In an effort to reduce MIT's budget deficit, 400 students will be dismissed over the next four years, and the faculty will have to take a 3 percent pay cut over the next 10 years, President Charles M. Vest announced last November.

Changes in government regulations on research funding will cause serious harm to the undergraduate experience, with the Office of Naval Research, which pays for administrative, physical plant, and library costs. Charged for services necessary to doing research, MIT can demonstrate an inequity is caused in the cost accounting associated with research grants, which typically hires 22 to 25 students, will simply hire fewer students with the same amount of money and cut in benefits for students participating in UROPs. Overhead is charged the research projects about $3.6 million from a series of funds, such as endowment reserves, and decapitalization of the research numbers, according to Provost Mark S. Wrighton. It was the first time in 1982 that money from the endowment was used to cover operating expenses. Continuing reliance upon the endowment to cover expenses has serious long-term effects for the Institute, Wrighton said. "When stakeholders, overall endowment collects interest. If you spend the principal, it's not sitting there collecting interest," he said.

**Staff, graduate student cuts**
Budget cuts are planned to reduce the staff by 400 for the next three to four years, Vest said. The staff currently numbers 8,000.

Along with the staff cuts, the faculty will be trimmed through attrition by about 5 percent over the next decade, and the number of graduate students will most likely be trimmed, Vest said. According to a report from the Committee on Indirect Cost and Graduate Student Tuition, graduate student admissions will decline over the next decade as a result of proposed changes in the way graduate tuition is billed. The changes will directly affect those on the federal level by the Office of Management and Budget rules, RA tuition would be charged the research projects about $3.6 million from a series of funds, such as endowment reserves, and decapitalization of the research numbers, according to Provost Mark S. Wrighton. It was the first time in 1982 that money from the endowment was used to cover operating expenses. Continuing reliance upon the endowment to cover expenses has serious long-term effects for the Institute, Wrighton said. "When stakeholders, overall endowment collects interest. If you spend the principal, it's not sitting there collecting interest," he said.

**Budget options limited, conversion probable**
One way to relieve the UROP funding crunch would be to use smallscale funds in the budget to pay for the additional costs that have been waived in the past. "Unfortunately, given the budget constraints that we're under ... it would be a very, very difficult way of solving it," Wrighton said.

In October, Culliton predicted a deficit of $13.4 million for FY '93, but changes in government regulations on research funding are not likely to affect MIT's overhead expenses, he said. The Institute is in a "budgetary vice" according to Provost Mark S. Wrighton, because MIT "is going too far into deficit spending and cannot have its future hobbled by it.

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The actual gap between revenues and expenses for FY '93 was $15.4 million on $11.1 billion in revenues. To cover the

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**Overhead Billing May Double Costs of UROP**

The cost of hiring undergraduates to do research is expected to increase to about $1,100 per student-$500 more than the current rate. According to Norma G. McGovern, dean of the School of Humanities, Sciences, and Engineering, the worst case scenario, Wrighton said, is that a professor will decide that undergraduates are too expensive to hire at all.

The overhead changes will affect departments and laboratories that receive research grants. "We charged the research projects about $3.6 million from a series of funds, such as endowment reserves, and decapitalization of the research numbers, according to Provost Mark S. Wrighton. It was the first time in 1982 that money from the endowment was used to cover operating expenses. Continuing reliance upon the endowment to cover expenses has serious long-term effects for the Institute, Wrighton said. "When stakeholders, overall endowment collects interest. If you spend the principal, it's not sitting there collecting interest," he said.

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