Opinion

'Soak the Shah' and win a million

"Well, folks, it's time to play that new and exciting game, 'Soak the Shah.' Our first two contestants tonight are Jerome B. Wiesner and Paul E. Gray, of the Massachusetts Institute of Technology. Won't you come in please, and meet Grocho Marx."

(APPLAUSE)

"Hello, folks, and welcome to 'Soak the Shah.' Say the amount and win $100. It's a common emotion, one you probably feel every day, Grocho Marx and Paul Gray. Let's see, Wiesner, you must be the one with the pipe. Why do you smoke that pipe all the time Jerry?"

"Well, it's a small one.

"You'd have to ask her."

"Now you have one right. Get three more right and you'll win the contest."

(APPLAUSE)

"So far, so good. Iran Arab nations."

"Yes, you're wrong. Get the next one wrong, and you're out."

"You probably know best what you're talking about, George."

"I don't think it's any of our business, Jerry."

"Right. Remember, get four in a row, and you're out of the game."

"Thanks, George. Why don't you hold Jerry's pipe. Remember, folks, the only answer for both of you. Now, the category you have on the screen tonight is 'the total nation for the normal tuition?'"

"Yes."

"That's right."

Budget: what's the crisis?

By Ihsanet McNamee

"Is the MIT financial crisis that serious?"

"If the events which have occurred so far this semester are indicative of what will be happening at MIT for the rest of the year, this question -- asked with more or less incredulity, sarcasm, cynicism, skepticism, or pain, depending on the speaker -- will be the Question of the Year. MIT's financial crisis is already starting to be used to justify decisions that are raising eyebrows -- and criticisms -- on campus, and all signs point to continued changes in the way MIT works, all based on the financial crisis."

"How bad is the financial crunch? To answer that, one must first ask, just what is the financial crunch?"

The MIT Operating Budget......FY 74

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>(MILLIONS OF DOLLARS)</th>
<th>REVENUES</th>
<th>223.8</th>
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- Direct Cost of Instruction
- Indirect Costs
- Support Costs
- Administration
- Academic

Budget basics: the little wedge

According to the one man who probably knows best what MIT's budgetary problems are, Chancellor Paul Gray '54, the crunch is due to one basic factor -- a "structural imbalance in our operating budget" -- which moves each year's budget further and farther out of balance. Even if MIT can cover any deficits that may occur this year, Gray says, next year's budget will be out of balance again, about $10 million out. "It's a structural imbalance," he says, "not an emergency." And he says this while at the same time cutting expenses as much as possible. For last year's budget, the arithmetic looked something like this: Out of an operating budget of almost $238 million, an "operating gap" of about $4 million represents the amount of operating expenses that MIT cannot meet out of revenue. Add to this $4.3 million in non-operating costs which occurred during the semester, and the last part of cost for the Dreyfus Lab divestment in 1972. The result is $5.3 million, or "total need for unrestricted support costs associated with research - Division of Sponsored Research and administration, overhead, and so forth. (Costs on the chart are allocated as completely as possible; faculty salaries, for example, are allocated as research and instructional costs, representing the division of labor (within the faculty).

- Academic expenses are not supported by the revenue they generate. Direct cost of instruction and indirect instruction support - about half the support costs - make up about $25.7 million of the $223.8 million budget.

- Support is divided evenly between research and instructional support, research does not cover academic support.

The Institute is using a three-pronged attack to try to eliminate the "structural imbalance" in the budget, Gray said. To understand how the attack works, one must see how the Institute allocates funds in three basic areas: research, academic, and instructional programs, and support.

Research pays for itself. And the last part of cost for the Dreyfus Lab divestment in 1972. The result is $5.3 million, or "total need for unrestricted support costs associated with research - Division of Sponsored Research and administration, overhead, and so forth. (Costs on the chart are allocated as completely as possible; faculty salaries, for example, are allocated as research and instructional costs, representing the division of labor (within the faculty).

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