

# **RIDER UNIVERSITY CHAPTER**

**American Association of University Professors**

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*vox facultatis*

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TO: The Board of Trustees  
Rider University

As long-term stakeholders in Rider university, we have become increasingly concerned with the series of misrepresentations which have been made by senior administrators at the university concerning Westminster Choir College. While board chair Robert Schimek has indicated to our leadership that he considers selling Westminster Choir College “our path forward,” we believe that the evidence indicates this is a disastrous path both for Westminster Choir College and Rider University as a whole. The only path forward for Rider is one in which this failed sale process ends and we begin an open, transparent, and inclusive process of discussing the future of Rider University and Westminster Choir College with all stakeholders.

As we have stated in previous correspondence, the claim that Westminster Choir College was an untenable drain on Rider’s financial resources is patently false and based on inaccurate financial reports prepared by outgoing Rider CFO Julie Karns. Additionally, the cash inflow which president Dell’Omo has stated could be gained from the sale is grossly misstated, with the likelihood of a net loss from the transaction becoming increasingly more likely.

It is clear that the perceived propriety and the legality of the attempted sale of assets held in trust for educational purposes was clearly not anticipated by Rider’s administrators. The result of this sale effort has led to significant resistance from the Rider community and has resulted in a number of lawsuits by parents, students, alumni and the Princeton Theological Seminary.

This failure of due diligence by Rider's senior administrators has had a significant cost. PWC, the former firm of board member Michael Kennedy, has been paid over a million dollars to attempt to broker this ill-advised sale. Legal fees for the transaction and the defense of the lawsuits have likely grown to over a half a million dollars, and loss of donations and significantly reduced enrollment at Westminster Choir College is now in the range of a million and a half dollars per year. The net of these items alone is 3 million per year in expenses and lost revenues, and this loss will continue to accrue each year if this attempt to sell continues.

Rider inclusive of Westminster Choir College is an educational institution which uses donated assets to provide an education for its students. These assets are held in trust by you, the trustees of this institution, and administered by those you select to run the institution. The expectation, indeed the fiduciary responsibility of the trustees and administrators is to uphold the wishes of the donors of the assets of the institution. This trust is not only a legal responsibility, it is essential to the non-profit nature of the institution, it is part of the requirements of its state non-profit charter, and is a necessary component of its ability to gain additional donations in the future.

In March 2017, the board provided a set of "guiding principles" which were ostensibly going to guide the sale process. On the surface, these guiding principles appear to recognize the fiduciary responsibilities of the trustees and administrators of Rider university. The principles identified were as follows.

1. Potential to provide short-term and long-term financial stability for WCC and the University as a whole so both institutions are able to move forward with a high level of quality
2. Commitment to preservation and enhancement of the ongoing integrity of the WCC history, brand, mission, artistic standards and programs
3. Quality of the potential WCC partner, including its mission, reputation, culture and objectives, and, as possible measures thereof, its student outcomes, accreditations, enrollments, tuition and scholarship structure, performance statistics, endowment and giving record, and financial and programmatic resources
4. The likelihood of completion of a transaction with the partner, including financial strength, timing, overall complexity, contingencies and conditions
5. The interests of WCC stakeholders, including administration, faculty, staff, students, Coalition / Westminster Leadership Council, alumni and donors

6. Strong sale proceeds to provide meaningful new program / facility investments in Lawrenceville to grow Rider enrollments
7. Impact on Rider's mission, reputation, culture and objectives

President Dell'Omo continues to insist [those principles have been adhered to](#) "from the very beginning of this endeavor." We do not believe that has been the case. Instead what has continued to unfold over the past year is a failure to adhere to these seven principles and likewise a failure of the trust which the donors of Rider's Westminster Choir College assets have placed in the board and its selected administrators. The core evidence of this failure is the selection of Kaiwen Educational, a struggling Chinese firm with no higher education experience, as a prospective buyer of the Westminster assets held in trust. The following is an evaluation of adherence to each of the "seven guiding principles."

1. The first principle states that the buyer of Westminster Choir College's assets will provide financial stability for the institution. Kaiwen Educational, the [potential buyer identified for Westminster](#), is a failed steel company, which has been in the educational business for all of two years and is failing at that. It is simply disingenuous to claim that a company which is struggling financially, with unclear sources of funding, and having made dramatic changes in its own business model over the course of three years, will somehow secure the long-term financial stability of Westminster Choir College.
2. The second principle states that a buyer would be identified to maintain Westminster Choir College's "... mission, artistic standards and programs." This principle is negated by the fact that the RFP (Request for Proposals) for the sale of the college's assets was sent not only to colleges and universities, but as court filings by Rider indicate, to "Real Estate Developers, Private Equity, and Foreign Investors." It is inconceivable that a real-estate developer, or a foreign investor or a private equity firm would make any attempt to preserve the "mission, artistic standards and programs" of Westminster Choir College.
3. The third principle states that the quality of a "potential WCC partner" would be measured by the institution's "student outcomes, accreditations, enrollments, tuition and scholarship structure, performance statistics, endowment and giving record, and financial and programmatic resources." But since Kaiwen has no experience in higher education, it has no student outcomes at the college level which could be examined. This is true even at

the high school level where it has yet to graduate a single student. Additionally, Kaiwen has no scholarship structure as all students pay full tuition. As for “endowment and giving record”, Kaiwen is a for-profit and has no experience with managing an endowment or fundraising.

4. The fourth principle is broad with adherence to many of the items being difficult to examine given the opaque nature of the negotiations for sale, but the financial aspect is measurable. The potential buyer, Kaiwen, has a significant amount of debt and as one Chinese observer has noted, “the prospects of profit are not optimistic because of the company’s weak revenues.”
5. While the fifth principle suggests that the “interests of WCC stakeholders, including administration, faculty, staff, students, Coalition / Westminster Leadership Council, alumni and donors” would be considered, we only need point out that this process has removed all of these stakeholders with the exception of small number of administrators. No students, faculty, Westminster Coalition members, Westminster Leadership Council members, alumni or donors who were not on the board of trustees were involved in the initial decision to sell Westminster, nor have any been involved in the process of choosing the potential buyer. This has been a process that has not only ignored the interests of these stakeholders, it has cut them completely out of the process. It is little wonder that members of these groups are in opposition to this sale and are involved in legal actions to stop it.
6. We believe that sixth principle’s statement that there was desire for “strong sale proceeds” is the only one of these principles that has motivated the decision to sell Westminster and the choice of the buyer. It has from the beginning been about how much money could be realized from the sale of Westminster.
7. Contrary to the text of the seventh principle, there can be little doubt that this process has damaged Rider’s reputation and has raised question in the minds of the public about what exactly is the mission of the University. Should this sale effort continue, it will leave a serious doubt in the minds of potential donors about donations of physical assets and other gifts to the university.

We believe that for the good of this university, it is imperative to end this failed, damaging effort to sell Westminster Choir College. It is only through the termination of the sale process that Rider can begin to rebuild the trust of the Rider community and move forward with a process where the future of Westminster Choir College is discussed in an open, transparent manner which includes all

stakeholders: students, faculty, alumni, donors and the entire Rider community to which Westminster Choir College belongs.

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