

COMMITTEE REPORTS

Finance/Business Affairs

FY17 & FY18 Budget Reports

Mr. Driscoll presented the FY17 Budget Variance Report (fiscal year-to-date results through March 31, 2017) and noted that Cooper Union’s cash deficit is projected to come in \$3.9 million lower than budget. Specifically, the cash deficit for FY17 is now projected to be (\$13.2m) and not (\$17.1m) as originally budgeted. The chart below sets forth the components of the improved financial results.

Leases and tax equivalency payments	\$ 197
51 Astor Place retroactive rent payment	1,385
Net undergraduate tuition	1,018
Net graduate tuition revenue	250
Endowment spending	320
Other revenue	160
Implemented expense savings	1,578
Benefits	(1,000)
Total	\$ 3,908

Mr. Mea presented the FY18 budget and highlighted that it reflects an operating deficit of \$50,000—the smallest in recent memory. The primary drivers include increased real estate revenue (increase in Chrysler rent and tax equivalency payments) and cost containment. Mr. Mea explained the variances between the FY18 Budget as projected in the January 2017 FEC Progress Report and the more current projection.

In preparing the FY18 Budget, Management sought to move it close to break even by lowering non-compensation expense, identifying additional opportunities for savings, and realigning expenditures to reflect current priorities. The FY18 Budget is detailed below:

The Cooper Union for the Advancement of Science and Art
FY 18 Budget

	FY 16 Actual	FY 17 Projection	FY 17 Budget	Salary Increases	Change in Benefits	Transfers	Additions (Reductions)	FY 18 Budget	% Change in Budget
REVENUE									
Investment Return Used for Operations									
Chrysler Building - Base Rent	\$ 7,750,000	\$ 7,750,000	\$ 7,750,000	\$ -	\$ -	\$ -	\$ 12,375,000	\$ 20,125,000	159.7%
Chrysler Building - Revenue Sharing	1,160,625	885,000	1,048,830				(608,830)	440,000	-58.0%
Chrysler Building - Tax Equivalency	20,304,825	20,819,000	20,304,825				1,178,175	21,483,000	5.8%
26 Astor Place - Tax Equivalency	1,247,804	1,344,000	1,330,063				54,937	1,385,000	4.1%
51 Astor Place - Retro Rent Payment	-	1,384,000	-				-	-	N/A
51 Astor Place - Tax Equivalency	2,084,703	2,275,000	2,292,053				145,947	2,438,000	6.4%
Endowment Return-Unrestricted & Scholarships	2,100,000	2,418,000	2,075,000				150,000	2,225,000	7.2%
Endowment Return-Other budget relieving	475,000	587,000	590,000				10,000	600,000	1.7%
Total investment Return Used for Operations	\$ 35,102,857	\$ 37,442,000	\$ 35,390,771	\$ -	\$ -	\$ -	\$ 13,305,229	\$ 48,696,000	37.8%
Tuition & Fees									
Undergraduate Tuition Revenue, Gross									
Grandfathered students	\$ 16,124,758	\$ 8,988,000	\$ 8,400,000	\$ -	\$ -	\$ -	\$ (7,102,500)	\$ 1,297,500	-84.6%
Tuition-paying students	18,648,812	26,785,000	27,384,000				7,648,500	35,032,500	27.9%
Total Undergraduate Tuition Revenue, Gross	34,771,570	35,773,000	35,784,000	-	-	-	546,000	36,330,000	1.5%
Scholarships									
Grandfathered students	(16,304,944)	(8,908,000)	(8,498,000)	-	-	-	7,198,500	(1,297,500)	-84.7%
Tuition-paying students	(14,165,107)	(20,083,000)	(21,524,000)				(5,609,500)	(27,133,500)	28.1%
Total Scholarships	(30,470,051)	(28,991,000)	(30,022,000)	-	-	-	1,589,000	(28,431,000)	-5.3%
Undergraduate Tuition Revenue, Net	4,301,519	6,782,000	5,764,000	-	-	-	2,135,000	7,899,000	37.0%
Graduate Tuition Revenue, Gross									
Scholarships	1,214,572	1,800,000	1,200,000	-	-	-	600,000	1,800,000	50.0%
Scholarships	(780,122)	(1,100,000)	(750,000)				(350,000)	(1,100,000)	48.7%
Graduate Tuition Revenue, Net	454,450	700,000	450,000	-	-	-	250,000	700,000	55.0%
Matriculated Student Fees									
Matriculated Student Fees	2,077,305	2,165,000	2,035,380	-	-	-	95,640	2,131,000	4.7%
Non-Matriculated Student Fees	1,317,475	1,225,000	1,325,000				55,000	1,380,000	4.2%
Total Tuition & Fees	\$ 8,150,749	\$ 10,872,000	\$ 9,574,380	\$ -	\$ -	\$ -	\$ 2,535,640	\$ 12,110,000	26.5%
Contributions									
Annual Fund and Other Unrestricted Gifts	\$ 4,597,809	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	0.0%
Restricted Gifts - Budget Relieving							225,000	225,000	N/A
Restricted Gifts - Other									N/A
Total Contributions	\$ 4,597,809	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 225,000	\$ 3,225,000	7.5%
Government Grants, Contracts, & Appropriations	\$ 62,870	\$ 63,000	\$ -	\$ -	\$ -	\$ 40,000	\$ 80,000	\$ 100,000	N/A
Rental Income									
41 Cooper Square - Retail Rent	\$ 180,200	\$ 185,000	\$ 184,889	\$ -	\$ -	\$ -	\$ 5,131	\$ 190,000	2.8%
Astor Place Holding Corporation	1,070,717	1,154,000	1,304,000				82,000	1,386,000	6.3%
Building Usage Fees	727,764	460,000	450,000				25,000	475,000	5.6%
Amortization of deferred lease income									N/A
Total Rental Income	\$ 1,978,681	\$ 1,799,000	\$ 1,938,889	\$ -	\$ -	\$ -	\$ 112,131	\$ 2,051,000	5.8%
Auxiliaries-Student Housing	\$ 3,024,841	\$ 2,130,000	\$ 2,130,000	\$ -	\$ -	\$ -	\$ 125,000	\$ 2,255,000	5.9%
Other Revenue	\$ 273,539	\$ 188,000	\$ 100,000	\$ -	\$ -	\$ (40,000)	\$ 90,000	\$ 150,000	50.0%
Net Assets Released from Restriction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Total Revenue	\$ 53,190,746	\$ 55,484,000	\$ 52,134,000	\$ -	\$ -	\$ -	\$ 16,453,000	\$ 68,587,000	31.6%

The Cooper Union for the Advancement of Science and Art
FY 18 Budget

	FY 16 Actual	FY 17 Projection	FY 17 Budget	Salary Increases	Change in Benefits	Transfers	Additions (Reductions)	FY 18 Budget	% Change in Budget
EXPENDITURES									
Education & General									
School of Art	\$ 5,433,621	\$ 5,613,581	\$ 5,752,579	\$ 135,914	\$ 78,385	\$ (107,000)	\$ (127,783)	\$ 5,730,095	-0.4%
School of Architecture	4,013,021	4,390,623	4,411,815	54,544	17,802	-	(152,410)	4,331,751	-1.8%
School of Engineering	9,080,421	9,246,233	9,322,881	385,742	174,790	(428,681)	(29,971)	9,424,761	1.1%
Humanities & Social Sciences	2,509,245	2,735,708	2,727,090	15,801	63,897	-	8,750	2,815,538	3.2%
Continuing Education and Rentals	1,224,738	1,018,010	1,019,734	606	(54,186)	(133,500)	76,902	909,556	-10.8%
Library	1,256,691	1,235,927	1,244,531	11,756	40,060	-	21,204	1,317,551	5.9%
Student Services	1,789,426	1,704,578	1,863,118	18,865	(129,362)	-	(504,331)	1,248,090	-33.0%
CV Starr	288,646	344,737	379,840	1,251	(20,677)	-	(96,678)	263,736	-30.6%
Admissions, Financial Aid & Registrar	3,494,644	3,439,116	3,557,974	12,089	67,044	-	(329,768)	3,307,339	-7.0%
Presidents Office and Trustees	1,247,703	1,611,597	1,645,328	854	(49,690)	(182,360)	(45,433)	1,368,699	-16.8%
Facilities	5,811,927	6,420,590	6,517,493	39,189	49,600	-	(354,967)	6,251,315	-4.1%
Finance & Business Affairs	2,743,080	2,190,739	2,251,942	22,449	48,218	-	(52,116)	2,270,493	0.8%
Development	3,093,229	3,070,353	3,131,792	24,342	153,277	-	(526,728)	2,782,683	-11.1%
Communications and Public Programs	1,580,840	1,359,295	1,831,417	15,668	(35,801)	133,500	(275,477)	1,469,307	-9.9%
Information Technology	3,109,562	3,331,723	3,460,169	25,901	32,602	-	(184,255)	3,334,417	-3.6%
Institutional Safety	843,029	899,321	880,749	1,715	693	-	-	883,157	0.3%
Benefits	-	1,000,000	-	-	-	-	-	-	N/A
General Expense	2,812,628	2,702,538	3,071,774	-	51,349	63,562	(411,525)	2,775,160	-9.7%
Accrued post-retirement benefits (current)	-	-	-	-	-	-	-	-	N/A
Faculty retirement incentive plan payments	-	-	-	-	53,568	535,681	-	589,249	N/A
Severance payments	-	-	-	-	61,555	118,798	496,750	677,103	N/A
Total Education & General	\$ 50,332,433	\$ 52,314,869	\$ 52,870,226	\$ 766,486	\$ 601,124	\$ -	(2,487,836)	\$ 51,750,000	-2.1%
Auxiliaries, Debt Service & Capital									
Student Housing	\$ 2,368,225	\$ 981,778	\$ 1,004,221	\$ 2,269	\$ 9,826	\$ -	\$ (14,776)	\$ 1,001,540	-0.3%
Astor Place Holdings	1,281,108	1,313,000	1,313,000	-	-	-	82,000	1,395,000	6.2%
Debt Service	13,008,983	12,564,553	12,564,553	-	-	-	425,907	12,990,460	3.4%
Capital Expenditures	1,479,855	1,500,000	1,500,000	-	-	-	-	1,500,000	0.0%
Depreciation	-	-	-	-	-	-	-	-	N/A
Amortization of deferred issuance costs	-	-	-	-	-	-	-	-	N/A
Total Auxiliaries, Capital & Debt Service	\$ 18,138,171	\$ 16,359,331	\$ 16,381,774	\$ 2,269	\$ 9,826	\$ -	\$ 493,131	\$ 16,887,000	3.1%
Total Expenditures	\$ 68,470,604	\$ 68,674,000	\$ 69,252,000	\$ 768,755	\$ 610,950	\$ -	(1,994,705)	\$ 68,637,000	-0.9%
Operating Surplus (Deficit)	<u>\$(15,279,858)</u>	<u>\$(13,210,000)</u>	<u>\$(17,118,000)</u>	<u>\$(768,755)</u>	<u>\$(610,950)</u>	<u>\$ -</u>	<u>\$ 18,447,705</u>	<u>\$ (50,000)</u>	99.7%
Unrestricted Liquid Net Assets									
Beginning of year		\$ 33,754,000						\$ 20,544,000	
End of year	\$ 33,754,000	\$ 20,544,000						\$ 20,494,000	

Mr. Mea then reviewed how the FY18 Budget is reconciled to a GAAP Basis Income Statement. He also reported on the progress of the budget cuts to date.

The Cooper Union for the Advancement of Science and Art

Progress on Budget Cuts

Description	Original Amounts	Updated Amounts						Total	Better (Worse)
		FY 16	FY 17	FY 18	FY 19	FY 20	After		
FY 16 Cuts									
Director of Computation & Innovation	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -
Director of Development	125,000	125,000						125,000	-
Director of Hospitality & Stewardship	63,000	63,000						63,000	-
Sponsored Programs Officer	87,000	87,000						87,000	-
Reduce Admissions budget	125,000	125,000						125,000	-
Other	50,000	50,000						50,000	-
Total FY 16 Budget Cuts	\$ 700,000	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ -
FY 17 Cuts									
Unallocated FY 16 salary budget	\$ 262,922	\$ -	\$ 262,922	\$ -	\$ -	\$ -	\$ -	\$ 262,922	\$ -
Department reorganizations, net-down 1.0 FTE	47,150		47,150					47,150	-
Humanities & Social Sciences	114,840		114,840					114,840	-
School of Art-instructional supplies and travel	117,425		117,425					117,425	-
School of Art-use of endowment and restricted resources	458,087		458,087					458,087	-
School of Architecture-programming and accreditation	125,204		125,204					125,204	-
School of Engineering-advertising and travel	137,779		137,779					137,779	-
School of Engineering-use of endowment and restricted resources	150,000		150,000					150,000	-
Continuing Education and Public Programs-memberships, advertising & printing	32,333		32,333					32,333	-
Student Services-orientation and equipment	64,716		64,716					64,716	-
Admissions, Financial Aid & Registrar-consultants, travel, advertising & equipment	196,104		196,104					196,104	-
President's Office-contracted services, temp help, and contingency	80,952		80,952					80,952	-
Development-travel, hospitality, and special events	119,576		119,576					119,576	-
Communications-advertising, eliminate consultant contracts	152,629		152,629					152,629	-
Information Technology-telecom and software	137,941		137,941					137,941	-
Total FY 17 Cuts	\$ 2,197,658	\$ -	\$ 2,197,658	\$ -	\$ -	\$ -	\$ -	\$ 2,197,658	\$ -

CUTS IN FY 18 AND FUTURE YEARS

General Expenses:									
Audit fees	\$ 100,000	\$ -	\$ -	\$ 103,600	\$ -	\$ -	\$ -	\$ 103,600	\$ 3,600
Credit card fees	150,000			155,000				155,000	5,000
Financial Monitor	25,000			25,000				25,000	-
Investment custody fees	80,000			90,000				90,000	10,000
Bring payroll services in house, net of additional IT costs	55,000					55,000		55,000	-
Reduce FY 17 non-union salary increase from 3.0% to 1.5%	112,000			112,000				112,000	-
Middle States accreditation costs	150,000			(10,000)	160,000			150,000	-
Adjust budget for TPA fees to actual	25,000			25,000				25,000	-

The Cooper Union for the Advancement of Science and Art

Progress on Budget Cuts

Description	Original Amounts	Updated Amounts						Total	Better (Worse)
		FY 16	FY 17	FY 18	FY 19	FY 20	After		
Investment advisors	34,000			25,000				25,000	(9,000)
Total General Expenses	\$ 731,000	\$ -	\$ -	\$ 525,600	\$ 160,000	\$ 55,000	\$ -	\$ 740,600	\$ 9,600
General Academic Expenses									
Reduce adjuncts by 10% by reducing sections and electives	\$ 275,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 75,000	\$ 275,000	\$ -
Offer retirement plan to 16 full-time faculty; replace with lower cost new faculty	480,000			(100,000)	(450,000)	150,000	1,250,000	850,000	370,000
Total General Academic Expenses	\$ 755,000	\$ -	\$ -	\$ (100,000)	\$ (350,000)	\$ 250,000	\$ 1,325,000	\$ 1,125,000	\$ 370,000
Faculty of Humanities and Social Sciences									
Replace two post doc faculty with adjuncts	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
Replace proportional faculty, at end of contract, with adjuncts	81,000				81,000			81,000	-
Total Faculty of Humanities and Social Sciences	\$ 181,000	\$ -	\$ -	\$ -	\$ 181,000	\$ -	\$ -	\$ 181,000	\$ -
School of Art									
Eliminate Associate Dean position	\$ 112,000	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ 115,000	\$ 3,000
Reduce Admin Assistants from 1.75 to 1.0 FTE	34,000			35,000				35,000	1,000
Replace retiring print shop technician at contract minimum	37,000			36,000				36,000	(1,000)
Total School of Art	\$ 183,000	\$ -	\$ -	\$ 186,000	\$ -	\$ -	\$ -	\$ 186,000	\$ 3,000
School of Engineering & C.V. Starr									
Eliminate one department-level Administrative Assistant position	\$ 133,000			\$ 32,000	\$ 105,000	\$ -	\$ -	\$ 137,000	\$ 4,000
Eliminate one Lab Technician position	87,000			(15,000)	110,000			95,000	8,000
Eliminate "contact hour creep" costs in Overloads and Adjuncts	152,000				50,000	50,000	52,000	152,000	-
Consolidate C.V. Starr administrative support with Engineering	92,000			71,597	20,403			92,000	-
Reduce C.V. Starr legal expenses	33,000			33,000				33,000	-
Total School of Engineering & C.V. Starr	\$ 497,000	\$ -	\$ -	\$ 121,597	\$ 285,403	\$ 50,000	\$ 52,000	\$ 509,000	\$ 12,000
School of Architecture									
Reduce Proportional Faculty and add FT Faculty	\$ 363,000			\$ 270,000	\$ 93,000	\$ -	\$ -	\$ 363,000	\$ -
Total School of Architecture	\$ 363,000	\$ -	\$ -	\$ 270,000	\$ 93,000	\$ -	\$ -	\$ 363,000	\$ -
Athletics									
Dean of Athletics	\$ 260,350	\$ -	\$ -	\$ -	\$ 260,350	\$ -	\$ -	\$ 260,350	\$ -
Secretarial support	76,125			59,125	17,000			76,125	-
Coaches	90,000			45,000	20,000			65,000	(25,000)
Student employment	12,000			10,000	2,000			12,000	-
Benefits	150,587			120,587	30,000			150,587	-

The Cooper Union for the Advancement of Science and Art

Progress on Budget Cuts

Description	Original Amounts	Updated Amounts						Total	Better (Worse)
		FY 16	FY 17	FY 18	FY 19	FY 20	After		
Travel	93,050			93,050				93,050	-
Other non-personnel	10,000			6,000	4,000			10,000	-
Total Athletics	\$ 692,112	\$ -	\$ -	\$ 333,762	\$ 333,350	\$ -	\$ -	\$ 667,112	\$ (25,000)
Communications									
Vice President of Communications	\$ 240,711	\$ -	\$ -	\$ 65,711	\$ -	\$ -	\$ -	\$ 65,711	\$ (175,000)
Two open positions that have never been filled	120,000			120,000				120,000	-
Additional salary for current staff to become Director	(20,000)							-	20,000
Benefits	108,320			29,570				29,570	(78,750)
Non-personnel	91,000			87,000	4,000			91,000	-
Total Communications	\$ 540,031	\$ -	\$ -	\$ 302,281	\$ 4,000	\$ -	\$ -	\$ 306,281	\$ (233,750)
Alumni Affairs & Development									
Associate Director of Alumni Affairs	\$ 79,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (79,089)
Research Assistant	46,284							-	(46,284)
Reduction due to new hire	38,125			33,125				33,125	(5,000)
Benefits	64,043			3,313				3,313	(60,730)
Placeholder for other cuts				488,603				488,603	488,603
Alumni Affairs expenses:									
Receptions and Special Events	176,000							-	(176,000)
Travel	20,000							-	(20,000)
Postage and Shipping	7,000							-	(7,000)
Printing and Publications	23,000							-	(23,000)
Consultants	19,000							-	(19,000)
Other	15,500							-	(15,500)
Total Alumni Affairs expenses	260,500							-	(260,500)
Total Alumni Affairs & Development	\$ 488,041	\$ -	\$ -	\$ 525,041	\$ -	\$ -	\$ -	\$ 525,041	\$ 37,000
Admissions, Financial Services & Registrar									
Consulting	\$ 300,000	\$ -	\$ -	\$ 230,000	\$ -	\$ -	\$ -	\$ 230,000	\$ (70,000)
Position needed to partially replace consultants	(70,000)							-	70,000
Related benefits	(31,500)							-	31,500
Printing & Publications (due to reducing consultants)	(30,000)			(35,000)				(35,000)	(5,000)
Advertising & Promotions	5,000			14,000				14,000	9,000
On-campus hospitality	5,000			5,000				5,000	-
Open Houses & Admitted Student Day	40,000			35,000				35,000	(5,000)
Travel	50,000			50,000				50,000	-
Student Activities	2,500			2,000				2,000	(500)

The Cooper Union for the Advancement of Science and Art

Progress on Budget Cuts

Description	Original Amounts	Updated Amounts						Total	Better (Worse)
		FY 16	FY 17	FY 18	FY 19	FY 20	After		
Temporary Help	10,000			10,000				10,000	-
Total Admissions, Financial Services & Registrar	\$ 281,000	\$ -	\$ -	\$ 311,000	\$ -	\$ -	\$ -	\$ 311,000	\$ 30,000
Student Affairs									
Counseling	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ -
Joint Activities Committee Funds	75,000				75,000			75,000	-
Orientation	40,000				40,000			40,000	-
Senior Counsel	24,100				24,100			24,100	-
Pioneer	8,000				8,000			8,000	-
Total Student Affairs	\$ 277,100	\$ -	\$ -	\$ -	\$ 277,100	\$ -	\$ -	\$ 277,100	\$ -
Institutional Safety									
Eliminate Rover Guard during day shift, to be covered by Supervisor	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	\$ -
Total Institutional Safety	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	\$ -
Buildings & Grounds									
Eliminate one Maintenance position	\$ 58,000	\$ -	\$ -	\$ 58,000	\$ -	\$ -	\$ -	\$ 58,000	\$ -
Reduce overtime by 10%	29,000			29,000				29,000	-
Bring 41 Cooper housekeeping in house	265,000			130,000	135,000			265,000	-
Bring all other housekeeping in house	150,000				150,000			150,000	-
Utility savings from closing fume hoods and adding variable speed fans	75,000				75,000			75,000	-
Fire Safety Director stipends	10,000			10,000				10,000	-
Total Buildings & Grounds	\$ 587,000	\$ -	\$ -	\$ 227,000	\$ 360,000	\$ -	\$ -	\$ 587,000	\$ -
Finance									
Senior Business Office Associate	\$ 72,265	\$ -	\$ -	\$ 20,265	\$ 52,000	\$ -	\$ -	\$ 72,265	\$ -
Adjust open Controller position to market	26,308			26,308				26,308	-
Benefits	37,781			32,781	5,000			37,781	-
Total Finance	\$ 136,354	\$ -	\$ -	\$ 79,354	\$ 57,000	\$ -	\$ -	\$ 136,354	\$ -
Office of the President									
Reduce travel budget to projected actual	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -
Reorganization	-			(97,000)	117,000			20,000	20,000
Total Office of the President	\$ 25,000	\$ -	\$ -	\$ (72,000)	\$ 117,000	\$ -	\$ -	\$ 45,000	\$ 20,000
Information Technology									
Eliminate Director of Computer Studio position	\$ 118,000	\$ -	\$ -	\$ 98,000	\$ 20,000	\$ -	\$ -	\$ 118,000	\$ -
Negotiated reduced fee from Internet provider	50,000			50,000				50,000	-

The Cooper Union for the Advancement of Science and Art

Progress on Budget Cuts

Description	Original Amounts	Updated Amounts						Better (Worse)	
		FY 16	FY 17	FY 18	FY 19	FY 20	After Total		
Reduce use of Ellucian (admin system) consultants	65,000			66,000			66,000	1,000	
Total Information Technology	<u>\$ 233,000</u>	\$ -	\$ -	\$ 214,000	\$ 20,000	\$ -	\$ -	\$ 234,000	\$ 1,000
Continuing Education & Rentals									
Eliminate Continuing Education, except for Typography	\$ 175,000	\$ -	\$ -	\$ 154,472	\$ 19,000	\$ -	\$ -	\$ 173,472	\$ (1,528)
Total Continuing Education & Rentals	<u>\$ 175,000</u>	\$ -	\$ -	\$ 154,472	\$ 19,000	\$ -	\$ -	\$ 173,472	\$ (1,528)
TOTAL RECOMMENDED BUDGET CUTS	<u>\$ 9,077,296</u>	<u>\$ 700,000</u>	<u>\$ 2,197,658</u>	<u>\$ 3,113,107</u>	<u>\$ 1,556,853</u>	<u>\$ 355,000</u>	<u>\$ 1,377,000</u>	<u>\$ 9,299,618</u>	<u>\$ 222,322</u>
Projected Timing Assumed in the FEC Progress Report	<u>\$ 9,078,000</u>	<u>\$ 700,000</u>	<u>\$ 2,198,000</u>	<u>\$ 3,879,000</u>	<u>\$ 2,301,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Board engaged in a lengthy discussion regarding the budget and efforts to prioritize and contain costs. Bill Mea detailed some of the potential variables/risks which might impact the FY18 budget:

- The difficulty to control net tuition for the incoming class because our scholarships are formula-based and admissions are need-blind
- Tax equivalency payments are based on property assessments which are subject to appeals by 3rd party lessees and, therefore, may be subject to change
- Cooper Union maintains a self-insured health insurance plan and, as such, cannot fix the amount paid for claims in advance with certainty

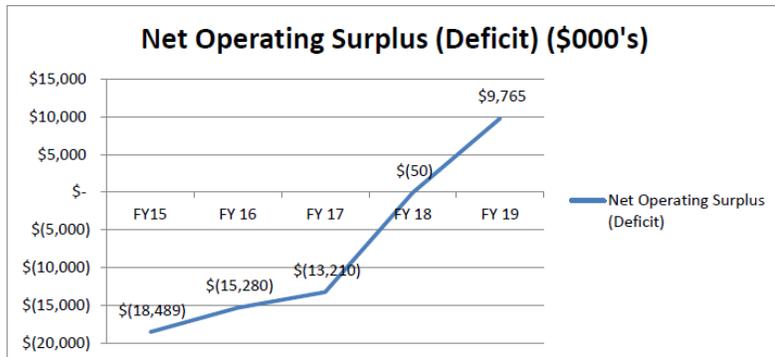
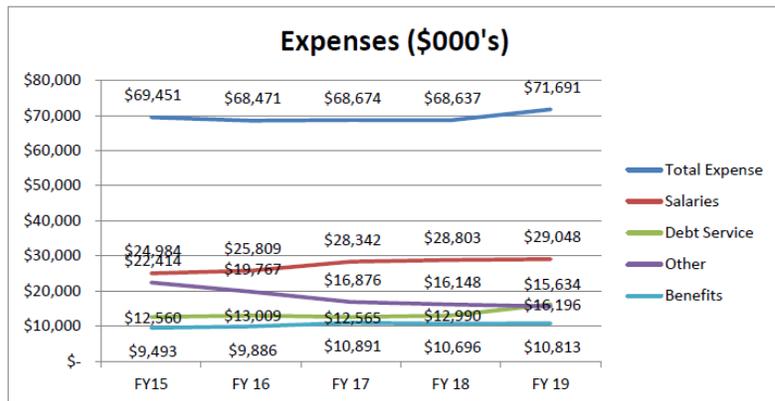
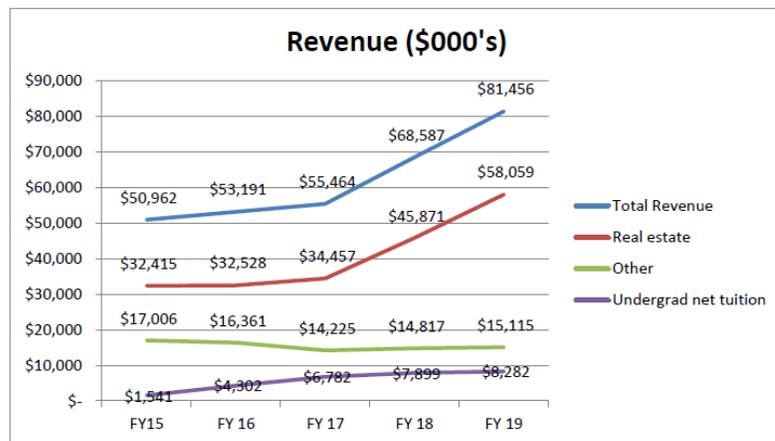
The Board engaged in a discussion about the importance of allocating any surplus to a reserve fund to pay down debt obligations and increase the quasi-endowment.

Ms. Warren confirmed with the Board that the FY18 Budget had been satisfactorily explained and confirmed with President Sparks that she had reviewed and approved the proposed budget.

There were no further questions and upon motion made and seconded, the Board approved a resolution to adopt Cooper Union's Unrestricted Operating Budget for FY2018 with the caveat that it will be subject to modification once final net tuition totals are available in October.

The Board also reviewed the projected budget for FY19 and various charts showing revenue, expense, and net operating surplus (deficit) trends for FY15 though FY19.

	% Budget Change	Budget	GAAP
FY 18 Net Operating Surplus (Deficit)		(\$50)	(\$6,859)
Additions (Reductions)		\$9,815	\$13,069
• Chrysler lease income	58.0%	11,935	11,935
• Undergraduate tuition	4.9%	383	383
• Debt Service – Principal	100%	(3,254)	0
• Debt Service – Interest	-.04%	48	48
• Salaries & benefits	2.8%	(1,114)	(1,114)
• Non-personnel	2.0%	(291)	(291)
• Budget cuts (additional revenue)	13.0%	277	277
• Budget cuts (reduced expenses)	-2.3%	1,280	1,280
• Other		551	551
FY 19 Net Operating Surplus (Deficit)		\$9,765	\$6,210



29 3rd Avenue Retail Space

Efforts to lease the retail space at 29 3rd Avenue (formerly the St. Mark's bookstore) have proceeded more slowly than anticipated. The Bean, a privately-held coffee shop with four locations in Manhattan and Brooklyn will lease the 2,440 square foot retail space on the ground floor of the Student Residence. In an effort to maximize revenues while also addressing our lack of shared student space, The Bean agreed that a portion of its space would be dedicated for, and accessible only to, Cooper students after store hours. Lease terms had been reviewed and approved by the Finance Committee and were presented to the full Board for approval. Upon motion duly made and seconded, the Board approved the lease terms as set forth in the term sheet provided in advance.

Academic and Student Affairs

Mr. Slavin reported that the administration, led by President Sparks, is engaged in robust conversations on the topic of diversity with our faculty and student body. The committee will look to

external resources to employ best practices and break new ground in this area at Cooper. The Diversity Task Force, an initiative of President Sparks and fully endorsed by the Board, will launch in the fall.

Alumni Affairs and Development

Mr. Katz reported that following the departure of Chris Cloud, President Sparks now serves as the head of Development. Since March, fundraising is making up ground on the \$1M gap reported in March. We are currently below where we were at this time last year mainly due to a decrease in realized bequests which, it was noted, are impossible to predict from year to year. Consequently, the category of bequests will be budgeted in a different manner going forward so as to improve reporting metrics.

Ms. Warren reminded the Board that each trustee has an obligation to “give or get” \$25,000 and she encouraged those who had not yet made gifts to do so before June 30th to ensure 100% Board participation.

Mr. Katz reported that both foundation support and alumni participation were ahead of last year with signs of positive engagement and higher attendance at regional events. More details will be available once the fiscal year was closed and final reports were complete.

Audit Committee

In the interest of time, Mr. King referred the Board to the minutes of the Audit Committee which were contained in the materials and noted there were no material issues to discuss at this time.

Governance

Rachel Warren reported that there was a strong and diverse pool of potential Board candidates and the committee would proceed thoughtfully with the goal of adding 2-5 new members by year end. She referred the Board to the materials in the package for bios and additional information on the candidates and solicited input from the trustees reminding them that they will not all be able to meet candidates in advance of a nomination from the Governance Committee.

Investments

Mr. Hersch reported on the performance of Cooper Union’s non-real estate investment portion of the endowment which, as of April 30, 2017, consisted of approximately \$140 million. This amount includes cash and equivalents for operating expenses. Mr. Hersch referred the Board to the materials in the package which detailed performance, risk/return analysis, asset allocation, and benchmark statistics. As reported in the materials, the total portfolio (including cash) was up 9.32% for the 1yr period as of April 30, 2017 and, excluding cash (\$114M) was up 12.34% for that same period.

Communications

Mr. Hirschhorn reported that, in recent years, the need for a formal Board committee to oversee communications had dissipated (it is not a standing committee under the Bylaws). Accordingly, the committee will be dissolved and President Sparks will lead communications efforts and draw upon the expertise of individual trustees as appropriate.

Free Education Committee

Ms. Sparks reported that the committee’s work is following the established work plan and she noted

the following highlights:

- A process is underway to gather appraisals for the Residence Hall and to investigate retail opportunities/uses for the first floor of the Foundation Building
- Discussions had begun to establish a new approach to fundraising as this will be a significant component of any successful plan to return to 100% full tuition scholarships
- We will convene a joint FEC and Finance Committee meeting to discuss (a) the allocation of scholarship funds; and (b) how to treat future year surpluses

Input from Representatives

- The representative expressed their willingness to offer input on distributed Board materials. It was suggested that the best way to contribute would be to volunteer for the Community Planning Collaborative.
- There was a brief discussion about mission and vision statements and whether it was appropriate for a mission statement to be fixed or dynamic. The Representatives informed the group that a School of Art class had analyzed prior mission statements, and they would like to share the results with Peter Buckley and the Mission Committee.

President's Report

Since remaining time was limited, Ms. Sparks pointed the Board to the written update she provided in advance of the meeting and offered to take questions.

There was no new business.

With no further business, the meeting was adjourned at 4:10 pm.