Gray: budget won’t stay balanced

By Mark Jones

"Bringing the budget back into balance doesn’t stick!" In this way Chancellor Paul Gray summed up MIT’s economic problems for about 35 students at an open forum on the Institute’s financial situation held Thursday, March 23.

As a result, Gray indicated, effort is needed "to reduce the gap at any one time only postpone the problem of expenses that are growing faster than revenues."

The "operating gap," the amount of the Institutes operating expenses that must be made up from sources other than operating revenues in each year, has been increasing at a rate of 12 percent per year in recent years, according to Gray.

"The Institute is in the process of making a difficult transition" between economic expansion and retrenchment through which it is not threatening to the near-term financial health of the Institute, "is dangerous in the long-term outlook, according to Gray."

Tuition pays for about 40 percent of Institute operating costs not covered by research sponsors. Gray said that the tuition rate has remained essentially constant in inflation-corrected dollars since 1972.

Gray added that "tuition is one number in the operating budget that the Institute controls."

Gray pointed out several trends that endanger the Institute’s economic situation:

- Direct funding for sponsored research has shown "no palpable growth" in the last several years.
- Gifts, grants, and bequests "have not kept pace with inflation" because of changing values toward philanthropy and an uncertain tax situation.

Investment income has been increasing at a net rate of $2000. Investment income has remained essentially flat in inflation-corrected dollars since 1968, partly due to a decline in the constant dollar value of the endowment.

Gray explained that this decline was due to the decline of gifts and to the necessity of removing 14 million dollars from the endowment over the last three years to make up for the existing deficit.

The operating gap increased from around $32 million in previous years to $8.6 million in Fiscal Year 1974, the year the Institute was hurt financially by the quadrupling of energy costs and the loss of reimbursements for research overhead due to the divestment of Dupon Laboratories.

After outlining these problems, (Please turn to page 2)

Tuition support proposed

By Jerome Brady

A proposal to establish a student tuition equalization program (STEP) will be considered by the Massachusetts Legislature on April 5.

Representative Frank J. Marasco, (D-North Adams) has filed a bill - House 2430 - which calls for providing full-time students to help make up the difference between tuition rates at private institutions and those at state schools.

Gray concluded that "tuition is one number in the operating budget that the Institute controls." Gray pointed out several trends that endanger the Institute’s economic situation:

- The direct funding for sponsored research has shown "no palpable growth" in the last several years.
- Gifts, grants, and bequests "have not kept pace with inflation" because of changing values toward philanthropy and an uncertain tax situation.
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Open House: success predicted

Despite the apathy of some departments, Open House '76 is expected by its organizers to be a resounding success.

"It looks like we’re only going to have about 85% of the departments doing anything this year, and a smaller percentage that are really trying to," Exhibits Committee Chairman John Shelton ’79 told The Tech. "At this point, though, we only have definite plans from about 10 of the 22 academic departments," explained Mark Munkacsy ’77, the Open House Chairman.

The last Open House, held in 1974, had almost 200 exhibits. The year's count is not even close to that yet. "People just don't seem to realize that Open House is only 25 days away, on April 24. There isn't a whole heck of a lot of time left," Munkacsy said.

He claimed that at least two departments indicated that they did not want to put up any exhibits. "Both Psychology and Meteorology told our departmental coordinators that they didn't want to do anything for Open House," reported Munkacsy, adding, "It’s difficult to give outsiders a good picture of the Institute when interesting, non-engineering departments wish to do nothing."

Open House '76 is scheduled to begin at noon on April 24 and last five hours. Prior open houses have attracted up to 40,000 people from all over the country. Munkacsy hopes to draw at least half that many this year, despite a very late start.

"Two weeks ago, we had almost nothing but a tentative budget, we had no one in charge, many members of the Committee had not yet been named, and we had only about 2 firm exhibits," Alpha Phi Omega, the campus service fraternity, did not decide to run Open House Exhibits has proved to be a nuisance for the Open House Committee, which is negotiating with BSSP on a room-by-room basis.

"However," Munkacsy told The Tech, "an administrative problem like this does not really jeopardize the success of Open House. We can deal with these problems. What is really hurting, Open House are the departments and labs which don’t want to be bothered to show the public what they are doing."