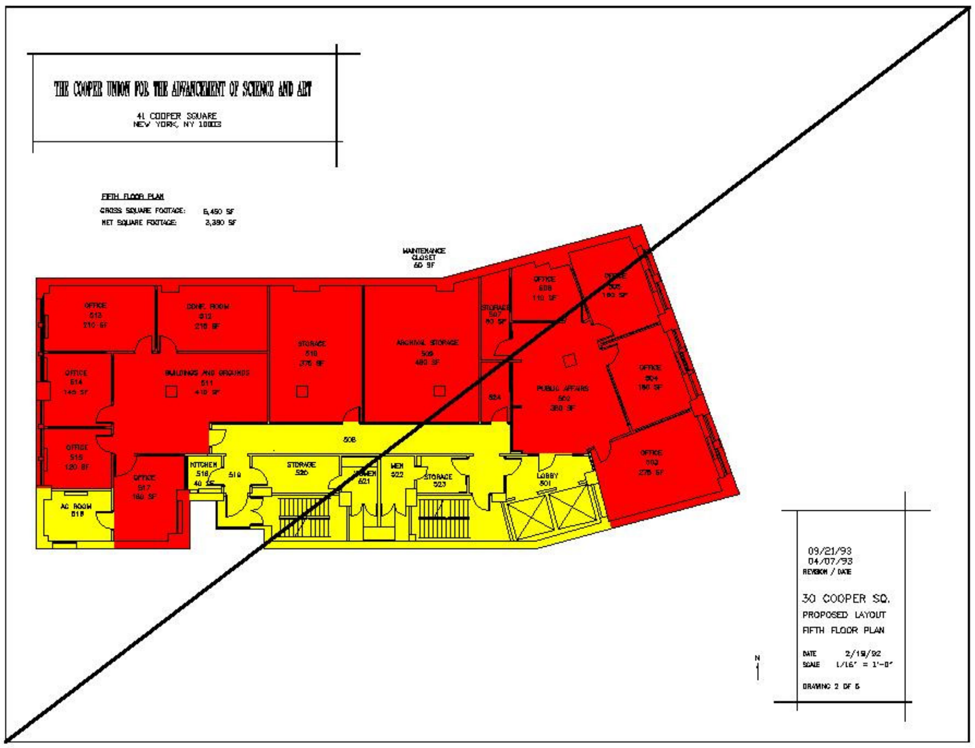


FLOOR 3	
LEASE BASED ON 6,500 SF	
YELLOW - CORE	**1,404 SF**
RED - USABLE NET SF	**3,948 SF**
SUBTOTAL	**5,352 SF**
PERIMETER OFFICES:	**1,463 SF**

ADMINISTRATIVE SQUARE FOOTAGE	
ADMISSIONS & RECORDS ROOMS 302,303,308,309	1240 SF
OFFICE ROOM 304	280 SF
OFFICE ROOM 305	120 SF
OFFICE ROOM 306	145 SF
OFFICE ROOM 307	110 SF
CONFERENCE ROOM 310	265 SF
FILE ROOM 311	305 SF
OFFICE ROOM 312	725 SF
OFFICE ROOM 314	165 SF
STORAGE SQUARE FOOTAGE	
STORAGE ROOM 318	94 SF
STORAGE ROOM 321	57 SF
ADDITIONAL SQUARE FOOTAGE	
KITCHEN ROOM 316	40 SF
AC ROOM 313	96 SF
TOILETS ROOMS 319,320	162 SF
CIRCULATION & LOBBY (NO FIRESTAIRS/ELEVATORS)	331 SF

30 COOPER SQUARE FLOOR 3:

OFFICE OF ADMISSIONS & RECORDS

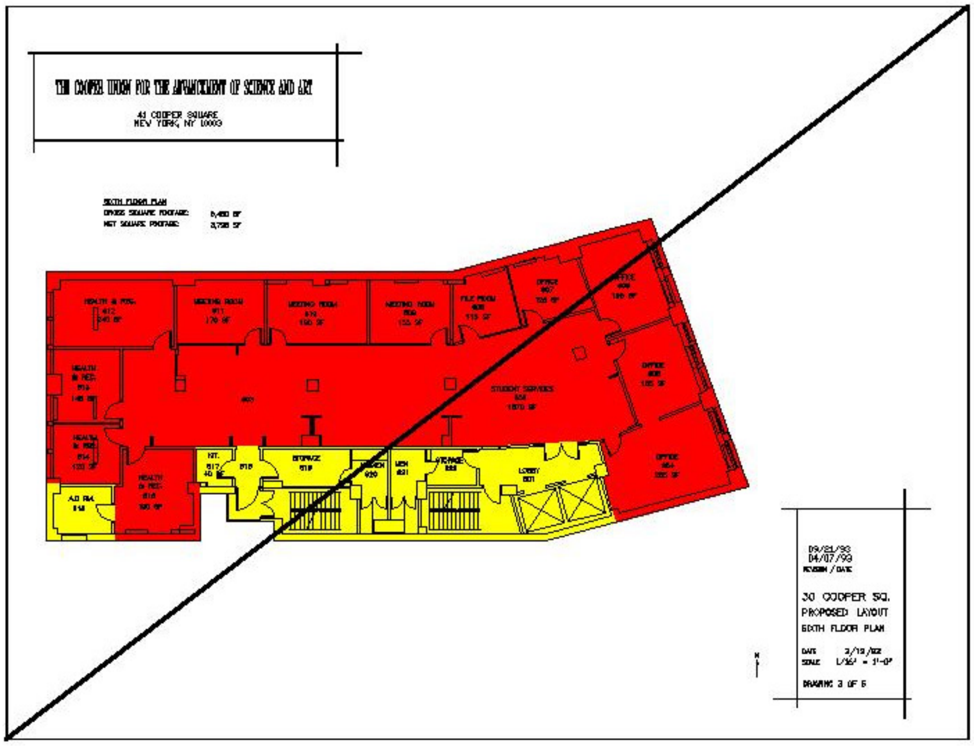


FLOOR 5	
RED -ADMISSIONS/RECORDS	3,948 SF
YELLOW - CORE	1,404 SF
SUBTOTAL	5,352 SF
CORE = +/- 25% OF THE SQ FOOTAGE USABLE OFFICES:	1,654 SF
NOTE: LEASE BASED ON 6500 SF	

30 COOPER SQUARE FLOOR 5:

PUBLIC AFFAIRS, OFFICES, BUILDINGS & GROUNDS

VACATED & MOVED TO DORMITORY



FLOOR 6

CURRENTLY VACATING

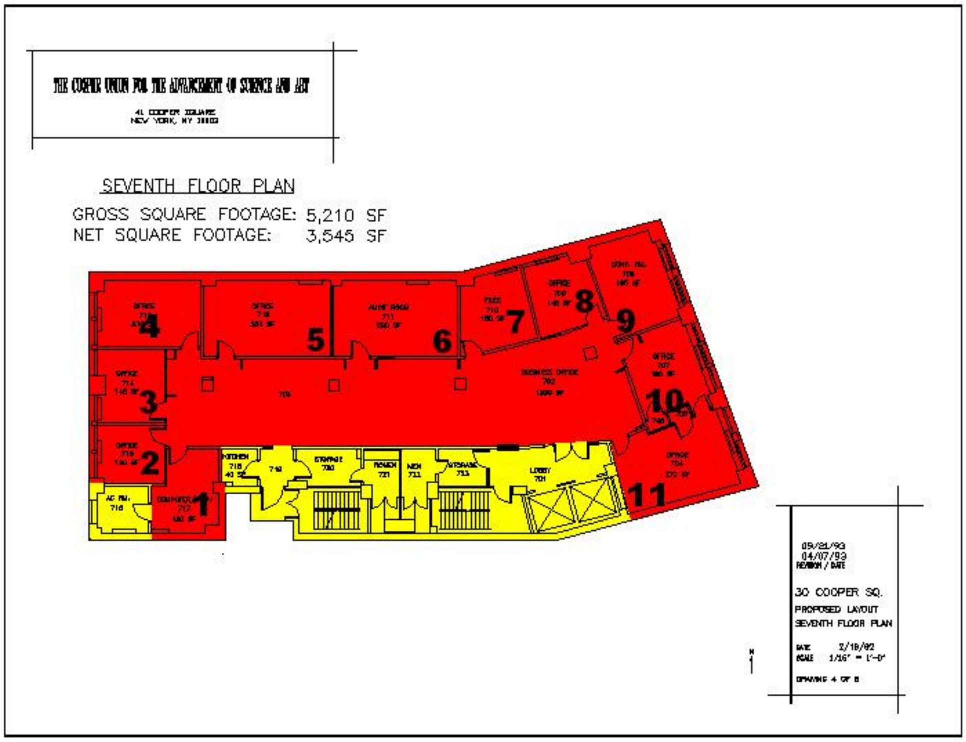
RED - STUDENT SERVICES	4,239 SF
YELLOW - CORE	1,113 SF
SUBTOTAL	5,352 SF
CORE = +/- 25% OF THE SQ FOOTAGE USABLE OFFICES:	2,224 SF

NOTE: LEASE BASED ON 6500 SF

30 COOPER SQUARE FLOOR 6:

STUDENT SERVICES

VACATED & MOVED TO DORMITORY

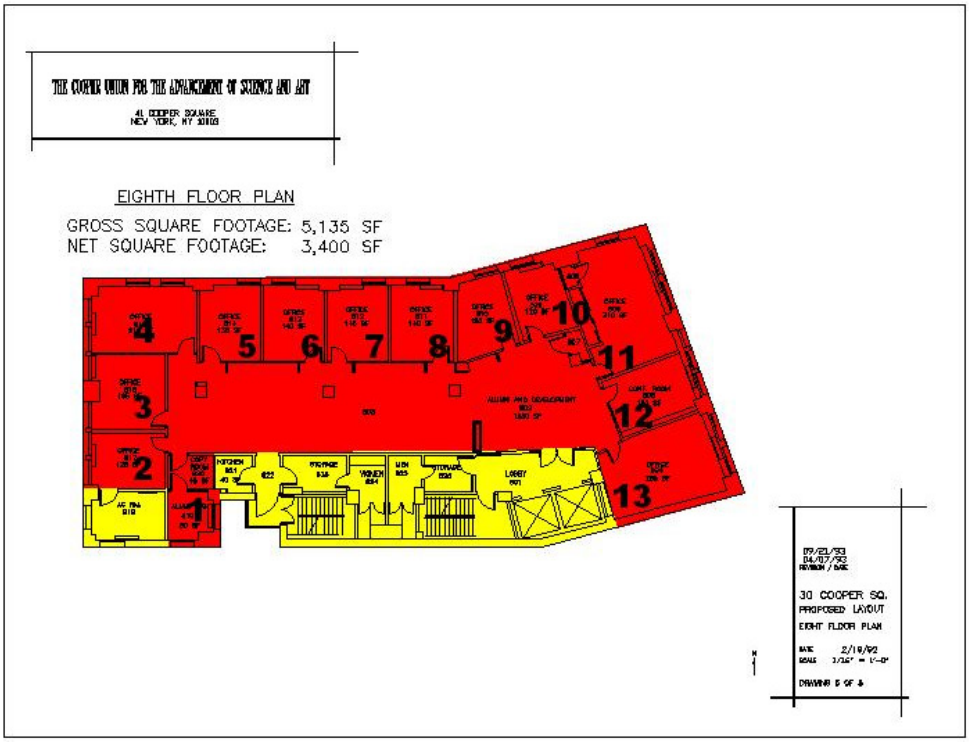


FLOOR 7	
LEASE BASED ON 6,500 SF	
YELLOW - CORE	1,183 SF
RED - USABLE NET SF	4,012 SF
SUBTOTAL	5,195 SF
PERIMETER OFFICES:	2,224 SF

BUSINESS OFFICE ROOMS 702 & 703	1330 SF
OFFICE ROOM 704	270 SF
OFFICE ROOM 707	190 SF
OFFICE ROOM 708	195 SF
OFFICE ROOM 709	145 SF
FILES ROOM 710	160 SF
AUDIT ROOM 711	290 SF
OFFICE ROOM 712	300 SF
OFFICE ROOM 713	210 SF
OFFICE ROOM 714	145 SF
OFFICE ROOM 715	120 SF
COMPUTER /COPY ROOM 717	150 SF
STORAGE SQUARE FOOTAGE	
STORAGE ROOM 720	94 SF
STORAGE ROOM 723	57 SF
ADDITIONAL SQUARE FOOTAGE	
KITCHEN ROOM 718	40 SF
AC ROOM 716	96 SF
TOILETS ROOMS 721,722	162 SF
LOBBY (NO FIRESTAIRS/ELEVATORS)	92 SF

30 COOPER SQUARE FLOOR 7:

BUSINESS OFFICE & PROVISIONAL PRESIDENT'S OFFICES



FLOOR 8	
LEASE BASED ON 6,500 SF	
YELLOW - CORE	1,205 SF
RED - USABLE NET SF	3,929 SF
SUBTOTAL	5,134 SF
PERIMETER OFFICES:	2,224 SF

ALUMNI & DEVELOPMENT ROOMS 802,803,807	1250 SF
OFFICE ROOM 804	265 SF
CONFERENCE ROOM 805	150 SF
OFFICE ROOM 806, 808	326 SF
OFFICE ROOM 809	120 SF
FILES ROOM 810	125 SF
AUDIT ROOM 811	140 SF
OFFICE ROOM 812	140 SF
OFFICE ROOM 813	140 SF
OFFICE ROOM 814	135 SF
OFFICE ROOM 815	210 SF
OFFICE ROOM 816	165 SF
OFFICE ROOM 817	125 SF
ALUMNI STORAGE ROOM 819	60 SF
COPY ROOM 820	45 SF
STORAGE SQUARE FOOTAGE	
STORAGE ROOM 823	94 SF
STORAGE ROOM 826	57 SF
ADDITIONAL SQUARE FOOTAGE	
KITCHEN ROOM 821	40 SF
AC ROOM 818	96 SF
TOILETS ROOMS 824,825	162 SF
LOBBY (NO FIRESTAIRS/ELEVATORS)	92 SF

30 COOPER SQUARE FLOOR 8:

DEVELOPMENT & ALUMNI RELATIONS

In agreement with The Cooper Union Working Group, Administration & Compensation Subcommittee and the Academic Opportunities Subcommittee, the Space Utilization Subcommittee concur that these ideas, suggested principles and plan proposals studies, be considered to sustain the identifying and unique mission of The Cooper Union in the degree granting schools it has maintained, which are known as a school of guaranteed full-tuition scholarship for each undergraduate student.

We have explored one suggested direct revenue proposal as well as cost benefits from positioning only revenue generating functions in rental space. We have thus explored vacating 30 Cooper Square entirely and moving these non revenue generating functions into institutionally owned real estate, while studying the optimal use of the rental area of 30 Cooper Square for revenue generating functions.

FOUNDATION BUILDING STUDIES

LIBRARY GROUND FLOOR

Trustee suggested revenue generating scheme to diminish library space with an a mean $100 per square foot rental income.
For example—Rent 4,000 sq ft = $400,000 income per year.
Rent 10,000 sq ft = $1,000,000 income per year.
The entire committee did not consider reducing the library by 10,000 sf a viable proposal since our proposals are based on minimizing costs for any relocation of functions.

The proposals adhere to the strict principles of
1. Minimal or no structural or architectural change
2. Minimize Landmark approval necessity
3. Minimize NYC DOB filing, use group changes
4. Minimize up front costs, implement with mobile furnishing elements

MOVE OUT OF 30 COOPER SQUARE

This would save up to an additional $600,000 in rent expense, so that studies address where the relocated administration will be housed with an enrichment to the integration of fundraising and organizational efficiency of the school. In addition many of the proposed moves of administration to the Foundation Building restore the original architectural functions and positions as they were before the demolition of art school area in the Hewitt Building necessary to build the smaller square footage provided for Engineering and Humanities in the 41 Cooper Square building.

This proposal examines at the Foundation Building to reincorporate administration to serve a re-integration of the development, administration, communications and alumni functions with the active educational space, to serve the President's idea of reinvention. In this case, to think outside the box, is by returning back into it. This protects the institution from rising real estate costs and gives us the opportunity to develop a new relationship with Mrs. Wesselmann to provide studio space as a donation to the school, which is a more effective gross to net use of the typical floors of 30 Cooper Square for any new graduate school studios in tuition based programs. Tuition based grad programs can factor in the cost of rental space as part of the tuition cost, and free up the Foundation space for the undergraduate full scholarship programs to be under one roof owned by the school.

The proposal will take space from the library and redistribute the stacks by attrition and relocation to possible vault spaces in the cellar.
The recaptured first floor space would be an open space for administration. An open plan similar to Mayor Bloomberg's City Hall bullpen can be implemented in order to make each of the three bays—a well-lit and contemporary office space with entry from Third Avenue if desired.
It is also possible to provide an internal stair to the second floor suite of proposed admin offices, which were the original use of these spaces in the

Hejduk project. A horizontal administration organization vs. a corporate vertical organization now implemented at The Cooper Union. The move by the administration back into the Foundation Building symbolizes the interaction of the academics and administration as an integral cohesive union of the institution.

We would also reorganize the second floor to both administration and the Design Center. The Design Center was an opportunity to showcase the Cooper Union publications, etc. to visitors of Houghton Gallery exhibitions.

The report proposes the return of the Peter Cooper Suite to it's rightful dignity as a space for presidential functions, important senate and faculty meetings, lectures with development dinners, and Cooper Union special events. It has been designed for that use and housed the painting collection hung on the north wall opposite the clock. Revenue generating and development events are outlined in this report and were always held inside and outside on the roof terrace with its long span views, adjacent to the kitchen and bar provided for these functions. It's resources are currently not being utilized in a manner that optimizes its architectural character and tools.

We would propose all revenue generating programs be housed in a rental building, thus reinforcing the consolidation of Art and Architecture and administration to the symbolic Foundation Building of a Full Tuition Scholarship Education.

In addition, as the administration has procured a three year lease and a renovation to keep the Admissions office in 30 Cooper Square, we propose that Art and Architecture Admissions plan to move into the Foundation Building during the period to 2018 and put engineering admissions into 41 Cooper Square by that time. The art and architecture admissions committees both consist of professors and student representatives, and alumni of those schools who require a well-lit space with ample tables to examine the drawing and portfolio submissions to select the incoming class. The engineering faculty has opted to have the Admissions dean and staff evaluate the grades and test scores of their applicants and have not needed the same accoutrements as the Conservatory arts degree programs. Thus its possible to find room for the division of admissions to be housed in the degree school of its recruitment by 2018, so that at time, there will be no rental necessary at 30 Cooper Square.

Working Group Net Expense Reductions			
in thousands			
Academic Opportunities			
Expense Reductions			
I.A.	Retirement buyouts salary with replacement	FY2016	$ 600
I.A.	Retirement buyouts benefits with replacement	FY2014	120
I.B.	Four FT faculty accept buyouts, salary	FY2016	90
I.B.	Four FT faculty accept buyouts, benefits	FY2014	20
I.C.	Compensate faculty by credit hour rather than contact hour	FY2014	327
I.D.	Eliminate overloads without increasing adjuncts	FY2014	400
I.E.	Restructure proportionals with full-time, salary	FY2014	180
I.E.	Restructure proportionals with full-time, benefits	FY2014	120
I.F.	Reorganize the writing center	FY2014	100
I.G.	Assign teaching loads more economically	FY2014	250
			$ 2,207
Academic Opportunities			
Revenue Items			
I.H.	Credit limit / charge for extra courses	FY2014	$ 200
I.I.	Winter session classes offered, similar to summer program	FY2014	200
I.J.	Great hall, PCS, and Rose Auditorium rentals	FY2014	40
I.K.	Professional Development Education Expansion	FY2014	50
			$ 490
Administration and Compensation			
Expense Reductions			
II.A.	President Compensation Policy	FY2020	$ 200
II.B.	Management Compensation Policy	FY2016	800
II.C.	Capping Retirement Benefits	FY2015	400
II.D.	Increased Rental Income at 3rd Ave Property	FY2018-FY2024	200
II.E1.	Utilities	FY2018-FY2024	200
II.E2.	Consultants	FY2015	300
II.E3.	Cleaning	FY2014	150
II.E4.	Security	FY2014	150
II.E5.	n/a		-
II.E6.	Grant-funded Programs	FY2014-FY2016	400
II.E7.	n/a		-
II.E8.	Alumni Events	FY2014-FY2016	200
II.F1.	Administrative Headcount Reduction (salaries)	FY2015	1,120
II.F2.	Administrative Headcount Reduction (benefits)	FY2015	480
			$ 4,600
Additional Student Fee		FY2015	**$ 54**
Space Utilization			
2	Ground floor as administrative (cost reduction)	FY2015	$ 321
			$ 321
NET IMPACT OF WORKING GROUP PLAN (various years of initial effect)			**$ 7,672**

Comparison of Tuition Plan and Working Group Plan

$ in thousands

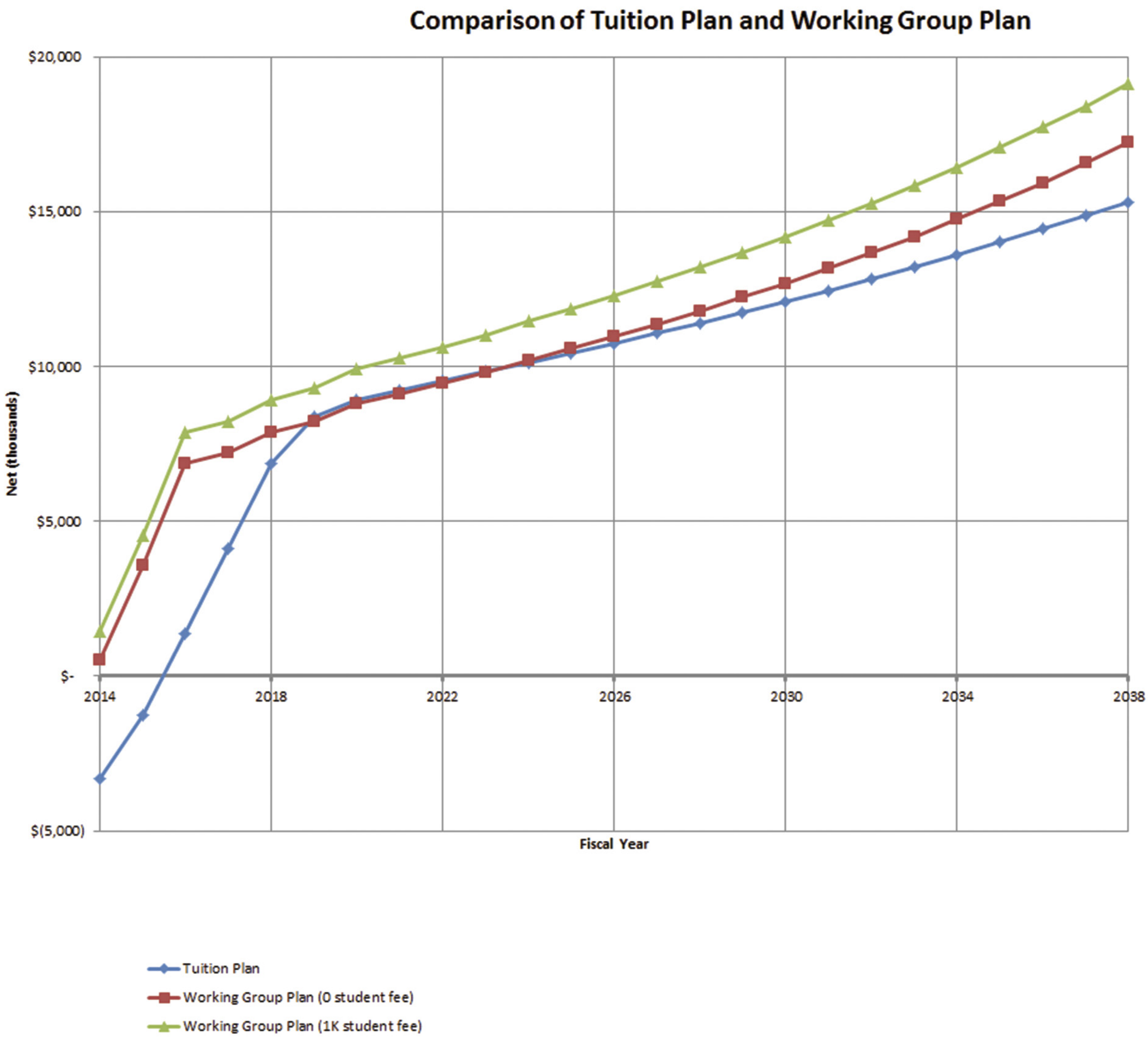
APRIL 2013 TUITION PLAN	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2025**	**FY2030**	**FY2035**
Revenues, incl payout from endowment	$ 48,521	$ 48,586	$ 49,716	$ 50,700	$ 63,335	$ 75,954	$ 77,180	$ 86,268	$ 105,680	$ 118,120
Expenditures, incl debt service, excl incremental exp	(63,364)	(64,850)	(66,824)	(68,892)	(70,954)	(77,591)	(82,299)	(96,317)	(114,338)	(133,974)
Subtotal, before new programs and Tuition Plan	(14,843)	(16,264)	(17,108)	(18,192)	(7,619)	(1,637)	(5,119)	(10,049)	(8,658)	(15,854)
New Programs, factored and net of exp	(1,672)	169	1,337	2,215	3,040	3,591	4,081	5,025	5,825	6,753
Undergrad Tuition, net of incremental exp	(3,322)	(1,268)	1,372	4,115	6,862	8,356	8,909	10,432	12,094	14,020
Academic Investments	(600)	(1,500)	(2,000)	(2,000)	(2,500)	(2,000)	(2,060)	(2,388)	(2,768)	(3,209)
Net (deficit) surplus	**$ (20,436)**	**$ (18,863)**	**$ (16,399)**	**$ (13,862)**	**$ (216)**	**$ 8,311**	**$ 5,811**	**$ 3,021**	**$ 6,493**	**$ 1,710**

WORKING GROUP PLAN	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2025**	**FY2030**	**FY2035**
Revenues, incl payout from endowment	$ 48,521	$ 48,586	$ 49,716	$ 50,700	$ 63,335	$ 75,954	$ 77,180	$ 86,268	$ 105,680	$ 118,120
Expenditures, incl debt service, excl incremental exp (a)	(63,364)	(64,850)	(66,824)	(68,892)	(70,954)	(77,591)	(82,299)	(96,317)	(114,338)	(133,974)
Subtotal, before new programs and Working Group Plan	(14,843)	(16,264)	(17,108)	(18,192)	(7,619)	(1,637)	(5,119)	(10,049)	(8,658)	(15,854)
New Programs, factored and net of exp	(1,672)	169	1,337	2,215	3,040	3,591	4,081	5,025	5,825	6,753
Net Impact of Working Group Plan	517	3,568	7,003	7,338	7,982	8,351	8,931	10,727	12,868	15,538
Academic Investments	(600)	(1,500)	(2,000)	(2,000)	(2,500)	(2,000)	(2,060)	(2,388)	(2,768)	(3,209)
Net (deficit) surplus	**$ (16,597)**	**$ (14,027)**	**$ (10,768)**	**$ (10,639)**	**$ 904**	**$ 8,306**	**$ 5,833**	**$ 3,315**	**$ 7,267**	**$ 3,228**

(a) -- The Working Group Plan would require about $15 million less bridge financing; however, there would also be less revenue from returns on investments.

The net financial impact is not material in the model; however, the Working Group Plan, with less bridge financing required, reduces the risk of carrying debt.

Note: Amounts may not foot due to rounding.


Comparison of Tuition Plan and Working Group Plan
$20,000
$15,000
$10,000
$5,000
$-
$(5,000)
Net (thousands)
2014
2018
2022
2026
2030
2034
2038
Fiscal Year
Tuition Plan
Working Group Plan (0 student fee)
Working Group Plan (1K student fee)