RIDER UNIVERSITY CHAPTER

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An Open Letter to Rider University's Board of Trustees

On April 7th *Inside Higher Ed* published an article by Rick Seltzer (https://www.insidehighered.com/news/2017/04/07/rider-university-plows-new-ground- westminster-choir-college-sale) on the decision by President Dell'Omo and Rider University's Board of Trustees to sell Westminster Choir College. This article reinforced our opposition to the decision to disaffiliate Westminster from Rider.

Our opposition to the divestiture of Westminster Choir College is based on several key positions: the clear lack of financial gain from divestiture, the significant loss of reputation (or diminished brand) for Rider, and the significant negative short term impact of divestiture.

What follows is a summary of our position on Rider's divestiture of Westminster Choir College. The quotes below are from that article unless otherwise noted.

First, the article makes clear that divesting ourselves of Westminster will not in any significant way alter Rider's fiscal position. While it is true that at the time of the merger that took place in 1992 Westminster was in deep economic trouble with "falling enrollment, degenerating facilities in Princeton and heavy debt," it is also true and far more relevant that, "by 1996, [university] officials told the *Times* that Westminster, which [then] had 350 students, was no longer losing money." And even now, in 2017, President Dell'Omo has admitted that "Westminster isn't a major drain on Rider's overall finances." **So, if the sale of Westminster will not have a significant impact on Rider's overall finances why was the decision to sell it made**?

By way of explanation, President Dell'Omo asserts "that **the strategic goals** of the University will neither be achieved by keeping Westminster at its current location in Princeton, nor by consolidating Westminster onto the Lawrenceville campus" ("Important update from the Rider University Board of Trustees," March 28, emphasis added), This of course begs the question. What are these strategic goals? Who established these goals? Any such change in the University's goals and direction were certainly not developed with faculty input. **More importantly, why might not these goals (whatever they are) be achieved with Westminster remaining at its present location and continuing as part of Rider University?**

It is in his interview with *Inside Higher Ed* that President Dell'Omo reveals his real motivation when he says "Rider needs cash to develop high-demand programs in areas like science, engineering and technology." These words make apparent that President Dell'Omo intends to eliminate a world-class program, which is operating at full capacity in order to build new facilities. Where is the evidence that such areas are or will be in high-demand at Rider? Is Rider presently turning away qualified applicants from our existing science programs? Where is the evidence that we will be able to develop a successful engineering program when we have absolutely no tradition in that area? And why does President Dell'Omo not have confidence in his ability to fund raise to cover these new capital expenses. Equally important, this decision was made without any faculty input. When the above-named programs were presented to the Academic Policy Committees for approval, there was no mention made that implementation would require additional academic facilities that would be paid for by the shuttering of Westminster and the sale of its land. Shared governance demands that information regarding the far-reaching implications of such decisions be given to those who are charged with making them. None was provided. **And what will befall Rider if no windfall profit is realized by the disaffiliation and/or dismantling of Westminster? Will the administration then cancel its plans for these new programs?**

Any attempt to secure a windfall profit from the destruction of a unique world-class institution in order to build new facilities is both morally bankrupt and unlikely to succeed. Certainly it places the potential for a small one-time cash inflow above the lives of both the faculty and students who are dedicated to this cultural gem. Rider acquired Westminster in return for the promise to maintain the institution. Those who manage institutions of higher education should not operate like corporate raiders who take over companies to strip them of their valuable resources and then abandon the remains. Rider did not "buy" Westminster in any sense. The two institutions *merged* in order to benefit both parties; no money changed hands. If the merger no longer benefits both parties (and we do not believe this to be true), then Rider should help Westminster find a new partner on the same basis as the merger that took place in 1992. Rider did not buy Westminster and it does not have the moral right to sell it.

The successful sale of Westminster is an unlikely proposition. There is no known example of a not- for-profit institution of higher education *selling* a college or even some element of one of its colleges. Interviewer Seltzer pointed this out by saying "The decision to openly sell a nonprofit college and its land is all but unheard of in higher education," and President Dell'Omo freely admitted that "this is such virgin territory . . . These kinds of transactions don't take place."

This is, of course, not to say that mergers and acquisitions have not taken place among institutions of higher learning, but only to emphasize that they do not involve the exchange of money. Universities and colleges do, upon occasion, sell underused property. But that is not the case here; the property in Princeton is not only being used for the purpose for which it was donated but is also doing so at full capacity.

President Dell'Omo suggests that the acquisition of Westminster would involve either moving the programs to another locale, or that the new acquiring institution pay for the value of that land where the university resides. Either of these possibilities is likely to make finding a new partner impossible. However, administration has made it clear that the 2018 academic year will be the last year for Westminster Choir College at its current location. This leads to the conclusion that the most likely scenario, indeed the only realistic scenario, is that the world-renowned Westminster Choir College will be closed and dismantled for uncertain and improbable financial gain.

Additionally, there is serious question as to the Board of Trustees' having the legal right to any proceeds of such a sale of the property. As the attorneys for the Coalition to Save Westminster have already told the Board of Trustees:

> Because of the restrictive covenant that encumbers the property in Princeton, the proceeds from its sale would have to be used in a manner consistent with its charitable purpose. In other words, the proceeds from a sale of the Princeton campus could only be used for the continued operations of WCC (or another institution with a similar mission) and could not be used for the general operations of Rider.

We are not attorneys and cannot judge the strength of this argument but, at the very least, even after having destroyed a world-class music program, Rider's administration would be unable to make use of any funds realized by the sale of the Princeton property without incurring a prolonged legal fight. What we do know is that at the time of the merger with Westminster Choir College, Rider entered into an agreement with the Princeton Theological Seminary (which then was to gain ownership of the land where Westminster Choir College was located, if Westminster was no longer on that land) which guaranteed that institution 2 million dollars from any future sale of the property in return for any future rights in that land. Further, all previous studies of this issue by outside consultants are consistent with information provided to us by a commercial real estate agent who works in the Princeton market that puts the value of the land at no more than in the mid-teens "on a good day." Additionally, almost 20 million dollars of Rider's endowment is dedicated to Westminster Choir College functions and would most likely need to be divested from Rider's endowment as part of the process of shuttering Westminster Choir College.

So any financial gain from the sale of the Westminster Choir College property would require subtracting 2 million dollars which must be paid to the Princeton Theological Seminary, and subtracting the almost 20 million in the funds which would be removed from Rider's endowment. Assuming Rider were able to sell the property for 15 million, these deductions would effectively eliminate any financial gain from the divestiture of the property.

Why would Rider's current administration pursue an untried path that is likely to lead to the destruction of a world class cultural gem, the shattering of faculty lives and the dreams of present and future students for the morally questionable possibility of a small one-time infusion of cash?

In summary, we ask the question, what does Rider risk by destroying Westminster?

1. Losing its reputation for dealing fairly with students.

Students come to institutions with the expectation that the institution will stand by its promise to allow them to graduate in their chosen major. The administration has already undermined that promise when it abruptly laid off faculty and eliminated majors and minors in October 2015. While that decision was reversed, we still suffer from its impact. Now we will become known for closing one of our colleges on a year's notice, leaving over 400 students without the ability to receive the degree we had promised them. This loss of reputation is likely to be particularly hard felt in the Arts since as the Lawrenceville Student Government succinctly put it:

> "With this loss, the university has identified retaining world-class artistic programs as the least of its priorities," (**LAW SGA Letter in Response to Board of Trustees, March 28, 2017)**

2. Losing both a large portion of its endowment and the donors who provided it.

The choir college, which had no endowment to speak of in the 1980s, now has an endowment of about $20 million -- part of Rider's approximately $50 million overall endowment. Those monies which were given specifically for the purpose of running Westminster programs will have to be used for those purposes or, if Westminster ceases to exist, be given to a successor institution or similar institution or, barring those two possibilities, be returned to the donors or the estates of those donors. Certainly, a 40% reduction in the value of our endowment is going to reduce Rider's ability to borrow and will likely lead to a further downgrading of our bond rating.

3. Losing the value of other recent fundraising at Westminster.

As the Insider Higher Ed article reports, "The Princeton campus has seen an infusion of donor money in recent years. It has led to millions of dollars in renovations and the construction in 2014 of the first new building to go up on campus in almost 40 years." If Westminster is closed or forced to move its programs to another campus, it is likely that the donors behind those millions of dollars in renovations and construction are going to demand that those funds be returned since they are no longer being used for the purpose for which they were given. At least one donor of significant funds has already put the administration on notice that he intends to so insist.

4. Losing access to a strong alumni and donor base.

The Westminster donor and alumni base is particularly loyal and generous and obviously they will no longer have any interest in contributing to the institution that destroyed their *alma mater*. We must also ask what sort of message this sends to other potential donors? Why would anyone invest in an institution that might with every new president change its direction and perhaps abandon the very program for which he or she had elected to provide financial support?

5. Losing revenue in the coming academic year.

In the coming academic year significantly fewer students are going to attend Westminster and thus Rider will see a dramatic decline in revenue with little or no reduction in its expenses.

Simply put, the decision to “sell” Westminster is a terrible idea. Its de-acquisition will not alter Rider’s financial position or improve its long-term viability. Instead, it will surely lead to a loss of both reputation and endowment. We urge the Board of Trustees to rescind this decision and to begin the long hard task of rebuilding trust with all of Rider’s stakeholders. For its part the AAUP will use all the means at its disposal to reverse this ill-considered decision.

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