

**THE ART OF THE
GOUGE**

**HOW
NYU SQUEEZES
BILLIONS FROM
ITS STUDENTS**
and where that money goes

**NYU FACULTY
AGAINST THE
SEXTON PLAN**



In the fall of 2010, NYU’s administration quietly unveiled “NYU 2031,” a vast expansion of NYU’s Greenwich Village campus (as well as NYU-owned sites in Brooklyn, Kips Bay, NoHo and Washington, D.C.).

Devised behind closed doors, with no involvement by the faculty, this plan would cram four outsized towers—2 million square feet of commercial real estate—onto the two residential blocks between LaGuardia Place and Mercer, 3rd and Houston Streets: a project taking 20 years (at least) of nonstop demolition and construction, and wiping out 2.84 acres of green space, at a cost (according to NYU’s website at the time) of \$6 billion.

Troubled by its seeming lack of any academic rationale—as well as its huge price, secretive design, and drastic ecological effects—a group of NYU professors quickly organized to call for reconsideration of the project, by forming NYU Faculty Against the Sexton Plan (NYUFASP).

NYUFASP has had a dual purpose: internally, to help the faculty at large know more about the project’s academic consequences and financial risks; and, externally, to join NYU’s neighbors in their opposition to the project (an alliance without precedent at this or any other US university), and to inform the public that NYU 2031 is not an academic plan, to benefit NYU’s faculty and students,

but a financial scheme dictated by NYU's Board.

With a membership of well over 400 professors, including tenured and non-tenured faculty throughout the university (many of them choosing to remain anonymous, for fear of administrative retribution), NYUFASP has played a leading role in the broad-based resistance to the Sexton Plan. In Sept. of 2012, NYUFASP joined the Greenwich Village Society for Historic Preservation (GVSHP), along with nine other local groups and individuals, in filing suit against the city and the state, arguing that their approval of the project was illegal. (The case is now before the New York State Court of Appeals.)

* * * * *

Like NYUFASP's many prior writings, "The Art of the Gouge" is a collective effort, researched and composed by members of NYUFASP's "core group" of 18 faculty —not all of whom are willing to be publicly identified.

Contributors willing to be named as authors of this work include:

Ernest Davis
Professor
Computer Science
Courant Institute

Rebecca Karl
Associate Professor
East Asian Studies
Arts & Science

Jeff Goodwin
Professor
Sociology
Arts & Science

Anna McCarthy
Professor
Cinema Studies
Tisch School of the Arts

Mark Crispin Miller
Professor
Media, Culture &
Communication
Steinhardt

Robert Riccobono
Adjunct Professor
Administration, Leadership
& Technology
Steinhardt

Marie Monaco
Associate Professor
Neuroscience & Physiology
School of Medicine

Andrew Ross
Professor
Social and Cultural Analysis
Arts & Science

Mary Nolan
Professor
History
Arts & Science

Jim Uleman
Professor
Psychology
Arts & Science

Bertell Ollman
Professor
Politics
Arts & Science

Adam Becker
Associate Professor
Classics
Arts & Science

Peter Rea
Associate Professor
Film & Television
Tisch School of the Arts

To contact NYUFASP
email: nyufasp@gmail.com

mailing address:
217 Thompson Street
Suite #499
New York, NY 10012

For the last three months I have been homeless, sleeping wherever I find shelter. Sometimes that comes after studying at the apartments of my colleagues, some of whom suspect this situation is happening. Other times I have slept in parks or on trains.

—PhD student, Arts & Science

I live on \$2-5 dollars a day. That means two meals a day, and incredibly unhealthy food. I'm hungry all the time. Being so hungry while you're trying to work two jobs to pay your rent and still keep up with your coursework is practically impossible—and more common than you would ever think at a university like this.

—junior, Gallatin

I had a full scholarship, but then they raised the tuition, so I was short about \$2000. And when I asked the people in financial aid for help, they laughed. The guy actually laughed. He couldn't believe that anyone would have trouble raising such a small amount.

So I was desperate. It's why I turned to [Seeking Arrangement], which is really just a form of prostitution. But I had no choice. It was either that or drop out.

It was a hard choice; and I wasn't the only one who had to make it. When I finally got the nerve to tell my roommates I was doing it, they both told me they'd been doing it, too.

—Arts & Science, Class of 2014

I can assure you that the University will not proceed with any project unless we are certain it is in the University's interest and is financially sound. The Board is, as you know, filled with people at the top of their professions; I can similarly assure you that my fellow trustees and I take very seriously our personal responsibilities and our legal obligations as the University's fiduciaries to ensure NYU's financial health. And please know that the impact of budgetary decision-making on our students and their families is always at the forefront of our thoughts.

—Martin Lipton, Chairman of the Board,
letter to NYUFASP, 9/13/12

INTRODUCTION	11
PART 1: The Big Squeeze	23
THE SKY-ROCKETING COST OF TUITION	32
NYU'S "HIDDEN COSTS"	44
THE GLOBAL NETWORK UNIVERSITY	53
A NOTE ON NYU'S FINANCIAL AID	59
PART 2: Where the money flows at NYU	63
NYU BUYS PROPERTY IN NOHO AFTER ALL	64
NYU'S MONEY PIT AT LAFAYETTE & W. 4 TH	66
NYU GROWS (AND GROWS) IN BROOKLYN	68
NYU'S MEDICAL-INDUSTRIAL COMPLEX	71
IN NYU'S PORTFOLIO ARE MANY MANSIONS	74
PART 3: Millions spent on NYU execs	77
A PRESIDENT 'GROSSLY UNDER-COMPENSATED'	79
STILL MORE MILLIONS DRAINING UPWARD	80
MILLIONS BLOWN ON MANAGEMENT	84
WHAT LIES BENEATH	88
WHAT NYU OWES OUR STUDENTS	89

“NYU IS NOT AFRAID OF DEBT”

“I have cereal for dinner, without milk. Sometimes I eat just one meal a day. To save money on the subway, I walk everywhere.”

—Junior, Arts & Science

“When my department learned that I had slept in our building one night, I was told to get psychological counseling. The counselor said I needed to be medicated, but I informed her that I could not afford the co-pay. The NYU administration asked to speak with me, and I sat down with them and told them my whole story of being under-slept and underfed. I was later emailed an exceptionally polite directive not to sleep in NYU-owned buildings.”

—Graduate student, Arts & Science

“I am still 80K in debt. They did not increase my financial aid by one penny when my parents lost all ability to contribute money toward my education. I

was a junior with excellent grades, writing awards, and no financial support, and NYU did not care.”

—NYU graduate, posting on studentsranking.com

“The university has never been in a better financial position. Our trustees, who are experts in this—some of the leading real estate and business people in our city—feel very comfortable, and [have] unanimously supported [NYU 2031].”

—Pres. John Sexton, New York City Council hearing,
June 29, 2012

HOW NYU BEGAN TO SPIN THE SEXTON PLAN

In the fall of 2010, NYU’s administration held its first (and last) two open forums on NYU 2031—known later as the Sexton Plan—to answer questions from the faculty about that vast construction project.

Those gatherings shed little light, as the two executives who ran them—Vice Presidents Lynne Brown and Alicia Hurley—had just one point to make about NYU 2031: that it’s *an academic project*, driven by NYU’s *urgent need for academic space*, and based on *years of consultation with the faculty*.

Drs. Brown and Hurley made that point repeatedly, using it to parry question after question. Asked why the plan included a 300-foot hotel (as it did then), Dr. Brown shot back, “Because you asked for it!” Faculty, she said, had long demanded a hotel to house guest lecturers and prospective hires.

That claim was as baffling as the presentations were throughout, since no one there could remember ever having asked for a hotel, or for any other piece of the expansion plan, or for the plan itself, which—contrary to the spin at those two sessions (and propagated far and wide since them)—was crafted secretly by NYU’s administration, in tight consultation with NYU’s Board, leaving the faculty completely in the dark.

Nor did the faculty assembled there learn much from those belated presentations, where Drs. Brown and Hurley wanted to say only, and as often as they could, “We need it, and you asked for it.”

“NYU IS NOT AFRAID OF DEBT”

At one point, however, Dr. Brown let slip an inconvenient truth about the project, when asked, by a professor in the house, “How does NYU intend to pay for this?” (The price, according to NYU’s website at the time, was “\$6 billion in construction costs.”) To this, she confidently answered, “NYU is not afraid of debt.”

There was a pause, as we awaited some elaboration; but that was all she had to say about the business plan for NYU 2031.

Although we didn’t know it at the time, that statement was extraordinary for its candor, since Dr. Brown so readily admitted (some might say boasted) that the *project would be financed by an ever larger debt burden*—a fact that the proponents of the plan have otherwise been careful

to obscure:

- Firstly (as noted just above), they pre-empted all discussion of the plan’s financial risks by hatching it behind closed doors, without due consultation of the faculty—not even those in Stern and Economics, whose expertise is obviously relevant.
- Once the plan had been announced, its advocates continued to obscure its fiscal recklessness by refusing to release the business plan for 2031, despite requests from the Faculty Senate Council, Community Board 2, student groups and members of the press, as well as individual faculty in Stern and Economics. In lieu of that key document, the project’s champions have offered only spin—blithely noting various *potential* funding sources, hailing NYU’s perfect fiscal health, and nodding reverently at the financial acumen of NYU’s trustees.

“The university has never been in a better financial position,” Pres Sexton testified before the City Council. “Our trustees, who are experts in this—some of the leading real estate and business people in our city—feel very comfortable, and [have] unanimously supported this [expansion plan].”

NYU’S FACULTY HAVE NEVER BOUGHT IT

Although it swayed the City Council, the administration’s spin did not convince the faculty. In April of 2012, a survey by the Faculty Senate Council “found that 58 percent of respondents either ‘strongly oppose’ or ‘oppose’ the

controversial ‘2031’ growth plan,” as Capital New York reported, noting widespread apprehension “that the plan would mire the school in debt, force them to increase tuition or enrollment or both, frustrate faculty-recruitment and retention efforts and drive down the quality of the student body.” (Earlier this year, Standard & Poor’s downgraded NYU’s credit rating to AA-, citing a combination of “low financial resources and a high debt level.”)

Meanwhile, NYU’s faculty were voicing such concerns more forcefully—and by lop-sided margins—in several dozen school and departmental resolutions passed throughout the university. That unprecedented wave of formal protests started with the Politics Department, whose members voted on the issue moments after an instructive Q&A with Prof. Ted Magder, Chair of the Faculty Senate Council, and well-known as a presidential intimate.

Asked to explain the academic rationale for the expansion plan, Prof Magder answered that there didn’t seem to be one: “The University [*sic*] has not provided much of an academic rationale,” he admitted, adding that they largely trusted in a certain “logic of natural growth for universities.” As the plan would turn NYU’s largest professorial neighborhood into a live construction site for 20 years, had they said anything about its likely impact on faculty recruitment and retention? “No,” Prof. Magder said, “but they will probably find money to move professors they want most to homes elsewhere in the city.”

Thus informed (and once Prof. Magder left), the faculty

voted **27-2** against the Sexton Plan, deeming it a threat to “the department’s academic mission.” Shortly after Politics approved that statement (on March 27, 2012), other faculty throughout NYU followed their example, with further resolutions ultimately passed against the Plan by 38 schools and departments, most of them unanimous or nearly so. (The resolutions are online at <http://nyufasp.com/nyu-departmental-resolutions/>.)

WHAT WILL “THESE LARGE COSTS” DO TO OUR STUDENTS?

Those colleagues were in clear agreement on the project’s secretive creation, and the missing business plan: “We are deeply concerned about the lack of exposure of financial specifics, and the absence of adequate consultation with the faculty”—a protest shared by History (**26-0**), Mathematics (**36-0**), English (**22-1**, 1 abstention), Linguistics (**13-2**, 1 abstention), Comparative Literature (**17-0**), the Center for Neural Science (**16-1**, 2 abstentions), and the Gallatin School (**32-0**).

Among the many others troubled by the Plan’s financing were those colleagues who know the most about such things. Noting (twice) that the administration had “declined” to share “information on the financing of its plan,” NYU’s faculties in Economics (**29-0**) and Stern (**52-3**) saw many dangers in the Plan, however “comfortable” those “experts” on the Board:

We are concerned that these large costs will be paid for by some combination of higher tuition rates, a larger student

body, lower teacher-student ratios, fewer tenure-eligible faculty, reductions in real faculty salaries over time, and smaller benefits.

Thus NYU's own distinguished "experts" on finance and economics (including three Nobelists) noted, tacitly, that NYU, in hatching its construction plans, should be "afraid of debt"—a warning shortly vindicated by the *New York Times*, in a front-page article on the financial havoc of America's vast academic building boom:

A decade-long spending binge to build academic buildings, dormitories and recreational facilities—some of them inordinately lavish to attract students—has left colleges and universities saddled with large amounts of debt. Often, students are stuck picking up the bill.

NYU loomed large in that colossal panorama; although not large enough, since NYU leads the pack, by far (as we shall see), in real estate development, excessive cost—and, above all, student debt, as noted by the faculties against the Sexton Plan: "We are concerned that NYU students—already among the most indebted in the nation—will have to bear the burden of footing the expansion bill in the form of increased tuition and other fees," agreed the faculties in Mathematics (**46-0**), History (**26-0**) and English (**22-1**).

Far from addressing those concerns, Pres. Sexton not only ignored them, but publicly erased them from the record, along with the large faculty majorities that had so carefully expressed their opposition to the project.

Long after all those faculties had made their academic and financial case against the Sexton Plan, the president portrayed them as a nest of cranks preoccupied with their own comfort:

“It’s not a lot more than a couple dozen in a faculty of 7,000 [*sic*],” he told the New York Building Congress on Sept. 24, 2014.* “But the fact is that we’re all human, and the construction we’re doing is adjacent to where our faculty housing is.” (“We’re not developers,” he added. “This is about the expansion of knowledge.”)

*“The faculty now totals over 3,100 full-time members,” according to “About NYU” (<http://www.nyu.edu/about.html>)

THE RISE (AND SIZE) OF NYUFASP

Thus NYU’s president repeatedly dismissed the grave concerns of NYU’s own faculty, as manifest in the results of the Faculty Senate survey, the 39 school and department resolutions—and, not least, the many thorough critiques that NYUFASP had been sending to the faculty at large, and to the press, since the fall of 2012.

This group was formed in late 2010, by some 20 colleagues deeply troubled by key features of NYU 2031—or, as they renamed it, the Sexton Plan: its secretive design, its lack of any academic rationale, its jaw-dropping cost (\$6 billion, according to NYU’s website, until that datum was deleted in April of 2012). The founding members were especially perturbed by Lynne Brown’s blithe response to their concerns about the plan’s financing: “NYU is not afraid of debt.”

By September 24, 2014, when Pres. Sexton (as usual) dismissed it as a little NIMBY coven of “a couple dozen in a faculty of 7,000,” NYUFASP had grown to well over 400 members in a faculty of 3,100. Of that number, 168 are public members—a list including chaired professors such as E.L. Doctorow (English), Nadrian Seeman (Chemistry), Hasia Diner (Hebraic & Judaic Studies) and Claudio Basilico (School of Medicine); Silver Professors Hartry Field, Fred Myers and Barbara Weinstein; and University Professors Thomas Bender, Linda Gordon, Avital Ronell, Richard Schechner, Richard Sennett, Diana Taylor and Deborah Willis. (A current list of NYUFASP’s public members is at <http://nyufasp.com/fasppublicmembers/>.)

Along with such illustrious—and well-protected—members of the professoriate, our public membership also includes some brave untenured faculty; although the great majority of our more vulnerable members are anonymous. It is just one indication of the threatened state of academic free speech rights at NYU that most NYUFASP members will not sign on openly—nor are they only contract faculty and adjuncts, but all too many tenured faculty throughout NYU’s schools. (Beyond that anonymous majority, moreover, there are countless other sympathetic faculty who are afraid to join us even secretly.)

In any case, there is no doubt that, on the question of the Sexton Plan, NYUFASP represents the will of the majority at NYU (as well as the community at large), whereas the Plan’s relentless advocates—“the leading real estate and business people in our city,” and their hirelings—comprise the fringe.

WHY WE WRITE

NYU'S CUTTING-EDGE CORRUPTION

Throughout the last three years, NYUFASP's steering committee (a group of 18 colleagues) has worked to publicize the truth about the Sexton Plan, countering the endless spin by NYU's immense PR machine with sober updates and meticulous analyses that we sent out to the faculty at large, and to the press, as our intention was not just to mobilize NYU's professoriate at every level, but—no less—to keep the public properly informed.

That mission soon obliged us to explore the larger context of the Sexton Plan, which is surely no anomaly at NYU, but only one of many ruinous developments mandated by a board intent on “growing” NYU beyond all recognition as a place of higher learning. Thus we began investigating NYU's finances overall, not just to reconfirm the folly of the Sexton Plan per se, but to expose the larger misdirection of this university—and, by extension, all too many others coast to coast.

For NYU's financial practices are unique only in degree: NYU's students are—as we shall see—exploited more aggressively, and in more ways, than those at any other US (not-for-profit) university. What we are seeing here, in other words, is an especially egregious version of what we are also seeing at universities throughout the nation (and beyond), as “college education” comes increasingly to be conceived, by its own managers, not as a national necessity for all, but as a paying proposition for the few.

What makes the story here significant, in short, is not just the sensational corruption of a single university; for NYU now represents the avant-garde of everything that's wrong with US higher education.

NYU MAKES FACULTY AND STUDENTS PAY

This report—available online at <http://nyufasp.com/>—picks up where we left off with “Where the Money Goes at NYU,” FASP’s two-part email series on the obscene inequity at NYU; although this report has quite a different focus from the one we sent out to all faculty in 2013. (For links to some of NYUFASP’s prior mailings to the faculty, see <http://nyufasp.com/faculty-mailouts-of-note/>)

There we looked into the drastic underpayment of NYU’s faculty at every level, by contrast with the six- and seven-figure salaries, generous benefits and low-interest (or no-interest) “loans” afforded to NYU’s top administrators—gross maldistribution that we see at universities throughout the country (and beyond), but that appears to be exceptional at NYU.

For example, of the 25 executives listed by NYU as “essential personnel” (in its filings with the IRS), we noted that, from 2010 to 2012, their average salary had “jumped from \$816,867 to \$1,026,059. That sudden boost from six to seven figures represents a staggering increase of 26%, with an average increase of 36.5%.” Over that same period, the faculty enjoyed an average raise of 2.5% at NYU downtown, and 3% at the School of Medicine (while the inflation rate in New York City was 3.52%).

That exposé hit home. More widely read than any other of FASP's emails to the faculty at large, "Where the money goes at NYU" (Part I) helped mobilize the five votes of no confidence that spring (by FAS, Gallatin, Steinhardt, Tisch and Tisch Asia), and then three formal statements (from Social Work, the Division of Libraries and NYU/London) protesting Pres. Sexton's policies.

As shocking as its revelation was, however, that stark inequity is not as scandalous—or as significant—as the far larger wrong that underlies it. What should concern all faculty today, in other words, is not just the unfair division of the spoils at NYU, but the spoils themselves, which NYU amasses, and relentlessly increases, through the systematic gouging of our students.

The point of this report, then, is not just to continue "Where the money goes at NYU," but to revise and amplify its argument. First, we present a detailed survey of the myriad tricks and tactics used to gouge NYU's students, making them among the most indebted in the nation, and giving NYU a troubling reputation for excessive costs and ruthless exploitation.

We then show where those many millions go—not back to this community (students, faculty and staff), but into NYU's expanding real estate portfolio, and the exploding coffers of NYU's own top bureaucrats, in salaries and benefits, expense accounts, "loans" and other lavish perks that Mr. Lipton et al. deem acceptable in a non-profit university. (We also note, in passing, how NYU over-spends on *branding* "NYU"—through advertising, marketing, PR, etc.—and on aggressive "recruitology" abroad.)

THE BIG SQUEEZE: NYU's relentless cash extraction

“You are nothing to them but \$200,000”

- Blog post by “Amanda Del,” NYU student, 12/17/09

Under Pres. Sexton (and, behind him, Martin Lipton, Chairman of the Board, along with Ken Langone and other powerful trustees), NYU has jumped to Number One in the United States (and, for that matter, the world)—not leadership to brag about. For Mr. Lipton’s NYU stands out, not as a “world-class research institution,” whose “peers” include Yale, Harvard and Columbia (as Pres. Sexton likes to claim), but as the nation’s (and the world’s) *most overpriced university*.

This reputation comes from press reports, all accurate enough, on the vertiginous costs of NYU’s tuition, room and board. Although it has been making news for quite some time (*Newsweek*, in 2012, ranked NYU 4th among the nation’s “least affordable schools”), the story has exploded since the summer of 2013, due largely to the

growing crisis over student debt, and important studies by the *Chronicle of Higher Education* and Business Insider. Thus CNN, CBS, NBC, *USA Today*, *Time*, *Newsweek*, *the Atlantic*, CampusGrotto, Gawker, the *Washington Post*, the *Daily Mail*, and *U.S. News & World Report*, among many other outlets, have all variously hammered home NYU's status either as the second most expensive (after Sarah Lawrence) or “the most expensive college in the country,” as Huffington Post sarcastically reported (“Congratulations, New York University!”).

We note that such reports are “accurate enough,” because, as troubling as they are, they inadvertently *downplay* the problem here, in several ways—not least of which is the unhappy fact that *NYU costs even more* than they suggest (as we shall see).

Secondly, in merely ranking NYU in terms of outright costs, those articles omit NYU's exceptionally dismal record on financial aid and student debt. That NYU stands out for its low financial aid (as the *Princeton Review* has been reporting since 2009), and “creates more student debt than any other nonprofit college or university in the country” (as the *Village Voice* reported in 2011), are facts unmentioned in those surveys of tuition rates alone.

Finally—and surely most important—all that reportage has subtly prettified the picture, by failing to dispute the myth, hyped endlessly by NYU, that NYU devotes that revenue to *education*.

THE MYTH OF NYU'S GREAT "TRANSFORMATION"

"Big growth in facilities and a \$2.8 billion endowment have transformed NYU from a decent commuter school into an elite institution in the last couple of decades. Tuition is reasonable compared to other places, but living in New York costs a lot."

Thus *Forbes*, in 2012, tried to explain NYU's sticker price, and in so doing re-echoed the inevitable talking point that NYU has been "transformed into an elite institution" by all those billions spent on real estate. Ranking NYU as the nation's 5th-most-expensive university (despite its "reasonable" tuition), *Forbes* tacitly ascribed the high cost both to that "big growth in facilities," and to the pocketbook demands of "living in New York."

That spin reaffirms the line that Pres. Sexton, Mr. Lipton and their flacks have pushed nonstop for years: that NYU has, thanks to their big spending, "grown" into a "world class research institution," offering an education comparable to those at Yale, Harvard and Columbia—and *that* is what our students, and their families, have been paying for.

Pres. Sexton made that case in pitching the expansion plan before the City Council: "Half of my undergraduates work two jobs," he said (with some exaggeration), "and I have 500 undergraduates that works [sic] three jobs while they're going to school."

Now what are those kids telling us by doing that? First of all, they're telling us that they're industrious as well

as smart.... But they're also telling us they really like the quality of an NYU education, because of our locational endowment [i.e. Greenwich Village], and because of the quality we're providing.

“So as high as our tuition is,” he concluded, “our students manage to do it because they want the quality.”

THE FACTS

Thus Pres. Sexton drew a happy picture of our students' desperation, treating it not as an institutional emergency but as a sort of advertisement for the brand. His blitheness troubled City Council Member Dan Garodnick: “But is there any way to actually *protect* these students?” he asked.

“What is it [in the Sexton Plan] that will limit further need of your students to take on two, three [jobs]—as ‘industrious’ and impressive as that is, to limit their need to do that?”

To this the president replied at length, vis-a-vis “the issue”—“one to which I dedicate my life”—of “enabling every talented student who *should* be at NYU to *be* at NYU,” etc. As they concerned financial aid at NYU, his claims were, on their face, preposterous. Relatedly, we raise another question that the City Council Member could have put to him: “As high as [the] tuition is” at NYU, *how* has it improved “the quality” of education there?

Hardly at all, according to *U.S. News & World Report*. In 2002, when Pres. Sexton took the helm, the

magazine ranked NYU at **#33** among America's "Best Colleges." In 2014, after thirteen years of Mr. Lipton's policies, NYU had soared to **#32**.

Our students, and their families, have paid—and are still paying—dearly for that uptick, NYU's tuition *having more than doubled* since 2001, rising from **\$23,336** to **\$46,170**, an increase of **\$21,834** (or **52%**).

(We note a similar disconnection between price and "quality" at NYU's best-known professional schools: NYU Stern—today the nation's *most* expensive business school, although its complex rankings overall are much the same as in 2001; and NYU Law School—today the nation's second-most expensive, although its ranking, by *U.S. News & World Report*, has, since 2007, *dropped* from **#4** to **#6**.)

Thus NYU has, demonstrably, *not* been spending all those millions to improve "the quality" of education here, but, primarily (as we shall see), on real estate, and NYU's top officers. The maintenance of those two bad habits in particular compels the Board to keep NYU's price as high as possible, and to enlarge NYU's clientele (i.e., the student body) to a size beyond the capabilities, or aspirations, of any "elite institution."

Those numbers offer us another way to grasp the Board's indifference to "the quality" of education here: NYU's acceptance rate today is **over 34%**—a figure six times higher than Harvard's (**5.9%**), five times higher than Columbia's (**6.9%**), and double that of Mississippi

Valley State University (**16.1%**). Now with over 40,000 students, NYU obviously ranks, not with Yale, Harvard and Columbia, but with such absorptive giants as the University of Georgia and Ohio State.

HOW NYU PULLS IN MORE PAYING CUSTOMERS

“Given our selectivity, getting into NYU is difficult,” claims NYU’s PR machine, in one more bald departure from reality. Despite such hype, it is quite clear that NYU absorbs so many “clients” *not* to “enable every talented student who *should* be at NYU to *be* at NYU,” but only to maintain that flood of revenue which Messrs. Lipton and Langone, et al., have squandered on non-academic purposes.

Under that top-down financial pressure, NYU has long deployed a range of controversial tactics to increase enrollment all throughout the schools. Faculty in Steinhardt and Social Work—two schools whose high revenues are annually siphoned off to other sectors of the university—complain of the administration’s various attempts to lower admission standards for their MA programs, and otherwise enlarge the ranks of paying customers. (“They are forever looking for new gimmicks to draw students in,” observes a Social Work professor.)

Other tactics are more troubling still. To increase profits from NYU Poly, especially its ever-growing MA program, NYU resorts to a broad range of doubtful practices to lure more paying customers from India, China, Turkey and elsewhere abroad. Because such practices have

lowered Poly's academic quality, and caused much student suffering (as reported last year by the *New York Post* and Bloomberg News), in April of this year three graduate students called for a school-wide discussion of the problem, in flyers that they started handing out on campus.

Apparently that topic is taboo. Within minutes, the students were confronted, and their protest halted, by campus security, who detained them briefly for questioning, and wrote up an "incident report" to document the crime. (The story was reported by the Daily Beast.)

Meanwhile, NYU has long jacked up its undergraduate numbers through the Liberal Studies Program, "which kids are often accepted into instead of the program they wanted," posted "sally305" on College Confidential in 2012. "This is a big bait and switch. It functions essentially as a community college 'feeder,' and forces kids to re-apply as juniors to their program of choice." NYU, she adds, "intentionally created mystery about it, going so far as to not have a website for several years. (It does now.) The admission standards are sometimes lower, and NYU does not include them in the stats it supplies for rankings."

Many Liberal Studies students, and the parents of such students, feel that NYU misled them. "Once he was accepted (without any sort of financial aid) we were unsettled by some of the things we read about the LS program," posts one parent. "I guess the bottom line is that he felt duped, applying for a program and finding out later that it is not considered as rigorous as the other

colleges at NYU.” “He is unaware that many—most?—of his fellow students are in the program because they were placed there not by choice,” posts another. “I am troubled by the fact that NYU didn’t spell out all the aspects of the program in the application information.”

“Essentially, to me,” writes one disappointed student, “it’s kind of like high school (with harder coursework).” “Had I known exactly what it was & how it limits me academically,” writes another, “I don’t think I would have come to NYU.”

“WE ALL KNOW NYU IS MONEY-HUNGRY”

While making clear that NYU is an unusually expensive ride, the press has not conveyed a proper sense of how relentless, and ingenious, NYU really is at squeezing cash from its community. For that, one needs to hear from that community—especially the students:

1. all they want is your money.
2. all they care about is your money
3. you are nothing to them but \$200,000.

That is not the rant of some eccentric malcontent, but a complaint that comes up endlessly on social media, in online reviews, throughout the blogosphere, and in the student press: “NYU just wants your money ... they don’t care about you!” “We all know NYU is money-hungry.” “NYU wants your money, and you will graduate feeling suckered.” “NYU is a scam... don’t go there.” “NYU is all about the money, but they use none of [it] to support undergrad education.” And so on.

Certainly, NYU has also garnered many glowing reviews that make no such acerbic statements, or refer to cost at all—testimonials by some more fortunate than others, because they never need concern themselves about the cost, or even notice it. We also note (and with no little pride) that those who have assailed the soaring costs and exploitative practices at NYU have often still praised NYU’s professors.

In any case, NYU under Mr. Lipton’s Board has earned a reputation as a university less interested in education than in cash extraction. Beyond those huge sums for tuition, fees and housing, it seems that there is no amount too *small* for NYU not to charge for it. For students who don’t live in NYU housing, “it costs us forty bucks to use Coles during the summer,” notes a senior in the College of Arts & Science.* “They even charge \$100+ for orientation,” protests a former nursing student.

NYU Local has exposed the student meal plan as yet another of NYU’s “big-ass rip-offs,” while Dailyfinance.com advises students not to use NYU’s Campus Cash: “Students (or relatives) can top up their cards online, but they have to pay a \$2 fee every time they do so.”

Some students tell of petty charges that seem tantamount to fraud: “A few weeks into my stay I lost my room key,” writes a former student who had visited from Ireland. “I was told that the replacement fee would be \$100.”

As this figure was wildly out of sync with my expectations I asked my friends if this were indeed the correct figure.

Good thing I asked—the cost was \$25.

After three days of futile efforts to try [to] resist paying the fee I finally tore down the A4 sign that showed the cost to be \$25 for the key in question. Did I get an apology? Hardly; this could result in ‘judicial consequences,’ I was told.”

Such random bites suggest an institution driven by a mercenary need so great that even NYU’s tuition, fees and housing costs can’t satisfy it—even though they also are too high; and NYU misrepresents them, too.

*Even faculty with “family memberships” at Coles must also pay, \$10 a head, to bring their children there on weekends.

“THE SKY-ROCKETING COSTS OF TUITION”

“Nia Mirza, a 19-year-old from Pakistan preparing to embark on her freshman year, was stunned to discover that the \$64,000 annual price tag (including tuition and the estimated cost of expenses) she *thought* she would be paying had mysteriously risen to \$71,000, after she’d already committed to the school via early decision.”

As Gothamist (among others) reported in late March, Ms. Nirza was (and still is) protesting that “mysterious” increase, with a student petition calling it unfair: “The cost of attendance (annual) was suddenly raised after students [paid] the enrollment deposit. This was done without any notice at all; it was just observed by students who reviewed

their financial aid package[s] on their ‘Albert’ portals.”

*According to NYU, the costs are increased every year by a small percentage. Even if this is the case, the cost should have been increased way back in January and not when the quarter of the year has already passed, and **when students have planned their budget according to the cost of attendance mentioned when they were given their offers** [emphasis added].*

Although Ms. Nirza calls on NYU to cancel that increase, “the point of this petition is to condemn the sky-rocketing costs of tuition, which is only affordable for students from very wealthy backgrounds.”

*We are against the amount of debt that students are forced to incur while studying at NYU. We are against the over-pressurization of parents.... We demand a drop in NYU’s tuition fee.**

* Posted on Change.org, the petition (#NoFairNYU) has, as of this writing, garnered over 5,000 signatures.

“HELP!”

This is not the first time that an individual student has gone public over NYU’s tuition. In August of 2012, the *Village Voice* reported the predicament of senior Johnny De Vito, an Arts & Science honors student who, despite a scholarship (and a job at an airline consulting firm), needed \$12,157 — now — to pay his fall semester bill. Out of desperation, Mr. De Vito made a poster (“HELP!”), featuring the bill, and taped it

to a light pole in Washington Square Park: “Please consider giving me advice or encouragement as I figure out how to pay for the first semester of my senior year.” (Prompted by the bad publicity, NYU quickly offered him the aid that he required.)

Last January, Tisch sophomore Jeremy Harris learned suddenly that he would not receive financial aid, despite a glowing record: “In just a year and a half Jeremy has already been a summer RA, thrived as a baritone in a top-notch a capella group (the Mixtapes), worked several days/nights a week at the Resource Center, all while keeping up phenomenal grades and honing his acting and dancing skills.” With only days to find \$7,864, Mr. Harris turned to [gofundme.com](https://www.gofundme.com) (and raised that sum from other students).

While those were cries for personal help, Ms. Nirza’s effort is the first formal protest, by a lone undergraduate (in her case, a prospective undergraduate), of NYU’s too-high tuition overall—and the first to protest the deceptiveness of NYU’s charging practices.* Her protest helps us see how NYU has minimized, and otherwise obscured, the true cost of an education here.

*NYU’s Student Labor Action Movement (SLAM) has now embraced Ms. Nirza’s cause.

***THE FINE PRINT:
HOW NYU MAKES EVEN MORE THAN WE’VE BEEN TOLD***

Let’s begin by noting that Ms. Mirza will be paying more to go to NYU (and even more than she expects) because

she is an international student—a difference that the press has overlooked.

On the one hand, international students pay a slightly higher tuition (or “tuition & fees”) than their US peers; and that margin will grow notably next year. For those students, the total for the 2014/2015 academic year was **\$46,460**, while US students have paid **\$46,170**: a difference of **\$290**. This year—when “all costs related to study at NYU will increase approximately 5%” (according to the Bursar’s Office)—international students will pay **\$48,783**, while their US peers will pay **\$47,750**: a difference of **\$1,033** (an increase of **256%**).

The more it grows, the more significant that difference is, not least because the press has based its calculations of the cost of college in the USA on the rates for US citizens. With that blind spot, the press has slightly understated NYU’s tuition—and greatly understated how much NYU charges overall.

Consider the College of Arts & Science (CAS). This academic year, the total cost for US citizens is **\$64,304**, and, for international students, **\$73,696**—a difference of **\$9,392** (or over **14%**). The difference is about the same throughout NYU’s schools.

AN INTERNATIONAL CASH COW

NYU is surely not alone in charging international students more than US citizens—a practice now widespread at “flagship public universities across the nation,” as the *New*

York Times reported in 2012. That year, for example, international students at the University of Washington were charged \$28,059 for tuition, “about three times as much as students from Washington State” (and over \$15,000 less than NYU’s tuition then). Students from abroad also pay more at certain private universities.

However, NYU’s practice is, in several ways, not comparable to what goes on at other schools. While international students at our public universities “help underwrite financial aid” by paying higher tuition, there is, of course, no reason to believe the surplus serves that purpose here.

And NYU’s surplus is vastly larger than at any public university, or *any* other school, thanks to the domestic intake of the Global Network University. “In the 2013-14 academic year,” NYU’s website tells us, “NYU attracted 11,164 international students, a 19-percent increase over the previous year” — far outstripping USC, Purdue and the University of Illinois, whose international enrollments had surpassed NYU’s just the year before.

That year, all those students each paid some **\$9,000** more than the Americans attending NYU, thereby making NYU at least **\$100,000,000** in such extra revenue alone. That would be enough to put 540 students through all four years at NYU—and save them, in interest, somewhere from **\$34,698,240** to **\$72,270,900**—if NYU spent it on financial aid instead of real estate and bureaucratic salaries.

WHAT ARE THOSE STUDENTS PAYING FOR, EXACTLY?

While our international students pay significantly more than those at other universities, NYU also stands out in another way, since those charges are not just the highest in the country but also the most unclear.

What exactly are those students (and their families) paying *for*? Other schools don't hide that information. On its web page for "Tuition & Fees," Purdue has the rate for international students (\$30,804) right beside the rate for US nonresidents of Indiana (\$28,804), making the \$2,000 difference unmistakable. Under "Tuition & Fees," the University of Illinois has the rates for international students (\$31,626-\$38,764) right under those for US nonresidents of Illinois (\$30,796-\$35,800), so that the difference (\$830-\$2,964) is as clear as day. On its web page, USC clearly lists the two administrative fees—\$100 and \$185—for international students (who pay the same tuition as the others).

Now turn to NYU's web *pages* for "Tuition and Fees," and there you will find nothing on those higher costs for international students—no indication that there *are* such higher costs, much less any explanation as to why. The Admissions Office doesn't mention them on "Tuition & Fees," nor does the Bursar's Office mention them on any of its dozens of web pages ("Tuition and Fees"), each noting the tuition rate (and one or two fees) for a particular NYU school, program, center, institute (with separate pages also for undergraduates and graduate students).

And anyone who seeks that information on a guided tour of campus also will not find it there. In the *Admissions Ambassador Handbook*, used by the student guides to answer any questions (their supervisors warn them not to stray from it), the section on “Tuition & Fees” includes a “Total Budget with Housing” for CAS, one for Stern, and one for Tisch—and none for international students and their families, although thousands of them take those tours each year.

Rather than list *their* tuition/fees under “Tuition and Fees,” NYU lists them on “Estimated Expenses,” a web page run not by Admissions or the Bursar but by “Global.” Thus the only way to notice the *much* higher charges for our international students is to compare that page with any of those others, or with the budgets in the *Handbook*—yet that comparison will not *explain* the difference. For example:

*In the 2014/2015 year, for students from abroad, the total cost for CAS was **\$73,696: \$46,460** for “Tuition & Fees,” **\$24,000** for “Living Expenses,” and **\$3,236** for “Health Insurance.”*

*That year, for US students, the total cost for CAS was **\$64,304: \$46,170** for “Tuition & Mandatory Fees,” **\$16,064** for “Room & Board,” **\$1,070** for “Books & Supplies,” and **\$1000 (!)** for “Personal Expenses.”*

The difference in tuition rates—\$290—is clear enough, as is that \$3,326 for health insurance. Those costs add up to **\$3,616—\$5,776** less than the **\$9,392 extra** that NYU charges its 11,000+ students from abroad, in “Living Expenses.”

And what are they, exactly? What makes “Living Expenses” (\$24,000) so much more expensive than the total cost (\$18,134) of “Room & Board,” “Books & Supplies,” and “Personal Expenses”? Does NYU charge its international students more for housing, books or meals? Or do they need certain things for “Living” that Americans don’t need? If so, what are they, and why does NYU demand so much for them?

UNCLEARNESS BY DESIGN (1)

We might regard the chaos of accounts at NYU as a result of mere incompetence, if such indecipherability were not a tactic commonly deployed by iffy vendors of all kinds, to make their over-charges both invisible and inexplicable. (Most—by far—of the online complaints by patients at NYU Langone concern its billing practices.)

With that in mind, we note that NYU may actually be charging its prospective students even *more* than they now think. If Nia Mirza, the Pakistani undergraduate-to-be, was shocked to find, from whatever letter NYU had sent her, that her first year would cost her family **\$70,974** (as opposed to \$64,000), she ought to check out Global’s web page, “Estimated Expenses,” which puts the price at **\$73,696**.

In any case, the dizzying unclarity of all those price-lists doesn’t obfuscate the cost for international students only, but for *all* prospective students. While other universities post their annual tuition, NYU blurs the cost for its American market by posting the price per semester (on the Bursar’s

web pages), and—even more misleadingly—the price per course (on the Admission Office web page), giving the impression that “tuition” here is only a few thousand dollars.

NYU also misleads prospective students, and their families, by telling them to put aside \$1,000 for their “personal expenses.” Whereas that would have been enough when Jimmy Carter was in office, or would be enough in Little Rock today, it’s nowhere near enough to pay for laundry (no dry cleaning), transportation (subways only), cellphone, toiletries, cleaning supplies, the odd snack, and a movie now and then, for nine months in Manhattan, in this century.*

And that assumes nine months without a medical emergency. While posting the cost of health insurance for its international students, NYU doesn’t do so for its US applicants. On none of its web pages, nor in the *Handbook*, does NYU note this *mandatory* annual expense for US students (or, therefore, that such costs have been increasing: *Crain’s New York Business* reported, in 2012, that NYU had raised the price of student health insurance premiums by 33%—an increase three times larger than Columbia’s).

*For students at the School of Medicine, “personal expenses” come to \$4,500.

THE (LARGELY HIDDEN) BURDEN OF NYU’S HEALTH INSURANCE

As its name implies, *all* NYU students are required to buy NYU’s Mandatory Plan (“This plan cannot be waived”).

Now costing **\$2424** per annum (**\$1212 x 2** in registration fees), this plan mainly offers “access” to the Wellness Center, plus “limited coverage” for some ER services and mental health outpatient visits.

For fuller coverage, NYU also offers two optional insurance plans: “Basic,” for **\$2094**, and “Comprehensive,” for **\$3236**—with deductibles of \$5000 in-network, and \$10,000 out-of-network. Those plans don’t cover routine dental care, or “eyeglasses, hearing aids, [or] examination for the prescription or fitting thereof.”*

With such essential care excluded, and those high deductibles, NYU’s coverage is one more expensive proposition for our students. (It seems especially costly for our international students, who are apparently *required* to pay not only for the “Mandatory Plan,” but also for the costlier—**\$3236**—of those two plans that NYU calls “optional.”)

And, for all too many seeking medical attention here at NYU, those costs are only the beginning; since the “care” that they receive at NYU’s own facilities—the Wellness Center, and, for those who buy the STU-DENT plan, the walk-in clinic at the College of Dentistry—is all too often insufficient, and sometimes makes things worse, requiring them to pay for proper care elsewhere.

*According to the “Tuition & Fees Worksheet” for the School of Law, this year those two plans cost several hundred dollars more—**\$2,568** and **\$3,974**—for full-time students there.

NYU'S JANUARY SQUEEZE

Since Pres. Sexton's installation in 2002, NYU's tuition costs have shot up every year, "far more than the inflation rate," as one student journalist noted in 2009. Between 2002 and 2011, tuition spiked an average 5.08% per year, between 2002 and 2011, with further increments, since then, of roughly 4%.

Beyond those annual increases, NYU has given the tuition lemon yet another mighty squeeze, by charging separately for courses taught in January. Introduced in 2008, the "J-TERM" was devised exclusively for its financial benefits—although NYU, as ever, sells it as "a distinctive learning experience." ("During this time, students can take advantage [*sic*] of intensive study at one of the foremost research and teaching universities in the United States," etc.)

The mercenary point has been apparent to our students—especially those who transferred here from schools that don't charge extra for their intersession classes: "The tuition for the 3 week January term is included in the fall semester at Hampshire [College]. At NYU, which basically just wants your money, taking a January class is like an additional 4 thousand dollars. No thank you."

That was in 2012. In 2014/2015, those courses each yielded **\$5156** from undergraduates in CAS, Liberal Studies, Gallatin and Nursing; at Poly, **\$5316** from undergraduates, and **\$5808** from graduate students; **\$5916** from Steinhardt graduate students; **\$6224** from Gallatin students; and,

at Tisch, **\$6200** from undergraduates, and **\$6280** from graduates. (Those prices are especially impressive, since many of those courses are taught on the cheap, by non-tenured faculty who each make roughly what *one* student pays for that “distinctive learning experience.”)

Although lucrative at first, reportedly the J-TERM soon *cost* NYU money, as students started using it, along with advanced placement credits, to graduate early. In any case, the trick is widely played throughout the Global Network University, with NYU/Abu Dhabi serving as a hub:

Current NYU New York and NYU Shanghai undergraduate students have the opportunity to take January Term (J-Term) courses with [sic] NYU Abu Dhabi. Courses are available in Abu Dhabi, Berlin, Buenos Aires, Florence, London, New York, Shanghai, Sydney, and Washington DC. These courses give students from NYU Abu Dhabi, NYU New York, and NYU Shanghai the opportunity to study together and experience the rich diversity of NYU's Global Network.

However much NYU rakes in from such worldwide offerings, the J-TERM is just one of several ways in which the Global Network University provides NYU's Board with many further millions for its own designs (see below).

We turn next to the vast amounts that NYU absorbs through scores of hidden fees and “nonrefundable deposits.”

NYU'S "HIDDEN COSTS"

"I can't believe NYU charged so much extra crap."

—"Cathleen" on College Confidential,
July 17, 2005

"I had to take out loans just to cover my fees and health insurance."

—Sophomore, CAS, Oct. 5, 2014

"So my kid got in[to] her dream school NYU, and got to be excited for 5 minutes," posted "finalchild" on College Confidential, on April 3, 2013. His daughter's face fell when she caught the price. It wasn't just the "64K+ price tag" for tuition ("a price tag that will only go up yearly"), but the further bite on top of that: "Then factor in the at least extra 10K that everyone says you have to account for in hidden NYC/NYU costs."

Faced with "a total bill that will exceed 300K," the family couldn't do it—especially with NYU's nominal financial help: "Oh, I forgot the generous merit scholarship of \$1000 per year, which I assume is given solely so that NYU can add us to their numbers of how many they give aid to."

That post prompted an incredulous reply from "smarterchild," whose fierce defense of NYU suggests that s/he was working for them as a troll: "10k+ in hidden costs? What on earth are you spending 10k on?" ("NYU has been exceptionally generous this year with their aid,"

asserted NYU's defender, adding sweetly: "Perhaps your child just wasn't considered to be a top candidate.")

"Anyone we've talked to has said, 'Whatever they tell you NYU costs, add 10K,'" finalchild replied. "Thanks for joining [the discussion] just to respond to this. Might you have some investment there?" he asked astutely.

NYU'S UNOFFICIAL MOTTO: "CAVEAT EMPTOR"

That disgusted parent was quite right: NYU's "hidden costs" are common knowledge. "I am a sophomore at NYU now and I can tell you that it is more expensive than you know," "Sara" posted on Yahoo.com on Dec. 5, 2009.

The sticker price is high, the amount of financial aid available is low, and there are hidden fees and costs that you won't even find out about until you are already committed to attending.

Such online complaints have been proliferating for the last ten years or so, as NYU has shifted ever more aggressively from educating students to extracting all their cash (and then some): "I wish they gave those hidden costs when they mailed you the 'tuition and living estimates,'" "Cathleen" posted on College Confidential on July 17, 2005.

NYU's PR machine has tried to blunt this spreading discontent: on the one hand—and as usual—with huffy fabrications ("NYU has been exceptionally generous this year with their aid") and tranquilizing smoke: "Please

consider a few of the things that registration fees help provide for students at NYU,” our Undergraduate Admissions Office posted in (ostensible) response to Cathleen’s point about the many “hidden costs” at NYU (*not* the “registration fees”).

Meanwhile, and more successfully, NYU has also worked to blur the issue of its many “hidden costs” precisely by so deftly hiding them—in bureaucratic jargon, euphemism, double-talk; by planting them deep in the boilerplate on some web pages (and not others); or even by not writing them down anywhere.

UNCLEARNESS BY DESIGN (2)

Thus NYU deploys the same obfuscatory methods to conceal its many fees (including those called “nonrefundable deposits”) as it uses to becloud its real tuition revenues—as we may clearly see by noting how it’s done at other universities.

Columbia, New School and CUNY (for example) each provide their students with a single, simple website that lists, clearly, *all* the fees to come, for both undergraduates and graduate students. For undergraduates, those aside from housing, meal plans and health insurance are as follows:

Columbia

Student Life Fee (per semester): **\$739**

Orientation fee (1st term only): **\$416**

New School

University Services Fee (per term): **\$130**

Student Senate Fee (per term): **\$8**

Academic Supplies Fee (for BFA students): **\$95**

CUNY

Technology Fee (per semester):

\$125 for full-time students at 4-year colleges

\$62.50 for part-time students at 2-year colleges

\$100 for full-time students at 2-year colleges

\$50 for part-time students at 2-year colleges

(“Paid by each student to help improve computer services in the colleges”)

*Activity Fees: “These range from around **\$58** to **\$140** per semester for a full-time student. A part-time student pays less.”*

*Consolidated Service Fee: **\$15** (per semester)*

At NYU, as noted earlier, there is no single page providing all such information, but separate pages for each school, and for undergraduates and graduate students. For CAS undergraduates in the 2014/2015 academic year, the fees are listed thus:

*Nonreturnable registration and services fee for flat rate, per term: **\$1212***

*Nonreturnable College of Arts and Science academic support fee, per term: **\$55***

Then:

Nonreturnable registration and services fee:

*First unit **Fall 2014: \$461***

*First unit **Spring 2014: \$461***

*Nonreturnable registration and services fee, per unit, for registration after first unit: **\$65***

First, while those three other schools are models of lucidity, NYU's fees are gratuitously baffling. Which of those charges are inclusive and which aren't? Is that \$461 applicable if one pays not the flat rate, but by the unit? If, say, a student registers for 10 units at \$12,890, rather than go for the flat rate of \$21,890, would s/he pay \$461 and not \$1212? Typically, there is no explanation.

Secondly, this contrast makes quite clear that NYU's fees are exorbitant—in this case, over \$600 more than at Columbia, another pricey school. And what, exactly, are those charges *for*?

YOU GET WHAT YOU PAY FOR—BUT WHAT IS IT?

What is the purpose of that “academic support fee”? One wonders what it is that costs CAS undergraduates **\$110** per year—and CAS graduate students **\$60**, Nursing graduate students **\$150**, Nursing undergraduates **\$400**, and Stern undergraduates **\$990**, while graduate students

in the Wagner School are charged a “Nonreturnable Wagner Academic Support fee, per unit,” of **\$14** (while NYU imposes no such fee on any other students here, although they too must need “academic support”).

While there appears to be no online explanation for that fee, there are competing explanations for that far larger one—**\$2424** throughout NYU’s schools (in 2014/2015)—for “registration and services.” (In most of the graduate schools, this fee is **\$922**.)

According to Undergraduate Admissions (in its post on College Confidential), those fees “help provide” the following:

- *free and unlimited access to the Coles Sports Center and Palladium Gym including the maintenance and up-keep of these facilities*
- *free and unlimited acces[s] to the University Health Center as well as the up-keep of these facilities*
- *technology fees which help cover the cost to operate computer labs on-campus as well as other information services technology (such as wireless capabilities across much of the campus)*

NYU’s Board provides a somewhat different explanation:

Note that the registration and services fee covers membership, dues, etc., to the student’s class organization and entitles the student to membership in such University activities as are supported by this allocation and to receive

regularly those University and College publications that are supported in whole or in part by the student activities fund. It also includes the University's health services, emergency and accident coverage, and technology fees.

Surely that view is authoritative, since NYU's schedule of fees has been "established by the Board," which "reserves the right to alter [it] without notice." It must be true, then, that that fee, while covering the students' healthcare and IT needs, also provides the "dues" supporting every student's "class organization," and pays for all those "University and College publications" that all NYU students "receive regularly."

SOME FEES NOT MENTIONED BY THE BURSAR

Whatever is or isn't covered by those two fees noted on the Bursar's "Schedule of Tuition/Fees," we find that it is not complete. On the separate schedule ("Tuition and Fees") maintained by the Admissions Office, we find a listing of "Additional Fees" for undergraduates in CAS:

"College of Arts and Sciences fee"

"This is added to the tuition for any course offered by the College of Arts and Sciences (Subject Code ends in 'US'): US **\$11.00 per unit/credit**"—i.e., another **\$44 per course**, beyond the "academic support fee" of **\$55 per semester**.

"Program fee"

“For special events and extracurricular activities: US **\$250**”—i.e., another **\$500 per year**, evidently for “activities” and/or “events” *not* covered by that student activities fund. (“They asked me to make out the check directly to the dean’s office,” recalls one sophomore.)

And beyond the richly funded world of CAS, there are other fees not listed by the Bursar: “a **\$100** nonrefundable program deposit to *apply*” for January Intersession Courses in the Steinhardt School (emphasis added); **\$100** for graduate orientation at the Nursing School. And students tell of fees apparently not listed anywhere—a “TSOA Open Arts Curr Lab Fee” of **\$215** for a dance class in the Tisch School, although the course used no equipment or supplies (a fee unmentioned on the Bursar’s web page “Spring at Tisch Expenses”); a lab fee of **\$350**, plus up to **\$50** for supplies, for “Introduction to Printmaking” in Steinhardt—“an intensive survey course” comprising “demonstrations and lectures,” according to the course page, which says nothing of a fee. (“The issue I have,” says one student, “is that we have to pay those fees, which weren’t announced, when we’re already paying for the class.”)

“NONREFUNDABLE DEPOSITS”

For students struggling to get by, such costs add up—although nowhere near as much as the prodigious “nonrefundable deposits” that NYU collects throughout the schools.

Students who seek housing at Columbia pay an application

fee of \$100. NYU charges a **\$1000** Housing Reservation Payment, which is “nonrefundable/nontransferable.” “Once the application has been submitted” for the Law School’s Summer Living New York Program, “applicants must submit the **\$725** initial deposit/nonrefundable processing fee.”

Such hefty fees are often cast as credits or advances. “To accept our offer of admission and confirm your place [at Wagner], please log into ALBERT ... and submit your U.S. **\$1000** non-refundable enrollment deposit by e-check or credit card.” (It “will be applied as a credit to your student account.”) “To confirm your enrollment in our incoming class [at Poly], please accept your offer of admission and pay your non-refundable **\$300** tuition deposit (if required) [*sic*] by following the steps below.” (“This deposit is credited toward your first semester’s tuition bill.”)*

While Columbia Law School’s application fee is \$85, “all applications [to NYU Law] require an initial payment of **\$1025** (**\$25** nonrefundable processing fee and **\$1000** initial deposit at the time of application.” (“Your initial deposit [\$1000] will be applied towards your summer rent.”) “Upon notice of admission [to Tisch], students confirm their acceptance with a nonrefundable **\$550** deposit, which is applied to tuition.”

Tisch is an especially demanding place—and unforgiving, as even those who ultimately can’t attend don’t get their money back. “Students who cancel after submitting their confirmation form will not receive a refund for

the following”: the **\$2,000** deposit fee (nonrefundable and nontransferable) to the TSOA Summer High School; the **\$1,500** Program Fee (nonrefundable and nontransferable) to Summer Study Abroad; the **\$1,500** Special Program Fee (nonrefundable and nontransferable) to Fall/Spring Study Abroad. (“I didn’t even get to go to school—health problems—and got \$400 in photography fees taken from me,” one Tisch student posted recently on Yelp. “It’s one thing to keep the registration fee, it’s another to steal and keep supplies bought with money from a student who can’t even use the lab.”)

*All International students at Poly pay an International Student Fee of \$180 (\$90 x 2), while undergraduates in their first semester pay a \$35 “clicker fee.”

THE GLOBAL NETWORK UNIVERSITY

Those \$1500 “program fees” are only two of the innumerable ways in which NYU milks the student thousands fed incessantly throughout the GNU.

“Congratulations on your admission to the New York University Global Programs! To reserve a space for you in the program, please confirm your enrollment online or send your completed confirmation along with your nonrefundable **\$500** reservation fee to the NYU Office of Global Programs.”

“I was just officially offered my spot abroad next year, which is necessary to meet my graduation requirements

as a Global Liberal Studies student,” a student posted last year on NYU Secrets. “My excitement was quickly dashed, however, upon seeing that in order to secure said spot abroad, a 500 dollar deposit is ‘recommended’ before March 15th.”

Who gives a person less than two weeks to find that kind of cash? I don't even feel comfortable mentioning this to my parents. Are they supposed to not feed my siblings and/or skip a mortgage payment because NYU is trying to shake the money tree's trunk some more?

Others have complained about NYU's meager budgeting for programs in the GNU. “The biggest bust of being abroad is how much NYU screws you over on extracurricular money,” one student writes of NYU/Madrid. “I remember that we got 30 euro to spend throughout the semester on ... museums, shows, bullfights, etc. That amount is waaayyyy less than what you would get on Manhattan's campus. What gives? Total ripoff.”

Their pique is understandable, considering how much NYU costs; and yet such grumbling is misplaced, because what makes the GNU a “total ripoff” isn't this or that deposit or inadequate allowance, but the nature of the enterprise itself.

NYU'S “TOTAL RIPOFF”

Contrary to Pres. Sexton's public musings, the purpose of the Global Network University is not the creation of a worldwide “cosmopolitan” community. Its purpose is to

make as much as possible off NYU's huge student body, by globalizing those uniquely exploitative practices that NYU has been perfecting here at home.

Throughout its “global sites”—from Paris, Prague and Florence to Accra, Tel Aviv and Buenos Aires—NYU charges students its notorious tuition for curricula taught mostly, or entirely, by local adjuncts and some contract faculty. “They’re making a fortune on tuition in London,” says David Ruben, former director of that program (the largest of NYU’s “global sites”). “No matter how high you pay, you pay part-time.”

While paying bottom dollar to its professoriate abroad, moreover, NYU gives them no sabbaticals, and funds no conferences—a budget not so likely to create what Pres. Sexton calls “a place where, in a reinforcing cycle, cosmopolitans can find each other, meet and re-meet, engage and re-engage in a kaleidoscopic set of contexts and relationships.” Indeed, NYU abroad is what Prof. Ruben calls “an academic solipsist,” making no arrangements to collaborate with local universities, however many or illustrious they are—as if it might dilute the *brand*.

Driven wholly by the bottom line, such programs are about as “cosmopolitan” as the Grand Marriott experience that Global sells NYU’s students: a comfortably *familiar* blend of “luxury, safety and accessibility,” as Nili Blanck (Gallatin 2013) notes in her Senior Project on the GNU. Through that touristic pitch, NYU invites our students *not* to live for a semester in some

foreign place, but to spend it in NYU housing there—at ludicrous expense.

“CLEARLY, WE ARE BEING RIPPED OFF”

Thus NYU makes millions off the GNU not just from the exorbitant tuition, but also from its global archipelago of high-priced real estate.

“So, for housing in Berlin,” reports a junior in Steinhardt, “I’m paying **3,569 euros** to live in a suite with five other girls and share a small bed.

Typically, the rent in Berlin for a huge room with one or two roommates, in the hip younger areas of the city, can be as low as 400 euros, or 1,600 euros total. I have a friend who is living in a penthouse with three other people, and has a room bigger than most studios in New York, and who paid 2,600 euros for four months. Clearly, we are being ripped off.”

“NYU requires Prague students to live in NYU housing,” writes a junior in CAS. “While the dorms are nice, they are much pricier than renting an apartment in the same neighborhood.

I was pretty surprised by this: Prague is one of the cheapest major cities in Europe to live in. Only cities further east, like Budapest and Warsaw, are cheaper than Prague, yet NYU’s housing costs are pretty similar to their other abroad sites.

*My particular dorm is in a residential neighborhood called Vinohrady. Looking around, I saw that local 2-bedroom apartments can start at around \$600 per month, with the nicer ones closer to \$1400. And I'm paying **\$4700** for 4 months here, with one roommate and two suite mates paying the same. It's interesting to see that I could've split that money with my suite mates if we had rented a normal apartment.*

Such is the experience of students all throughout the GNU—in London, Paris, Florence, Sydney, Buenos Aires. “A total rip-off, unless a five star hotel. I would say three or four times the normal cost,” says Sergio Kiernan, a noted Argentinian journalist, of what NYU charges for three months in Buenos Aires: **\$4,007** for a single bedroom, **\$3,793** for a double.

The students thus expensively cooped up are doubly cheated—not just “ripped off” financially, but also socially deprived, as three months in the crowded “safety” of an NYU facility is more like a school trip, or a vacation with one’s parents in a (cramped) “five star hotel,” than living freely, and far more cheaply, in “a residential neighborhood.”

Other universities allow, and help arrange, that cheaper, more illuminating kind of stay abroad. Indeed, NYU itself allows it, in Madrid—NYU’s oldest site abroad: “Homestays with Spanish host families encourage students to build a deeper connection with Spanish culture and provides an opportunity to practice speaking in a more casual environment.” Apparently, NYU owns no student housing in Madrid. (If they did, the student who complained about

his small per diem there would be a whole lot angrier today.)

Elsewhere, NYU charges up to 60% more than local rents—and, as ever, vastly more than other universities:

- For a semester in London, Boston University charges a Housing/Student Services Fee of \$4,600, for housing *and* “airfare from designated U.S. cities, excursions, overseas medical insurance, and emergency travel assistance coverage.”
- For a semester in London, the University of Chicago charges a “London program fee” of \$4,600, for housing (in a furnished two-bedroom apartment) *and* “instruction,” “student support,” “program excursions” and emergency travel insurance.
- For a semester in London, NYU charges, for “apartments in the NYU managed buildings, *which are shared by up to ten students*” (emphasis added), **\$10,025** for a Single, **\$8,576** for a Double, **\$8,094** for a Triple, **\$7,610** for a Quad, and **\$6,856** for a Double; and—bafflingly—**\$6,856** [*sic*] for a “Lower Level Double (low cost, very limited availability).”

“FORCED” STUDY ABROAD

NYU profits off the GNU not only through its policy of mandatory residence, but also by requiring freshmen in the Liberal Studies Program to spend that year abroad. “NYU’s Liberal Studies Program makes some freshman admissions contingent on spending the first year abroad

to maximize campus use' [sic], said Fred Schwarzbach, the program's dean," *Businessweek* reported in 2012.

That's one way to put it. Others—including some NYU students, and some parents—take a harsher view: "You are admitted to NYU LSP, but guess what?" posts one mother who rejected NYU. "There is no room for you in New York, so you will be spending your freshman year in Florence/London/Paris/Shanghai (this also happens to kids who are waitlisted). I don't know about your kids but mine certainly wouldn't want to start their college experience—at the school they were dying to attend—not actually at that college."

"I got into LSP too," posted "saad4680" on College Confidential in 2011, "but all my referral options are london paris shanghai or florence. I thought we had a choice whether to study abroad or not. This really sucks 'cause I want to study in NYC."

A NOTE ON NYU'S FINANCIAL AID

While he has not devoted any public speeches to the scourge of student debt, Pres. Sexton touched upon the subject at the City Council, when (as we have seen) some members brought it up.

Despite all those "extreme cases in the newspaper[s] about the indebtedness of NYU students," student debt at NYU is not extreme, he seemed to say: "The median

student that graduates from NYU graduates with only \$7,000 in debt—\$7,000 after four years of education. That’s the median student. Amongst students that receive financial aid, the median indebtedness is \$28,000, after four years of education.”

Furthermore, NYU’s financial aid is actually quite generous, he said. “We put about \$190 million a year, which is more than any other university, I believe, into financial aid.” Moreover, he continued, “it’s significant that over 20% of our undergraduates are Pell Grant-eligible students—over 20%, that’s double most of our peers as a percentage.”

HOW NYU BLEEDS ITS POOREST STUDENTS

Thus Pres. Sexton lowballed the debt burden of NYU graduates, by stressing “*median* indebtedness,” and prettified the picture of NYU’s skeletal financial aid, with a 9-digit number out of context. (In 2012, moreover, other schools, like USC, were actually outspending NYU.)

As for NYU’s “Pell Grant-eligible students,” it’s true that NYU enrolls more of them (“over 20%”) than do our putative “peer” institutions: Columbia and Yale have 15%, Princeton 12%, and Harvard 11%.

That higher percentage isn’t all that meaningful, however. For one thing, Pell Grants don’t go very far these days. The maximum award this year, for example, is \$5,730—not much when you’re confronted with a \$70,000+ sticker price.

And there is another statistic, far more relevant—and damning—than the percentage that the president invoked. Looking at the average net price that a university charges for low-income students, we find that it's quite low among NYU's "peers." For Pell students whose families make less than \$30,000, Yale, Harvard and Columbia charge around \$6,000 or \$7,000—while NYU charges them a jaw-dropping **\$25,462**, or **over 84%** of their entire household income.

Why so much? One important reason is that universities like NYU, fixated on the national rankings, offer much of their financial aid to privileged applicants who tend to be high-scoring, because higher SAT scores make for higher rankings. Thus NYU, because of its obsession with PR, has pushed its poorer students even deeper into debt.

WHERE THE MONEY FLOWS AT NYU: Billions spent on real estate while students sleep on benches

Having long since waved away the faculty's concerns about the grave financial dangers of the Sexton Plan, NYU's commanders hope to beat the legal challenge to their project, and blast off as soon as possible, with the demolition of Coles Sports Center, followed by several years' construction of the billion-dollar Zipper Building, the biggest, *most expensive* building ever to be built in Greenwich Village.

To our colleagues in both Stern and Economics—who should know—that prospect is alarming: “We are concerned about financial risks and the possibility of default,” both noted in the resolutions that they passed against the Sexton Plan. In light of that concern, we note that many further tens of millions—we don't know how many—have been spent already on, or earmarked for, real estate developments related to “NYU 2031.”

NYU BUYS PROPERTY IN NOHO AFTER ALL

Thus, in late October, the Board (to quote the *Daily News*) abruptly “snagged” two NoHo buildings—404 Lafayette and 708 Broadway—for “a whopping **\$157 million.**” This was “an attractive offer we could not refuse,” exulted Walter “Ed” Scheetz, the former owner (those buildings having cost him **\$96.6 million** one year earlier). Following extensive renovations, that steep purchase, claimed John Beckman, NYU’s PR chief, would provide “convenient” space for “fitness and recreation” (there was a Crunch Gym there some time ago) “during the period Coles is closed to NYU students, faculty, staff and administrators.”

The move surprised not only Mr. Scheetz, but also FASP’s steering committee, as we had long been urging NYU to do precisely that—meet our need for academic space by buying sites available in NoHo—only to be told that it’s impossible: “Zoning restrictions exist in areas (e.g., NoHo) proximate to the Core that prohibit University uses such as general classrooms,” claims the Working Group on Space Priorities in their final report, released last March. Eight months later, although NoHo’s zoning hadn’t changed, those restrictions were no longer a concern for NYU: “In both the near and long term,” said Mr. Beckman, “this building will be important for meeting NYU’s space needs.”

Clearly, they rejected the idea of buying properties in NoHo, not because they couldn’t get those “zoning restrictions” lifted (as they did to make way for the Sexton Plan), but because they had to shoot down that idea: FASP having

urged such purchases *instead of* a protracted building spree. Since those new purchases do not preclude the Sexton Plan—or even mandate a reduction of its scale—there is, apparently, *no* zoning problem now, or any reason not to spend the money.

Indeed, “to spend the money” seems to be the Board’s main goal, and, therefore, the true purpose of the Sexton Plan, which they have variously used to justify one gross extravagance after another. Although Mr. Lipton has assured us that the Board, “filled with people at the top of their profession,” never loses sight of its fiduciary obligation “to ensure NYU’s financial health,” that prudent body seems remarkably averse to saving money when it comes to real estate.

Thus they readily paid over **\$60 million** more for those two NoHo properties than Mr. Scheetz had lately paid for them—a boost of 41%, to buy a large site *in addition to* the four towers in the Sexton Plan. With 151,000 square feet, that fifth site could easily accommodate the 80 classrooms (132,000 square feet) slated for the Zipper Building on the site of Coles. To scale the Zipper down accordingly—i.e., by roughly 23%—would save the university at least **\$170 million**; and yet NYU will not propose it, because the Board will not consider it.

In any case, the NoHo site will end up costing millions more than what the Board so generously paid its owner, since it requires extensive renovations (which, as of this writing—weeks before Coles’ demolition—NYU hasn’t started). Nor is that the only NoHo property on which

the Board is spending tens of millions, with no thought of using that additional space to make the Sexton Plan less huge, and therefore less expensive.

NYU'S MONEY PIT AT LAFAYETTE AND WEST 4TH STREET

According to the Working Group on Space Priorities, NYU has devoted **\$74 million** to the “acquisition and renovations” of 383 Lafayette—the former Tower Records building, which NYU bought last year for **\$16 million** (in lease payments since 2003). Despite NYU’s “urgent need for academic space,” the cavernous first floor of that four-story building—roughly 12,000 square feet—was lately used to house the “NYU ID Center,” and little else, although it takes a cubby to produce ID cards. (Now at 7 Washington Place, the “Card Center” takes up roughly 25 square feet.)

Last fall, NYU began its “renovations” of 383 Lafayette: “The existing building,” *Curbed* reported in July of 2014, “will have its brick rebuilt, parapet reconstructed, masonry and windows replaced, and receive reconfigured storefronts, a new entrance canopy, and a new marquee,” as well as “new utility structures” on the roof. At a cost (according to the Working Group) of **\$58 million**, that huge facelift seems a bit excessive for an “academic” building with *no* teaching space (as *NoHo News* reported): “Upon completion, the building will be home to various administrative offices.”

And, in fact, that new administrative hive is costing

more than we've been told. Beyond the tens of millions poured into the "acquisition and renovations" of 383 Lafayette per se, NYU is spending further millions on a new construction right next door—a luminous four-story annex on W. 4th St. (where the outdoor lot for PlantWorks used to be). Although it won't have its own entrance, *Curbed* reports, "from the outside, it will look like a new four-story building has been constructed," with a glittering exterior of "aluminum, zinc, and glass"—and 56,000 *more* square feet of "academic space" that won't be used for teaching.

That project must absorb more millions than its backers want the rest of us to know, since they took pains to deny that they were doing it: "The vacant adjacent parcel is leased to a private business for storage of plants and nursery equipment. *No change to uses on the site or new construction is proposed under this application*" (emphasis added). Thus the New York State Dormitory Authority (DASNY) wrote in its environmental clearance of NYU's building plans, dated Sept. 10, 2013. Six months later, the Working Group released its Final Report, with its pointed reference *only* to the "acquisition and renovations" of 383 Lafayette.

That this project was already in the works *before* those two attempts to black it out is clear enough from *NoHo News*, which, on Aug. 5, 2013, reported that NYU's upgrade of 383 Lafayette "will include ... a building addition in the parking lot [*sic*] behind it for as-of-right office use."

So how much more will that "addition" cost, beyond

the **\$74 million** spent by NYU to buy and renovate “the existing building”? The Working Group can’t say, as it dispersed over a year ago, upon completion of its presidential task; and NYU’s administration isn’t saying.*

Beyond those ventures near the Core, NYU has spent, or plans to spend, many further hundred millions (we don’t know how many) on an ever-growing archipelago of mammoth “academic projects” and medical facilities.

* Martin Dorph, NYU’s Chief Financial Officer, claims (a) that the \$74 million spent on “acquisition and renovations” of 383 Lafayette includes “construction cost of **\$57 million**”; and (b) that “the addition will add 14,935 [square feet]”—a baffling figure, since that’s how big the lot is, and the “addition” is four stories high. Mr. Dorph has not replied to a follow-up request for clarification.

NYU GROWS (AND GROWS) IN BROOKLYN

• **\$499 million*** to renovate **370 Jay St.**, a 14-story, 460,000-square-foot building (formerly MTA headquarters) that will house NYU’s new Center for Urban Science and Progress (CUSP): “an applied science institute” devised to meet the “challenges”—“infrastructure, the integration of technologies, public health, transportation, public safety, and environmental sustainability,” among others—confronting the world’s cities.

“Inherently,” claims the website, “NYU’s community of scholars and learners believes in the complexity, diversity, density, and vitality of cities.” Whatever that means, “NYU’s community of scholars” was—as usual—not involved in the creation of this Center, which NYU will run with six other booming urban universities, along with IBM

and Cisco. Such sponsorship befits a think tank that will justify, and help design, more overbuilding projects like the Sexton Plan—with which Team Sexton justifies *this* costly project: “[I]t is entirely consistent with the city-wide growth strategy in our NYU 2031 space plan.”

(We note that CUSP will occupy that 14-story building’s top three floors, providing them with roughly 100,000 square feet. Since CUSP’s personnel comprise eight faculty, and ten research scientists and postdocs, apparently each one of them will have roughly 5,000 square feet to work in—quite a gift, considering NYU’s “urgent need for academic space.”)

*This includes two expenses: \$60 million paid by NYU to defray the moving costs for both the MTA and NYPD (as reported by NYU Local); and \$439 million for renovations proper, noted by the Working Group on Space Priorities in their Final Report.

• **Untold millions spent on renovations at NYU Poly**

“As some spaces have been transformed, and others are being readied for extensive renovations, a number of School of Engineering departments are on the move,” wrote Danny Aiello, Poly’s Director of Administration, in a memo of March 25, 2015. He noted “the newly refurbished Wunsch Hall,” renovations starting in the Dibner Building, and those ongoing throughout the Jacobs Administration Building.

The largest renovation project at NYU Poly—“120,000 square feet of newly leased space in 2 MetroTech Center and 15 MetroTech Center” (to quote NYU’s press release)—

was completed in 2012, at a price not yet reported. (Just to lease one-quarter of that property—30,000 square feet—cost NYU **\$19 million**, according to the Working Group, who don't report what NYU has paid to lease it all.)

According to the Working Group's Final Report, the price of all that renovation is, or will be, **\$21 million**: a modest sum, considering the scale—and seeming endlessness—of such improvement. (In its Interim Report, released eight months earlier, the Working Group had priced that work at **\$44 million**.)

Whatever all those renovations cost, some at Poly question their necessity. "There is always some construction going on over the last year," notes one engineer. "Worst of all, they are completely rebuilding the second floor of the Dibner Building, even though they rebuilt it just a year or two ago. Complete waste of resources."

That view is understandable, in light of the notorious financial squeeze on Poly's international students, as the *New York Post* (among other media) reported last November: "Some foreign pupils claim they're so poor that they're forced to choose between medication and food—and even sleep on park benches or in student lounges because their apartments are far away."

• **\$180 million to construct "NYU Langone/Cobble Hill,"** a 160,000-square-foot ER, to be constructed on the site of Long Island College Hospital (LICH)—a venerable teaching hospital that was allowed to die for lack of funds,

and then sold off to the Fortis Property Group, despite fierce protest, and a protracted legal fight, by seven community groups, along with LICH physicians and nurses. Offering that neighborhood a cheap alternative to that full-service hospital, NYU is partnering with Fortis, which will develop condos there.

NYU'S MEDICAL-INDUSTRIAL COMPLEX ON FIRST AVENUE

- **\$137 million (?) to construct the Dental/Nursing/Bioengineering building at 433 First Avenue**, a 171,000-square-foot complex 162 feet tall, with eleven stories (“allowing generous ceiling heights,” according to New York YIMBY).

Designed by Kohn Pedersen Fox—whose other works include the Shanghai World Financial Center, NYU Shanghai, the Hudson Yards Master Plan, the International Commerce Centre (the tallest tower in Hong Kong), the World Bank headquarters in Washington, the Northeast Asia Trade Tower (the tallest tower in Korea), the expanded MOMA, the Midfield Terminal Complex at the Abu Dhabi International Airport, Tour First (the tallest tower in France), South Bank Tower in London, the Abu Dhabi Investment Authority Tower, and (not least) NYU’s half-billion-dollar CUSP complex in downtown Brooklyn—this is “an important step to fulfill NYU’s core academic mission through its city-wide strategic vision expansion.” (The project was supervised by a second firm, EYP Architecture & Engineering.)

This building may have actually cost more than the \$137

million noted in the Working Group's Final Report—which puts the building's size at only 70,000 square feet. (It could be a typo, although it's also in the Working Group's Interim Report. The NYU web page with the building's actual square footage has been taken down.) Since that figure understates the building's size by over 40%, did NYU spend that much more on the construction? (The city building permit gives an estimated total cost of **\$0.00.**)

• **\$145 million for the ground lease at 333 E. 38th St.**, a 476,227-square-foot office building “which anchors the [NYU] medical center's burgeoning ambulatory corridor” (according to Real Estate Weekly). (“We believe this is the ideal time to monetize our position and redeploy the proceeds into another value-generating asset,” said Isaac Zion, Co-Chief Investment Officer of SL Green Realty, from whom NYU bought the leasehold. “We've built a solid relationship with NYU Langone Medical Center and are happy to see them take control of this asset.”)

The sale occurred in June of 2014, two months after the Working Group dispersed. Press reports did not include an estimate of how much it will cost to renovate “this asset.”

Those ventures are just two of “well over 100 projects under way in various stages of progress,” according to the Real Estate Development and Facilities Department (RED+F) at NYU/Langone. “Those projects are ongoing throughout the city and beyond: This ever-changing, **and expanding**, portfolio of ongoing projects ranges from small gut renovations of administrative, clinical, education

or research spaces to complex infrastructure upgrades and even the major construction of new buildings (emphasis added).”

Other “major” buildings planned for NYU’s “health corridor”: a 385,000-square-foot Science Building (“the centerpiece of NYU Langone’s transformation at the southernmost end of the main campus”); the 22,000-square-foot Ronald O. Perelman Center for Emergency Services (“more than triple the size of the former emergency facility”); “the state-of-the-art, 830,000-square-foot Helen L. and Martin S. Kimmel Pavilion, alongside the current flagship Tisch Hospital, *which will be fully refurbished*” (emphasis added); and, to keep all those gigantic buildings cool and bright, a 71,000-square-foot Energy Building, “designed to be incredibly environmentally friendly” [*sic*], making NYU Langone “a leader in sustainability.”*

Such plans have pushed NYU Langone’s debt to “near peak” levels, Crain’s Health Pulse reported in December. While Moody’s gave the institution’s bond issue a top rating, they did so with a cautionary note: “The medical center’s growth strategy over the next few years ‘will require significant cash flow, carry incremental costs and potentially distract management’s focus,’ Moody’s said.”

* These promotional effusions come from an elaborate website hailing NYU Langone’s expansion: [https://nyuremote.nyumc.org/f5-w-687474703a2f2f63656e7472616c2e6e79756d632e6f7267\\$\\$/shared/redf/Pages/Campus-Transformation.aspx](https://nyuremote.nyumc.org/f5-w-687474703a2f2f63656e7472616c2e6e79756d632e6f7267$$/shared/redf/Pages/Campus-Transformation.aspx).

IN NYU'S PORTFOLIO ARE MANY MANSIONS

While spending billions on such projects, NYU's top brass have also lavished further millions on residential properties (we don't know how many):

- **\$3.6 million for a luxury condo at 845 West End Ave.**, for housing Law School faculty. "The four bedrooms have ensuite baths with Calacatta gold marble, as well as radiant heat floors" (according to International Business Times).

- **\$3.5 million for a luxury condo at 166 Perry St.**, for housing Law School faculty. "The 1,875 s/f corner apartment ... has a glass curtain wall and views of the Hudson River. It has two bedrooms, two bathrooms, a powder room and home office, along with 10-foot ceilings and a five-fixture master bath" (according to Real Estate Weekly).

- **Park West ("a 26-story tower attached to the French Renaissance chateau at W. 206th St.")**, for housing Law School faculty. "The duplex apartment has a round living and dining room with 37-foot-high ceilings and Central Park views, along with three more conventional bedrooms" (according to Above the Law).

While housing some few colleagues in such luxury, NYU appears to have no room for all too many of the students who are paying for those (literally) countless leaseholds, acquisitions, renovations and construction projects pushed by Messrs. Lipton and Langone.

“For the last three months I have been homeless, sleeping wherever I find shelter,” writes one graduate student in Arts & Science. “Sometimes that comes after studying at the apartments of my colleagues, some of whom suspect this is happening. Other times I slept in parks or on trains.”

MILLIONS SPENT ON NYU EXECS while students scrounge for food

“If Grasso gives back a fucking nickel, I’ll never talk to him again.”

While buying luxury apartments citywide to house a few illustrious professors, NYU’s Board also has approved millions more in “loans” to scores of top administrators (we don’t know how many) for mortgages on sumptuous vacation homes—including, as the *New York Times* reported, **\$1 million** to Pres. Sexton for “an elegant modern beach house [on Fire Island] that extends across three lots,” and **\$5.2 million (now over \$6.4 million)** to Richard Revesz, former Dean of the Law School, for “a home on more than 65 acres near the Housatonic River in Litchfield County.” (When in town, Prof. Revesz and his wife, NYU Law professor Vicki Been*, live “in a handsome West Village town house that was financed by N.Y.U.,” for how much we don’t know.)

Those perks are so egregious that they startled even some stout champions of high pay for academic officers. “That’s getting to be a little too sexy even for me, and I have a good sense of humor about these things,” Stephen Joel Trachtenberg, former president of George Washington University, told the *Times*. “That is entertaining, actually. I don’t think that’s prudent. I don’t mind paying someone a robust salary, but I think you have to be able to pass a red-face test.”

To understand what’s happening at NYU, we should contrast the chuckling disapproval of Dr. Trachtenberg with the aggressive plutocratic zeal of Messrs. Lipton and Langone, who, apparently, don’t think that top corporate officers can *ever* make too much.

In 2004, as chair of the compensation committee of the New York Stock Exchange—a nonprofit at the time—Mr. Langone, in an interview with *Fortune*, vigorously defended his approval of a **\$140 million payout** for Richard Grasso, former NYSE chair and chief executive, and in so doing shared his thoughts on the Board members who were suing Grasso (and himself) to block it:

“They got the wrong fucking guy. I’m nuts, I’m rich, and boy, do I love a fight. I’m going to make them shit in their pants. When I get through with these fucking captains of industry, they’re going to wish they were in a Cusinart—at high speed. If Grasso gives back a fucking nickel, I’ll never talk to him again.”

Although not as openly belligerent as Mr. Langone (who is

also a trustee of the Robin Hood Foundation and Ronald McDonald House), Mr. Lipton has been no less adamant in his defense of sky-high pay for the top manager of *this* nonprofit. Following the scandal of NYU's "summer homes program," Mr. Lipton, interviewed by the *Chronicle of Higher Education*, said of Pres. Sexton: "We all feel that he is grossly under-compensated for what he has accomplished."

*Prof. Been now heads the city's Department of Housing Preservation and Development.

HOW PRES. SEXTON HAS BEEN "GROSSLY UNDER-COMPENSATED"

Whatever Pres. Sexton "has accomplished" here, one wonders how much *more* the Board believes he *should* be "compensated" for it, since he's reportedly the eighth-most-generously-rewarded CEO in US higher education; and he may actually rank even higher than that, what with his **\$1,404,484** base salary (and **\$88,000** expense account); **lifetime annuity of \$800,000** ("an unusually structured retirement plan," according to the *Chronicle of Higher Education*); **\$2.6 million** "length of service" bonus, which he took in January this year; **\$1 million** "loan" to buy his summer home (on its three lots) on Fire Island; **100% healthcare coverage**; car and driver; and his apartment at 29 Washington Place (whence, reportedly, the car and driver take him back and forth to work at Bobst, across the Square).

(Aside from such contractual rewards, NYU also

has allowed the president to hand out valuable favors unofficially. For his son Jed and family, NYU provided *two* faculty apartments at 240 Mercer, combined into a duplex, although Jed Sexton had no NYU affiliation, and NYU was in the midst of a “severe [faculty] housing shortage, especially of larger units”; and, for Pres. Sexton’s good friend Henry Louis [“Skip”] Gates, NYU provides a luxurious two-bedroom faculty apartment at 120 W. 15th St., even though Prof. Gates is on the faculty at Harvard, with no affiliation here. Both stories were reported by the *New York Post*, which noted that the lucky tenants paid, or pay, discounted rent, as if they were NYU faculty.

(Meanwhile, NYU also has provided Pres. Sexton with a further opportunity for profit—one so far unreported by the press: a “business relationship” with Jay Furman, real estate developer and NYU trustee, lasting from 2008 through 2013, and, presumably, until Mr. Furman’s passing earlier this year. NYU’s 990s offer no details of that “relationship,” nor has the Board been asked to justify it, as it would seem to be a stark conflict of interest.)

STILL MORE MILLIONS DRAINING UPWARD

That, with all this (and maybe more), Pres. Sexton has been “grossly under-compensated,” in the eyes of Messrs. Lipton and Langone, and, evidently, many others on the Board, helps explain why NYU today stands at the forefront of the academic trend toward ever larger managerial elites: a trend that has corrupted universities throughout the nation and beyond, making them increasingly top-heavy, bureaucratic, anti-intellectual (if not

downright repressive)—and unaffordable. “A major factor driving increasing costs,” the *New York Times* reported on April 4, 2015, “is the constant expansion of university administration.”

While such “administrative elephantiasis” is now a global epidemic, striking universities on several continents, NYU stands out as an extraordinary case—perhaps because no other university is so completely dominated by high rollers used to the expansive hierarchies of corporate management. Since Mr. Lipton took the helm in 1998, he has forged NYU’s Board into a group of overseers exceptional in Academia not only for its size—95 members, including Life Trustees and Trustee Associates—but for its total lack of academic members, and, therefore, unimpeded dominance by Wall Street bankers, corporate lawyers, hedge fund managers, construction barons and real estate developers: i.e., the power elite of New York City (along with certain mighty players from Abu Dhabi and Shanghai).

Such a group is likely to agree with Messrs. Lipton and Langone in seeing no wrong in Pres. Sexton’s regal “compensation”—or in “the constant expansion” of NYU’s managerial apparatus, despite its ever-higher cost. Indeed, considering their business interests, many trustees surely see a benefit in overpaying NYU’s upper managers (including deans), whose six- and seven-figure salaries naturally incline them not to join the faculty in questioning the Board’s designs, but to help the Board impose those plans no matter what the faculty may think of them, or do to stop them, for the welfare of the university.

SALARIES: NYU LEADERSHIP (NON School of Medicine)

EMPLOYEE	COMPENSATION		% CHANGE
	2011-2012	2012-2013	
John E. Sexton	\$1,473,753	\$1,506,684	+2.2
Robert Berne	\$1,238,387	\$1,292,797	+4.3
Bonnie Brier	\$ 607,378	\$728,218	+19.8
Martin Dorph	\$ 562,713	\$710,266	+26.2
David W. McLaughlin	\$ 629,330	\$636,220	+1.0
Jess Benhabib	\$ 460,325	\$474,107	+2.9
Alison Leary	\$ 344,399	\$465,813	+35.2
Tina Surh	\$ 857,086	\$1,673,598	+95.2
Debra LaMorte	\$ 536,189	\$641,997	+19.7
Marilyn McMillan	\$ 338,759	\$379,913	+12.1
Linda Mills	\$ 482,491	\$662,299	+37.2

AVERAGE INCREASE = 23.3%

SALARIES: SCHOOL OF MEDICINE LEADERSHIP

EMPLOYEE	COMPENSATION		% CHANGE
	2011-2012	2012-2013	
Andrew Brotman	\$1,362,534	\$1,469,262	+7.8
Robert Grossman	\$4,147,168	\$4,397,710	+6.0
Steven B. Abramson	\$ 898,334	\$999,303	+11.2
Dafna Bar-Sagi	\$ 697,260	\$906,851	+30.0
Vicki Match Suna	\$ 814,378	\$922,122	+13.2
Michael T. Burke	\$1,191,876	\$1,311,158	+10.0
Annette Johnson	\$ 838,129	\$929,009	+10.8
Bernard Birnbaum	\$1,475,573	\$1,587,131	+7.5
Nader Mherabi	\$ 627,440	\$969,486	+54.5
Nancy Sanchez	\$ 913,292	\$926,514	+1.4

AVERAGE INCREASE = 15.2%

Whether it's an automatic feature of bureaucracy itself, or the upshot of reflexive efforts to buy off NYU's "leadership," or an expensive combination of the two, NYU's upper management continues to metastasize—at ever greater cost to NYU itself, especially our students (and their families).

From 2011 through 2013, according to NYU's 990s (the latest publicly available), the 21 administrators deemed "essential personnel" saw their total salary jump from **\$20,496,794** to **\$23,590,458**. That increase represents an average raise of 23.3% among those at the university, and 15.2% among those at NYU Langone; or, to put it more concretely, a gross increase of **\$3,093,664**.

If it were put toward financial aid instead of further swelling those few salaries, that money would have covered tuition and fees (\$46,170) for 67 students for one year. Nor would the benefit have ended there, since any student needing such assistance, and/or that student's family, would, of course, be going into debt to fund that year, at rates of anywhere from 4.66% to 18%.

And so, if that **\$3,093,664** had relieved those 67 students of their debt, instead of overflowing the coffers of those 21 administrators, it would have saved the students between **\$4,305,152** and (worst case) **\$8,966,946** in interest, over 15 years.

MILLIONS BLOWN ON MANAGEMENT—FOR WHAT?

Thus such redistribution would have been a sound investment, by any proper academic standard. On the other hand, one wonders what the rationale might be for all those millions squandered at the top.

For example, the second-largest of those raises—**54.5%**—went to Nader Mherabi, “senior vice president and vice dean, chief information officer, [who] is responsible for all information technology (IT) activities for NYU Langone Medical Center,” according to NYU Langone’s website.

Whatever justified VP Mherabi’s boost in pay for those two years (from **\$627,440** to **\$969,486**), it evidently wasn’t the “IT activities” at NYU Langone, whose faculty report a world of problems in the system there, despite its (typically) exorbitant expense: “They spent **\$250,000,000** to install EPIC,* a hospital-based program, and the clinicians all hate it. It’s not user-friendly and adds significantly to the time it takes to do their jobs.” “The EPIC system has generally been an ‘epic’ disappointment,” reports another member of the faculty.

Colleagues point to flaws in several other IT programs at Langone, one professor noting “problems with the PACS system [for medical imaging], and the dictation system that we use for looking at and dictating reports on Radiology images.” Another comments that the finance program, “which is supposed to let you track your grants and discretionary funds, is impossible to navigate and also full of bugs. The last time I used it, it gave me access

to someone else's grants."

"Complaints about IT at Langone have been continuous for the last 7 years." That consensus leads us to ask why NYU has so generously rewarded the executive in charge of Langone's IT system (while underpaying the staffers who maintain it).

There's also a certain mystery to the largest of the whopping raises handed out in those two years: for Tina Suhr, NYU's Chief Investment Officer, whose salary skyrocketed from **\$857,086** to **\$1,673,598**: an awesome boost of **95.5%**, or **\$816,512**—enough to pay one year's tuition and fees for 17 students.

What makes that raise mysterious is not that Ms. Suhr seemed incapable: on the contrary. Noted as a savvy financier since starting her career at Bain & Co., Ms. Suhr did a brilliant job as CIO, swelling NYU's endowment by committing nearly half the funds at hand to "hedge fund vehicles" (according to Risk.net). "She has been credited with modernizing [NYU's] investment portfolio, which has grown from \$1.5 billion to \$3.5 billion, improving returns and reducing risk," reports *Institutional Investor*.

The mystery here arises from Ms. Suhr's abrupt "decision," on Dec. 2, 2014 "that it was the right time for her to leave," as she did a few weeks later. The Board announced her replacement—Goldman Sachs and JP Morgan Chase alumna Kathleen Jacob—in late May. (Now a "private investor," Ms. Suhr recently took part in the Cayman Alternative Investment Summit.)

***\$250,000,000** was the figure reportedly announced by the administration. According to Crain's Health Pulse, NYU paid Epic Systems Corp. **\$186.4 million** just for the equipment and installation, not the service contract. (NYU Langone also spent **\$30 million** on Click, a program for doing grant proposals, also much-criticized by those who try to use it.)

AND THAT'S NOT ALL...

By 2013, those 21 administrators were making **\$23,590,458** (or **\$1,123,355** per person). That sum would put 127 students through four years at NYU, or cover one year's tuition/fees for 510 undergraduates. On the other hand, student loans to cover those expenses would incur a total debt, over 15 years, of somewhere from **\$32,770,560** to **\$68,026,350**.

Excessive as it is, moreover, that year's total salary for those 21 "essential personnel" actually underrepresents NYU's overpayment at the top, as it does not include the compensation of four others who had recently departed. (NYU ordinarily reports the salaries of its 25 top officers.) For the period 2010-2012, those four were paid as follows:

- *Vivian Lee, Senior Vice President and Chief Scientific Officer at NYU Langone, was paid **\$534,000** for half of her last year in that position. (She went on to serve as CEO of University of Utah Health Care.) Thus NYU reported a **54.4% decrease** in her salary of **\$1,165,751** for 2010-2011. (The year before, VP Lee's salary had jumped **\$187,005**, or **19%**, from **\$978,746**.)*

- *Rosemarie Loffredo, NYU's Treasurer and Vice President*

for Financial Operations, was paid **\$447,353** for nine months of her last year in that position (before moving on to serve at Interim CFO at Pro Mujer, a women's development organization). Thus NYU reported an increase of **\$94,861**, or **27%**, in her prior salary of **\$352,492**.

- *Michael Alfano, Jacob Lew's successor as Executive Vice President (tasked with managing "the University's budget and finance operations, the human relations division, and the real estate, planning, and construction operations"), made **\$1,168,040** in his final year at NYU—a jump of **\$560,180**, or **92%**, from his prior salary of **\$607,860**.**

- *Anthony Shorris, Vice Dean, Senior Vice President and Chief of Staff at NYU Langone, saw his salary jump from **\$491,088** (he had been hired in the middle of 2012) to **\$1,039,998**—an increase of **\$548,910**, or **112%**.*

(Mr. Shorris left NYU Langone to serve as First Deputy Mayor of New York City. On his departure, Ken Langone replaced him with Joe Lhota, Republican mayoral candidate in 2013.)

For the period 2010-2012, NYU paid those last three officers, in raises alone, **\$1,203,951**—enough to pay one year's tuition/fees for 26 undergraduates, saving them, in interest over 15 years, from **\$1,670,656** to **\$3,479,710**.

*That boost may have included a length of service bonus, as EVP Alfano retired, at 66, on Sept. 1, 2014, "to spend more time with my six grandchildren." Since then, however, Dr. Alfano—former Dean of NYU's College of Dentistry—has continued on the Board of Dentsply International, "a leader in consumable dental products," and as a paid consultant to the Academy for Academic Leadership (AAL), "the preeminent

consultancy for individual and organizational leadership development in the academic health professions." ("I advise clients on curriculum design, finance, budget and clinical operations," reports Dr. Alfano on his LinkedIn page.) Dr. Alfano's recent stock transactions are online at [inance.galionquirer.com/what-are-the-latest-stock-transactions-by-michael-c-alfano/xray/executive/michael-c-alfano/michael-c-alfano.htm#privatesale](https://finance.galionquirer.com/what-are-the-latest-stock-transactions-by-michael-c-alfano/xray/executive/michael-c-alfano/michael-c-alfano.htm#privatesale)

WHAT LIES BENEATH

Excessive on its face, such largesse at the top is all the more appalling for the widespread poverty and debt enabling it. Our students have paid dearly for it, not just in money but in common hardships that NYU's Board and managers shrug off, and that the faculty has tolerated far too long.

Our students pay in homelessness and hunger, bone-weariness, and/or severe emotional distress brought on by overwork and the inordinate financial pressure.

Among our female students, hundreds—more than at any other university—pay by having to resort to prostitution, through online “dating” services that cater to affluent older men. (We have been compiling student narratives of such ordeals, which we will publish next semester.)

Less dramatically, but often no less painfully, our students also pay through deprivation of essential services such as the Wellness Center, Writing Center and the Moses Center (for disabled students)—resources which NYU underfunds while squandering billions on top management and real estate. They also pay who run afoul of a bureaucracy dysfunctional because of ruthless budget-

cutting at its lower levels, leaving countless students often struggling over billing errors, late paychecks, snafus in financial aid and other time-consuming glitches. And while NYU's top brass live in luxury, our students' dorms are often crumbling, cramped, under-heated, without air conditioning or otherwise neglected.

These are chronic problems that the Sexton Plan won't solve, however much it costs: on the contrary.

WHAT NYU OWES OUR STUDENTS (AND THEIR FAMILIES)

In light of NYU's astonishing financial practices, we end this report with a demand that Mr. Lipton and his partners on the Board give comprehensive and specific public answers to these questions:

- **How much does the Board pay NYU's administration altogether, and how much has that sum increased since 2002?**
- **How many administrators are there, and what are their respective titles and responsibilities?**
- **How much does NYU spend on advertising, PR, lobbying, legal fees, management consultants and recruitment practices abroad, and how much has the total sum increased since 2002?**

- **What buildings does NYU own, rent or control throughout New York City, the US and abroad? Of those NYU owns, what did they cost, and how much has NYU spent on renovations?**

We believe the Board is obligated to provide this information, because of NYU's non-profit status, and as a consumer service to our students and their families, who have given NYU so much, with no idea where all that money goes.