



Corson Discusses Financial Policy

*Peterson, Ostrom Present
Technical Clarification*

A technical clarification was issued yesterday of questions raised by the Cornell faculty committee studying the financial status of the University (the Ratner Committee). "Technical Commentary on the Faculty Committee Report," authored by Arthur H. Peterson, University controller, and John S. Ostrom, director of financial systems development, follows in its entirety.

University President Dale R. Corson has asked us to prepare a technical response clarifying some of the questions raised by the report of the faculty committee studying the financial status of the University, the so-called Ratner Committee. These relate to (1) what the "deficit" in current funds is now, (2) in what sense it is a valid measurement, (3) in what ways it is not valid, (4) what other measures are needed, and (5) our objections to the Ratner analysis and subsequent reporting on it.

The Ratner Committee report has indicated the deficit as computed and reported was not a meaningful figure since it did not include all receipts and because internal decisions can influence its determination. While trying to avoid technical accounting definitions, it is important that we try to describe what the "deficit" in current funds now is.

In a paper published by the National Association of College and University Business Officers (NACUBO), Robert S. Gilmore, vice president for business and finance at the California Institute of Technology, states, "in industrial accounting, one begins with the main function of the firm, sales of the product of the entity, and determines the costs which logically can be related to the particular sales during the year under consideration. The difference is profit or loss. In contrast, colleges and universities are primarily in the business of spending money as wisely and productively as possible. They are nonprofit entities, striving to give the most in instruction and research for each dollar available. Revenues must be related to the particular product during the year. However, when their activities are reported in the traditional statement of current funds revenues and expenditures, the bottom figure cannot help but be interpreted as the year's profit or loss — profits evidencing wealth and losses indicating living beyond one's means. The statement format invites a snap conclusion — an instant, simplistic judgment. In many cases the snap conclusion is valid; in other cases the reader of the statement draws an erroneous conclusion."

In the Cornell context then, what is this "surplus" or "deficit" in current funds? In the simplest terms it measures the gap between funds defined as available for operations and expenses. The definition of what constitutes current revenues is controlled by generally accepted accounting standards for colleges and universities as modified and interpreted by the University Board of Trustees as managers of the University's assets. The University must concern itself with all its resources - current funds, loan funds, endowment, investment in plant. Concern must be shown not only for this year's expenses but also for the long term. Scholarship support to an undergraduate is for four years, buildings last longer than individual lifetimes, maintenance postponed this year must be done at some future time. Accordingly, the statement of current revenues, expenditures and transfers must be examined in its proper context - as measurement of current operations - the extent to which income generated as a result of operations meets current costs.

Few people would quarrel with the bulk of the transactions which become a part of the current funds statement and, indeed, neither did the Ratner Committee. Salaries paid, tuition received, expense bills paid, are all clearly costs of the period and reported as such. But there are some transactions which are not so clearly determined. For example, all receipts are not reflected as income. Frequently misunderstood is the handling of current restricted funds — gifts, earnings, government or foundation grants — where the funds have been received by the university with limitations placed on their use by the donor. Only the portion of these funds which have been spent during the year is shown as income and the balance is deferred to future years when it may be spent. This practice is identical to that of the business world when funds are received in one period to pay for goods or services to be rendered in a future period. Industry calls it

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*President Explains Cornell's Policy
Of Wise Fiscal Management*

University President Dale R. Corson yesterday discussed Cornell's policies with regard to wise management of the University's financial resources. Addressing himself to some questions which he felt arose from discussion of the report of the faculty committee chaired by David L. Ratner, professor of law, which is studying the University's financial status, Corson defined the terms used in University financial discussions and then proceeded to analyze the policies upon which University financial management decisions are based. He also detailed financial practices at Cornell and spoke to the use of prudence in making judgments concerning the University's financial management.

The Corson statement reads:

A number of questions about the University's financial management have been raised as a result of the report from the Faculty Committee chaired by Professor David Ratner. The Committee was formed at my request to assess the University's present financial position in reference to the recommendations of the Committee on Long Range Financial Planning.

The Ratner Committee dealt primarily with questions relating to interpretation of Cornell's present financial reports and analysis of "change in overall net worth" over a ten-year period. Although the Committee expressed concerns regarding many characteristics of our financial reports, their concluding comment was that: "those charged with responsibility for allocating the University's resources must, of course, be concerned with the need to maintain an adequate level of investment in its faculty, its physical plant and services, and in its endowment funds to prevent erosion and deterioration of any of these vital areas." Let me therefore describe what I see as some of the questions relating to wise management of University resources.

DEFINITIONS

Before discussing Cornell's policies with regard to the management of its financial resources, it will

See Page 5 for related statements. The complete text of the Ratner report begins on Page 6.

be useful to define briefly some terms which appear in any financial statement or in any discussion of University finances.

A more technical commentary on accounting terms and concepts has been prepared by Controller Peterson and John S. Ostrom and is attached. All figures relate to the total operations of Cornell University, including the Medical College and the Statutory Colleges.

True Endowment. The University receives gifts or bequests where the donor specifies that only the income from the investment of the gift or bequest is available for meeting operating costs of the University. A true endowment may be restricted as to use of the income — for example, to support a particular professorship. Under current New York State law, no true endowment fund can have its principal invaded to support operating costs.

Funds Functioning as Endowment. The University also receives gifts or bequests which are expendable as to income and principal. Such gifts or bequests may be totally unrestricted or be restricted to a specified use (of income and principal), for example, for undergraduate scholarships. If the Trustees "capitalize" such a gift or bequest by investing it for the production of income, it becomes a "fund functioning as endowment."

Capital Fund. In 1968 the Cornell Trustees separated the totally unrestricted funds from the Endowment Fund and established a separate fund identified as the Capital Fund. In 1970 they added the remainder of the funds functioning as

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Tower Power



Committee Examines Privacy of Student Records

A Committee on the Privacy of Student Records at Cornell has released a report recommending several revisions of the University's policy on the release of student records and calling for the creation of a standing committee to monitor the security of student records under the University's Student Information System (SIS), a computerized data system expected to be in operation in the fall.

The Barr committee, named for its chairman, Donald J. Barr, chairman of academic services and associate professor of community service education in the New York State College of Human Ecology, was established in August, 1972 by University Provost Robert A. Plane.

The committee was charged with three tasks: 1) to monitor the development of the SIS to see that it adequately safeguards University policy on release of student records; 2) to review and suggest any necessary revisions of the present policy concerning student academic, health, disciplinary and financial records and 3) to decide whether a standing committee for handling future special problems which may occur in interpreting, implementing or amending the policy on student records should be created.

The committee strongly recommended that a standing committee, Privacy-Security of Student Records Committee, be established by the provost to monitor the security of record keeping in the SIS and throughout the University, to evaluate requests for research data and to offer consultant help on other issues that may occur.

"Even though the committee is

satisfied with current security policies being recommended with the SIS, it believes the future of the SIS, as well as other advanced technology programs, require continuous monitoring by Cornell University," the report said.

"Membership on this standing committee should be composed of two students, two faculty members, nominated by the dean of the faculty, and two professional staff with research interests related to student life," the committee said. It recommended that at least one member of the committee be someone who is "knowledgeable about computer science and its use and misuse."

The Barr report recommendations regarding subpoenas, follow a controversy which arose last October when Tompkins County District Attorney William P. Sullivan subpoenaed the records of several Cornell students.

The University subpoena policy was made public on Nov. 20, 1972 through the office of Jackson O. Hall, executive assistant to the president. Appendix B of the Barr report is a reprint of this policy published in the Cornell Chronicle on Nov. 30, 1972.

The Barr committee suggested that the words "academic, disciplinary, medical, financial, or counseling record" in policy number one of this statement be replaced with the word "record." The first line of policy one states, "As a general proposition, the University will respond to a proper subpoena duces tecum from a court, grand jury, legislative committee or other appropriate body for the production of the academic,

disciplinary, medical, financial, or counseling record of a specified present or former student." This substitution, according to the committee, would remove an implied willingness by the University "in principle" to violate the confidence counseling and medical records should enjoy. "The purpose of the policy should be to place the burden of proof of relevance on the subpoenaing body, rather than make a blanket commitment at the outset."

The committee further recommended that "Within the limits of time allowed by the subpoena, students whose records have been subpoenaed should be notified prior to production of the record as ordered by the subpoena. A subpoena which does not allow time for such notification ought to be challenged to show that such haste is necessary, in which time notification could be given."

The committee recommended the continued use of the three information categories — unprivileged, qualified privileged and privileged. The categories are defined in Appendix A in a memorandum, "University Policy on Release of Student Records," from University President Dale R. Corson to members of the faculty. Unprivileged information includes students' names, home and local addresses, dates of attendance at Cornell, college attended and degrees earned. Qualified privileged information includes students' courses elected, grades earned, class rank, honors awarded, academic and disciplinary actions by University committees and financial arrangements between the student and the University. Privileged information includes

information accumulated in confidence like medical records arising from a doctor-patient relationship, counseling notes and letters of evaluation and recommendation.

Students should be allowed to know what records the University keeps on them and should be allowed to inspect their own records except for those which are confidential evaluations and/or letters of recommendation, the report said. It suggested the continued use of an "authorization of release information waiver form," but that the present form be changed to allow students to differentiate more specifically where qualified privileged information may be sent.

The committee recommended that parents receive confidential student records information only when the student has knowledge of their request, except in emergencies.

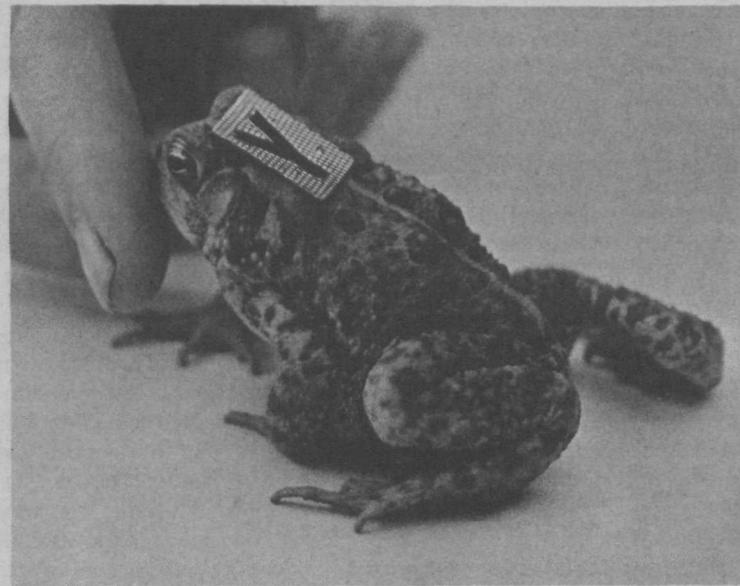
It recommended that "authorized persons" referred to in Article V of the Statement of Student Rights be equated with those individuals designated as custodians for each element in the new SIS and that authorization be defined by using the criterion of whether the person has a legitimate need to know the information in question in order to fulfill his responsibilities within the University.

Describing the operating principles of his committee, Barr

said, "We consistently followed the principle that all recommendations and policies should contribute to the educational development and other related interests of students at Cornell and to protect their right of privacy. The committee also followed the principle that the less that is stored, the fewer the potential problems. This seems counter to present norms being established via computerization that result in storing all available information simply because it is easy to do so. We also accepted the premise that the more open a student's records are to him or her, the less the institution will have to worry about accuracy problems."

Other members of the Barr committee were Kenneth M. Ageloff, a senior in the College of Arts and Sciences from Providence, R.I.; R. Peter Jackson, director of student records and finance; Elmer E. Meyer Jr., dean of students and assistant vice president for campus affairs; Kathryn M. Olesko, a senior in the College of Arts and Sciences from Middletown, N.J.; Robert S. Pasley, a first year law student from Ithaca; Norman Penney, dean of the University faculty; Norman Uphoff, assistant professor of government in the College of Arts and Sciences, and Tatnall W. Warner, a junior in the College of Arts and Sciences from Malvern, Pa.

No Enchanted Prince, But...



LETTERMAN? — This is a marked toad. There are 109 of these conspicuous animals now wandering away from a pond in Ellis Hollow where they convened for their four-day breeding season last month. Anyone sighting a toad wearing a mail box letter or numeral is asked to contact Robert R. Capranica, associate professor of neurobiology and behavior and electrical engineering (256-3594), or Martha Paton, graduate student in neurobiology (256-5192).

simultaneously by the formal language provided.

Master's degrees will be conferred in the same manner.

Doctoral candidates will wear their hoods in the procession and will be called to the platform by name and greeted by the dean and the President.

In addition to Commencement ceremonies on May 25, commissioning exercises for

about 34 graduating members of the Cornell Reserve Officers Training Corps (ROTC) will be held in Alice Statler Auditorium at 8:15 a.m.

On May 30, Corson will confer 198 degrees in New York City at Commencement exercises for graduates of the Cornell Medical College, the Cornell Graduate School of Medical Sciences and the Cornell University-New York Hospital School of Nursing.

Cornell's 105th

Commencement Set for May 25

About 10,000 people — faculty, students and their families — are expected to attend Cornell's 105th Commencement exercises on Friday, May 25, when more than 3,000 students will receive

degrees.

The academic procession will begin forming on the Arts Quadrangle at 9:40 a.m. The faculty will march as a body behind the students from the respective schools and colleges, with each degree group led by student marshals. The cap and gown will be optional attire for students for the third straight year. Approximately 90 per cent of last year's graduates chose to wear the traditional academic garb.

At 10:05 a.m., the procession, led by Blanchard L. Rideout, University marshal, will begin moving to Barton Hall for the 11 a.m. Commencement. As it passes the Olin Library terrace, the procession will be reviewed by University President Dale R. Corson, the Board of Trustees, other officials and guests.

All members of the faculty and the Board will sit on the main platform in Barton Hall.

Following a musical prelude, Morris G. Bishop, Kappa Alpha Professor of Romance Literature,

emeritus, will deliver brief remarks of introduction and welcome. Corson will then deliver the Commencement address. After another musical number, he will confer approximately 3,212 degrees — 2,750 bachelor's and some 462 master's and doctoral degrees.

In accordance with Cornell tradition, no honorary degrees will be awarded. Cornell has awarded only two honorary degrees in its history, both in 1886. They went to Andrew Dickson White, Cornell's first president, and David Starr Jordan, an alumnus who became the first president of Stanford University.

Bachelor's degrees will be awarded in the same manner they were last year. The deans will present their degree candidates to the President and as each group is presented it will rise and remain standing until all undergraduates have been presented. At that time, the President will award all of the bachelor's degrees

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University to Respond To Letter From HEW

Cornell University President Dale R. Corson said Sunday that University administrative officers have completed a preliminary review of a letter from the regional office of the U.S. Department of Health, Education and Welfare (HEW) dealing with Cornell's compliance with Title VI of the Civil Rights Act of 1964.

The letter addresses itself to University policies and procedures in the areas of student housing, curriculum, faculty appointments and student recruitment, admissions and financial aid, Corson said.

The University's full response, Corson said, would be prepared prior to any release of the substance of the HEW letter. He said the University's response will require the results of full and broad consultation with appropriate members of the University community.

Administrative officers are beginning a series of consultations with the appropriate University Faculty and University Senate groups concerning the implications of the letter for University policy and practice, Corson said.

Initial discussions, according to Corson, have already been

held with the dean of the faculty, the speaker of the Senate, the advisory committee of the Committee on Special Educational Projects (COSEP), as well as with representatives of the faculty and the Senate in the areas of student housing, admissions and financial aid. These early consultations will be followed by more complete discussions concerning the recommendations in the HEW regional office letter.

Administrative officers consulted in the preliminary review have been the director of COSEP, the dean of students, the director of the Africana Studies and Research Center and the University Affirmative Action Officer, Corson said.

Corson said the regional officer letter includes several recommendations on policies and practices which have already been modified since HEW visits in 1972. Others, he said, require full consultation with interested groups within the community since they suggest significant departures from existing University policy.

In Johnson Museum

Art Galleries Named for Rockwells

The Asian art galleries in Cornell's new \$5 million Herbert F. Johnson Art Museum scheduled to open May 25 have been named in honor of George and Mary Rockwell.

A long-time benefactor of the University, Rockwell and his widow, now Mrs. Reed Roberts of Washington, D.C., were instrumental in developing Cornell's Asian art collection, considered one of the important segments of the University's art possessions.

Rockwell, a member of the Cornell Class of 1913 and a member of the Cornell Board of Trustees from 1938 to 1948, died in 1967. A New England industrialist, he was co-founder of the Cambridge Rubber Company which became the General Latex and Chemical Corporation in Cambridge, Mass.

The Cornell Board named the galleries in honor of the Rockwells upon the recommendation of Cornell President Dale R. Corson. The galleries will cover 5,000 square feet on the fifth floor of the new reinforced-concrete building designed by the architect I. M. Pei. The Art Museum will be dedicated during ceremonies scheduled for May 23. Mrs. Roberts will be among the guests of honor, along with Herbert F. Johnson, whose \$4.8 million gift to the University made the museum possible.

The Asian art collection contains a wide range of scrolls, sculpture, bronzes and prints.

The greatest strength of the collection, however, is in its ceramics from China, Japan, Korea and Southeast Asia.

This aspect of the collection was of particular interest to the Rockwells and continues to be of prime interest to Mrs. Roberts. The ceramic collection is noteworthy for its early Chinese monochromatic ceramics of the Sung period, the twelfth and thirteenth centuries A.D.

Martie W. Young, professor of the history of art and curator of Asian art, has worked closely

through the years with Mrs. Roberts in obtaining pieces for this collection. According to Young, the ceramics in Mrs. Roberts' collection are simple and classic in design with disciplined, almost austere shapes and refined, subtle glazes. Among the most outstanding pieces in her collection are the many celadons, the world famous ceramic ware with a deep olive green color.

Letter on Proxies Sent to IBM

The following letter was mailed Monday by Austin H. Kiplinger, acting chairman of the Executive Committee of the Cornell University Board of Trustees, to Frank T. Cary, president of IBM, at the request of the Executive Committee of the Board. The decision to send the letter was made at the Executive Committee meeting in New York City on April 18. The letter is being made public now for your information.

April 30, 1973

Mr. Frank T. Cary
President
International Business Machines Corporation
White Plains, New York 11502

Dear Mr. Cary:

I am writing this letter to the

request of the Executive Committee of the Cornell University Board of Trustees following discussions of the proxy materials sent to us for action with respect to your annual meeting.

The Committee recognizes that International Business Machines Corporation (IBM) has been able to effect gains in the area of fair employment and equal treatment of employees in its operations in South Africa. On this basis, we have this year voted our proxy (representing 32,246 shares owned by the University) in favor of management on this issue. However, I would like to impress upon you the Executive Committee's concern with the desirability for disclosure of information on IBM's corporate activities in South Africa.

It is our understanding that

At News Conference Corson Views Planning Report

University President Dale R. Corson discussed changing student trends in the demand for on-campus housing and hinted that the cutbacks in federal support for graduate students would effect changes in the Cornell admissions at a press conference held Saturday, April 21, in the Day Hall Board Room.

The conference was called to allow representatives from local media to query the President about the recently published report, "Cornell in the Seventies:

Goals, Priorities and Plans." W. Donald Cooke, dean of the Graduate School, who had contributed significantly to the writing of the report, was also available for questioning.

The report, Corson said in an introductory statement, is a response to the Cranch Committee Report on Long Range Financial Planning, and is a synthesis of input from faculty, the University Senate, the Deans' Council, alumni, "as well as a large number of internal staff

from campus. When questioned about parking from commuting students, the President said that plans for inter-peripheral parking facilities were under consideration.

Corson was asked whether the beginning of fall term would again find students living in dormitory lounges and waiting for room assignments to be finalized. He said he hoped this would not happen again, but added that the changing trends in students' housing preferences could not be predicted.

The President said that although Cornell now houses 42 per cent of the student body, the demand for University housing was decreasing during construction of the North Campus dorms, causing "shaky knees" in several administrators.

"The interest in on-campus housing has completely reversed now," the President said. He indicated that this shift might be due to the high quality of the new dormitories.

Corson was asked why the projected enrollment increases was smaller than the one suggested in the Cranch Report. He said this was due partly to relaxed pressures from the State University of New York for increased enrollment and partly to the "extraordinary" year the University enjoyed with respect to gifts, which relieved some of the financial burdens foreseen by the Cranch Committee.

Questioned on the University's commitment to undergraduate education, Corson replied, "We have the Center for Improvement of Undergraduate Education (CIUE), which is being vigorously supported. We have a low ratio of students per faculty member — one of the best in the country and we propose to keep that. This represents, in my opinion, heavy emphasis on undergraduate education."

Discussing graduate education, Corson said that Cornell's was one of the smallest graduate schools of any university in the country. He indicated that there would be changes in the composition of the graduate school.

Cooke commented, "I think we'll be lucky if we can keep a constant number of graduate students because of the loss of external support." This trend in decreased support, it was stated, was being felt at colleges and universities all over the country.

"If there is growth at the graduate level," Cooke continued, "it will probably be in the professional masters programs."

Both Cooke and Corson felt that increasing numbers of transfer students would be admitted to Cornell. While facilities were saturated at the freshman level, the President said, there was considerable room at the junior level for transfer students.



President Dale R. Corson

studies." These sources are expected to submit their comments on the study to the President before May 7 to allow him to prepare a final version for presentation at the meeting of the full Board of Trustees on May 24.

Several questions concerned housing and parking problems expected to arise if the size of the Cornell student body increases to 16,500 over the next three years as suggested in the report.

Corson said the county planning officials had assured him the community could absorb the additional students. He added, however, that not everyone was going to be able to find quarters one or two blocks

IBM has made available to a church group an outline of a proposed report of its activities in South Africa. We are concerned that you have not made this report available to your stockholders which we understand was your intent. Therefore, we strongly recommend that you release information on IBM South African operations and that information be furnished to all stockholders. It is our belief that disclosure will indicate progress already made and will encourage further progress toward the goal of equal opportunity.

Sincerely,

Austin H. Kiplinger
Acting Chairman, Executive
Committee
Cornell University Board of
Trustees

Build Apartments, The Senate Urges

The University Senate Tuesday night recommended the University move ahead on the proposed construction of fiscally self-supporting apartment housing for 500 single students on the Cornell campus.

David J. Danelski, professor of government, was elected to a two-year term as the University's third Ombudsman, replacing Byron Yaffe, whose resignation from the post is effective June 30. A seven-member Ombudsman search committee was in unanimous support of Danelski's selection made by President Dale R. Corson from a slate of four nominees, according to Andrew V. Ettin, Executive Committee chairman and assistant professor of English.

The Senate unofficially expressed its opposition to University investments in Southern Africa with corporations involved in "racist oppression and genocidal activities."

The Senate, which overruled an earlier Executive Committee decision not to include the apartment bill on the agenda, recommended construction of apartment housing rather than require it, as was originally proposed.

The change followed a question of whether the Senate had constitutional authority to legislate construction or simply recommend it. A subsequent motion to recommit the bill failed, with proponents arguing, in the words of one student Senator, "what we need is action and action now."

Speaking for the bill, Elmer E. Meyer Jr., dean of students, said the resolution "would add impetus to what is already going on." The Planning Office is conducting a feasibility study for 125 low-rise town house units near the A Parking Lot, according to Thomas W. Mackesey, vice president for planning. Contacted Tuesday morning, Mackesey expressed doubt any new construction could be completed by fall, 1974.

A number of proposed bed spaces could be raised or lowered from 500 depending on

final enrollment, Meyer said. Citing the need for more housing, he said only one complex of 16 apartment units is being planned that falls within a mile or less of the campus during a period of increasing enrollment and growing student preference for on campus housing. That project is being undertaken by private developer, he said, on property purchased from Alpha Delta Phi on Stewart Ave.

The Senators gave unanimous approval to Danelski's selection as Ombudsman. Ettin stated the search committee was impressed with Danelski's "view of the job," which "has no power" but "great potential", as being one of "repairing broken accords." Ettin said Danelski, who has a strong legal background and is devoted to teaching, will not relinquish his teaching load while holding the part-time position. (See story on Danelski on Page 22.)

Maurice L. White, undergraduate Africana Studies Senator, made a surprise motion to recess for a straw vote endorsement of the following resolution: "The University Senate opposes all University investment in all corporations that invest in governmental and business interest that are engaged in racist oppression and genocidal activities in Southern Africa and throughout the world."

The vote carried 51 to seven with seven abstentions.

Two earlier formal Senate resolutions on University

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endowment — i.e., those funds restricted as to use but expendable as to use of principal — to the Capital Fund. The Capital Fund now includes substantially all funds functioning as endowment.

Current Funds. All funds available to support operating costs are designated as Current Funds. These include income from endowment and funds functioning as endowment as well as tuition income, alumni annual gifts, etc.

Plant Funds. All funds available for capital investment in the physical plant (for new construction or major renovation, plus the undepreciated investment in all buildings, land, equipment, furniture and books) are known as Plant Funds. These funds have been reported separately by Cornell for the past three years only, following adoption of uniform reporting procedures developed by the National Association of College and University Business Officers (NACUBO).

Overall Net Worth. The University's total balances (i.e., Endowment Fund, Capital Fund, Current Fund, plus other smaller funds separately identified for various reasons — a donor's specification, for example) at current market value plus all Plant Funds (i.e., all funds available for capital investment plus the undepreciated investment in all buildings, land, equipment and books) constitute the overall net worth at any given time.

Liquid Assets. Those assets which might be made available to meet expenses are "liquid." The Capital Fund is a liquid asset but endowments and investments in buildings are not.

Income. Careful definition and specification of policy is necessary to understand what is "income" and what is not. "Receipts for current operations," "receipts to add to endowments," would be more meaningful. The approved NACUBO terminology is "revenues," i.e., "revenues received," "revenues applied to current operations," etc.

Deficit or Surplus. The amount by which current operating expenses exceed or fall short of revenues made available for operating expenses constitutes the deficit or surplus respectively. The revenues made available for operating purposes depend on revenues received from tuition, from alumni annual

gifts, from investment income available for operating purposes and on policy decisions concerning the use of unrestricted gifts and on the use of realized capital appreciation on funds functioning as endowment.

POLICIES

To understand how University finances are managed it is necessary to understand University policy on four matters: 1) policy regarding growth of the Endowment Fund and the Capital Fund, 2) policy regarding allocation of unrestricted gifts, 3) policy regarding use of capital gains on invested funds, and 4) policy on investment in plant and facilities.

Policy on Growth of Endowment Fund and Capital Fund. The policy has been to add sufficient increments to those funds each year so that the total annual investment income can increase at least as fast as the operating costs increase. Operating costs have increased somewhat faster than the inflationary rate in the general economy and the goal to increase dividends and interest income at a rate equal to the rate of increase of operating costs has not been achieved. Only by using a portion of the capital appreciation has it been possible to keep the total "return" from investments more or less stable at approximately equal to 10% of operating costs.

Policy Regarding Investment in Plant and Facilities. Cornell has grown dramatically during the past decade in the number of students, in the size of the faculty, and in the number of sponsored research programs. To accommodate this growth it has been necessary to expand the University's physical facilities. With the exception of the Social Sciences Building, the added facilities were either revenue-producing (as in the case of dormitories) or were supported by gifts. The Social Sciences Building was supported in part by gifts.

PRACTICE

While detailed accounting practices have changed over the past decade (e.g., in the way Plant Funds are reported) and while various policies regarding the use of various funds have

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Senate Backs PIRG, Adopts Parking Statement

The fourth University Senate, functioning under a new procedure placing time limits on debate, moved efficiently through its agenda at a special meeting April 24.

The Senate recommended that Cornell continue serving as a collection agency for voluntary student contributions to the Central New York Public Interest Group (CNY-PIRG) for the 1973-74 academic year.

The body also approved a parking and traffic policy statement containing an amendment calling for a pedestrian mall in front of Willard Straight Hall between Uris Library and Campus Rd. The Central Ave. thoroughfare was recently made one-way, south to north.

The Senate's decision to recommend continuation of a \$2 voluntary check-off contribution to CNY-PIRG followed an announcement at an earlier meeting that the collection procedure would be discontinued because of inadequate student participation in the check-off. At that time, William D. Gurowitz, vice president for campus affairs, reported President Dale R. Corson's decision to discontinue the CNY-PIRG this semester.

Legislation passed April 24 stipulated CNY-PIRG must reimburse the University for the exact cost of any expenses incurred through the collection process. The Senate is to evaluate the CNY-PIRG program after the spring, 1974 billing and make further recommendations as to University continuance of

collection at that time.

The general policy statement on parking and traffic endorsed the concept of a pedestrian campus while at the same time emphasizing Cornell's responsibility to provide parking for faculty, students, employees and visitors. Parking on the inner campus "shall be retained and the number of spaces currently available shall not be reduced, until a review of the overall parking and traffic plan, approved by the University Senate, has been made."

D. Hywel White, professor of physics and principal speaker for the bill, stated no such review was currently underway to his knowledge. On April 25, Lance W. Haus, director of the Office of Transportation Services, said his office was working with the Transportation Advisory Council on a reevaluation of present parking and traffic patterns.

Amended to the bill were instructions to Transportation to proceed with plans for a pedestrian mall on Central Ave. as soon as possible.

A separate but related bill approved by the Senate called for the establishment of parking

areas designated for motorcycles and bicycles and for the construction of bicycle storage racks across the campus.

In other action, Senators legislated that University-registered organizations may be assessed penalties as defendants before the University Hearing Board. Kenneth M. Ageloff, former chairman of the Codes Committee and a senior in the College of Arts and Sciences, said such organizations could be assessed "remedies" but not "penalties" under current legislation. Other legislation specified only individuals could be assessed penalties.

Elmer E. Meyer, dean of students, asked the Senators to approve legislation calling for an "immediate investigation of the need for redesigning the bridges serving the Cornell campus in order to prevent further unnecessary tragedies." Meyer stated he felt two recent deaths from campus bridges could have been prevented if the bridges were redesigned. The bill was approved.

The evening's only defeated bill recommended that all course grades be kept in duplicate.

Sage Notes

Graduate Students who expect to get a May, 1973, degree must have all the requirements for the degree, including a completed thesis, finished and approved by the Graduate School by May 4, 1973.

The deadline for the completion of all requirements for an August degree is August 24, 1973.

The deadline for completing all the requirements for an advanced degree from the Graduate School is May 4, 1973. All requirements,

including two properly prepared copies of the thesis, must be complete and approved by the Graduate School by this Friday.

A part-time position for counseling and advising Cornell veterans is available for 1973-74 in the Dean of Students' office. A graduate student veteran working toward an advanced degree in student personnel or related field is preferred. Persons interested should contact Kenneth Kelly, Dean of Students' Office, Barnes Hall by May 10, 1973.

Technical Clarification Issued

Continued from Page 1

deferred income and universities describe them as restricted funds.

Other standards established by the Trustees cover such matters as the handling of unrestricted bequests (as explained in the Ratner report), establishment of appropriate reserves to recognize future pension costs, and directions for related activities — dining, housing, campus store, etc. — to operate at a breakeven level. Such standards have been followed for many years and the current funds statements reflect their effect.

The Ratner Committee has suggested the current funds statement yields an answer which is meaningless in any overall economic sense but they fail to recognize its significance as a comparative yardstick for management and operations, particularly over a period of time. While we have argued the present measurement methods have validity as a consistently determined yardstick for performance, we would not suggest this is the only standard needed nor would we suggest its infallibility. For example, the current funds statement fails to deal with the problem of providing for future needs (i.e., building replacement reserves) or in assessing the effect of special events of the past (i.e., special gifts and extraordinary items.) It is for these reasons that professional accountants (AICPA) and university administrators (NACUBO) have devoted three years to a study leading to changing standards for financial reporting. The principal change is a shift in emphasis from the current funds statement to the statement of changes in funds balances, a statement similar to that proposed by the Ratner Committee and one which has been prepared by this and other colleges for many years. Again, Mr. Gilmore places the significance of this change in its proper perspective when he states, "Universities, in spite of their diversity and internal decentralization, in most cases approach financial management as an integrated function, dealing with the resources and needs of the total institution. The planning for the long term and for the next year's budget considers building expansion and rehabilitation, student support, and endowment strategy to provide ongoing support for faculty tenure obligations, not just the annual cash flow in and out of the strictly operating purposes." Therefore greater attention needs to be paid to how the University has managed all its resources — is investment in endowment funds growing at a sufficient rate to meet future demands for additional funds?, will the University have sufficient loan funds to meet student needs?, should the institution borrow to expand plant? Improvements in the statement of changes in funds balances will help to provide answers to these and other questions and place the current funds statement in its proper role as simply a measurement of part of the University's total resources.

More specifically, we need to establish standards which will enable us to measure changes in liquidity, endowment, and investment in plant. The question of liquidity recognizes that significant portions of the University's assets are not spendable — endowment principal which must be held in perpetuity and investment in land, buildings and equipment. The proposal set forth in the appendix to the Ratner report does more in this direction and is designed to reveal certain important data related to the expendability of capital funds (liquidity) which were omitted from the data presented in the body of the report. The following table shows how the various data included in the Ratner Committee report relate to one another and includes additional specifications regarding the increase in liquidity and sources of plant investment.

		(000 omitted)
Unrecovered Cost of Educational and Related Services ^{1/}		\$ (210,762) *
Spendable funds received		
Gifts for current purposes and additions to the Capital Fund ^{2/}		145,460
Investment Income		84,045
Excess of receipts over expenditures ^{3/}		18,743
Market appreciation on spendable funds		
Transferred to current fund for expenditure ^{4/}	\$11,640	
Retained in Capital Fund	34,971	46,611
Increase in spendable funds (liquidity)		65,354
Receipts not available for current operations		
Investment income earned by loan funds, plant funds, etc.		9,699
Gifts received for additions to plant and endowment funds		91,549
Market appreciation on endowment ^{5/}		30,398
Total Increase in Net Worth		\$197,000 *
Other changes in gross assets		
State and federal appropriations for plant	\$62,000	
Current funds utilized to acquire equipment and books	56,000	118,000
Funds borrowed from the State and ourselves to acquire additional plant ^{6/}		42,000
Total Increase in Assets		\$357,000 *

* Figures taken from Ratner report.

FOOTNOTES TO TABLE:

(1) Unrecovered current costs (excludes debt retirement on academic facilities, depreciation, and student loan costs) before application of gifts, investment income, or realized gains on invested funds.

(2) Includes all receipts which are legally spendable as to principal at some time for either specific or general purposes. Thus the figure includes gifts expendable over several years, funds reserved for certain future needs and future program commitments, and the full capital amount of gifts which were credited to the Capital Fund to

support certain continuing commitments such as named professorships.

(3) Does not reflect \$5772 debt service costs on educational plant applicable to the ten year period which has been eliminated in determining "Unrecovered cost of educational and related services." Nor does it include an amount for estimated depreciation or replacement cost. In effect, the calculation of expense assume zero plant cost.

(4) Beginning in fiscal year 1969, Trustee legislation has provided that a portion of the capital gains realized on spendable funds might be transferred to current funds for use in operations.

(5) Changes in the market value of the investments of the endowment are a partial indicator of the future earning power of the endowment but under current law the capital gains and losses can not be utilized. A change in the statutory regulations of endowments will become effective later this year.

(6) Approximately \$4 million has been advanced from the endowment and \$4 million from current funds to support capital construction pending receipt of anticipated gifts or future earnings. The current fund advances should be recognized as a deduct against the \$65 million increase in liquidity.

As indicated above, the \$197,000 increase in net worth determined by the Ratner Committee is composed of \$65,000 increase in liquid assets and \$132,000 increase in assets which the university could not use to pay for current operations.

Secondly, we need to do a better job of displaying in the financial statements information on investment performance and endowment growth. The data are and have been available but need to be better displayed. Finally, there is a clear need for improvement in the analysis of changes in the investment in plant. Probably nothing has been more misunderstood than the "missing" \$118,000,000 of plant investments. The faculty committee itself recognized this in a statement dated April 26 in which it stated, "...While it is true that some \$160 million which went into the physical plant and equipment do not appear in the Statements of Income, they are all carefully listed and shown in the description of the University's assets." The University has recognized the need for improved reporting on plant changes and significant improvement has been made in the past three years. But the faculty committee was trying to cover a ten-year period and thus the information they desired was not available without a great deal of work which no one felt to be worth the effort. By rough calculations, it would appear the \$118,000,000 was composed of \$27 million in state appropriations and \$35 million in federal funds designated and used for additions to plant and which did not flow through the current funds statement. The balance of \$56 million consists of general funds of the university invested principally in equipment and books which also appeared as an expense of the current funds. The Ratner report takes exception to this as not in conformity with business accounting practice. However, in lieu of depreciation charges, college and university accounting standards provide for this transfer from current funds to plant.

The Ratner report dealt with some rather complex technical matters which, not unexpectedly, were not always clearly understood. A separate paper of considerable length could be written on the misquotes and misunderstandings that have appeared in the local and national news media. The most common fault is careless use of the word "income" which in the minds of most people implies monies earned and available to spend. "Receipts" would be a more proper word enabling the reader to distinguish between "receipts for current purposes", "receipts for endowment funds", "receipts for plant acquisitions", etc. As a point of information, the approved terminology for colleges and universities is revenues, i.e., revenues received, revenues applied to current operations, etc. Secondly, a major difficulty which we have with the Committee report is that it moves from the premise that all funds are essentially the same and interchangeable one with the other whereas the reality with which the University must live is that some funds are more spendable than others and some are not spendable at all. Finally, it seems to us the Ratner report, and the Bierman-Hofstedt paper which preceded in their valid effort to highlight some of the limitations of accounting have oversimplified the problem. For example the suggestion is gratuitous that legal restrictions on the spending of endowment could be changed by the court if circumstances required it. Any university must view itself as continuing in perpetuity and to begin spending endowment principal would simply delay the inevitable collapse.

Universities are complex institutions affected by all sorts of factors, both internal and external, the rapid expansion of knowledge, major changes in federal and state funding policies, inflation factors, tenure requirements, etc. Clearly no single statement can provide the necessary data to answer all questions. Accounting is not an exact science but when standards are applied consistently the current funds "surplus" or "deficit" provides at least a rough guide to the results of operating the University and a fairly reliable and useful guide to the trend in such results over the years. We can agree with the faculty committee that there is a need for more and better financial data. This has been and will continue to be a top priority for Cornell.

Statement by Controller Peterson

The following is a statement by Arthur H. Peterson, Cornell University Controller, issued April 26, 1973:

Cornell University has prepared its annual financial reports using generally accepted accounting principles for universities. Each year we have received an unqualified accountants' certificate from the firm of Haskins and Sells. The Ratner Committee report does not pretend to be a financial statement. It starts from an entirely different premise and purports to show Cornell University's increase in net worth over the past ten years. This includes buildings and equipment added to the campus valued at \$194 million and an increase in the University's endowment and capital funds of \$163 million. Neither the funds used for capital construction nor the principal from our increasing endowment were available to meet operating expenses. These items did appear in our financial statement but did not have a bearing on our operating deficit. In fact, in spite of the growth of our endowment it actually produces a smaller percentage of income which can be applied to our operating expenses than it did ten years ago.

Statement by Committee Members

Following is a statement released April 26 by the faculty committee at Cornell University studying the financial status of the University.

The committee members are: David L. Ratner, Professor of Law, Chairman; Harold Bierman Jr., Professor of Business Administration; Tom E. Davis, Professor of Economics and Paul Olum, Professor of Mathematics.

Several misleading statements have arisen out of media coverage of the report of the Cornell University faculty committee studying the financial status of the University.

"The term 'profit' has been inappropriately applied to the \$197 million 'Change in Overall Net Worth,' the term used by the committee in its report. The term 'profit' should not be applied to a measure that includes the gifts and the investment income of a university. The change of \$197 million in net worth represents increases in plant and endowment.

"A media statement that 'millions of dollars of income were unaccounted for in Cornell's annual report' is misleading. The committee does not believe, nor did it mean to

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Bulletin of the Faculty

(Publication of this Bulletin is supervised by the Secretary of the University Faculty Robert M. Cotts, 315 Day Hall, 256-4843)

Report of the Committee on Nominations and Elections

Slate of Nominees— FCR Seats

ACADEMIC FREEDOM AND RESPONSIBILITY, 1 tenured seat, 1 non-tenured seat. Leopold W. Gruenfeld, Professor, Organizational Behavior, I&LR; Bertha Lewis, Associate Professor, Design and Environmental Analysis; Dorothy M. Mermin, Assistant Professor, English; Timothy D. Mount, Assistant Professor, Agricultural Economics.

ACADEMIC PROGRAMS AND POLICIES, 1 tenured seat. Douglas E. Hogue, Associate Professor, Animal Science; Eleanor H. Jordan, Professor, Linguistics; Robert L. Von Berg, Professor, Chemical Engineering.

ADMISSIONS AND FINANCIAL AIDS, 1 tenured seat. Jack L. Squier, Professor, Art; James E. Turner, Associate Professor, Afro-American Studies and Director, Africana Studies and Research Center.

FREEDOM OF TEACHING AND LEARNING, 2 tenured seats. Douglas E. Ashford, Professor, Government, Professor, Public and International Affairs, B&PA, and Director, Center for International Studies; N. David Mermin, Professor, Physics; Marion Minot, Associate Professor, Community Service Education; S. Cushing Strout, Professor, English; L. Pearce Williams, Professor and Chairman, History.

PROFESSIONAL AND ECONOMIC STATUS OF THE FACULTY, 2 tenured seats. Clifford J. Earle, Professor, Mathematics; Peter J. Kahn, Associate Professor, Mathematics; Harold A. Scheraga, Todd Professor of Chemistry; Jason L. Seley, Professor, Art.

RESEARCH POLICIES, 2 tenured seats. George J. Conneman, Professor, Agricultural Economics; P.C.T. de Boer, Associate Professor, Mechanical and Aerospace Engineering; Norman Kretzman, Professor and Chairman, Philosophy; Mark Nelkin, Professor, Applied and Engineering Physics.

Slate of Nominees— Faculty Seats

ACADEMIC FREEDOM AND RESPONSIBILITY, 1 tenured seat. Benjamin Gebhart, Professor, Mechanical and Aerospace Engineering; Michael Hugo-Brunt, Associate Professor, City and Regional Planning, Urban Planning and Development; Marjorie B. Washbon, Professor, Human Nutrition and Food.

ACADEMIC INTEGRITY HEARING BOARD, 1 vacancy. Robert K. Finn, Professor, Chemical Engineering; J. Congress Mbata, Associate Professor and Coordinator of African Section, African and Afro-American Studies, Africana Studies and Research Center;

Richard G. Warner, Professor, Animal Science, Assistant Director of Research, Assistant Director, Agricultural Experiment Station.

ACADEMIC INTEGRITY APPEALS BOARD, 2 vacancies. Ralph Bolgiano, Professor, Electrical Engineering; Ivor Francis, Assistant Professor, Economic and Social Statistics, I&LR; David B. Lyons, Professor, Philosophy, Faculty Fellow, Society for the Humanities; George J. Staller, Professor, Economics.

ACADEMIC PROGRAMS AND POLICIES, 1 tenured seat. Michael Kammen, Professor, American History; Gilbert Levine, Professor, Agricultural Engineering; Mary A. Morrison, Professor, Human Nutrition and Food.

ADMISSIONS AND FINANCIAL AIDS, 1 tenured seat. William C. Dilger, Associate Professor, Neurobiology and Behavior, Arts and Sciences; Donald T. Farley, Professor, Electrical Engineering and Coordinator of Graduate Studies.

FREEDOM ON TEACHING AND LEARNING, 1 non-tenured seat. Davydd J. Greenwood, Assistant Professor, Anthropology; Lee Charlotte Lee, Assistant Professor, Human Development and Family Studies.

NOMINATIONS AND ELECTIONS, 3 vacancies. Judith Long Laws, Assistant Professor, Sociology and Psychology; Arthur J. McNair, Professor, Civil and Environmental Engineering; Robert A. Plane, Professor, Chemistry; Byron W. Saunders, Professor, Director, Industrial Engineering and Operations Research, Director, Continuing Education Program; Norman Uphoff, Assistant Professor, Government, Chairman, Rural Development Committee; Helen L. Wardeberg, Professor and Chairman, Education.

UNIVERSITY-ROTC RELATIONSHIPS, 2 vacancies. James E. Clancy, Professor and Chairman, Theatre Arts; Gordon P. Fisher, Professor, Civil and Environmental Engineering; Sidney Saltzman, Professor, City and Regional Planning, Policy Planning and Regional Analysis; Lemuel D. Wright, Professor, Biochemistry, Biochemistry and Molecular Biology, Nutrition.

MEMBERSHIP OF THE UNIVERSITY FACULTY, 1 vacancy. Kathleen Rhodes, Professor, Community Service Education; Alex Rosenberg, Professor, Mathematics; Shayle R. Searle, Professor, Biological Statistics, Biometrics Unit, Plant Breeding and Biometry.

REVIEW AND PROCEDURES, 3 vacancies. K. Bingham Cady, Associate

Professor, Applied and Engineering Physics; Esther G. Dotson, Assistant Professor, History of Art; Kurt L. Hanslowe, Professor, of Law, Professor, I&LR; John E. Harding, Professor, Human Development and Family Studies; Daphne A. Roe, Associate Professor, Nutrition; John E.H. Sherry, Jr., Associate Professor,

Hotel Administration.

PHYSICAL EDUCATION AND ATHLETICS, 1 vacancy. Rose K. Goldsen, Associate Professor, Sociology; Lynne H. Irwin, Assistant Professor, Agricultural Engineering; Alain Seznec, Professor, Romance Studies, Associate Dean, College of Arts and Sciences.

Report of the Faculty Committee on the Financial Status of the University

The Ratner Committee was appointed by the Dean of the Faculty in response to a request from the Vice President for Research, W. Donald Cooke. The formation of the committee and its membership was announced to the Faculty Council of Representatives at its February 7, 1973 meeting. Because, as previously announced, the report was delivered to the President and released prior to any opportunity for the FCR or its committees to act on its content, it must be regarded as a report of an *ad hoc* committee only.

April 24, 1973

Report of the Committee on the Financial Status of the University

Introduction

The charge to the committee was to examine the University's current financial condition, as well as the changes in that condition from year to year, and to determine whether the University, in recent years, has been operating at a "deficit" — that is to say a situation in which its condition at the end of a particular year is worse than it was at the beginning of that year.

In our efforts to achieve this objective, we received the full cooperation of University officials, who attempted to furnish us with all of the information we requested. Our efforts to obtain information from them, however, led us reluctantly to the conclusion that (a) the administration does not have all the facts essential for an informed evaluation of operating results and (b) the University's financial reporting system, while in accord with the standards prescribed by national groups, does not give a meaningful picture of results and is in many areas confusing and even misleading.

While the committee had neither the time nor the resources to attempt to develop a new financial reporting system for the University, it believes

that is a priority task to which Cornell and other universities should give their attention. (Over the past few years, the National Association of College and University Business Officers has been working with the American Institute of Certified Public Accountants to develop new standards for financial reporting for higher education. These new standards attempt to meet some of the criticisms raised in this report. For example, they place much greater emphasis on the changes in all fund balances, not just current funds, and therefore call increased attention to the total financial worth of the institution.) The committee is pleased to note that the Faculty Council of Representatives has created a permanent committee to assist the University administration in reaching this objective. Set forth at the end of this report are our suggestions for basic statements of changes in overall net worth, and in net current assets and endowment funds, which might serve as an appropriate starting point.

The University's "Operating Deficit"

The "most serious financial problem" emphasized by the University in its recent financial reports has been the "operating deficit of the endowed colleges at Ithaca." This "operating deficit" for the past four years has been reported as follows:

	Endowed Ithaca	University
1968-69	\$1,855,000	\$1,759,000
1969-70	1,975,000	1,573,000
1970-71	1,856,000	1,174,000
1971-72	1,220,000	966,000

The deficits reported for the University as a whole were smaller than those reported for the endowed colleges at Ithaca because the reported figures for the medical and statutory colleges showed each year, in the aggregate, a small excess of "revenues" over "expenditures." Recent statements indicate that the "operating deficit" for 1972-73 for the endowed colleges at Ithaca, and for the University as a whole, is expected to be cut to about \$300,000 as a result of stringent economy measures designed to restore the University to a balance of revenues with expenditures.

This "operating deficit of the endowed colleges at Ithaca" is something like the Holy Roman Empire. It is not a "deficit" which reflects either a loss of liquid assets or a worsening of overall financial position. And it does not relate to the totality of the operations of the endowed colleges at Ithaca.

First, the statement of current fund revenues, expenses and transfers, from

which the "operating deficit" is derived, is very different from the income statement of a business which determines whether it is operating at a "profit" or a "loss." The University's current fund statement is essentially a partial statement of cash receipts and disbursements. If more cash is paid out of the current fund than is taken in, there is a "deficit." However, this approach, as more fully discussed in the Appendix to this report, results in including as expenditures significant items which would not be classed as expenses under normal accrual accounting — such as investments in certain capital assets (furniture, books, equipment and renovation of facilities) and repayment of debt. On the other hand, it does not reflect significant items which would be classed as current expenses under business accrual accounting — such as depreciation and accrued pension costs.

The most significant fact about the

Continued on Page 19

Cornell in the Seventies: Goals, Priorities and Plans

Background Information and Studies

Appendix A BACKGROUND MATERIAL ON TUITION AND FINANCIAL AID

This appendix contains general information and statistical data relative to the recommendations on tuition and financial aid.

Table I shows the trends in educational costs at Cornell University over the past five years as well as the annual compounded growth rate for each category of expense.

In projecting future educational costs it is useful to examine family income trends to establish whether parents would have the ability to pay increased costs. One economic indicator that is frequently used is the Per Capita Personal Disposable Income. This is the amount of money left after taxes which is available for either spending or saving. Trends over the past five years in this measure of available money are shown in Table II. While this is a commonly used indicator it covers all persons in the nation and is not representative of that group of families with college-age children.

Families not eligible for financial aid at Cornell, according to College Scholarship Service criteria, have income greater than \$20,000 for endowed students and \$18,000 for statutory students, as a rough approximation (Table III shows the contribution expected from families of various incomes). An economic indicator for this higher income group is not available. However, about one-half of the Cornell students have parents who are doctors, dentists, lawyers, engineers, scientists and business executives, and it is these families which do not require financial aid. Trends in family income for these occupational classes are available and are shown in the last column of Table II. These figures are not disposable income, and if corrected for federal taxes the annual increase is 0.2% lower than shown in the table.

A study has been made of national trends in the number of families with annual incomes sufficient to pay the full costs of a Cornell education as measured by College Scholarship Service criteria. The result is shown

in Table IV and the data indicate that for the endowed colleges there is a considerable expansion of the size of this group of families over the past four years. With the statutory units the increase in numbers had been growing over the past few years but the rate is now decreasing.

The percentage of endowed students who require financial aid has been slowly declining in the past few years as shown in Table V. In Agriculture, while the percentage of applicants with need is declining, the percentage of freshmen awarded aid is increasing. Whether the downward trend in the endowed colleges is a result of an increase in the number of high income families, or a decrease in the number of students from middle and low income families who do not apply to Cornell because of the lack of information on scholarship aid, is unknown.

Information on the economic distribution of family incomes of Cornell students is shown in Table VI. This data is approximate because income information is not known for families that do not apply for financial aid. The assumption was made that they have incomes over \$20,000. Table VI shows Cornell is substantially over represented in students from higher income families, and students from middle income families are slightly better represented than those from the lower quarter of the family income distribution.

Table VII shows that the level of financial aid is not an important factor in whether an admitted student comes to Cornell. Since the level of financial aid is determined by family income this means that students from families of all economic levels accept admissions in approximately the same percentages.

Table VIII gives information on the total cost of attending various types of institutions.

Table IX presents information on the differences in the percentage of the scholarship component of financial aid for some major private and public institutions. This data is five years old, but more recent information is not available. However, it is believed that the situation has not changed to any significant degree since that time. The table shows that the scholarship package for private institutions is higher and there is a smaller portion of self-

help in the form of loans and jobs. However, it should be realized that education in public institutions is subsidized to a considerable degree and in this sense this subsidy could be considered as being similar to a scholarship.

In addition to the differences in the percentage of the scholarship component in the financial aid package between public and private universities there is also a difference in the adherence to the College Scholarship Service concept. The number of students who have demonstrated the need for aid but do not receive an award and the percentage given less than full aid is generally higher in public institutions. This information is shown in Table X.

Table XI presents information on the components of the financial aid package for the period from 1968-69 to 1972-73. In the endowed units, the percentage of the loan portion of financial aid has remained relatively stable but because of the increasing cost of education the absolute amount of indebtedness has been increasing. On the other hand, in the statutory units, the percentage of loan has been declining.

Tables XII through XV show in some detail the types of institutions attended by Cornell applicants who matriculate elsewhere.

Information is available concerning the competitiveness of the Cornell financial aid package compared to Ivy League institutions. Unfortunately, similar data is not available for other colleges and universities. This comparison is shown in Table XVI. It should be emphasized that the total amount of money in the financial aid package is not an important factor since this level depends on the difference in costs of attending the various institutions and the economic background of the student body. Since all these institutions subscribe to the principles of the College Scholarship Service, the important factor in Table XV is the comparison among the institutions of the percentage of scholarship in the aid award.

In establishing policies relative to tuition and financial aid, comparisons with similar institutions should be part of the consideration. A survey conducted by Yale University has recently become available. Some of the information in this survey is presented in Table XVII.

Table I
COMPONENTS OF OVERALL COSTS - CORNELL UNIVERSITY⁽¹⁾
(1967-68 to 1972-73)

	Endowed Units				Statutory Units				
	Tuition and Fees	Room and Board ⁽²⁾	Incidental Expenses ⁽³⁾	Total Expenses	Tuition and Fees	Room and Board	Incidental Expenses ⁽²⁾	Total Expenses NY Res.	Total Expenses Non-Resident
1967 - 1968	\$2,050	\$1,075	\$550	\$3,675	\$ 675	\$1,075	\$550	\$2,300	\$2,700
1968 - 1969	2,200	1,100	550	3,850	675	1,100	550	2,325	2,725
1969 - 1970	2,350	1,200	600	4,150	750	1,200	600	2,550	2,950
1970 - 1971	2,600	1,400	650	4,650	825	1,400	650	2,875	3,275
1971 - 1972	2,800	1,425	700	4,925	900	1,425	700	3,025	3,425
1972 - 1973	3,000	1,500	700	5,200	1,200	1,500	700	3,400	4,000
67-68 to 72-73 (Compounded Annual Growth Rate)	7.9%	6.9%	5.0%	7.2%	12.2%	6.9%	5.0%	8.2%	8.2%

(1) Excludes Professional Schools.

(2) Estimated average - Financial Aid Office

(3) Includes estimated average cost of books, clothing, medical, recreation, sorority, fraternity, personal expenses, deposits, etc. - Office of Financial Aid and Cornell.

Table II
A COMPARISON OF ATTENDANCE COST TRENDS
AGAINST OTHER PRICES AND PARENTS' INCOME—
STUDENTS WITHOUT FINANCIAL AID

	Total Cornell Attendance Expenses Endowed	Statutory	Consumer Price Index Services ⁽¹⁾	Per Capita Disposable Income ⁽²⁾	Average Family Income ⁽³⁾
1967 - 1968	\$3,675	\$2,300	100.0	\$2,744	\$13,105
1968 - 1969	3,850	2,325	105.7	2,939	14,161
1969 - 1970	4,150	2,550	113.8	3,108	15,482
1970 - 1971	4,650	2,875	123.7	3,333	16,233
1971 - 1972	4,925	3,025	130.9	3,581	17,308
1972 - 1973	5,200	3,400	135.9*	3,954*	18,200*
Compounded Annual Growth Rate:					
67-68 to 72-73	7.2%	8.2%	6.3%	7.6%	6.8%
69-70 to 72-73	7.8%	10.0%	6.1%	8.4%	5.5%

(1) Services less rent. Source: Business Statistics, U.S. Department of Commerce. Economic indices are for calendar year.

(2) Economic Report of the President.

(3) Family Incomes of Professional, Technical and Kindred Workers and Managers. Source: Consumer Income Series P-60, U.S. Department of Commerce. Data not available for previous years. This includes beginning professionals as well as those long established in their fields.

*Estimated.

Table III
 EXPECTED PARENTS' CONTRIBUTION FOR 1972-73⁽¹⁾
 COLLEGE SCHOLARSHIP SERVICE

Income before Federal Taxes	Number of Dependent Children			
	1	2	3	4
\$ 6,000	\$ 280	\$ 50	\$ -110	\$ -230
8,000	820	510	280	120
10,000	1,290	960	600	480
12,000	1,800	1,400	1,050	830
14,000	2,440	1,920	1,490	1,210
16,000	3,240	2,590	2,030	1,660
18,000	4,070	3,390	2,710	2,240
20,000	4,890	4,210	3,520	2,960
22,000	5,690	5,020	4,340	3,780
24,000	6,480	5,810	5,130	4,580
26,000	7,320	6,580	5,910	5,370

(1) These estimates of expected contribution apply only to what might be called "typical" families. Such families generally have only one of two parents working, only one dependent child about to enter college, no unusual expenses, no dependents outside the immediate family and no unusual assets.

Table IV
 TRENDS IN THE NUMBER OF FAMILIES IN THE UNITED STATES
 ABLE TO CONTRIBUTE FULL ATTENDANCE COSTS AT CORNELL
 ACCORDING TO COLLEGE SCHOLARSHIP SERVICE CRITERIA

	Total Expen- ditures	Minimum ⁽¹⁾ Family Income	% Families ⁽²⁾ above Minimum	Total ⁽³⁾ Number Families in U.S.	Number Families ⁽³⁾ Able to Pay Full Attendance Costs	% Change Previous Year
<u>Endowed</u>						
1968-69	\$3,850	\$21,000	11.0%	11,405	1,255	
1969-70	4,150	24,100	8.2%	11,413	936	-25%
1970-71	4,650	22,900	11.0%	11,621	1,277	+36%
1971-72	4,925	23,600	13.5%	11,917	1,608	+26%
1972-73	5,200	22,500	18.0% (Est.)	12,300	2,214	+38%
<u>Statutory</u>						
1968-69	\$2,325	\$15,100	26.5%	11,405	3,022	
1969-70	2,550	17,500	23.5%	11,413	2,682	-11%
1970-71	2,875	16,700	30.5%	11,621	3,544	+32%
1971-72	3,025	17,000	32.8%	11,917	3,908	+10%
1972-73	3,400	18,200	31.7% (Est.)	12,300	3,900	0

(1) Minimum income which would allow family to contribute full attendance costs without financial aid. Computed for a typical family with two children which submits a standard tax deduction and has no unusual assets or debts.

(2) Limited to families with age of head 45-64 years and more than two persons. Census Bureau data, Consumer Income Series P-60, U.S. Department of Commerce.

(3) In 000's.

Table V
 PERCENTAGE OF APPLICANTS AND FRESHMEN
 WHO QUALIFY FOR FINANCIAL AID

	Applicants ⁽¹⁾	Freshmen
<u>Arts</u>		
1968-69	50.3%	50.0%
1972-73	43.0%	45.1%
<u>Engineering</u>		
1968-69	52.5%	48.0%
1972-73	44.1%	46.9%
<u>Agriculture</u>		
1968-69	46.4%	37.5%
1972-73	44.5%	43.6%

(1) Includes admit-deny.

Table VI
 FAMILY INCOME DISTRIBUTION OF ACCEPTED CORNELL APPLICANTS
 VERSUS NATIONAL NORMS
 FRESHMEN, FALL 1971

Family Income Range	Endowed Colleges	
	National Distribution ⁽¹⁾	Family Income Distribution Accepted Endowed Applicants ⁽²⁾
0 - \$8,999	22%	9%
\$9 - 22,999	63%	33%
Over 23,000	15%	59%
Family Income Range	Statutory Colleges	
	National Distribution ⁽¹⁾	Family Income Distribution Accepted Statutory Applicants ⁽²⁾
0 - \$8,999	22%	12%
\$9 - 19,999	56%	29%
Over 20,000	22%	59%

(1) For families of four persons with age of head 45 to 64 years. Source: U. S. Bureau of Census, Current Population Reports, P-60 Series Consumer Income.

(2) Income distribution, Office of Financial Aids, Sperry Report 1971. Those not requesting financial aid were assumed to have incomes greater than \$20,000 for the statutory units and \$23,000 for the endowed units.

Table VII
PERCENTAGE OF MATRICULANTS VERSUS FINANCIAL AID LEVEL
ALL CORNELL FRESHMEN, FALL 1971

Level of Financial Aid	Percentage Matriculation
\$ 0 - 500	54%
501 - 1,000	56%
1,001 - 1,500	56%
1,501 - 2,000	56%
2,001 - 2,500	52%
2,501 - 3,000	55%
3,001 - 3,500	52%
3,501 - 4,000	50%
Above 4,000	54%
Average	54%
Students not applying for aid	53%

Source: Office of Financial Aid Report, Gary A. Lee, December 10, 1971, and Final Fall Statistics - Office of Admissions, 1971.

Table VIII
TOTAL COST OF ATTENDING SELECTED INSTITUTIONS
OF HIGHER EDUCATION 1973-74⁽¹⁾

Major Private Universities		Major Public Universities ⁽²⁾	
Cal Tech	\$4,880	Cornell (State)	\$3,550
Columbia	5,450	Michigan	2,700
Cornell (Endow)	5,400	Minnesota	2,800
Harvard	5,400	Ohio State	2,700
Pennsylvania	5,050	Penn State	2,774
Princeton	5,380	UCLA	3,000
Rochester	5,200	U. Wash.	2,450
Stanford	<u>5,160</u>	Wisconsin	<u>2,510</u>
Average	\$5,240	Average	\$2,810
SUNY Colleges and Universities		Community Colleges ⁽³⁾	
Binghamton	\$2,900	Broome	\$1,900
Buffalo	3,050	Genesee	2,400
Cortland	2,800	Herkimer	2,100
Old Westbury	3,250	Hudson Valley	1,825
Oswego	2,605	Niagara	2,200
Purchase	3,030	Onondaga	2,050
Plattsburgh	2,885	Sullivan	2,200
Stony Brook	<u>2,947</u>	Westchester	<u>2,825</u>
Average	\$2,933	Average	\$2,188

(1) Cost includes tuition, fees, room, board and incidental expenses. Information is College Scholarship Service data used to compute financial aid.

(2) For in-state students.

(3) Commuting students - includes tuition, fees, room and board at home, incidental expenses, and commuting expenses. Costs for this category of institutions is for 1972-73.

Table IX
PERCENTAGE OF SCHOLARSHIP AND OTHER TYPE AWARDS
IN FINANCIAL AID FUNDS⁽¹⁾
(1966 - 1967)

Public Universities			Private Universities				
Scholarship	Loans	Jobs	Scholarship	Loans	Jobs		
Berkeley	21%	65%	14%	Columbia	57%	15%	28%
Illinois	30%	46%	24%	Cornell	71%	17%	12%
Michigan State	17%	36%	47%	Harvard	59%	20%	20%
Minnesota	7%	25%	68%	Princeton	65%	17%	14%
Penn State	12%	40%	47%	Chicago	86%	13%	1%
UCLA	23%	41%	35%	Stanford	71%	24%	5%
Univ. Washington	5%	30%	65%	Rochester	79%	19%	2%
Avg. Percent	16%	40%	43%	Avg. Percent	70%	18%	12%

(1) Source: American Universities and Colleges, American Council on Education 1968

Table X
FRESHMEN WITH DEMONSTRATED NEED WHO RECEIVE FULL OR PARTIAL FINANCIAL AID
AT TYPICAL INSTITUTIONS OF VARIOUS TYPES⁽¹⁾
(1973-74)

Major Private Universities	No. with Need	No. Awarded Aid	No. Awarded Full Aid	Major Public Universities	No. with Need	No. Awarded Aid	No. Awarded Full Aid
Cal. Tech.	215	215	215	Ohio State	2,500	2,250	2,000
Cornell	2,500	2,000	2,000	Massachusetts	1,700	800	90
Chicago	226	226	226	Minnesota	2,729	2,729	2,729
Harvard	677	677	677	Penn State	2,500	760	700
MIT	566	566	566	Purdue	2,118	2,015	2,015
Princeton	621	621	621	Rutgers	1,056	450	450
Rochester	1,225	885	250	U. Washington	3,000	2,000	1,700
Yale	<u>566</u>	<u>566</u>	<u>566</u>	Wisconsin	<u>2,488</u>	<u>2,488</u>	<u>2,488</u>
Average	825	720	640	Average	2,261	1,687	1,522
Percent		87%	78%	Percent		75%	67%
SUNY Colleges & Universities				N.Y. Community Colleges			
Binghamton	250	250	250	Auburn	130	40	10
Buffalo	350	200	200	Bronx	2,500	500	500
Cortland	753	---	168	Corning	300	148	75
New Paltz	200	200	125	Clinton	60	50	35
Old Westbury	258	200	100	Duchess	1,200	720	350
Oneonta	600	300	285	Finger Lakes	350	300	275
Oswego	800	400	300	Fashion Inst.	<u>250</u>	<u>200</u>	<u>75</u>
Stony Brook	<u>350</u>	<u>100</u>	<u>100</u>	Average	684	280	189
Average	445	236	191	Percent		41%	28%
Percent		53%	43%				

(1) Source: College Handbook, College Entrance Examination Board, 1972.

Table XI
TRENDS IN COMPONENTS OF AVERAGE FINANCIAL AID PACKAGES

ENTERING CORNELL FRESHMEN 1968-69 to 1972-73

	Scholarship				Loans	% Loan	Jobs	% Job	Total Aid
	External	Cornell	Total Schol.	% Schol.					
Endowed Colleges									
1972-73	\$422	\$1800	\$2222	71%	\$801	26%	\$114	4%	\$3137
1971-72	469	1664	2133	73%	709	24%	63	2%	2905
1970-71	Not Available								
1969-70	438	1410	1848	75%	539	22%	93	4%	2480
1968-69	381	1108	1489	71%	540	26%	75	4%	2104
Statutory Colleges									
1972-73	\$373	\$ 674	\$1047	57%	\$660	36%	\$121	7%	\$1828
1971-72	332	778	1110	65%	546	32%	39	2%	1695
1970-71	354	504	858	58%	575	39%	54	4%	1487
1969-70	288	351	639	53%	443	37%	131	11%	1213
1968-69	235	288	523	51%	441	43%	62	6%	1027

Table XII
PERCENTAGE OF CORNELL APPLICANTS WHO ENROLLED AT OTHER COLLEGES AND UNIVERSITIES - FALL 1972⁽¹⁾

	Agri-culture	Archi-tecture	Arts	Engineering	Human Ecology	COSEP	Total
Percent in Private Institutions	61%	86%	91%	80%	59%	97%	85%
Percent in Public Institutions	39%	15%	10%	19%	41%	3%	15%
	100%	100%	100%	100%	100%	100%	100%
Percent Not Attending College	1%	1%	1%	0%	0%	0%	1%

⁽¹⁾ Numbers may not total to 100% because of rounding.
Source: Study by the Admissions Office, Cornell University

Table XIII
CORNELL APPLICANTS WHO WENT TO OTHER COLLEGES AND UNIVERSITIES
FALL 1972 - STATUTORY

	Agriculture (72% Resp.)			Human Ecology (62% Resp.)		
	No. Inst.	Students	% of Total	No. Inst.	Students	% of Total
Major Private Universities	15	42	31%	8	13	30%
Major State Universities	5	7	5%	1	1	2%
SUNY/CUNY	12	28	21%	8	11	25%
Prestige Private Colleges	9	13	10%	7	7	16%
Other Private Universities	7	10	7%	2	2	4%
Other Public Universities	10	16	12%	6	6	14%
Other Private Colleges	13	17	13%	4	4	9%
Other State Colleges	2	2	1%	0	-	-
Total		135	100%	44	100%	

Not Counted in %
Not going to college: 1
No school listed in reply: 10

Cornell Applicants Who Went to

Yale	6	4%	SUNY Bing.	3	6%
Penn	6	4%	Rochester	3	6%
Rutgers	4		Penn	3	6%
SUNY Morrisville	4		SUNY Albany	2	
SUNY Syracuse	4		Wesleyan	2	
SUNY Binghamton	4		Princeton	2	
Rochester	4		Brown	2	
SUNY Brockport	3				
Johns Hopkins	3				
Princeton	3				
Brown	3				
SUNY Albany	3				
Dartmouth	3				

Table XIV
APPLICANTS ACCEPTED BY CORNELL WHO WENT TO OTHER COLLEGES AND UNIVERSITIES, FALL 1972—ENDOWED

	Arts (87% Resp.)			Engineering (76% Resp.)			Architecture (81% Resp.)		
	No. Inst.	Students	%	No. Inst.	Students	%	No. Inst.	Students	%
Major Private Universities	24	673	62	19	272	53	12	28	53
Major State Universities	28	60	6	15	51	10	4	6	11
SUNY	7	38	4	10	18	3	0	0	-
Prestige Private Colleges	39	267	25	15	38	7	4	4	8
Other Private Universities	9	18	2	24	85	16	6	12	23
Other State Universities	0	0	-	8	11	2	2	2	4
Other Private Colleges	20	27	3	9	20	4	1	1	2
Other State Colleges	1	1	-	3	23	4	-	-	-
Not Counted in %									
Not Going to College		9			6			0	
No School Listed in Reply		47			40			0	

Cornell Applicants Who Went to

Yale	138	12	MIT	88	12	U. Virginia	5	9
Princeton	89	8	Princeton	58	10	RPI	4	7
Harvard	82	7	RPI	33	6	MIT	4	7
Brown	76	6	Brown	23	-	Carnegie	3	5
MIT	60	5	USNA	14		Illinois	3	-
Stanford	42	-	Rochester	12		Princeton	3	-
Penn	37		Duke	11				
Rochester	24		Dartmouth	11				
Duke	22		USMA	10				
RPI	14		Harvard	10				
Brandeis	14		Stanford	9				
Johns Hopkins	14		Michigan	9				
Columbia	13		USFA	8				
Northwestern	10		Lehigh	8				
Chicago	9		Penn State	8				

Table XV

CORNELL COSEP APPLICANTS WHO WENT TO OTHER COLLEGES AND UNIVERSITIES, FALL 1972
(Response 83%)

	All Colleges		
	No. Inst.	Students	%
Major Private Universities	12	57	56%
Major State Universities	1	1	1%
SUNY/CUNY	0	0	-
Prestige Private Colleges	12	26	26%
Other Private Universities	7	13	13%
Other Public Universities	2	2	2%
Other Private Colleges	2	2	2%
Other State Colleges	0	0	-

Not Counted in %
Not Going to College: 0
No School Listed in Reply: 2

Cornell COSEP Applicants Who Went to

Yale	12
Princeton	8
Penn	8
MIT	8
Radcliffe	7
Harvard	5
Columbia	4
Wesleyan	4
RPI	4
Dartmouth	4
Barnard	3
Brown	3
Wellesley	2
Mc. Holyoke	2

Table XVI

AVERAGE COMPONENTS OF FINANCIAL AID PACKAGES
IVY LEAGUE INSTITUTIONS
FRESHMEN, FALL 1972

	Average Components of Aid Pkg.				Percentage	
	Scholarship Ext.	Int.	Total	Loans & Jobs ⁽¹⁾	Total	Schol. Self-Help
Brown	\$152	\$2009	\$2161	\$ 684	\$2845	76% 24%
Columbia	417	1836	2253	1280	3533	64% 36%
Cornell (Endowed)	422	1800	2222	914	3136	71% 29%
Cornell (State)	373	674	1047	781	1828	57% 43%
Dartmouth	103	1929	2032	1056	3088	66% 34%
Harvard	314	2053	2367	933	3300	72% 28%
Penn	432	2194	2626	982	3608	73% 27%
Princeton	168	1909	2077	1202	3279	63% 37%
Yale	451	1885	2336	838	3174	74% 26%

⁽¹⁾ Loans and Jobs are combined since this breakdown is not available for other institutions.

Table XVII

COMPARISON OF FINANCIAL AID POLICIES FOR UNDERGRADUATES
OTHER MAJOR PRIVATE UNIVERSITIES⁽¹⁾

	Endowed Scholarship Funds (000's)	% of Matriculants with Financial Aid	Unrestricted Schol. Expend. as % Tuition Income	% of Students Matriculating
Columbia	\$ 832	60%	18.2%	50%
Cornell	1,700	43% (Endowed) 37% (State)	16.0% ⁽²⁾	44% (Endowed) 72% (State)
Harvard	2,811	63%	14.8%	85%
MIT	2,010	52%	0.1%	57%
Princeton	2,900	41%	5.3%	54%
Stanford	2,095	42%	6.7%	62%
Yale	2,989	44%	7.3%	58%

TRENDS - 1969-70 to 1972-73

	Increase in Unrestricted Schol. Expend.	Increase in Self-Help Freshmen	Change in No. Applicants	Change in Expenses Tuition, Room, Board
Columbia	53%	39%	0%	30%
Cornell	104%	45% (Endowed) 36% (State)	56%	25% (Endow.) 33% (State)
Harvard	108%	100%	-8%	28%
MIT	-74%	113%	-16%	33%
Princeton	141%	75%	39%	28%
Stanford	132%	-	-6%	28%
Yale	32%	220%	-13%	32%

⁽¹⁾ Source: Yale Survey on Financial Aid, 1973, plus Cornell records.
⁽²⁾ Unrestricted scholarship funds as percent of Endowed tuition.

Appendix B
**BACKGROUND INFORMATION ON
 CORNELL
 FACULTY COMPENSATION**

The comparison of the compensation of the Cornell Faculty with other universities is a problem that has no simple solutions. For the past two years "The Bulletin of the Association of University Professors" has published detailed information on the average compensation for the four faculty ranks. There are, however, inherent problems in using such data for comparisons.

The use of average compensation is not a good indicator of true differences among institutions. The values are dependent on such variables as the turnover rate of faculty, the average time to promotion, the age of the faculty, and policies on internal promotions to tenure versus external appointments. These deficiencies are emphasized by the fact that for some institutions the average compensation declines from one year to another. The individual faculty members in these institutions undoubtedly received increases but other factors lowered the averages. A better comparison of trends in compensation would be the average annual increment for continuing faculty, but this information is not available in any organized form.

In considering the relative ranking of institutions, there is the problem of the difference among universities as to emphasis on professional graduate study. The AAUP averages include those of faculty members of professional schools such as Business and Law, although not Medicine. Generally the staff in these professional schools has higher levels of compensation and averaging over-all units yields figures that are dependent on the relative sizes of the professional schools in different universities. It may be that the high averages noted at Harvard are a result of a heavier concentration in professional education and the lower averages at Princeton result from the fact that Princeton has a smaller commitment in this area.

The national associations of the various professional schools compile and circulate detailed information on compensation which allows relatively reliable comparisons. No data of similar scope or detail exists for other colleges and departments of universities except for some sporadic information exchanged among institutions and departments in some disciplines.

Another difficulty in using the AAUP ranking to compare Cornell faculty compensation with other institutions arises from the fact that many faculty members in the statutory units are not included in the averages. The AAUP request for information specifies the concept of "instructional" faculty and as such those

members of the faculty of the statutory colleges in research and extension who do not have at least half their responsibility devoted to teaching are not included.

Despite these limitations the AAUP information is the only comparison of academic compensation that is widely available on a national basis and as such it will continue to be used for this purpose at Cornell and elsewhere.

The relative yearly change in the AAUP ranking of a university is more reliable than its absolute position on the scale and is therefore useful in measuring trends. In judging the relative position of Cornell on this scale of compensation, the problem arises as to the group of institutions against which comparisons should be made. There are many colleges and universities with relatively low salary scales which do not have the academic status of Cornell and should not be considered as being in competition for our faculty. On the other hand, there are a number of institutions, particularly in the CUNY and SUNY system, which have attained relatively high levels of compensation but which do not have an operation at the graduate level comparable to Cornell. In this study those 27 institutions, both public and private, which graduated the largest number of Ph.D.'s, were considered to be competitive with Cornell for faculty. Even this sample excludes some excellent institutions such as California Institute of Technology and the University of Rochester which are attractive institutions for faculty members. When it comes to the desires and aspirations of individual Cornell faculty members, almost any type of institution can be attractive. However, some limitation must be exercised and the 27 major universities is a compromise.

Tables I through IV present the relative standing of endowed and statutory Cornell faculty by rank with this sample of major universities.

An examination of the information in these tables indicates that comparisons are complex and it is not immediately obvious which institution has the most favorable compensation. Yale University is at the top of the list at the level of full professor but is in a relatively poor position in the lower ranks (11th at associate, 18th at the assistant, and 15th at the instructor level). Similarly Princeton University has relatively low positions in the more junior positions.

In general, those institutions that have the highest levels of compensation are conspicuous by their absence at the upper levels for assistant professors; Columbia is 21st, Harvard 6th, MIT 13th, Princeton 25th, and Yale 18th. These institutions probably compete for young faculty on such factors as prestige and status rather than compensation, and do so successfully.

Comparatively less prestigious institutions use higher

salaries as an incentive in hiring young professors, and therefore appear higher in the ranking. Unfortunately the question of recruiting new faculty at the assistant professor level depends more on starting than average salaries, and such information is not available.

The question of the relative attractiveness of the overall salary policy of an institution is complicated by the great variability for the different professorial ranks. The University of Chicago, while not at the top in any category, could be considered as having the best overall level of compensation. In Table V an attempt has been made to present an analysis of the competitiveness of the scales of compensation by weighing the various professorial ranks equally. It should be noted that the average compensation for the total faculty in an institution cannot be used for this purpose because it is too sensitive to the distribution of the various faculty ranks among different institutions. Even if an institution has a satisfactory overall salary policy it does not mean that it is competitive in all of its academic departments. When compared to their counterparts in other institutions, some departments will be in a better position than the average standing of the institution, while others will not be as competitive. Without detailed national information on compensation by department, it is difficult to assess this situation.

In addition to the competitiveness of the Cornell faculty salary level, there is the separate question of the economic status of the faculty. This factor is an indication of how well the profession has done in comparison with such economic indicators as the Consumer Price Index. Table VI presents information on trends in the average compensation for three faculty ranks. It should be emphasized that these averages are for the groups as a whole and are not applicable to continuing individuals, and are subject to the limitations previously discussed.

Figure 1 shows trends in the compensation of Cornell professors compared to the Consumer Price Index over time. It should be noted that the Consumer Price Index refers to family spending, while the income of the faculty is for individuals, not their families.

In addition to the question of the economic status of the faculty in terms of purchasing power of their income, there is also the question on a national level as to the status of the profession relative to other income groups. Professor Neil Brice has studied this question and has submitted a paper to the Cornell Chronicle for publication. The problem is complex since most economic indicators are very broad or apply to family incomes. Family income information including summer and non-Cornell related compensation, is not available for the Cornell faculty.

Table I

AVERAGE TOTAL COMPENSATION BY INSTITUTION (1) (000's)

Rank	Professors		% Change for Institution	Average Percent Change 1970-71
	1970 - 1971	1971 - 1972		
1	Yale \$28.5	Yale \$28.9	1.4%	Average
2	Harvard 27.2	Harvard 28.2	3.7%	Percent
3	Chicago 26.6	Chicago 27.5	3.4%	Change
4	MIT 25.9	MIT 26.8	3.5%	Top 10
5	Columbia 25.8	Northwestern 26.7	3.9%	Institutions
6	Northwestern 25.7	Stanford 26.4	5.6%	1970-71
7	Princeton 25.5	U. Penn. 26.3	6.0%	3.3%
8	Cornell (End.) 25.1	Columbia 26.2	1.6%	Average
9	Stanford 25.0	NYU 25.9	7.9%	Percent
10	U. Penn. 24.8	Princeton 25.8	1.2%	Change
11	NYU 24.0	Cornell (End.) 25.7	2.4%	All
12	Michigan 23.8	Purdue 25.0	4.4%	Insti-
13	Cornell (State) 23.5	Michigan 24.9	4.6%	tutions**
14	Purdue 23.5	Cornell (State) 24.1	2.6%	3.7%
15	*U. Calif. 23.3	Indiana 24.1	5.2%	Average
16	Indiana 22.9	Illinois 23.5	5.9%	Percent
17	Iowa U. 22.4	*U. California 23.5	0.9%	Change
18	U. Texas 22.4	Minnesota 23.1	3.6%	All
19	Minnesota 22.3	U. Texas 23.0	2.7%	Insti-
20	Illinois 22.2	Iowa U. 22.7	1.3%	tutions
21	Iowa State 21.6	Mich. St. 22.5	5.6%	3.7%
22	Mich. St. 21.3	*Wisconsin 22.4	29.5%	Average
23	Ohio State 21.0	So. Calif. 22.3	6.2%	Percent
24	So. Calif. 21.0	Ohio State 21.8	3.8%	Change
25	U. Washington 21.0	Penn. St. 21.4	9.2%	All
26	Penn State 19.6	Iowa State 21.2	-1.5%	Insti-
27	*Wisconsin 17.3	U. Wash. 21.1	0.5%	tutions

(1) Bulletin AAUP.

*Entire system.

**Excludes Wisconsin because of apparent error in the source data for this rank.

Table II

AVERAGE TOTAL COMPENSATION BY INSTITUTION (000's)

Rank	Associate Professors		% Change for Institution	Average Percent Change 1970-71
	1970 - 1971	1971 - 1972		
1	Cornell (State) \$19.1	Chicago \$19.2	3.8%	Average
2	Harvard 18.6	Harvard 19.1	2.7%	Percent
3	Chicago 18.5	U. Penn. 18.9	8.6%	Change
4	Stanford 17.9	Cornell (State) 18.7(1)	-2.1%	Top 10
5	Cornell (End.) 17.7	NYU 18.7	9.4%	Institutions
6	Northwestern 17.6	Stanford 18.7	4.3%	1970-71
7	Michigan 17.5	Michigan 18.4	5.1%	3.8%
8	Yale 17.4	Columbia 18.3	5.8%	Average
9	U. Penn. 17.4	Purdue 18.3	5.8%	Percent
10	Columbia 17.3	Cornell (End.) 18.2	2.8%	Change
11	Purdue 17.3	Yale 18.2	4.6%	All
12	NYU 17.1	Northwestern 18.0	2.3%	Insti-
13	MIT 17.1	Indiana 17.7	4.1%	tutions
14	Indiana 17.0	MIT 17.7	3.3%	3.7%
15	Iowa U. 16.8	Mich. St. 17.4	4.8%	Average
16	Iowa St. 16.7	Illinois 17.2	6.8%	Percent
17	Mich. St. 16.6	Iowa U. 17.2	2.4%	Change
18	Princeton 16.6	Minnesota 17.2	4.2%	All
19	Minnesota 16.5	Princeton 17.0	2.4%	Insti-
20	Illinois 16.1	So. Calif. 17.0	5.6%	tutions
21	So. Calif. 16.1	Penn. St. 16.5	10.0%	3.7%
22	*U. Calif. 15.9	Ohio St. 16.4	3.1%	Average
23	Ohio St. 15.9	Iowa St. 16.4	-1.8%	Percent
24	U. Texas 15.8	*Wisconsin 16.3	10.1%	Change
25	U. Wash. 15.1	U. Texas 16.1	1.9%	All
26	Penn. St. 15.0	*U. Calif. 15.8	-0.6%	Insti-
27	*Wisconsin 14.8	U. Wash. 15.2	0.7%	tutions

(1) Declined because of a large increase in numbers and changes in conforming fringes to AAUP convention.

* Entire System.

Table III

AVERAGE TOTAL COMPENSATION BY INSTITUTION (000's)

Rank	Assistant Professors		% Change for Institution	Average Percent Change 1970-71
	1970 - 1971	1971 - 1972		
1	Cornell (State) \$15.2	Cornell (State) \$15.3	0.7%	Average
2	Northwestern 14.6	Michigan 15.2	6.2%	Percent
3	Chicago 14.4	Chicago 15.2	5.6%	Change
4	Indiana 14.4	NYU 15.1	8.6%	Top 10
5	Michigan 14.4	Northwestern 15.1	3.4%	Institutions
6	Harvard 14.3	Harvard 15.0	4.9%	1970-71
7	Mich. St. 14.2	Indiana 14.8	2.8%	4.2%
8	Cornell (End.) 14.1	U. Penn. 14.8	11.3%	Average
9	Stanford 14.1	Stanford 14.7	4.3%	Percent
10	NYU 14.0	Mich. St. 14.6	2.8%	Change
11	Iowa U. 13.9	Purdue 14.4	5.0%	All
12	MIT 13.9	Cornell (End.) 14.2	2.6%	Insti-
13	Purdue 13.9	MIT 14.3	4.3%	tutions
14	So. Calif. 13.8	Iowa U. 14.2	2.2%	4.5%
15	Iowa St. 13.6	Minnesota 14.2	5.2%	Average
16	Minnesota 13.5	Illinois 14.1	7.6%	Percent
17	Columbia 13.3	So. Calif. 14.0	1.4%	Change
18	U. Penn. 13.3	Yale 13.9	5.3%	All
19	U. Texas 13.2	Iowa State 13.8	1.3%	Insti-
20	Yale 13.2	*Wisconsin 13.8	12.2%	tutions
21	Illinois 13.1	Columbia 13.7	3.0%	4.5%
22	Ohio St. 13.1	Ohio St. 13.7	4.6%	Average
23	Princeton 13.1	U. Texas 13.3	2.3%	Percent
24	*U. Calif. 12.8	Penn. St. 13.3	7.3%	Change
25	Penn. St. 12.4	Princeton 13.3	1.3%	All
26	U. Wash. 12.3	U. Wash. 12.8	4.1%	Insti-
27	*Wisconsin 12.3	*U. Calif. 12.8	0.0%	tutions

* Entire System

Table IV

AVERAGE TOTAL COMPENSATION BY INSTITUTION (000's)

Rank	Instructors		% Change for Institution	Average Percent Change Top 10 Institutions 1970-71			
	1970 - 1971	1971 - 1972 ⁽¹⁾					
1	Harvard	\$12.3	Mich. St.	\$12.2	4.3%	Average Percent Change Top 10 Institutions 1970-71	
2	Indiana	11.9	MIT	12.2	6.1%		
3	Chicago	11.7	Indiana	11.9	0.0%		
4	Mich. St.	11.7	Minnesota	11.9	5.3%		
5	MIT	11.5	Northwestern	11.7	4.5%		
6	Minnesota	11.3	Cornell(End.)	11.6	12.6%		
7	Northwestern	11.2	Cornell(State)	11.6	9.4%		
8	So. Calif.	11.2	U. Penn.	11.6	20.8%		3.2%
9	Michigan	11.0	*Wisconsin	11.6	13.7%		
10	Yale	10.8	Chicago	11.5	-1.7%		
11	Cornell(State)	10.6	Michigan	11.5	-1.7%	Average Percent Change All Institutions	
12	Illinois	10.6	So. Calif.	11.4	1.8%		
13	U. Texas	10.6	Illinois	11.2	5.7%		
14	Columbia	10.5	NYU	11.2	8.7%		
15	Iowa U.	10.4	Yale	11.2	3.7%		
16	Cornell(End.)	10.3	Iowa U.	11.1	6.7%		
17	NYU	10.3	Penn. St.	10.9	13.5%		
18	Iowa St.	10.2	U. Texas	10.7	0.9%		5.3%
19	*Wisconsin	10.2	Ohio St.	10.5	5.0%		
20	Ohio St.	10.0	Stanford	10.4	5.1%		
21	Stanford	9.9	Purdue	10.4	9.5%		
22	U. Wash.	9.8	U. Wash.	10.2	4.1%		
23	Penn. St.	9.6	Iowa St.	10.0	-2.0%		
24	Princeton	9.6	Columbia	9.9	-5.7%		
25	U. Penn.	9.6	Princeton	9.9	3.1%		
26	Purdue	9.5	*U. Calif.	9.1	3.4%		
27	*U. Calif.	8.8					

(1) Harvard not reported

*Entire System

Table V

RANKING OF UNIVERSITIES' COMBINED RANKS RANKS EQUALLY WEIGHTED⁽¹⁾

Rank	1970 - 1971				Rank	1971 - 1972					
	Prof.	Assoc.	Asst.	Total		Prof.	Assoc.	Asst.	Total		
1	Chicago	3	3	3	9	1	Chicago	3	1	3	7
2	Harvard	2	2	6	10	2	Harvard	2	2	6	10
3	Northwestern	6	6	2	14	3	U. Penn.	7	3	8	18
4	Cornell(State)	13	1	1	15	4	NYU	9	5	4	18
5	Cornell(End.)	8	5	8	21	5	Cornell(State)	14	4	1	19
6	Stanford	9	4	9	22	6	Stanford	6	6	9	21
7	Michigan	12	7	5	24	7	Northwestern	5	12	5	22
8	MIT	4	13	12	29	8	Michigan	13	7	2	22
9	Yale	1	8	20	29	9	Yale	1	11	18	30
10	Columbia	5	10	17	32	10	MIT	4	13	13	30
11	NYU	11	12	10	33	11	Purdue	12	9	11	32
12	Indiana	16	14	4	34	12	Cornell(End.)	11	10	12	33
13	U. Penn.	10	9	18	37	13	Indiana	15	14	7	36
14	Purdue	14	11	13	38	14	Columbia	8	8	21	37
15	Iowa U.	17	15	11	43	15	Mich. State	21	15	10	46
16	Mich. State	22	17	7	46	16	Illinois	16	16	16	48
17	Princeton	7	18	23	48	17	Minnesota	18	18	15	51
18	Iowa State	21	16	15	52	18	Iowa U.	20	17	14	51
19	Minnesota	19	19	16	54	19	Princeton	10	19	25	54
20	So. Calif.	24	21	14	59	20	So. Calif.	23	20	17	60
21	U. Calif.	15	22	24	61	21	Wisconsin	22	24	20	66
22	U. Texas	18	24	19	61	22	U. Texas	19	25	23	67
23	Illinois	20	20	21	61	23	Ohio State	24	22	22	68
24	Ohio State	23	23	22	68	24	Iowa State	26	23	19	68
25	U. Wash.	25	25	26	76	25	U. Calif.	17	26	27	70
26	Penn. State	26	26	25	77	26	Penn. State	25	21	24	70
27	Wisconsin	27	27	27	81	27	U. Wash.	27	27	26	80

(1) Instructors excluded because of differing practices of institutions in using advanced graduate students in this rank.

Table VI

TRENDS IN TOTAL COMPENSATION OF FULL-TIME ENDOWED⁽¹⁾ FACULTY

1961-62 to 1972-73

9 MONTHS

Year	Professors		Associate Professors		Assistant Professors	
	Average Compensation	Percent Increase	Average Compensation	Percent Increase	Average Compensation	Percent Increase
1961-62 ⁽²⁾	\$14,137		\$10,584		\$ 8,355	
1962-63	15,154	7.2%	11,082	4.7%	8,713	4.3%
1963-64	17,352	14.5%	12,326	11.2%	9,525	9.3%
1964-65	18,550	6.9%	13,160	6.8%	10,339	8.5%
1965-66	19,316	4.1%	13,909	5.7%	10,677	3.3%
1966-67	20,808	7.7%	14,527	4.4%	11,035	3.4%
1967-68	21,576	3.7%	14,786	1.8%	11,334	2.7%
1968-69	22,545	4.5%	15,730	6.4%	12,104	6.8%
1969-70	23,788	5.5%	16,708	6.2%	12,714	5.0%
1970-71	25,077	5.4%	17,763	6.3%	14,091	10.8%
1971-72	25,695	2.5%	18,245	2.7%	14,472	2.7%
1972-73 ⁽³⁾	26,871	4.6%	18,529	1.6%	14,706	1.6%
Change in Values Fall '62-'72	11,717	77.3%	7,447	67.2%	5,993	68.8%
10-Year Compound Growth		5.9%		5.3%		5.4%
Fall '67-'72	5,295	24.5%	3,743	25.3%	3,372	29.8%
5-Year Compound Growth		4.5%		4.6%		5.4%

Compound growth Consumer Price Index (1962-72) 3.3%, (1967-72) 4.6%.

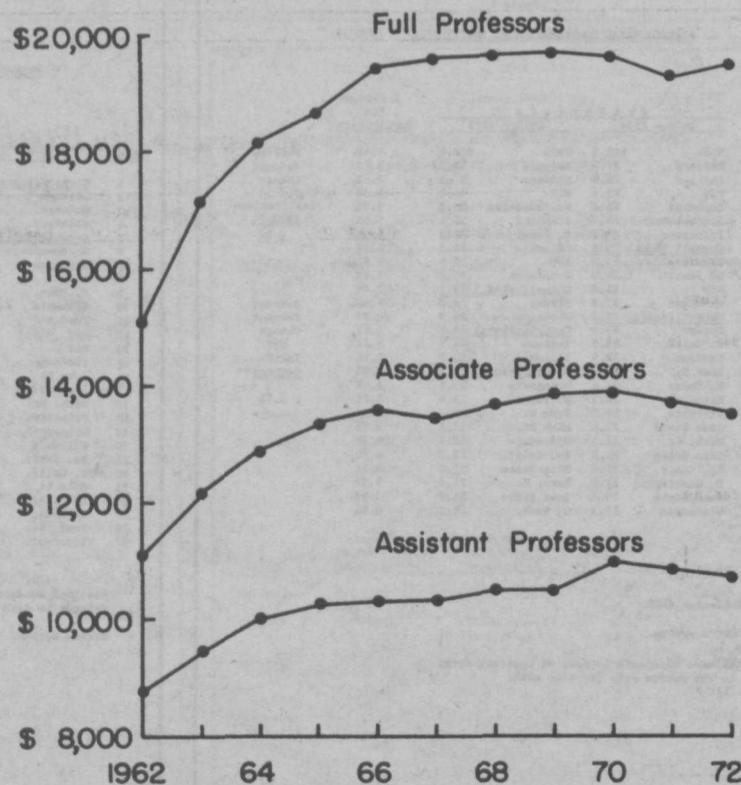
(1) Data was not available for the statutory faculty because of changes in reporting which resulted in noncomparability with time.

(2) 1961-62 through 1971-72 from AAUP Reports.

(3) From HEGIS Reports to New York State.

FIGURE I

Purchasing Power of the Compensation of Cornell Faculty Members 1962-63 to 1972-73 in 1962 dollars (deflated using Consumer Price Index)



Appendix C BACKGROUND INFORMATION ON THE EFFECT OF A STABLE FACULTY SIZE ON FACULTY TURNOVER

An important aspect of the consideration to stabilize the size of the faculty is the effect that such an action would have on the flexibility of the colleges and departments of the University in hiring new assistant professors, on the ability to adapt to new directions and on the ratio of tenured to non-tenured professors. Any policy that would result in a static faculty with little turnover and a small infusion of young people into the faculty ranks should not be tolerated when considering the future health and vigor of the institution.

This study was made to investigate the rate of faculty turnover in the past three years, during which the overall faculty size has been reasonably constant. Table I presents information on the number of new faculty

joining the staff and those vacating their positions over a 12-month period. Table II gives similar information over a three-year time span. (The information in Table I and Table II is not comparable because of the difference in the time interval involved.)

The effect of a faculty of constant size on the ratio of tenured to non-tenured faculty members is another important consideration. A study has been made of the effects of stabilization of the size of the Arts College Faculty at 440 members, either with tenure or on the tenure ladder, through 1980. Figure 1, curve A shows the effect of projecting the policies of 1960-1970 through 1980. Curve B shows what would happen to the tenure ratio if the promotion rate were to be slightly decreased and the length of time in a non-tenured position were to be increased from four to six years. The plots at the bottom of the figure show the number of new assistant professorships that would become available each year

under conditions A or B. Figure 2 illustrates the effect of increasing rates of promotion for assistant professors on the percentage of tenured faculty. Figure 3 illustrates the effect of decreasing years in non-tenure rank on the percentage of tenured faculty.

Another important factor for bringing new ideas and attitudes to campus is the large number of academic visitors who come to Cornell each year for extended periods. This information is shown by college in Table III. The results of this study indicate that even with a faculty of relatively constant size, there is still a significant turnover of staff; the number of new faculty members does not drop precipitously, and the effect on the tenure-ratio is a gradual process. However, these projections depend on forces external to Cornell such as the loss of tenured faculty to other institutions and the availability of funds for visitors. As a consequence the situation will have to be monitored closely.

TABLE I
Faculty Turnover by College

(12 Month Period, Dec. 1971-Nov. 1972)

	Faculty Size F 72 ⁽¹⁾	Total Faculty			Tenured Faculty					
		Additions	Subtractions	Net	Additions		Subtractions			Net
					Prom.	Appt.	Retir.	Resign.	Deceased	
Agriculture	430 ⁽²⁾	16	27	-11	6	3	11	0	4	-6
Architecture	58	6	2	+4	1	-	-	-	-	0
Arts	471	46	41	+5	11	5	6	6	2	+2
B & P A	33	1	4	-3	2	1	-	4	-	-1
Engineering	180	14	14	0	7	2	3	2	2	+2
Hotel	19	6	7	-1	-	-	2	-	1	-3
Human Ecology	118	9	11	-2	4	2	3	1	-	+2
ILR	56	2	1	+1	-	-	-	1	-	-1
Law	21	1	1	0	-	1	-	1	-	0
Vet. Med.	80	7	7	0	5	1	2	1	-	+3
		108	118	-10	36	15	27	16	9	-2

(1) Excludes Lecturers and Visitors; data from College Offices.

(2) Excludes Geneva.

TABLE II

New Faculty, Fall 1971⁽¹⁾

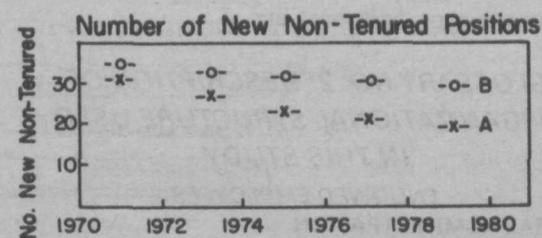
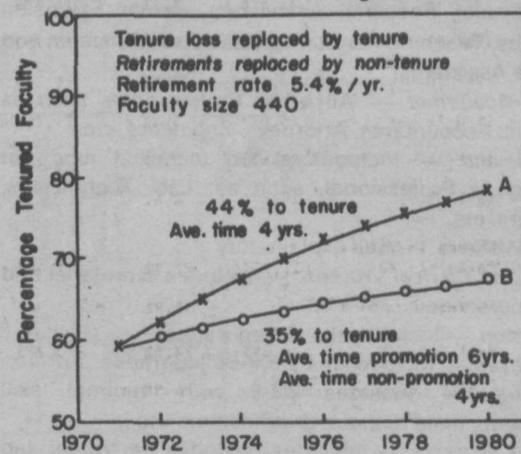
	1970		1971		1972	
	Professor & Associate ⁽²⁾	Assistant	Professor & Associate	Assistant	Professor & Associate	Assistant
Africana Studies	0	0	0	3	0	0
Agriculture	0	10	3	22	5	3
Biological Sciences	2	5	1	3	1	2
Architecture	0	4	0	6	0	5
Arts	9	36	7	25	9	32
B & P A	0	4	1	0	0	0
Engineering	4	14	4	2	1	13
Hotel			0	1	3	2
Human Ecology	2	8	2	7	3	3
ILR	0	1	1	1	2	0
Law	0	0	1	0	0	0
Veterinary	2	3	1	4	4	3
Totals	19	85	21	74	26	63

Data from Deans' Reports to Dean of the Faculty.

(1) Excludes Visitors, Adjunct and Geneva Appointments. (2) Includes Appointments Without Tenure.

Figure 1

Trends in Tenure - Non-Tenure Ratios
Arts College



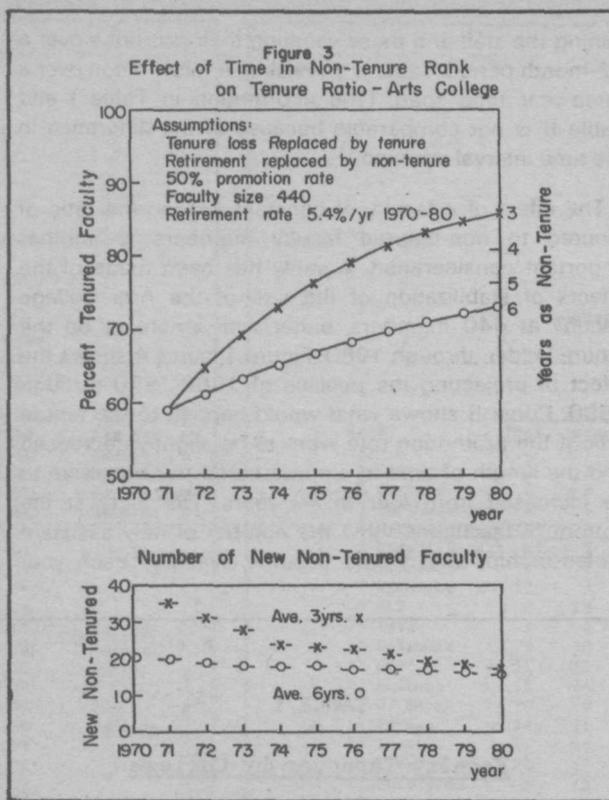
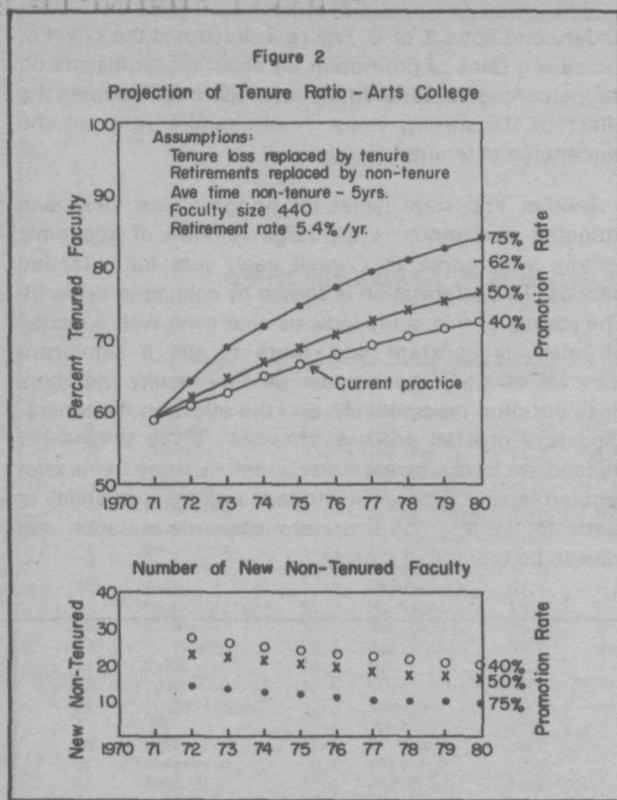


TABLE III
Number of New Appointments by Category and College (1)
(Dec. 1971-Nov. 1972)

	Visiting Fellows (2)	Visiting Faculty	Courtesy Appointment Faculty	Lecturer	Adjunct Faculty	Totals
Agriculture	15	5	7	6	3	36
Architecture	-	2	3	1	3	9
Arts	11	25	8	22	1	67
B & P A	-	4	-	2	-	6
Engineering	6	7	-	2	3	18
Hotel	-	-	-	2	-	2
Human Ecology	1	2	-	5	-	8
ILR	1	2	-	1 (3)	3	7
Law	-	4	-	-	-	4
Vet. Medicine	3	3	-	-	2	8
	37	54	18	41	15	165

(1) Excludes part-time and split appointments.
(2) Excludes Research Associates and Postdoctorals.
(3) Does not include a large number of Lecturers appointed for periods of one day to one month.

Appendix D
EMPLOYEE PROFILE

The following tables describe the number of people working at Cornell by the job categories specified by HEW for Affirmative Action reporting. (See Glossary No. 1.) The numbers were taken from the University's Payroll for the first week of February, 1973. Only "active" full and part-time employees were counted (i.e., only those who received a paycheck within two payperiod studies).

The study was divided into Endowed and Statutory. Individuals were identified with either division based on the source of salary funds. The left-hand columns of Table I to VI indicate the major administrative and academic units covered by the study. Glossary No. 2 describes the sub-units which report to the major administrative and academic units.

One should interpret the tables as providing an indication of individuals working within general organizational units. The "Endowed" and "Statutory" tables give a general indication of how many people are employed by each division and where they are located.

It should also be noted that the number of University employees varies throughout the year. The numbers shown are not average annual employment levels. Due to the "seasonal" nature of student and student-related employment it should be recognized that these levels (February 1973) represent employment at one of the peak points in the University's employment year.

support activities such as the Counsel's Office, Treasurer's Office, and Safety Division.

Provost's Office — The Provost's staff, plus personnel related offices and academic related units such as Africana Studies and Research Center, Office of Admissions, Society for the Humanities, University Libraries, University Press, Summer Session and Extramural Courses and other related units.

Vice President for Administration — The Vice President for Administration's staff, plus the following major units: Buildings and Properties, General Services, Controller's Office, Computer Services, Student Records and Finance, and Management Systems and Analysis.

Vice President for Campus Affairs — The Vice President for Campus Affairs' staff, plus the following major units: Dining Services, Physical Education and Athletics, Dean of Students' Office, University Unions, Campus Store, University Health Services, Career Center, Religious Affairs, International Students, Guidance and Testing Center, Reading-Study Center and Transportation.

Vice President for Planning — The Vice President for Planning's staff, plus the Planning Office, Department of Construction, and Cornell Plantations.

Vice President for Public Affairs — The Vice President for Public Affairs' staff, plus the following major units: University Development, Academic Funding, Alumni

Affairs, Public Information, Community Relations, Education Programs, Publications, and Regional Offices.
COLLEGES AND CENTERS

Colleges and Schools — The staffs, both academic and non-academic, of the various endowed colleges and schools.

Interdisciplinary Centers — The staffs of the interdisciplinary centers including: Center for International Studies, Center for Urban Development Research, Center for Environmental Quality Management, Water Resources and Marine Sciences Center, Center for Applied Mathematics, Center for Radiophysics and Space Research, and the Materials Science Center.

STATUTORY EMPLOYEES

Endowed employees whose primary work location is within a statutory unit.

Colleges and Schools — The staffs, both academic and non-academic, of the various statutory colleges and schools. The Experiment Station at Geneva is included with the data for the College of Agriculture and Life Sciences.

General Services — The statutory-funded support staff including: The Finance and Business Office, maintenance and similar services.

Endowed Units — Statutory employees whose primary work location is within an endowed unit.

GLOSSARY NO. 1: EXPLANATIONS
OF HEW JOB CATEGORIES

Apprentices and Interns — Not normally applicable for Cornell. Normally would include individuals in training programs for the trades.

Officials and Managers — Includes administrative deans, directors, managers, and supervisors.

Professionals —

Academic — Includes: Professors, Associate Professors, Assistant Professors, Instructors, Lecturers, Critics, Senior Research Associates, Senior Extension Associates, Teaching Assistants, Research Assistants and Graduate Assistants.

Non-Academic — All other Professionals such as Architects, Accountants, Attorneys, Engineers, etc.

Technicians — Includes skilled technical jobs not qualifying as Professional, such as: Lab. Technicians, Illustrators, etc.

Sales Workers — Self explanatory.

Office and Clerical Workers — Includes secretarial and support personnel.

Craftsmen — Includes the skilled trades.

Operatives — Includes the semi-skilled trades.

Laborers — Includes jobs with minimal skill requirements (field helpers, groundsmen, etc.).

Service Workers — Includes custodial personnel, lab assistants, security personnel, etc.

GLOSSARY NO. 2: DESCRIPTION OF
ORGANIZATIONAL STRUCTURE USED
IN THIS STUDY

ENDOWED EMPLOYEES

CENTRAL ADMINISTRATION

President's Office — President's staff, plus direct

Table I
EMPLOYEE PROFILE
ENDOWED COLLEGES
NON-STUDENT EMPLOYEES
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentice & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
CENTRAL ADMINISTRATION												
President's Office	0	16	7	1	0	32	0	0	0	0	72	128
Provost's Office	2	39	119	4	2	340	4	18	6	4	538	
V.P. for Administration	3	77	93	12	3	223	144	86	48	162	851	
V.P. for Campus Affairs	0	82	122	7	7	182	13	6	20	271	710	
V.P. for Planning	0	5	6	1	0	8	0	0	0	0	20	
V.P. for Public Affairs	0	37	12	0	0	83	0	2	0	0	134	
TOTAL CENTRAL ADMIN.	5	256	359	25	12	868	161	112	74	509	2381	
COLLEGES & CENTERS												
Arch, Art & Planning	0	1	59	3	0	18	0	0	2	0	84	
Arts & Sciences	0	37	522	146	94	1	164	43	5	5	31	1048
Engineering	0	11	182	48	35	0	74	21	3	1	1	376
Grad. Sch. of B&PA	0	2	34	3	0	0	27	1	1	0	0	68
Graduate School	0	1	1	1	16	0	0	0	1	0	0	20
Grad. Sch. of Nutrition	0	0	2	1	0	0	0	0	0	0	0	3
Hotel Administration	0	7	33	5	0	0	50	8	3	1	75	182
Law School	0	3	22	2	0	0	24	0	1	0	0	52
Interdisciplinary Centers	0	12	32	30	7	0	72	2	1	1	17	174
TOTAL COLLEGES & CENTERS	0	74	887	239	152	2	429	75	15	10	124	2007
STATUTORY UNITS*												
	0	2	2	6	1	0	12	1	1	0	2	27
TOTAL ENDOWED	5	332	940	553	178	14	1309	237	128	84	635	4415

*Employees with endowed job titles, but located in statutory units.

Table II
EMPLOYEE PROFILE
ENDOWED COLLEGES
STUDENTS
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentice & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
CENTRAL ADMINISTRATION												
President's Office	0	0	2	0	0	0	1	0	0	0	0	3
Provost's Office	0	1	3	0	0	1	81	0	0	6	16	108
V.P. for Administration	0	3	56	11	2	62	0	12	6	27	179**	
V.P. for Campus Affairs	0	24	30	4	7	71	2	1	300	172	611	
V.P. for Planning	0	1	0	1	0	0	0	0	0	1	3	
V.P. for Public Affairs	0	0	0	0	0	5	0	0	0	2	7	
TOTAL CENTRAL ADMIN.	0	29	91	16	10	220	2	13	313	217	911	
COLLEGES & CENTERS												
Arch, Art & Planning	0	2	33	0	1	1	4	0	6	3	2	52
Arts & Sciences	0	2	603	8	21	14	34	1	14	9	9	715
Engineering	0	1	296	16	12	3	6	0	0	1	1	336
Grad. Sch. of B&PA	0	0	14	3	1	0	8	0	1	0	0	27
Graduate School	0	0	1	1	1	0	0	0	0	0	0	3
Grad. Sch. of Nutrition	0	0	0	0	0	0	2	0	0	0	0	2
Hotel Administration	0	13	0	1	0	7	30	0	1	38	60	150
Law School	0	0	0	0	0	0	2	0	0	0	0	2
Interdisciplinary Centers	0	0	42	1	6	0	5	0	0	0	2	56
TOTAL COLLEGES & CENTERS	0	18	989	30	42	25	91	1	22	51	74	1343
STATUTORY UNITS*	0	0	12	2	1	0	8	0	1	5	6	35
TOTAL ENDOWED	0	47	1069	55	59	35	319	3	36	369	297	2298

*Employees with endowed job titles, but located in statutory units.
**Includes Work-Study Program participants paid through the Financial Aids Office, but who work throughout the University.

Table III
EMPLOYEE PROFILE
ENDOWED COLLEGES
ALL EMPLOYEES
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentice & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
CENTRAL ADMINISTRATION												
President's Office	0	16	9	1	0	33	0	0	0	0	72	131
Provost's Office	2	40	122	4	3	421	4	18	12	20	646	
V.P. for Administration	3	80	149	23	5	285	144	98	54	189	1030	
V.P. for Campus Affairs	0	106	152	11	14	253	15	7	320	443	1321	
V.P. for Planning	0	6	6	2	0	8	0	0	1	0	23	
V.P. for Public Affairs	0	37	12	0	0	88	0	2	0	2	141	
TOTAL CENTRAL ADMIN.	5	285	450	41	22	1088	163	125	387	726	3292	
COLLEGES & CENTERS												
Arch, Art & Planning	0	3	92	3	1	2	22	0	6	5	2	136
Arts & Sciences	0	39	1125	154	115	15	198	44	19	14	40	1763
Engineering	0	12	478	64	47	3	80	21	3	2	2	712
Grad. Sch. of B&PA	0	2	48	6	1	0	35	1	2	0	0	95
Graduate School	0	1	2	2	17	0	0	0	1	0	0	23
Grad. Sch. of Nutrition	0	0	2	1	0	0	2	0	0	0	0	5
Hotel Administration	0	20	33	6	0	7	80	8	4	39	135	332
Law School	0	3	22	2	0	0	26	0	1	0	0	54
Interdisciplinary Centers	0	12	74	31	13	0	77	2	1	1	19	230
TOTAL COLLEGES & CENTERS	0	92	1876	269	194	27	520	76	37	61	198	3350
STATUTORY UNITS*	0	2	14	8	2	0	20	1	2	5	8	62
TOTAL ENDOWED	5	379	2009	608	237	49	1628	240	164	453	932	6704

* Employees with endowed job titles, but located in statutory units.

Table IV
EMPLOYEE PROFILE
STATUTORY UNITS
NON-STUDENT EMPLOYEES
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentices & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
STATUTORY BUDGET UNITS												
N.Y.S. Col. of Ag. & Life Sci.*	0	53	461	188	387	0	421	16	13	128	74	1741
N.Y.S. Col. of Human Ecology	0	5	124	39	16	1	81	0	1	1	4	272
N.Y.S. Sch. of Ind. & Labor Rel.	0	4	68	38	1	0	105	0	0	0	2	218
N.Y.S. Veterinary College	0	10	92	45	133	0	73	4	2	23	35	417
General Services	0	15	1	10	3	0	61	14	15	15	132	266
TOTAL BUDGET UNITS	0	87	746	320	540	1	741	34	31	167	247	2914
CENTRAL ADMINISTRATION	0	11	4	6	2	0	8	0	0	3	3	37
ENDOWED COLLEGES**	0	2	32	15	13	0	14	3	0	0	8	87
INTERDISCIPLINARY CENTERS	0	0	1	0	3	0	0	0	0	0	0	4
TOTAL STATUTORY	0	100	783	341	558	1	763	37	31	170	258	3042

*Includes N.Y.S. Ag. Experiment Station in Geneva.
**Employees with statutory job titles but located in endowed units.

Table V
EMPLOYEE PROFILE
STATUTORY UNITS
STUDENTS
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentices & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
STATUTORY BUDGET UNITS												
N.Y.S. Col. of Ag. & Life Sci.*	0	0	432	7	37	3	40	1	0	108	16	644
N.Y.S. Col. of Human Ecology	0	0	100	2	6	0	7	0	2	18	6	141
N.Y.S. Sch. of Ind. & Labor Rel.	0	0	51	8	0	0	16	0	0	2	2	79
N.Y.S. Veterinary College	0	1	18	0	9	0	2	0	0	41	2	73
General Services	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET UNITS	0	1	601	17	52	3	65	1	2	169	26	937
CENTRAL ADMINISTRATION	0	0	3	0	1	0	7	1	1	12	1	26
ENDOWED COLLEGES**	0	0	23	0	4	0	1	0	0	2	0	30
INTERDISCIPLINARY CENTERS	0	0	0	0	0	0	0	0	0	2	0	2
TOTAL STATUTORY	0	1	627	17	57	3	73	2	3	185	27	995

*Includes N.Y.S. Ag. Experiment Station in Geneva.

**Employees with statutory job titles but located in endowed units.

Table VI
EMPLOYEE PROFILE
STATUTORY UNITS
ALL EMPLOYEES
AS OF FEBRUARY 1973

Cornell University Administrative and Collegiate Units	Apprentices & Interns	Officials & Managers	Professionals Academic	Professionals Non-Academic	Technicians	Sales Workers	Office & Clerical Workers	Craftsmen (skilled)	Operatives (semi-skilled)	Laborers (unskilled)	Service Workers	Total
STATUTORY BUDGET UNITS												
N.Y.S. Col. of Ag. & Life Sci.*	0	53	893	195	424	3	461	17	13	236	90	2385
N.Y.S. Col. of Human Ecology	0	5	224	41	22	1	88	0	3	19	10	413
N.Y.S. Sch. of Ind. & Labor Rel.	0	4	119	46	1	0	121	0	0	2	4	297
N.Y.S. Veterinary College	0	11	110	45	142	0	75	4	2	64	37	490
General Services	0	15	1	10	3	0	61	14	15	15	132	266
TOTAL BUDGET UNITS	0	88	1347	337	592	4	806	35	33	336	273	3851
CENTRAL ADMINISTRATION	0	11	7	6	3	0	15	1	1	15	4	63
ENDOWED COLLEGES**	0	2	55	15	17	0	15	3	0	2	8	117
INTERDISCIPLINARY CENTERS	0	0	1	0	3	0	0	0	0	2	0	6
TOTAL STATUTORY	0	101	1410	358	615	4	836	39	34	355	285	4037

*Includes N.Y.S. Ag. Experiment Station in Geneva.

**Employees with statutory job titles but located in endowed units.

Appendix E COURSE ENROLLMENTS IN FOUR ENDOWED COLLEGES, FALL 1971

The matter of enrollments in courses was raised by both the Long-Range Financial Planning Committee and the Senate Committee on Educational Innovation. The information on the distribution of course size presented in the Report of the Long-Range Financial Planning Committee raised a number of questions that could not be answered because of the limitations of the data. It was not known how many of the courses covered in the study were in the nature of informal study, thesis research, or non-credit seminars. Nor was it known what percentage were only offered occasionally or were devoted to unusual languages or were at the graduate level. The purpose of this study was to refine the information in order to answer some of these questions.

As in the previous study, the basic data was obtained from the grades recorded for each course for the Fall term 1971 in the master list at the Registrar's Office. In considering only grades reported, students who may have attended the course without registering or who discontinued the course during the term are not included. Courses which were scheduled but for which no grades were reported were not considered. The data does not

include subdivisions or recitation sections, and only the total enrollment for each course is considered. The study was limited to those colleges included in the study of the Long Range Financial Planning Committee.

In this study, course offerings noted in the announcements as informal study, practice teaching, thesis research, informal or departmental seminars, reading courses, were eliminated whether or not they were offered for credit. In general, only those courses were included which were assigned definite classroom hours and offered for a normal number of credit hours. It was not possible in all cases to make an unequivocal judgment as to the nature of the course. For this reason the Arts College Office was requested to make a similar analysis of enrollments in small courses for the same term. The data from this source is consistent with that in the study and is shown for comparison in Tables II through VII. The difference between the numbers in the study and those of the Arts College arise in classifying individual courses as to whether they are scheduled classroom courses or fall into categories such as informal study. The number of scheduled classroom courses considered in this study as well as the number of all courses offered are shown in Table I for the four colleges. The information in Tables II through VII shows the

distribution of course size by level and college. The course numbering system in the College of Engineering is different from that in the other units and was assigned by the following procedure: Basic Studies courses were considered as 100 level courses, undergraduate courses beyond the first year were listed as 200 level courses, courses that had substantial numbers of both graduate and undergraduate students were included as 400 level courses. Those courses with 90% or more graduate students were considered as 500 level courses. The tables show that of the 946 courses offered by the four colleges, 331 had ten or fewer students enrolled. Only one-half of these small courses were at the 500 or graduate level. It can also be seen in Table VII that most of these small courses were in the Arts College. In the four colleges there were 87 courses or 9% of the total that registered more than 100 students. There were 7 courses which reported grades for more than 400 students.

It is to be expected that some courses would necessarily be small. Those offering unusual languages or advanced courses in departments with small numbers of majors would be expected to have low enrollments. Information on the number of such courses is presented

in Table VIII. It can be seen that courses in unusual languages or in small departments account for 42% of the courses with enrollments of 1 or 2 students, and 29% of those with enrollments of 3 to 6 students.

Table IX presents information on the frequency with

which courses in the range of one to six students are offered.

It may well be that these small courses are essential to a viable academic program. The responsibility for the allocation of faculty time to the teaching effort lies with

the departments and colleges. However, they must be prepared to defend the necessity for offering such small courses, particularly those that are given every year, when requesting additional faculty for new departmental courses and programs.

TABLE I

Number of Scheduled Classroom Courses and Total Courses Offered, Fall 1971

	<u>Number Scheduled Classroom Courses</u>	<u>Total Courses</u>
Architecture	77	156
Arts*	625	734
Engineering	193	280
Hotel	52	60

*Excludes courses in the Division of Biological Sciences.

TABLE II

Number of 100 Level Courses by Enrollment - Fall 1971

<u>Enrollment</u>	<u>Architecture (14 Courses)</u>	<u>Arts (90 Courses)</u>	<u>Engineering (2 Courses*)</u>	<u>Hotel (16 Courses)</u>
1-2	2	8**		
3-6	3	6**		
7-10	1	6**		1
11-15	2	3		1
16-20	2	7		1
21-30	1	6		2
31-50	2	16		3
51-75		4		3
76-100	1	6		2
101-150		6		
151-200		8		2
201-300		8	1	
301-400		2	1	
401-500		1		1
501-700		1		
701-900		1		
901-1200		1		
1201-1500		1		
Total Enrollment	285	10,693	633	1,310
Average Size	20	120	316	82
Median Size	11	43	316	50

*Division Basic Studies Courses.

**Estimates of Arts College Office.

TABLE III

Number of 200 Level Courses by Enrollment - Fall 1971

<u>Enrollment</u>	<u>Architecture (2 Courses)</u>	<u>Arts (106 Courses)</u>	<u>Engineering* (47 Courses)</u>	<u>Hotel (10 Courses)</u>
1-2		8**		
3-6		12**	2	1
7-10		8**		1
11-15		11	4	1
16-20		4	4	
21-30		13	4	
31-50	2	9	9	2
51-75		15	4	1
76-100		5	7	2
101-150		10	7	1
151-200		6	3	1
201-300		1	3	
301-400		4		
Total Enrollment	84	6,460	3,730	655
Average Size	42	61	79	66
Median Size	42	28	50	50

*Essentially all undergraduate students beyond first year.

**Estimates from the Arts College Office.

TABLE IV

Number of 300 Level Courses by Enrollment - Fall 1971

<u>Enrollment</u>	<u>Architecture (20 Courses)</u>	<u>Arts (176 Courses)</u>	<u>Engineering*</u>	<u>Hotel (8 Courses)</u>
1-2	2	6**		
3-6	1	20**		
7-10	1	25**		1
11-15	2	29		
16-20	3	16		
21-30	3	30		1
31-50	3	29		2
51-75	3	13		2
76-100	1	6		2
101-150	1	5		
151-200		3		
201-300		1		
301-400		2		
401-500		1		
Total Enrollment	628 ug 14 g	6,298 ug 311 g		400 ug 1 g
Average Size	32	38		50
Median Size	21	23		50

*Not listed by 300 level course (see text).

**Estimates of Arts College Office.

TABLE V

Number of 400 Level Courses by Enrollment Increments - Fall 1971

Enrollment	Architecture (11 Courses)	Arts (123 Courses)	Engineering* (59 Courses)	Hotel (5 Courses)
1-2	1	15**	1	
3-6	2	30**	5	
7-10	2	23**	7	
11-15		21	15	
16-20	2	10	1	
21-30	1	13	12	
31-50	2	7	9	1
51-75		3	9	1
76-100	1	3		1
101-150		1		1
151-200				1
Total Enrollment	255 ug 17 g	1,553 ug 542 g	894 ug 548 g	490 ug 3 g
Average Course Size	25	17	24	98
Median Course Size	17	9	18	88

*Includes those Engineering Courses with mixed undergraduate and graduate students.

**Estimates of Arts College Office.

TABLE VI

Number of 500 Level Courses and Above by Enrollment - Fall 1971

Enrollment	Architecture (30 Courses)	Arts (130 Courses)	Engineering* (85 Courses)	Hotel (13 Courses)
1-2	1	11**	5	
3-6	3	46**	9	3
7-10	5	38**	22	1
11-15	10	17	16	
16-20	2	9	15	3
21-30	4	5	13	2
31-50	3	4	4	
51-75	1		1	
76-100	1			1
101-150				1
151-200				1
201-300				1
Total Enrollment	634	1,535	1,160	770
Average Class Size	21	12	14	59
Median Class Size	13	8	13	18

*500 and Above Courses considered as those greater than 80% graduate students.

**Estimates of Arts College Office.

TABLE VII

Number of Courses by Enrollment - Fall 1971

Enrollment	Architecture (77 Courses)	Arts (625 Courses)	Engineering (193 Courses)	Hotel (52 Courses)
1-2	6 8% (1)	45 7%	6 3%	
3-6	9 19%	98 23%	16 10%	4 8%
7-10	9 31%	105 40%	29 26%	4 15%
11-15	14 49%	81 53%	35 45%	2 19%
16-20	9	46	20	4 27%
21-30	9	67	29	5
31-50	12	65	22	8
51-75	4	35	14	7
76-100	4	20	7	8
101-150	1	22	7	3
151-200		17	3	5
201-300		10	4	1
301-400		8	1	
401-500		2		1
501-700		1		
701-900		1		
901-1200		1		
1201-1500		1		
Total Enrollment	1,917	27,262	6,965	3,629
Average Size	25	44	36	70
Median Size	14	14	18	47

(1) Percentages are cumulative.

TABLE VIII

Percentage of Low Enrollment Courses in Unusual Languages or Small Departments

Enrollment Range	Unusual Languages	Small Departments or Programs
0-2 Students	19/57 33%	5/57 9%
3-6 Students	18/127 14%	19/127 15%

TABLE IX

Percentage of Courses Offered in Both Fall 1971 and Fall 1972

Enrollment Range	Architecture	Arts	Engineering
1-2 Students	84%	67%	40%
3-6 Students	89%	64%	50%

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University's reported "operating deficit," however, is that it does not include all of the revenues of the University (or of the endowed colleges at Ithaca). Since it is only a statement of "current funds," it does not reflect changes in the University's endowment funds, in which its portfolio investments are held, or its plant funds, which reflect additions to land and buildings. The amount shown as "revenue" of the current fund includes most of the interest and dividends on the University's investments, as well as a portion of realized capital gains. However, it excludes (a) some of the interest and dividends, (b) most of the realized and all of the unrealized capital gains during the year, and (c) the value of the gifts invested in new facilities or added to the endowment. Of course, these receipts also add to the resources of the University, even though they are not an addition to the current funds. The task which the committee undertook was to determine how, and to what extent, these sources of additional income should be taken into account in determining the University's financial well-being.

Determination of Actual Operating Results

Our first step was to attempt to determine the unrecovered cost to the University of providing educational, research and related services — that is, the amount by which the cost of those services exceeded the revenues received from student fees, public appropriations, research contracts and other sources. To do this, we excluded from the University's current fund statement the gifts, investment income, and net transfers from the endowment funds that had been included in current fund revenues. Our reason for excluding these items, as currently determined, is that the amounts shown do not reflect the entire amount received by the University, but rather reflect policy decisions by the Board of Trustees as to what portion of a particular item should be credited to revenue and what portion should be added to capital funds.

For example, Trustee legislation, adopted in 1968 and reaffirmed in 1972, provides that in the case of unrestricted bequests under wills, the first \$10,000 is assigned to current income, while the remainder is assigned to the University Development Fund and other unrestricted endowment funds. In the case of gifts from living donors, small gifts are ordinarily credited to current revenue, while large gifts are allocated between current revenues and endowment in accordance with the recommendation of the President to the Board of Trustees.

During the ten-year period 1962-72, the University received only one completely unrestricted gift of more than \$200,000 — an anonymous

"challenge grant" of \$1,000,000 in 1969-70. In that case, the donor himself directed that the gift be credited to current revenues as part of the Cornell Fund. On the other hand, during the current year 1972-73, the University has received two unusually large unrestricted gifts — a completely unrestricted bequest of approximately \$7 million and a relatively unrestricted gift of \$2.7 million. If all but \$10,000 of the \$7 million bequest is added to the endowment funds pursuant to the Trustees' legislative decision, the effect is to make the University's "operating deficit" \$7 million larger than if the bequest had been credited to current revenues.

Without in any way questioning the judgment of the Trustees in making this type of allocation among funds, the committee does not believe that the reported "operating deficit" should be affected by their judgment as to the internal allocation of the funds. A \$7 million gift improves the University's financial position by \$7 million, no matter what the Trustees call it.

Similarly, the "operating deficit" in the past two years has been reduced by "transfers" to current funds from the "capital fund pool investments" (the portion of the endowment funds that the University may use to meet current expenses). In recent years, the Trustees have decided that current revenues each year should be credited with an amount equal to 8% of the average monthly value of those investments over the preceding five years. Since interest and dividends received on those investments currently amount to only about 3% of their value, an amount equal to about 5% is transferred to current revenues out of capital gains. While the Trustees may quite properly decide in this manner what portion of capital gains should be utilized to meet current expenses, the question whether the University is operating at a "deficit" should not depend on whether the Trustees decide to allocate 8% — or 10% or 6% — of the value of their investments to current operations in a particular year. The important question, as far as the University's financial condition is concerned, is the total change in the value of the University's portfolio during the year. (The figures in the tables that follow were supplied to us by the administration for the categories that we designated. The committee did not attempt to verify them against the University's certified financial statements; since the statements of the University's various "funds" do not utilize the same categories, there was no practicable way to do so.)

Eliminating (a) inter-fund transfers, (b) gifts, and (c) interest and dividend income from the reported income (or deficit) for the past ten years produces the following figures for unrecovered cost of educational and related services:

(Thousands of Dollars):

	Reported Income (Deficit)	Adjustments to Eliminate			Unrecovered Cost of Educational and Related Services
		Net Transfers	Gifts Applied to Current Fund	Interest and Dividends Applied to Current Fund	
1962-63	999		(6,832)	(5,144)	(10,977)
1963-64	1,016		(9,311)	(6,341)	(14,636)
1964-65	190		(15,566)	(6,903)	(22,279)
1965-66	143		(8,192)	(7,552)	(15,601)
1966-67	(477)		(9,179)	(8,216)	(17,872)
1967-68	(565)		(12,858)	(9,301)	(22,724)
1968-69	(1,759)	(1,552)	(10,714)	(9,494)	(23,519)
1969-70	(1,573)	(789)	(14,831)	(10,282)	(27,475)
1970-71	(1,174)	337	(16,185)	(10,268)	(27,290)
1971-72	(966)	(2,817)	(14,062)	(10,544)	(28,389)
TOTAL	(4,166)	(4,821)	(117,730)	(84,045)	(210,762)

The Overall Financial Picture

Starting with these unrecovered costs, which represent the University's net cash needs to conduct its operations, our next step was to add the sources of non-operating income received by the University — the total amount of (a) gifts, (b) interest and dividend income, and (c) increases in

the market value of the University's investments. The netting of these four amounts each year produces a figure which may be referred to as the "Change in the University's Overall Net Worth" for the year. The relationship of these figures for the past ten years is set forth in the following table.

(Thousands of Dollars)

	Unrecovered Cost of Educational and Related Services	Add			Change in Overall Net Worth
		Total Gifts Received	Interest and Dividend Income	Appreciation (Depreciation) of Market Value of Investments	
1962-63	(10,977)	16,663	6,677	10,806	23,169
1963-64	(14,636)	20,696	7,166	4,137	17,363
1964-65	(22,279)	29,795	7,404	6,530	21,450
1965-66	(15,601)	25,125	8,508	(33)	17,999
1966-67	(17,872)	23,195	9,111	10,149	24,583
1967-68	(22,724)	24,295	10,049	12,991	24,611
1968-69	(23,519)	20,919	10,341	(11,632)	(3,891)
1969-70	(27,475)	24,298	11,374	(39,702)	(31,505)
1970-71	(27,290)	25,551	11,491	49,540	59,292
1971-72	(28,389)	26,472	11,623	34,451	44,157
TOTAL	(210,762)	297,009	93,744	77,237	197,228

The figures shown in this table for interest and dividend income, appreciation or depreciation of portfolio investments, and change in overall net worth are clearly important to anyone charged with setting the University's financial policies. Yet, so far as the committee could determine, they do not appear anywhere in the University's financial statements.

Several important facts stand out from this table:

First, the unrecovered cost of educational and related services, which the University must make up out of gifts or investment income, or through dipping into its endowment funds, has increased steadily from about \$11 million in 1962-63 to over \$28 million in 1971-72. The rate of increase since 1970 has been held down, however, as a result of the University's action in increasing fees and reducing expenditures.

It is not appropriate, however, to describe this figure as a "deficit." A "deficit" implies a loss on an activity which is supposed to break even or earn a profit. A university is not expected to recover all of its educational expenses from related

receipts; part of the cost is expected to be met through gifts and investment income.

The question therefore is whether Cornell's gifts and investment income have been adequate to fill this gap in recent years. It is clear from the table that they have been. Income from gifts, interest and dividends over the past decade exceeded the unrecovered cost of educational and related services by \$120 million — showing a surplus of between \$8 and \$18 million every year. In other words, each year of the past decade, Cornell received in gifts, dividends and interest (before taking into account gains on its portfolio investment) at least \$8 million more than it required to meet the unrecovered cost of its educational program and related activities during that year.

These two sources of income also showed great stability. Interest and dividends, as might be expected, increased steadily from less than \$7 million to more than \$11 million, reflecting the steady increase in the size of the endowment funds. Gifts also

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showed remarkable stability, indicating that the University's fund raising efforts and the continuing generosity of donors have made this a reliable source of income.

In addition, net realized and unrealized gains on the University's portfolio investments have increased their value by \$77 million over the last ten years. Unlike gifts, dividends and interest, however, this is a very unstable and unpredictable source of gain, as shown by the substantial losses suffered between 1968 and 1970 as a result of the drop in the stock market.

The fifth column of the table shows that the University's over-all net worth increased by more than \$197 million during the ten-year period, increasing by at least \$17 million each year except during the stock market decline of 1968-70.

In evaluating these figures, it must be kept in mind that there is also a question of "availability" (or sufficient "liquidity") of the University's funds. Many of the gifts to Cornell are restricted, either as to the purpose for which they may be used or in the sense that only the income and not the principal, may be spent. It would therefore be theoretically possible for the University to have substantial total wealth and yet have inadequate liquid funds to pay current bills. This would happen if those obligations which could not be met out of any of the restricted funds exceeded the available unrestricted money.

However, so far as we have been able to determine, this is not the case at Cornell. The University's available funds have been exceeding its need for such funds by a reasonable margin and, in fact, in recent years the University has been able both to meet all its obligations and still increase this margin of liquidity. The University's

"capital fund," the portion of its endowment from which principal as well as income can be applied to current revenues, was created by transfers from other endowment funds in 1968 and 1971 totaling \$82 million. At June 30, 1972, the market value of the capital fund stood at \$108 million. In other words, during this period of reported "deficits," the University's liquidity, as measured by the value of investments available to meet current cash needs, actually improved by \$26 million as a result of gifts and capital appreciation. As President Corson recognized last week in his statement of goals, priorities and plans for Cornell in the seventies:

"Cornell's operations have a strong financial base in terms of its substantial capital resources. These resources are estimated at current market values of some \$230 million to support the endowed colleges at Ithaca. Most of this is either required to be held in perpetuity by the University as endowment, or restricted to specific purposes. However, approximately 37% of this amount is available to the endowed colleges in Ithaca in the form of unrestricted capital funds. With this reserve, what we have available is not limited exclusively to such current-fund income sources as tuition, investments and gifts."

Given the adequacy of the University's unrestricted money to meet its cash needs, the committee believes that changes in the University's overall net worth give a good measure of its financial health. Increases in net worth are available either (a) to augment the University's endowment funds or (b) to invest in additional land, buildings and equipment. The following table compares the increases in overall net worth over the past decade with the amounts devoted to those two purposes over the same period.

(Thousands of Dollars)

	Change in Overall Net Worth	Increase (Decrease) in Market Value of Endowment Funds	Additions to Buildings and Equipment
1962-63	23,169	25,937	12,634
1963-64	17,363	14,642	10,281
1964-65	21,450	17,638	7,484
1965-66	17,999	11,705	20,199
1966-67	24,583	14,579	29,849
1967-68	24,611	20,958	39,124
1968-69	(3,891)	116	22,156
1969-70	(31,505)	(33,932)	15,459
1970-71	59,292	52,937	18,356
1971-72	44,157	38,537	18,444
TOTAL	197,228	163,117	193,986

While the first column indicates an increase of \$197 million in the University's overall net worth over the decade, the sum of the second and third columns indicate that the market value of endowment funds, plus investment in fixed assets, actually increased by \$357 million over that period. In other words, the University apparently had available for investment in fixed assets \$160 million that was never recorded as having been received either as operating income, gifts, interest, dividends or capital gains.

Approximately 42 million of this amount represented additional borrowings from the State Dormitory Authority or from the University's own endowment funds, which did not affect the University's net worth since in each case it increased the University's liabilities or reduced other assets by the same amount as it increased the University's plant.

As far as the committee could determine, the remaining \$118 million came from two sources, although the administration informed us that it could not at this time determine from the University's financial statements how much was obtained from each source.

The first source was state and federal government appropriations for plant construction or acquisition which were not reflected as income in the statements of the University's current funds.

The second source was some part of



the \$64 million invested in equipment, library books and renovation of facilities over the decade, which was charged as current expense at the time it was incurred, but then added to the balance sheet as an asset at the end of the year. (Under business accounting practice, an item of this sort may be treated either as an expense or an asset, but not both.)

These facts would indicate that the University's overall net worth over the past decade (without allowing for any appreciation or depreciation of long-lived assets) increased by up to \$118 million, over and above the \$197 million shown in the table. In addition, to the extent that equipment, library books and renovation of facilities should be considered as assets rather than expenses, the "unrecovered cost of educational and related services" over the decade should be reduced by a portion of the \$64 million spent for those purposes.

In evaluating these figures, it must be kept in mind that the University's land and buildings are carried on its books at cost, without reflecting in its income statements and balance sheets either depreciation of buildings over their useful life, or increases in "value" resulting from higher replacement costs. In the absence of any currently available method of determining the appropriate amounts to be added to the income or expenses of particular years on account of these factors, the

committee has not attempted to evaluate their effect.

Determining the "Break Even" Point

These figures clearly do not describe a "deficit" operation. On the other hand, they do not mean that the University could prudently have spent on current operations all or a substantial part of the \$163 million by which its endowment funds grew during the decade. Wholly aside from legal restrictions on the use of particular gifts or other types of income, a certain amount of growth in the endowment funds is necessary simply to keep pace with inflationary growth in the cost of operating the University. If the University is to "break even," its endowment cannot remain at a constant dollar level. It must increase fast enough so that the income on it will continue to purchase the same amount of services and goods, after taking account of inflation.

Over the nine-year period from 1963-1972, the University's endowment funds increased at an annual compound rate of 7.1% when adjusted to reflect changes in the price level (as measured by the Commerce Department's implicit GNP price deflator) the endowment still grew over that period at an annual compound rate of 3.7%. The comparable growth figures for the five-year period 1967-72 were 6.3% and 1.8%. In other words, after all the demands on it to meet the needs of an unprecedented building program and to supplement operating revenues, the University's endowment has been increasing faster than the general level of prices. While individual items of University expenditures may have increased more rapidly than the general level of prices, there is at present no reliable index of Cornell's own costs against which the growth in endowment can be measured in purchasing power equivalents.

A Basis for Decision-Making

Of the funds which it has available each year, the University must decide how much should be invested in faculty salaries, how much in other goods and services, how much in buildings and equipment, and how much in stocks and bonds. Each of these is an investment in an asset which is expected to produce benefits for the University now and in future years. If the University permits the quality of its faculty, or its maintenance services, or its buildings and equipment to deteriorate, then it is operating at a "deficit" just as surely as if it dips into its endowment funds to support its other activities, and the long-term adverse consequences are just as clearly foreseeable.

Our purpose in conducting this study was not to make specific suggestions for reallocating the University's financial resources, but to ascertain whether the terms now being used, and the figures now being assembled and published, are helpful in reaching decisions on that sort of question.

Our general conclusion is that they are not. The published "operating deficit", as we have shown above, is an essentially meaningless figure which can be varied almost at will by policy determinations as to which "fund" should be debited or credited with a particular item. The financial statements prepared for the various "funds" are overlapping, inconsistent and almost impossible to analyze or reconcile with one another. No single

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statement is currently prepared which sets forth the information contained in the above tables and which would give the Board of Trustees, or any other policy-maker, a clear picture of the University's financial ebbs and flows.

As a starting point for systematic and informative financial reporting, the committee recommends that the University prepare and publish each year two basic operating statements to be used in evaluating its financial position — a statement of income and a statement of changes in net liquid assets. These statements could be in substantially the form set forth in the Appendix to this report.

SUMMARY

The "operating deficits" reported for the University as a whole, and for the endowed colleges at Ithaca, over the past four years, are not meaningful figures. Neither the University nor the endowed colleges have been operating at a "deficit," in any accepted economic sense, during that period.

During the past decade, the University's revenues from operations, together with its gifts, dividends and interest, exceeded the cost of its educational and related services by at least \$8 million every year. Adding in capital gains on its endowment funds, the University's overall net worth increased by about \$197 million over that period. Unreported revenues for plant construction provided an additional \$118 million. As a result, the University was able to invest \$197 million in buildings and equipment, while adding \$163 million to its endowment funds.

As a result of this unprecedented building program, the University more than doubled its total investment in physical facilities. The market value of its endowment more than doubled, increasing at a faster rate than the general "cost of living." Based on these measures, the committee concludes that, the University currently stands in a better financial position than it did either five or ten years ago.

Those charged with responsibility for allocating the University's resources must of course be concerned with the need to maintain an adequate level of investment in its faculty, its physical plant and services, and its endowment funds to prevent erosion or deterioration in any of these vital areas. If they are to make rational decisions as to the University's future course, however, they must have accurate and meaningful information about the overall resources available to satisfy them. As far as we can determine, that type of information is not now available, and a principal purpose of this report has been to suggest how such information can and should be prepared on a regular basis. Furthermore, considering the interest of the entire community in the quality and well-being of the University, it is important that such information be made available to the entire University community in clear and comprehensible terms.

APPENDIX

The following are suggested forms for the basic operating statements to be prepared and published each year for use in evaluating the University's financial condition:

Revenues from educational and related activities	\$XXXX	
Less: Expenses	\$XX	
Interest on Debt	XX	
Total Expenses	XXX	
Unrecovered cost of educational and related activities		(\$XXX)
Gifts		XXX
Endowment Income:		
Interest and dividends	\$XX	
Plus: Appreciation of Investments	XX	\$ XXX
Less: Expenses of administering endowment	XX	
Net endowment income		XXX
Change in overall net worth		XXXX

Sources:		
Net change in financial condition	\$XXX	
Increase in long term debt	XX	XXXX
Uses:		
Retirement of long term debt	\$XXX	
Expenditures on building and equipment	XXX	XXX
Increase (decrease) in net current assets and endowment funds		XXXX
Reconciliation:		
Increase (decrease) in net current assets		\$ XX
Increase (decrease) in endowment funds		XX
Increase (decrease) in net current assets and endowment funds		XXXX

The "unrecovered cost of educational and related services" would be a measure of the net financial cost of those functions of the university. The "net change in financial condition" would be a measure of total financial experience, including the administration's abilities at raising money and investing the endowment portfolio, but without giving effect to changes in value of long-lived assets or to price-level changes.

The statement of changes in net current assets and endowment funds is important since it shows the changes in the fund available to meet the University's current and future cash needs. A footnote to the figures for increase (decrease) in endowment funds should indicate the total amount of endowment fund principal which can be used to meet current expenses, as well as the net change in that amount during the year. This would indicate whether there was any cause for concern as to the University's ability to meet its current cash needs.

In evaluating the utility of these proposed statements, it is important to note that, since the University is essentially on a cash receipts and disbursements method of accounting, its statements still would not reflect the accruals and deferrals which would have to be made to produce the type of income statement used by most commercial enterprises. The principal difference is in the University's treatment of its long-lived assets (buildings and equipment).

Currently the "income statement" of Cornell shows no depreciation expense for the utilization of long-lived assets. However, an expense is shown each year for debt retirement (payments of principal and interest during the year on debt incurred to construct particular facilities).

The balance sheet of the plant fund of Cornell as of December 31, 1972 showed \$348 million of long-lived assets. As stated in the report these assets are presented "principally at cost." The comparable figure in 1962 was \$154 million and in 1967 \$235 million. Thus in the period from 1962 to 1972 Cornell invested \$194 million in long-lived assets. The \$348 million shown in the balance sheet is the acquisition cost. If the assets had been depreciated in accordance with business accounting practice, the amount shown on the balance sheet would have been greatly reduced, with corresponding charges to income each year. However, if the assets were adjusted for changes in the price level, or were recorded at replacement cost (that is, at the cost of supplying the same administrative, educational, or living services) the value might be far above \$348 million.

The costs of the current long-lived assets are "sunk costs" and thus not in any sense relevant to current decisions. Their value to the University lies not in their cost, but in their ability to generate funds in the future, or in the fact that their counterparts do not have to be constructed in the future. One important question in assessing the financial health of Cornell is the amount of long-lived assets that will have to be purchased in future years. Even though some or most of these costs will be financed by gifts, they do represent cash needs of the future that will have to be met. While not, in the accounting sense, an "expense" of the period in which they are acquired, long-lived assets do represent a

commitment of liquid resources to specialized needs.

For the period 1972-78 the administration is tentatively considering investments of approximately \$40 million in long-lived assets. However, only about \$10 million of these projects are "highest priority," that is, they will be done with the funds in hand or special efforts will be made to obtain outside funding. These projections would indicate a substantially lower level of investment in long-lived assets than the University maintained during the past decade and, accordingly, should represent less of a drain on available funds.

When the University borrows the money to acquire a building, the payments required to retire the debt are another commitment of cash resources that is not, in accounting terms, an "expense" of the period in which they are paid. Thus, in considering the University's ability to meet its financial obligations as they come due, attention must also be given to the payments to be made in future years to repay debt incurred to construct existing buildings. These payments, which have been running at a rate of approximately \$3 1/2 million a year, will continue to run at that rate for the next 23 years. To this amount must be added the debt service on any future debt incurred to finance additional construction.

Another area in which the University operates on a cash, rather than accrual, basis is in respect to pensions for non-academic employees. At present, the University records as an "expense" the approximately \$600 thousand a year which it is paying to already-retired employees. It does not record as an expense the pension rights which are currently accruing to present employees and which the University will be called upon to pay to them when they retire. However, the administration is now recommending that these potential future liabilities be treated as expenses at the time they are earned. This would result in showing approximately \$600 thousand per year of additional "expense" in the next few years (or approximately \$1.2 million if the University decides to record an additional "expense" to "provide for the back service credits of employees still on the payroll"). While the reporting of future pension costs as expenses at the time they are earned is the approach generally followed in business accounting, it is not generally considered appropriate to treat these as expenses in addition to the expense of pensions currently being paid. In any event it must be kept in mind that the administration's internal decision to record these extra "expenses" does not reflect any actual increase in the University's contractual obligations.

In the absence of any currently accepted systematic method of allocating the cost of the University's long-lived depreciable assets to specific years, the committee believes that the best method of determining whether the University's financial condition is improving, deteriorating or remaining constant is to match its cash needs against the sources of income available to meet them, as is done in the foregoing tables and statements.

Respectfully submitted, Harold Bierman, Jr., Professor of Business Administration; Paul Olum, Professor of Mathematics; Tom E. Davis, Professor of Economics; David L. Ratner, Professor of Law, Chairman.

The Senate Page

The Senate Page is the official bulletin of the Cornell University Senate. Publication is supervised by Michael E. Fisher, secretary of the Senate, 133 Day Hall, 256-3715.

Next Senate Meeting: Tuesday, Sept. 11, Kaufmann Auditorium, 7:30 p.m.

The Administration's Response to Senate Actions

At the Senate Meeting on Tuesday, 10 April 1973, Vice President William D. Gurowitz presented his second annual report to the Senate on the responses of the Board of Trustees, of President Corson, and of various Departments of the University to twenty-two past actions of the Senate. Both legislative and recommendatory bills were covered. The report gave a vivid impression of the effectiveness of the past Senates. Some of the highlights reported by Vice President Gurowitz were:

RECYCLING OF MATERIALS

The Division of Campus Life Material Recycling Act (SA-109 (B-140a)) required the Division of Campus Life to recycle and to use recycleable materials when at all feasible.

This is a continuing program operating in the dormitories. It is evaluated on a yearly basis. The first year's operation was successful in making students aware of recycling efforts. During the period from September, 1972 to December, 1972, approximately 25 tons of paper were recycled. During this same period, Challenge Industries collected three tons of glass. Besides the paper and glass recycling, aluminum and steel cans have also been added to the list of recycleable materials.

Cornell University Material Recycling Act (SA-175 (C-114b)) recommended that it become University policy to recycle, when feasible, reusable materials.

Presently, there is a pilot project for paper recycling operating in about 30 departments and buildings in the University. It is recycling approximately 1 1/2 tons of paper every week. A report from the Administration to the Senate is due on June 13, 1973.

DAY CARE CENTERS

The Resolution on Day Care Centers (SA-86 (B-93 rev.)) recommended to President Corson that a committee be appointed to review the need for day care programs and facilities and to develop specific proposals for the establishment of day care services by Cornell.

The Executive Committee of the Board of Trustees approved an appropriation of \$15,000 to finance Cornell's participation with the Tompkins County Day Care Council. The money is funding a one year appointment of a director who will work with the Department of Human Ecology and the Tompkins County Day Care Council. Ms. Maria Emons was named the Project Director. A task force representative of the University and the community has been appointed to work with Ms. Emons.

REDUCED FEES FOR EMPLOYEES

The Resolution to Extend Educational Opportunities for Employees (SA-117 (B-168a)) recommended a reduction of tuition from the present \$70 per credit hour to \$10 per credit hour for regular full-time employees taking non-job related courses.

DEFERRED TUITION PLANS

The Actions (SA-171 (C-124) and SA-133 (C-15)) recommended that Cornell establish a supplementary, long-term student loan program with repayments dependent on the student's income, and pooled between students completing their studies simultaneously. In line with this, the Senate recommended that the "Smith Plan", as developed by Professor Robert Smith for the Provost, be adopted as a part of the University Financial Aid Program.

The University will start a special pilot program of loans with graduated repayment schedules and provision for deferment if the repayment exceeds 6 per cent of the borrower's pre-tax income. Future University loans will be insured under the Federal Insured Student Loan Program. In addition, the University will benefit from interest subsidies provided by government on behalf of students whose loans are required to meet approved educational costs.

STUDENT APARTMENT HOUSING

The Establishment of University Apartments Bill (SA-159 (C-88a)) legislated a study on the establishment of new university single student apartment housing to be operating on a self-supporting basis.

A progress report has been turned into the Senate Subcommittee on Student Housing calling for the construction of 125 University owned apartment units, housing 500 students. The report was discussed at the B & P Committee of the Board of Trustees at their March meeting. A feasibility study is now being conducted by the Planning department.

UNIVERSITY INVESTMENTS — SOCIAL AND ETHICAL RESPONSIBILITIES

The Southern African Investments Bill (SA-48) and its reaffirmation (SA-137) recommended that the Treasurer of Cornell University request information from corporations who were major investors in Southern Africa in which Cornell owned stock. The companies were Gulf Oil Corporation,

Senate Calendar

- Thursday, May 3 - Admissions and Financial Aids Subcommittee, 3:30 p.m., Senate Office.
- Committee on Academics, 1 p.m., Senate Office.
- Friday, May 4 - Planning Review Committee, noon-2 p.m., Senate Office.
- Monday, May 7 - Religious Affairs Subcommittee, 7:30 p.m., Blu Room, Anabel Taylor.
- Tuesday, May 8 - Calendar Committee, noon, Senate Office.
- Wednesday, May 9 - Nominations and Elections Committee, 4 p.m., Senate Office.

General Motors, Ford Motor Corporation, First National City Bank of New York, Texaco and Mobil Corporations.

The Treasurer wrote to the companies; all replies were turned over to the Speaker of the Senate. Also, it should be noted that the University is a founding participant in a new organization called the Investor Responsibility Research Center (IRRC). It is designed to assist investors in carrying out their social and ethical responsibilities as share holders. It is a non-profit corporation based in Washington, D.C. and has as its primary function the provision of analyses concerning corporate social responsibility issues.

Input from the IRRC is being turned over to the joint Senate-Trustee Advisory Committee on Investments, which makes recommendations to the Investment Committee of the Board of Trustees in the area of social responsibility.

David Danelski Named To Ombudsman Post

The University Senate Tuesday approved University President Dale R. Corson's appointment of David J. Danelski as University Ombudsman, effective July 1.

Danelski, professor of government in the College of Arts and Sciences at Cornell, was recommended by an Ombudsman Search Committee chaired by Walter F. LaFeber, Marie Underhill Noll Professor of American History at Cornell, and approved by Corson and the Senate. This procedure is in accord with "Guidelines for the Office of University Ombudsman" passed in May, 1971 by the Senate.

Danelski succeeds Byron Yaffe, the present University Ombudsman and assistant professor of industrial and labor relations in the New York State School of Industrial and Labor Relations, who announced in March his decision to turn his full attention to his academic responsibilities when he completes a two-year term in office this June.

Commenting on Danelski's appointment, Corson said, "I am

grateful to Professor Danelski for being willing to undertake this responsibility. He has the important qualities of fairness and a desire for justice that are essential to the position. His experience with our American judicial system and with the laws protecting the civil liberties of all of us as individuals will be an invaluable asset.

"I am also impressed with his desire to sort out some of the problems and inequities that beset us both as an institution and as a community devoted to scholarship and learning. We must work to improve ourselves in this area, and Professor Danelski's commitment as our Ombudsman will be an important step."

Danelski came to Cornell in 1970 from Yale University where he was director of graduate studies in political science.

Published in several journals, Danelski is author of the book, "A Supreme Court Justice is Appointed" and is co-editor of "Comparative Judicial Behavior; Cross-Cultural Studies of Political Decision-making in East and West."

RESEARCH PARK AND COURIER SERVICE SCHEDULE

Effective April 30, 1973

Monday - Friday

- 8:15 a.m. Leave Bldg. #1, B lot with passengers to Langmuir Lab.
- 8:40 a.m. Leave Langmuir via Sapsucker Woods Rd. to Day Hall, B & P, Upson, Warren, Clark and Uris Hall.
- 10:00 a.m. Leave Day Hall via Dairy Bar to Langmuir Lab.
- 10:25 a.m. Leave Langmuir via Sapsucker Woods Rd. to Day Hall.
- 10:50 a.m. Leave Day Hall to Riley Robb, Dairy Bar and Langmuir Lab.
- 11:20 a.m. Leave Langmuir via Sapsucker Woods Rd. to Upson, Warren, Clark and then to bus garage.
- 1:05 p.m. B & P (on special call).
- 1:20 p.m. Leave Day Hall via Dairy Bar to Langmuir Lab.
- 1:50 p.m. Leave Langmuir via Sapsucker Woods Rd. to Riley Robb and Day Hall.
- 2:20 p.m. Leave Day Hall via Dairy Bar to Langmuir.
- 2:50 p.m. Leave Langmuir via Sapsucker Woods Rd. to Upson, Warren, Clark, Uris Hall and Day Hall.
- 4:05 p.m. Leave Day Hall to B & P, Dairy Bar and Langmuir Lab.
- 4:35 p.m. Leave Langmuir via Sapsucker Woods Rd. to B lot to discharge passengers.

NOTE: ALL PASSENGER PICKUPS AT LANGMUIR AT THE BACK DOOR.
DAY HALL AND DAIRY BAR ARE PASSENGER PICKUPS ON CAMPUS FOR LANGMUIR LAB, ORNITHOLOGY LAB, BEE LAB AND LEDDELL LAB.
RADIATION BIOLOGY FIELD LAB WILL BE BY SPECIAL REQUEST BEGINNING WITH THE 10:00 A.M. RUN FROM DAY HALL.

Current Legislative Log

(Complete texts of all University Senate actions are available in the Senate Office, 133 Day Hall.)

BILL NO.	DATE SUB.	TITLE	SPONSOR	COMMITTEE REFERRED TO
D-61	4/17/73	COMMUNITY STAFFING OF NON-FACULTY POSITIONS [This bill would provide procedure for community staffing of non-faculty seats on the Faculty Council of Representatives and Faculty committees.]	Laurie D. Zelon	Academics
D-62	4/19/73	ELECTION DATES ACT OF 1973 [This bill sets election dates for the Freshman and General elections of 1973-1974.]	Nominations & Elections Comm.	Executive Comm.
D-63	4/25/73	AN ACT TO REQUIRE THE DISCLOSURE OF THE DEPARTMENT OF HEALTH EDUCATION AND WELFARE'S REPORT ON DISCRIMINATION AT CORNELL [This bill would require the administration to disclose the report from the Department of Health Education and Welfare, thus allowing the Cornell Community to see the document before the LONG SUMMER RECESS, (and before the due-date for Cornell's response.)]	Trustees: Levy, Danowitz, Platt Senator: MacKay	Executive Committee

President Corson Discusses Fiscal Management Policy

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changed to meet changing financial pressures, the following represent our general experience.

Growth of Liquid Assets. During the past decade the growth in liquid assets has amounted to some \$65 million, representing primarily an increase in what is now known as the Capital Fund. Of this growth, some \$19 million represents additions to this unrestricted (as to use of principal) fund and \$46 million represents market appreciation of spendable funds.

Allocation of Unrestricted Gifts. Unrestricted gifts have been allocated according to the policy outlined above. For example, the \$7 million Baldrige bequest was capitalized for the production of income (i.e., placed in the Capital Fund). So also was the major portion of the \$2.7 million anonymous gift at the end of the calendar year.

Allocation of Restricted Gifts. A gift or bequest which is restricted by the donor for endowment purposes is placed directly in the Endowment Fund and is shown in the annual Financial Report as a Gift Received for Endowment. Such gifts totalled some \$63 million during the decade. Gifts received for Plant purposes (i.e., to build new or renovated facilities or to buy new equipment or furnishings) are shown in the Financial Report as Additions to Plant Funds. Over the decade the total of such gifts received was some \$25 million. There were some \$4 million of other restricted gifts or bequests during the decade. The \$63 million, the \$25 million and the \$4 million constitute a total restricted gift income of some \$92 million during the decade. In addition, the true endowment funds appreciated in market value by some \$30 million, making a total increase of some \$122 million in restricted funds which were not available (by the terms of the gift or bequest) for supporting operating costs. In addition to the \$122 million increase in restricted funds there was restricted investment income (restricted to plant purposes, etc.) of some \$10 million, for a total of \$132 million increase in funds for restricted purposes.

Increase in Net Worth. The total increase in net worth over the decade consists of the \$65 million increase in "liquidity" and the \$132 million increase in restricted funds unavailable for operating purposes, for a total of \$197 million.

In addition to this total, there are three other items which can be included in a statement of net worth depending on how one elects to treat certain expenditures from an accounting point of view. During the decade we received State appropriations of \$26 million and Federal funds of \$35 million for plant purposes. Title to buildings constructed with State dollars resides with the State, so it is debatable whether we should add such totals to Cornell's statement of net worth. Similar considerations apply to the Federally-supported plant assets. A third category includes long-lived assets such as books, equipment and furniture which were purchased with current funds but were "capitalized" as assets with a total of \$57 million for the decade. Adding these three items totalling \$118 million brings the increase in net worth to \$315 million.

We also borrowed \$42 million during the decade which increased the assets available to us by \$42 million, but since it increased our debt equally, it did not change the net worth.

PRUDENCE

Management of the University's financial resources involves judgment concerning how best to support the current on-going program and at the same time provide for growth in the endowment, both restricted and unrestricted, so that the University's program in future years can be adequately supported. As pointed out above, the portion of the annual operating expense supported by investment income is slowly decreasing.

To provide operating funds to maintain our program we have invaded our capital funds, through the "total return" concept and through direct appropriation of unrestricted capital funds for

a total of approximately \$18 million during the decade. Some would argue that such use of capital funds is imprudent and jeopardizes the future, but we considered it essential to maintain salaries, to hold down an already excessive rate of increase in tuition and to meet other pressing needs. The use of these capital funds means the loss of approximately \$1.25 million of investment income every year from now on. Whether that money will be more desperately needed during the next decade than was the \$18 million during the past few years is a question only time can answer.

The use of some portion of our capital gains to maximize "total return" on those capital funds not required to be held in perpetuity as endowments is consistent with recommendations advanced in 1969 by a Ford Foundation Advisory Committee. The "total return" approach is sound and has permitted greater flexibility in selecting specific investments. However, recent fluctuations in the stock market underline the need for a cautious, responsible approach. The Ford Foundation Committee in its report "Managing Education Endowments," stated:

"There is no way we can find to predict the total return of any portfolio with sufficient accuracy to warrant dedicating to current operations any major part of the appreciation. The uncertainties of the future are too great and the obligations of college and university trustees to generations ahead are too grave to justify any substantial intrusion on the accumulation of capital gains. Even if continuing inflation could be counted on to produce a large and more consistent capital gains in the future, we would argue that those very gains in most part should be retained to provide an expanding capital base to keep up with rising costs."

THE DEFICIT

I have already defined "deficit" to mean the difference between the year's operating expenses and the revenues made available for operations. Thus the stated deficit depends on Trustee decisions on whether or not unrestricted gifts are made available for operations. If the \$7 million bequest had been applied to current operational expenses, all deficits could have been eliminated, but we would have passed up the opportunity to increase our annual investment income by some \$500,000 for the indefinite future. In view of our slowly eroding investment income support, the prudent course was to capitalize the \$7 million for the production of income. While the "deficit" is arbitrary in the sense I have outlined, it is a good measure of "how we are doing," based on the judgment of the Administration and the Trustees.

FINANCIAL REPORTING

Cornell's annual Financial Report is a complex, and often confusing, document. While it is prepared according to accepted accounting practice, and while we have always had a unqualified certificate of approval by our outside accountants, Haskins and Sells, information one needs is sometimes not readily available. The Ratner Committee, for example, had difficulty getting various numbers in the form they needed for their analysis. Our system of reporting will continue to reflect as precisely as possible a complex financial operation and hopefully we can find improved forms for making the information available.

CONCLUSION

Cornell University is a non-profit corporation dedicated to an educational mission which it seeks to support with all the resources available to it. The President and the Board of Trustees must maintain a balance in the support of current operations on the one hand and investment in the future on the other. This is a continuing matter of judgment which must be made under conditions of substantial uncertainty. Any discussion or debate which can help make these judgments more wisely is welcomed.

Bulletin Board

Arts Festival to Begin Tomorrow

A giant show-and-tell will be one of the highlights of this year's nine-day Spring Arts Festival at Cornell, which starts tomorrow. Anyone who wishes will have the opportunity to project their slide pictures on an outdoor screen 24 by 12 feet to be erected on the Arts Quad.

Starting at 9 p.m. next Thursday, slide show enthusiasts will be able to project their favorite slides on the giant screen for their own entertainment. Showing will be on a first come, first served basis.

Some 100 students, mostly from the College of Arts and Sciences and the College of Architecture, Art and Planning, have been preparing for the festival, which will run from tomorrow through Saturday, May 12. It will be the longest and most varied arts festival in memory at Cornell.

The public is invited to attend the events which will take place in the afternoon and evening during the nine days of the festival. Detailed listings of the events and the various times they can be seen will be announced on posters around the campus and distributed throughout the community.

Personnel Office to Give Courses

The Office of University Personnel Services will offer two courses this spring for improvement of employe skills titled "High School Equivalency Test Preparation" and "Improved Telephone Techniques."

An hour long telephone techniques session will take place May 10 starting at 10:30 a.m. in Bache Auditorium, Malott Hall. The program is directed toward anyone who uses the phone in the course of work, executives and non-executives alike.

The High School Equivalency Course is designed to assist Cornell employes in obtaining high school diplomas. Employes who attend the classes will receive their regular salaries and will not be expected to make up time spent in class. They will be expected to do assignments and take the test on their own time. Beginning June 5, classes will meet two hours per day, two days a week.

For further information or to enroll in either of these self-development courses, call Virginia Rinker, Training and Development Section, Office of University Personnel Services — 256-5226.

Saturday Is 'Geology Day'

The faculty and students of the Department of Geological Sciences are inviting the public to an open house, "Geology Day," in Kimball Hall on Saturday from 11 a.m. to 3 p.m.

Visitors can examine displays of rocks, minerals and fossils. Two color films, "The Trembling Earth" (29 minutes) and "Kilauea Erupts" (11 minutes) will be continuously shown in Kimball, room B-11, during the open house.

Students will cut visitors' reasonably sized rock specimens on a diamond saw and identify them. A prize will be awarded to the visitor who correctly guesses the source of a special New York State rock specimen.

Operation of a portable field seismograph will be demonstrated at frequent intervals, and the operation of the large seismograph will be explained.

Arts College Class of '73 Profile

Seniors in the College of Arts and Sciences are requested to fill out a brief questionnaire on their postgraduate plans. The questionnaire is available at the Career Center or 137 Goldwin Smith. The results of the survey will be mailed to those interested.

Symposium on Developing Nations Set

American industrialists, government officials and professors will meet with representatives from international organizations and developing countries in Asia, Latin America, Africa and the Near East in a four-day symposium at Cornell University, May 7 to 10.

The 30 participants will consider how United States talents and institutional capabilities can be matched to the requirements of developing countries in key areas of policy development for science and technology.

This symposium on U.S. Bilateral Aid Strategies and Programs in Selected Areas of Science and Technology is sponsored by Cornell's Program on Policies for Science and Technology in Developing Nations, under special agreement with the Agency for International Development (AID). Franklin A. Long, the Henry R. Luce Professor of Science and Society at Cornell, will preside.

Parking on Campus at End of May

The Cornell campus will be open for parking for five days near the end of May due to the opening of the Johnson Museum of Art and Commencement exercises.

Parking restrictions, except for no parking zones, will be lifted from Wednesday, May 23 through Sunday, May 27. Restrictions will resume at 7 a.m. Monday, May 28.

All no parking zones will be in effect 24 hours a day as usual and summonses will be issued for violations in these areas, according to Lance W. Haus, director of the Office of Transportation.

Calendar

May 3-9

Thursday, May 3

12:15 p.m. Sea Grant Seminar Series: "New Food Products From the Sea." Robert J. Learson, Atlantic Fishery Products Technology Center, Nat'l. Marine Fisheries Service, Nat'l. Ocean and Atmospheric Admin., U.S. Dept. of Commerce, Gloucester, Mass. Seminar Room, fourth floor Warren Hall.

3:30 p.m. Freshman Baseball - Ithaca College at Ithaca College.

4 p.m. Varsity Baseball - Ithaca College at Cornell.

4 p.m. Lecture: "Who's Violating the Ceae-fire?" Memorial Rm., WSH. Sponsored by The Attica Brigade.

4:30 p.m. Materials Science and Engineering Seminars: "Computer Studies of Electron Behavior Near Surfaces." Prof. James Waber, Northwestern University, 140 Bard Hall. Refreshments served in Bard Hall Lounge (260) at 4 p.m.

6 p.m. Christian Science Organization testimony meeting. Founders Room, Anabel Taylor Hall.

7 p.m. & 9:15 p.m. Cornell Cinema Film: *The Summer of '42* (1971), directed by Robert Mulligan, starring Jennifer O'Neill. Attendance limited to Cornell Community, Statler Auditorium.

7 & 9:15 p.m. *Cornell Cinema Film: Woody Allen's *Everything You Always Wanted to Know About Sex* (1972). Willard Straight Theatre.

7:30 & 9 p.m. Free North Campus Film Series: *Dance in the Sun, In Paris Parks, Bullfight, A Moment in Love, Skyscraper, A Scary Time*. Multi-purpose Room, North Campus Union.

8 p.m. Cornell Duplicate Bridge - regular duplicate game. Sage Hall Cafeteria.

8 p.m. Lecture: "Reconstruction of Archaic Chinese." Prof. Fang-Kuei Li. Ives 213. Sponsored by Sino-Vietnamese Colloquium and Cornell Linguistic Circle.

8:15 p.m. University Lecture: Kappa Alpha Theta Lecture and College of Arch., Art and Planning. Denise Scott Brown Venturi, lecturer, architect for Venturi and Rauch, Philadelphia. "Formal Analysis of Design Research." 115 Franklin Hall.

Friday, May 4

1 p.m. & 2 p.m. Zen and Meditation: A recorded afternoon with Alan Watts and Baba Ram Dass presented by the Listening Room in Uris Library Downstairs Classroom.

4:45 p.m. Cornell Dance Group Studio Performance. Arts Quad.

5:15 p.m. Shabbat Services. Founders Room, Anabel Taylor Hall.

6-8 p.m. *Steaks Royale in Statler's Main Dining Room. A project of students of the School of Hotel Administration.

7 & 9:15 p.m. *Cornell Cinema Film: *The Summer of '42* (1971) Statler Auditorium. (See May 3.)

7 & 9:15 p.m. *Cornell Cinema Film: Woody Allen's *Everything You Always Wanted to Know About Sex* (1972). Willard Straight Theatre.

7:30 p.m. Sloan Institute of Hospital Administration Alumni Dinner. Elmhirst Rm. WSH.

8:15 p.m. Music Dept. Concert: Amy Rubin, piano. Works of Beethoven, Brahms and Barber. Barnes Hall.

8 & 11 p.m. *Miles Davis Concert. Bailey Hall. Presented by the Cornell Concert Commission.

1 a.m. *Cabaret (after the Miles Davis Concert) with the New Decades Band. Noyes Center Third Floor Lounge. Sponsored by the Black Graduate Student Assoc.

Saturday, May 5

9:30 a.m. Shabbat Service. Edwards Room, Anabel Taylor Hall.

Academic and Financial Dateline

Friday, May 4 — Deadline for all students holding space in University Housing who wish to cancel '73-74 room contracts. (Rm. 223 Day Hall).

Deadline for submitting all material for May degree for Graduate students. (Graduate Office, Sage Hall).

Saturday, May 5 — Cornellcard bills will be mailed out by this date.

Cornellcard services will continue through the summer for all those students who will be going to Cornell Summer School.

Friday, May 11 — There will be a meeting of the Graduate Faculty at 4:15 p.m. in Kaufmann Auditorium, Goldwin Smith Hall. Copies of the agenda have been sent to all members of the Graduate Faculty.

Reminders: All students who expect to receive a degree at the close of the current term must personally visit the Students Accounts Section of the Bursar Office, 260 Day Hall by May 16, 1973, clear their accounts with the University and pay any amount then due.

Transcripts with spring grades will be available the week of June 4, 1973. These transcripts are only for those students who must meet deadlines. Law students transcripts will be available the week of July 2, 1973. (Rm 222 - Registrars office - Day Hall).

Fall Term Registration 1973 — All students continuing in the Fall Term 1973 will register Friday, Aug. 31. Students in Agriculture and Life Sciences, Arts and Sciences, Basic Engineering, Graduate School, Hotel and Human Ecology will pick up registration material at Lynah Rink. Students in other divisions will pick up material at their division offices. *Registration material will NOT be mailed.* Registration material will be available for pickup Tuesday, Aug. 28 through Thursday, Aug. 30, 8:30 a.m. - 4 p.m., and Friday, Aug. 31, 8:30 a.m. - noon.

11 a.m. Alumni University Luncheon. Elmhirst Room, Willard Straight Hall.

Noon. Sunshine Memorial Festival - Hamburger and Hot Dog BBQ. Libe Slope.

1 p.m. Varsity Baseball - Navy.

2 p.m. Varsity Tennis - Navy.

Varsity Track - Pennsylvania.

4:45 p.m. Cornell Dance Group Studio Performance. Helen Newman Hall.

5 - 7:30 p.m. *Complete Steaks Ltd. Dinner at the students Cafeteria in Statler. A project of students of the School of Hotel Administration.

6-8 p.m. *Steaks Royale. Statler Main Dining Room.

7 & 9:15 p.m. *Cornell Cinema Film: *The Summer of '42*. Statler Auditorium. (See May 3.)

7 & 9:15 p.m. *Cornell Cinema Film: "Everything You Always Wanted to Know About Sex. Willard Straight Theatre.

8:15 p.m. Music Dept. Concert: Music of India, folk and classical by Indian Students and their American friends. Organized by Avinash Lall and Jerry Amaldev. Barnes Hall.

9:30 p.m. Risley Film Series: *Splendor in the Grass*. Risley Theatre.

Second Annual Study Week Catskill Trip. May 5 to May 8. Leader Woody Bousquet, 256-1296. Meet time to be announced. Sponsored by the Cornell Outing Club.

11 p.m. Free Films - Horror Films. Noyes Center Third Floor Lounge. Sponsored by the Noyes Center Board.

Sunday, May 6

9:30 a.m. Episcopal Church at Cornell. Worship. Anabel Taylor Chapel. Church School and Nursery Care provided. All are welcome.

10 a.m. Friends (Quaker) Meeting for Worship. Anabel Taylor Blue Room.

10:30 a.m. Ruhani Satsang - Divine Science of the Soul. Loft II, Willard Straight.

11 a.m. Sage Chapel Convocation: Yenwith K. Whitney, director, Dept. of Planning and Research, United Presbyterian Church, New York, N.Y.

2 p.m. Ithaca Dancemakers Performance. Arts Quad.

2 p.m. Concert: Bottle Hill Concert. Anabel Taylor Auditorium. Co-sponsored by Cornell Outing Club and University Unions.

4 p.m. Music Dept. Concert: Sage Chapel Choir. Donald J. Grout, guest conductor. Portions of Bach's St. Matthew Passion. Sage Chapel.

7 p.m. Weekly meeting of the Cornell Table Tennis Club. Barton Hall Cage (ROTC). Everyone welcome.

8 p.m. *Cornell Cinema Film: *The Marx Brothers in A Night in Casablanca*. Willard Straight Theatre. Attendance limited to Cornell University.

8 p.m. *Film: *Banana Peel*. Uris Auditorium. Sponsored by French Club.

Monday, May 7

4:15 p.m. Freshman Baseball - Oneonta.

4:30 p.m. University Lecture: "Songs of India: Karnatak Raga and Tala." Jon B. Higgins, prof. of Music, Faculty of Fine Arts, York University, Toronto. Barnes Hall. Co-sponsored by Music Dept.

7 & 9:30 p.m. *Cornell Cinema Film: *This Sporting Life* (1963) with Richard Harris, directed by Lindsay Anderson. Film Club members only. Willard Straight Theatre.

Tuesday, May 8

4 p.m. Varsity Baseball - Scranton.

8 p.m. *Cornell Cinema Film: *Rock Around the Clock* (1956) with Bill Haley and His Comets, The Platters. Attendance limited to Cornell Community. Willard Straight Theatre.

8 p.m. Lecture: "John Rawls's Theory of Justice - A New Ethics for the Welfare State." Prof. George Walsh, Eisenhower College. Ives 114. Sponsored by Radicals for Capitalism.

8:15 p.m. Lecture: "The Physiology of Calorie Counting." Dr. Clifton A. Baile of the Smith, Kline and Grench Laboratories. Uris Auditorium. Sponsored by Sigma Xi Society.

Wednesday, May 9

1:30 p.m. Freshman Baseball - Scranton.

3 p.m. *Varsity Lacrosse - Hobart. Schoellkopf.

3:30 p.m. Varsity Baseball - Ithaca College at Ithaca College.

4:30 p.m. Varsity Tennis - Colgate.

8 p.m. *Cornell Cinema Film: "Dark Passage (1947) with Humphrey Bogart, Lauren Bacall. Willard Straight Theatre. Attendance limited to Cornell Community.

*Admission charged.

Attendance at all events is limited to the approved seating capacity of the hall in which they are presented.

All items for the Cornell Chronicle Calendar must be submitted to the Office of Central Reservations, Willard Straight Hall (either through the mails or by leaving them at the Straight desk) at least 10 days prior to publication of the Chronicle. The Calendar is prepared for the Chronicle by the Office of Central Reservations.

Build Apartments, Senate Urges

Continued from Page 4

investments in Southern Africa were more specific than his resolution in naming individual corporations from which information was requested, White said.

Recent decisions by the Board of Trustees Executive Committee overturned one and supported one recommendation from the joint Trustee-Senate Investment Advisory Committee on related issues. One vote requested Mobil Oil adhere to fair and equal employment practices without regard to race, sex or religion in countries where such discrimination is practiced. The other vote, in favor of management, declined to require IBM to disclose its involvement in South Africa within four

months. The executive committee will express its concern by letter to IBM that such information be released, however.

Elected to the Investment Advisory Committee for one-year terms were Jane Danowitz, student Trustee and a sophomore in the College of Arts and Sciences; Charles MacKay, a philosophy graduate student; Robert Ascher, professor of anthropology and archaeology, and Rukudzo Murapa, assistant professor of political science, Africana Studies and Research Center.

In other action, the Senate unanimously approved all nominees to the University's two judicial boards, two traffic boards and the University Unions Board

of Governors.

Unanimous approval went to a sense of the body resolution calling "for the elimination of taxes of textbooks in accredited colleges and universities," and to a bill setting election dates for freshman and general elections in 1973-74. Funding procedures for graduate activities were also established by an affirmative vote.

The names of 10 new Senators elected in recent by-elections to fill seats remaining vacant following the general Senate elections in February are: in non-contested seats, Horace L. Bradshaw, Africana Studies, at large student; Chestyn Everett, Africana Studies, faculty; Carl Ginet, Arts, humanities, tenure; Andrew Ramage, Arts,

humanities, non-tenure; Paul Eberts, Agriculture, social sciences; Isaac Krammick, Arts, social sciences, tenure and Ronald P. Brockman, veterinary

student; in contested seats, Patricia Richmond, graduate student; Gordon Chang, law student, and Bruce Preston, non-exempt other employe.

Committee Members

Continued from Page 5

imply, that any of the assets of the University have been lost, mislaid or left unreported.

"While it is true that some \$160 million which went into the physical plant and equipment do not appear in the Statements of Income, they are all carefully listed and shown in the description of the University's assets.

"Cornell, like most universities,

announces publicly a 'deficit' or 'surplus' based not on the total revenue from all sources but only on that portion of total revenues which is assigned to its 'current fund.' It was the revenues and expenditures of the current fund for which annual deficits totalling \$4 million were reported in the last decade. In the opinion of the committee, the most meaningful figure to report is the overall change in net worth instead of the deficit in the current fund."