



Presentation for Cornell 1974-75 Budget

MEMO TO: Members of the
Executive Committee
FROM: Dale R. Corson
SUBJECT: Budget for 1974-75

The Cornell of the immediate future will be a Cornell hallmarked by growth by substitution, a consolidation. This consolidation will have as its primary goals the tapering off of the growth the University has undergone in the past decade and a concurrent strengthening of academic programs.

Last year's extensive planning effort, culminating in the report "Cornell in the Seventies: Goals, Priorities and Plans," was accepted by the Board as the basis for long-range University planning. The "consolidate and strengthen" theme of that plan has provided the focal point around which 1974-75 budgets for both the endowed colleges at Ithaca and for Cornell-supported programs at the Medical Center in New York City have been built.

In this spirit, I offer the proposed 1974-75 budget to you for consideration and approval.

Let me talk first to the endowed colleges at Ithaca. The budgets for these units are based on a number of long-range planning assumptions. A major one is that the 1974-75 enrollment will increase by fewer than 175 students over that for 1973-74. This is substantially less than the rate of increase which was applied in budgetary planning in each of the three previous fiscal years. Also, for 1974-75 there are only five new permanent faculty positions budgeted (all reflect earlier commitments) and other staff expansion is called for only in the University Libraries and the Law School where major efforts are planned to strengthen existing programs. This is in keeping with the "Cornell in the Seventies" guidelines which call for continuing and strengthening of quality programs within the context of an overall stabilization of faculty size. Yet academic areas especially hard hit by the three-year stringency budget planning program have been identified and supported as have a number of other academic areas in which significant major improvements can be made from available resources.

Within other planning guidelines, this budget which I submit to you today, contains adjustments in tuitions, salaries and financial aid in line with economic trends and competitive factors; gives special attention to providing increased work opportunities as a means of assisting students in meeting financial need; continues to budget enterprise activities (which are intended to be self-supporting) on a breakeven basis; and holds current expenditures within available funds.

This 1974-75 budget comes to you for final action following a long period of careful preparation which included extensive consultation within the University community. This consultation has given me valuable help in weighing the various needs and aspirations of a diverse community in order to arrive at

Special Chronicle Edition

This special edition of the Cornell Chronicle contains the 1974-75 budget document sent earlier this week to members of the University's Board of Trustees in preparation for their midwinter meeting Thursday-Saturday, Jan. 17-19, in New York City. The Cornell Board traditionally acts upon the University budget for the coming fiscal year at its midwinter meeting. The material as printed here is as it was mailed to the Trustees. This special edition presents key aspects of the budget to those upon whom it has a significant impact, the Cornell community. It has been published in order to enhance further the community's understanding of the budget process and budgetary concerns.

budgetary priorities.

This discussion, with the deans of the schools and colleges, with the appropriate committees of the University Senate and with the Faculty Council of Representatives, has also served to inform the Cornell community about the University's fiscal position and about the competing claims on the available resources.

Toward further enhancing the Cornell community's understanding of the budget process and budgetary concerns, this issue of Cornell Chronicle is being printed prior to the mid-January meeting at which you will consider the budget. The special edition presents key aspects of the budget to those upon whom it has a significant impact.

The limited funds available to Cornell and the problem of assessing financial priorities are necessarily matters which must both affect and concern the entire University community. Funding proposals for new programs and for strengthening old programs amounted to some four times the funds available for these purposes. The community at large has recognized that fiscal pressures are on the University as a whole and that hard choices have had to be made about which activities to support.

One of the most disconcerting aspects of 1974-75 budget preparation has been the outlook for the national economy. One can only ascribe the adjectives "volatile" and "uncertain" to this economic outlook. Inflation rates already are at an alarming level and the indication is for still more inflation ahead. Colleges and universities like our own have a particularly critical problem because of these inflationary trends. We must, for example, establish in January a schedule of tuition and fees to be implemented some six to eighteen months in the future. Few industries are required to establish price levels in so irrevocable a manner so far in advance. There is, therefore, a major responsibility on the part of the University to assess what tuition and salary policy will recognize most fairly Cornell's obligation to its students and their parents on the one hand and its faculty and staff on the other. Further, there is the added element of maintaining quality of program. A university budget could be easily balanced if academic or other programs were dropped, but each program cut, particularly academic ones, diminishes the University in a significant way.

Academic programs and faculty and staff salaries, therefore, must be weighed heavily in the determination of priorities as the University strives to maintain its educational stature, on the one hand, and achieve fiscal stability on the other.

The educational quality that Cornell has achieved and must maintain rests logically and appropriately with the quality of its faculty. My conclusion is that substantial improvement in faculty salaries is essential to continuation of our high quality academic program. This budget increases faculty salaries somewhat more than they have been raised in recent years.

Non-academic employee salary adjustments in the endowed colleges will also be required in order to fulfill the goals of the ongoing personnel job classification study as well as to maintain a reasonable parity between endowed and statutory unit salaries. Particular attention has been paid to the impact of rapidly increasing living costs on individuals at the lower salary levels.

There are two other budgetary priorities which seem to be backed by a campus consensus. These are increased library resources and adequate physical plant maintenance, with particular emphasis on life safety.

This budget, as proposed, calls for an increase of some quarter-million dollars in the University Libraries budget above the current (1973-74) budget figure. In addition we have already made an additional \$100,000 one-time increase in this year's Libraries budget. The 1974-75 Libraries budget increment will allow increased book acquisitions and improvement in library services.

Physical plant budgets have not been increased other than to reflect the impact of inflation. However, some \$600,000 has been set aside to support one-time investments in physical plant and life safety projects. These projects have been identified but "placed on the shelf," so to speak. Funds for these projects will be released only to the extent that University income meets target expectations or that savings can be achieved in other budgeted expense. In other words, no "shelf project" funds will be expended if such expenditure would result in an unbalanced budget.

In a few cases, we may wish to apply "shelf project" funds also to meet other special needs. However, care will be taken that such uses of these funds not create a

continuing funding obligation.

The discussion of "shelf projects" leads to some procedural considerations about which you should be aware. First, although we seek acceptance of the Board for the concept of building "shelf projects" into the budget, the request for authorization to proceed with these projects will be deferred until the outcome of the year's operation appears secure. Therefore, this fund is submitted as supplemental to the 1974-75 authorized fiscal program pending further Trustee authorization. Second, we are proposing that in 1974-75 we also plan that the "shelf projects" will be partially financed by a portion of any surplus which may be achieved in the current fiscal year. The remainder of the 1973-74 surplus would be credited to the Budget Stabilization Reserve. We believe that this procedure, which we anticipate also would be followed in future years, will provide desirable flexibility in University budget planning and at the same time provide a measure of security for the future. Your approval to use 50 per cent of the operating surplus generated this year to support "shelf projects" in 1974-75 is accordingly requested as a way of meeting some of our deferred needs without risking a budget deficit.

Another new procedure whose implementation is anticipated in the 1974-75 budget centers on the allocation of annual giving funds for Cornell's professional schools. A base figure, reflecting reasonably assured giving levels, will be established for each professional school's annual giving and this amount will be built into the operating budgets. If results for a particular professional school exceed the base amount, a supplementary allocation will be made to the school after consultation with the dean. In the budget you have before you for consideration these potential supplemental allocations are carried as "shelf" projects.

All other ground rules for calculating revenues available for current operations were the same as those used in the past several budget years. Some \$2.5 million of anticipated distribution of unrestricted (as to the use of principal) capital funds have been taken into general purpose revenues and an additional \$1.9 million distributed to restricted accounts.

These distributions are in excess of income actually earned on such funds and are based on a formula which provides for an eight per cent distribution on the average market value of the funds during the preceding five years. Dividend and interest income on the endowment and other funds invested on behalf of the colleges at Ithaca is budgeted at \$9.6 million.

Over the next year there will, however, be some changes in the manner in which we present our financial and budgetary report of which you should also be aware. These changes are being made to conform to guidelines recently issued for colleges and universities by the American

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Proposed Legislation

Proposed Trustee Legislation
To Adopt Budget, Tuitions,
and Related Matters
(As presented in Executive Committee
agenda for January meeting)

EXPLANATION: Sources of funds and programs to be supported by the proposed budgets are outlined in another booklet. In the Endowed Colleges at Ithaca, budget authorizations for all General Purpose and for certain categories of Assigned Use and Restricted funds are established in terms of the maximum financial commitment implied by programs anticipated to be carried on during the budget year. This commitment authority exceeds estimated expenditures by a small margin because of anticipated lapses and the time lag often associated with actual disbursement of funds. The expense budgets for the Medical College also have usually produced savings from lapses.

The categories of Endowed Ithaca Assigned Use funds to which the commitment authority applies are the Hotel School and the operations and activities of the Department of Athletics, Health Services, and University Unions financed from sales income. Commitment authorizations do not apply to those auxiliary enterprises, also reported within this category, which are expected to operate on a fully self-supporting basis.

Restricted fund activities of the Endowed Colleges at Ithaca include activities supported from investment revenues, government research and training grants and contracts, foundation grants, gifts and fees. Pursuant to the notes on budget procedures reviewed with the board in 1972, the commitment budget embraces activities supported

from investment revenues but does not include ad hoc sponsored research.

Support for the School of Nursing is wholly through funds directly available to that school. The amounts shown do not include the salary of the dean, which is paid by Cornell University from Bundy Funds received on behalf of nursing graduates.

The legislation proposed for trustee action follows the same format as in prior years, but with two additional elements: the first to formalize arrangements regarding Shelf Projects to be activated at such time as it appears reasonably certain that such action can be undertaken without unbalancing the budget for the Endowed Colleges at Ithaca, and the second to set forth a proposed new procedure regarding treatment of any surplus which may be generated through current fund operations in 1973-74 and future years. The proposed transfer of \$150,000 from reserve in the budget for the Endowed Colleges at Ithaca reflects implementation of this proposal, based on an expectation that 1973-74 revenues will exceed expenses for these units by \$300,000.

PROPOSED BUDGETS FOR 1974-75

The President recommends approval and recommendation to the Board of Trustees for adoption of the proposed budgets for the fiscal year 1974-75 as follows:

a. Overall Budgets — Approval of the overall budgets for (1) Endowed Colleges in Ithaca, (2) Medical College, and (3) School of Nursing, all as set forth in a separate booklet entitled "Cornell University 1974-75 Budget" mailed with the agenda and including the following specific authorizations and estimates:

Unrestricted Funds

	General Purpose	Assigned Use	Restricted Funds	Total
	(000's)			
1. Endowed Colleges at Ithaca				
a. Authorized commitments, funded programs	65,060	3,386	6,168	74,614
b. Est. revenue and expense:				
Revenue	64,260	21,227	36,303	121,790
Expense	64,410	21,158	36,303	121,871
c. Transfers to or (from) reserve	(150)	69		(81)
2. Medical College				
a. Est. revenue	9,162	1,008	17,748	27,918
b. Est. expense	9,550	995	17,748	28,293
c. Transfers to or (from) reserve	(388)	13		(375)
3. School of Nursing				
a. Est. revenue				901
b. Est. expense				901
c. Transfers to or (from) reserve				

The President reports that the proposed overall budget for the Endowed Colleges at Ithaca includes estimates of income which assume approval of the specific recommendations as set forth in paragraphs b. through d. below:

b. Tuition Increases - Effective the close of the spring term 1974 (See Schedule I attached):

(i) Tuition for the Endowed Units at Ithaca - An increase of \$250 per year for all students registered in the Colleges of Architecture, Art and Planning; Arts and Sciences; Engineering; Hotel Administration; Division of Unclassified

Students; and the Endowed Divisions of the Graduate School; and \$300 in the first year of study in the Graduate School of Business and Public Administration (with the guarantee that the total tuition for such students will remain at the 1974-75 rates for their second year of study); and an increase in the Law School of \$300 per year.

(ii) Tuition for the Statutory Colleges - An increase of \$150 per year for all students registered in the Colleges of Agriculture and Life Sciences, Human Ecology, Industrial and Labor Relations, Veterinary, and the Statutory Divisions of

the Graduate School.

(iii) Tuition for the Medical College - An increase of \$320 for all students.

(iv) Tuition for the School of Nursing - An increase of \$100 for all students.

(v) Cost of Administrative, Support and Student Services - Administrative and support costs and student services be set at \$397.50 per student per term in all divisions of the colleges and schools at Ithaca for purposes of calculating the amount to be retained by the University for administrative, support and student services rendered to statutory college students and the charges to be made to children of eligible employees attending the colleges and schools at Ithaca and receiving partial tuition waiver.

(vi) Adjustments - Authority to the President to make appropriate adjustments in tuition and/or fees for Summer Session, the Extramural Division and other programs to reflect the foregoing increases in tuition and to apportion the cost of administrative support and student services.

c. Housing and Dining - Authority to

the Administration to adjust room rates, apartment rents and food prices to permit continuation of the policy of operating the University's housing and dining facilities on a self-supporting basis.

d. Other fees and prices - Authority to the Administration to adjust other fees and prices as necessary in order to implement proposed 1974-75 related activity and other budgets.

e. Shelf projects - Authority to identify one-time capital improvement and other projects in amounts up to \$600,000 for implementation upon further approval of the Executive Committee at such time as it may appear reasonably certain that this additional expenditure can be undertaken within 1974-75 available funds.

The President also recommends that planning for 1974-75 and future budgets for the Endowed Colleges at Ithaca, while aimed at achieving a balance of current revenue and expense, also anticipate that half of whatever excess of revenue over expense may actually be realized in any one year will be applied to Shelf Projects in the following year and half be credited to a Budget Stabilization Reserve.

Schedule I
Comparative Schedules of Tuition

Endowed Divisions	1973-74	Proposed 1974-75	Increase
Architecture	3,180	3,430	250
Arts & Sciences	3,180	3,430	250
Engineering	3,180	3,430	250
Unclassified	3,180	3,430	250
Hotel Administration	3,180	3,430	250
B & PA			
2nd Year Student	3,200	3,400	
1st Year Student	3,400	3,700	300
Law School	3,000	3,300	300
Graduate School	3,180	3,430	250
Medical College	2,680	3,000	320
School of Nursing	1,950	2,050	100
Statutory Divisions			
Agriculture & Life Sciences-Resident	1,350	1,500	150
Non-Resident	1,950	2,100	150
Human Ecology-Resident	1,350	1,500	150
Non-Resident	1,950	2,100	150
I & LR-Resident	1,350	1,500	150
Non-Resident	1,950	2,100	150
Veterinary-Resident	1,950	2,100	150
Non-Resident	2,550	2,700	150
Graduate School (Except Veterinary)			
Resident	1,550	1,700	150
Non-Resident	1,550	1,700	150
Graduate School			
Veterinary-Resident	1,950	2,100	150
Non-Resident	1,950	2,100	150

1974-75 Budget
Overall Totals - Summary

The 1974-75 budget is the first to be prepared pursuant to the general planning guidelines set forth in "Cornell in the Seventies." It reflects also an effort to meet some of the back-log of needs which have accumulated over the three year cost-reduction program, which was initiated in 1971-72. It has been prepared during a period of great economic uncertainty and increasingly serious inflation. The uncertainty is compounded by the possibility of new legislative and administrative action at both the national and state levels which could significantly

affect the University's financial planning.

The overall budget for the University embraces a great variety of programs dependent on many different fund sources for which planning is at quite different stages of development. Thus, the budgets for the statutory units, although already accepted by Cornell's trustees, will over the next several months in all likelihood be substantially modified by responsible state bodies. Budgets for federally sponsored programs and student aid will probably not receive final approval until still later — in many cases not until well into the year to which the budget is applicable. These

OVERALL TOTALS (IN 000's)						
1974-75 PLANNING FIGURES						
	Endowed Colleges Ithaca*	Statutory Units*	Medical College	School of Nursing	Total	% of Total
Funds Provided for Operations:						
(Income Sources)						
Students	41,666	3,250	1,577	441	46,934	21.2
Investments	14,903	74	3,179	10	18,166	8.2
Gifts	7,327	3,306	4,152		14,725	6.7
Public Funds	30,273	60,209	11,755	89	102,326	46.3
Other	27,621	3,647	7,255	361	38,884	17.6
Total	121,790	70,486	27,918	901	221,095	100.0
Funds Applied to Operations:						
Endowed Colleges at Ithaca	121,871				121,871	55.0
Statutory Units		70,486			70,486	31.8
Medical Colleges			28,293		28,293	12.8
School of Nursing				901	901	.4
Total	121,871	70,486	28,293	901	221,551	100.0

* Includes an estimated 2,200 of internal charges for purchase of accessory instruction income, which have not been eliminated in the totals.

factors enormously complicate the University's planning and cause the summary totals which describe the University's overall budget plan to provide a rough representation indeed of the program which can in fact be implemented.

On this overall basis, the proposed budget, at \$221 million, anticipates an 11 per cent expenditure increase over the budget presented one year ago for the current fiscal year but only 6.4 per cent over the current estimate of 73-74 expenditures and 12.0 per cent over the actual expenditures for the year just concluded. About 60 per cent of this proposed increase basically reflects simply the impact of inflation. The remainder reflects in part the University's requests for additional state support, which may in fact fail to materialize, and anticipated growth in federal research funding, which also is subject to future governmental action, as well as a very modest (roughly 1.8% over the amended 1973-74 budget approved last July) real increase in the level of activity financed from University general purpose funds.

Realizing even as much as a 1.8 per cent margin for meeting some of the deferred maintenance and priority program needs depends upon approval of tuition increases of \$250 per academic year (almost 8 per cent over the present \$3180 charge) in most of the endowed colleges at Ithaca, of \$320 in the Medical College, and \$150 in the statutory units. These increases are larger than have applied over the past several years (or than we had hoped might be possible when first embarking on development of this budget) but are consistent with the criteria set forth in "Cornell in the Seventies" and a realistic estimate of current rates of inflation.

The materials which accompany this set forth the formal estimates for each of the University's major divisions, together with accompanying notes highlighting important assumptions and changes in the estimates. This booklet also includes several tables of supporting data for the Medical Colleges and School of Nursing in New York. A second book of "Supporting Data and Narrative" explains in detail the basis for the proposed budgets for "funded programs" of the Endowed Colleges at Ithaca.

Endowed Colleges at Ithaca
1974-75 Budget Highlights and Assumptions

The 1974-75 budget reflects the buildup of pressures which have accumulated during the three-year cost-reduction program which was initiated in

1971-72. Despite the strict expense controls, which together with increased tuitions have brought the 1973-74 budget to a balanced operation, the burden of inflation will require both discipline and imagination to maintain academic quality concurrently with financial stability for 1974-75 and the foreseeable future.

Realizing that the University cannot continue indefinitely to look to program reductions and larger enrollments as a primary solution to its financial problems, the following Budget Policy Guidelines formed the basis for decisions in preparation of the 1974-75 budget.

1. Continue and strengthen quality programs within context of an overall stabilization of faculty size.

a. Identify and support academic areas especially hard hit by the three-year budget-balancing program.

b. Identify and support academic areas in which significant major improvements can be made within available resources.

2. Slow down of enrollment growth to hold estimated 1974-75 fall enrollment to 16,300.

3. Emphasis on growth by substitution.

4. Adjustments in tuitions, salaries, and financial aid in line with economic trends and competitive factors.

5. Special attention to providing increased work opportunities as means for assisting students to meet financial need.

6. Enterprise activities to continue to be budgeted on a breakeven basis.

7. Current fund budget to be balanced.

I. Revenue

The budget plan is based on a \$4.5 million (7.5 per cent) increase in revenues. Three quarters of this revenue growth must be found in tuitions.

The \$3.3 million increased *tuition income* is premised on a \$250 increase in the tuition charge for most of the endowed colleges. On a gross basis, this increase is estimated to yield \$2.8 million (the remainder is derived from additional enrollment, statutory college charges, etc.).

Investment revenues during the current year have been impaired by deferral of any distribution on Calspan shares. We have assumed that a distribution will also be omitted in 1974-75 with the result that estimated investment income in the budget year is only \$35 thousand over our budget for the current year.

Gift income is likely to be adversely affected if the stock market continues to be depressed, but we are reluctant to lower our targets at this time. Instead we have in 1974-75 proposed a substantial

increase in the shelf project account, on the understanding that the release of these funds would be subject to Trustee review and approval of supplemental appropriation at such time as this action might be taken without endangering the goal of a balanced budget.

The *public funds* estimate assumes continuation of Bundy aid and at least a partial continuation of Bankhead-Jones funds.

II. Commitments

The first step in preparing the 1974-75 budget was an effort to calculate the

impact of inflation and certain other non-discretionary financing adjustments on the cost of continuing the endowed Colleges' present programs. This estimate included an allowance for salary adjustments at the currently applicable Federal guideline rate (5.5% plus certain fringes) and for adjustments in financial aid packages to reflect higher costs. Including these amounts, nondiscretionary costs of continuing the 73-74 program were calculated at \$3.4 million (5.5%) as follows:

	(000's)
Salary and fringe benefit adjustments	2,506
Financial aid:	
Increase over 73-74 current estimate	669
Current year saving compared to budget	-418
Net change, 74-5 cf. 73-4 budget	251
Other inflationary adjustments	597
Workload and financing adjustments	186
Phased out projects and one time costs	-169
	3,370

III. Discretionary Funds

A \$1.1 million target was also established early in the fall as a reasonable margin of general purpose funds (1.7%) to meet deferred needs and

support new initiatives. In addition, \$450 thousand of the Mellon Grant is proposed for use in support of selected academic programs. The distribution to date of the \$1.55 million has been as follows:

Academic Affairs:	
Instruction	292
Organized Research	180
Computing (instructional & research)	130
Library	258
Museum	35
Academic total	895
Other computer use in support program	100
Salaries & fringe improvement - beyond 5.5% guideline	200
All other support functions - to be distributed after further evaluation	355
	1,550

Much of the discretionary funds have been required to restore library book funds, college equipment funds, and services curtailed during the budget adjustment period. In addition, \$200 thousand (partially classified as "academic," partially as "support") has been set aside to support the proposed 370/168 acquisition and \$200 thousand to permit a somewhat more substantial increase in faculty and other salaries. Within the \$895 thousand academic program, \$202 thousand has been designated for new activities.

IV. Contingencies

A margin for contingencies of \$487,000 is included in the proposed program to provide relief for the expense side of the budget where many uncontrollable costs not currently covered in departmental budgets will undoubtedly develop. A major concern will be University dining services which is programmed to break even, but which is susceptible to income erosion as well as uncontrollable cost pressures. Other demands against the contingency fund might include additional financial aid expense, and utilities costs, and shortfalls in anticipated athletics or computing income, and so forth.

V. Shelf Projects

The amount of \$600 thousand is included in the Program Plan but is to be authorized for expenditure by the Trustees through supplemental appropriation only if total revenue materializes.

The "Shelf Projects" include funds for projects of a non-continuing nature which will not be included in subsequent budgets (e.g., life safety projects, emergency repairs). The \$600 thousand figure, though an arbitrary amount, was selected as the possible short-fall of

income from gifts, tuition and all other sources, including the budget stabilization reserve. Before recommending expenditures from the "Shelf" we must also be assured that the estimated lapses will indeed be a reality. In terms of financial stability, expenditures of Shelf Projects should not be recommended if the budget appears headed for a negative balance or deficit.

VI. Budget Relief and Lapses

The factors grouped under this head are deducted from the authorized commitment budget in estimating net expenditures from Current Funds.

The *lapse* estimate is divided in the schedule into its two major components: salary lapses and lapses of student aid funds. Whereas salary authorizations are routinely lapsed when not used in the budget year, financial aid authorizations have ordinarily been carried forward. Exceptions have been those authorizations, such as Teaching Assistant tuition scholarships and Regent's Scholarships which are directly related to the fiscal year. More recently, substantial government payments have been received from the Higher Education Opportunities Program (HEOP) and the new Basic Opportunities Grant (BOG) which are treated as recoveries in our financial aid accounts, permitting Cornell appropriations to be lapsed. The estimated aid recoveries in 1974-75 anticipates continued expansion of the BOG program at the rate provided in the currently pending HEW appropriation bill.

Fringe benefit recoveries are anticipated to be available through a new program planned for introduction next year to directly charge all activities for the full costs of fringe benefits. Heretofore most fringe benefits have been directly

charged, but some benefit costs have been recovered only partially through the overhead rate.

Commitments charged to prior years is an estimate of the net difference in commitments versus expense due to the time lags between these two stages in project financing.

VII. Transfers to and from the Budget Stabilization Reserve

Assuming that gifts in 1973-74 are not unduly affected by the stock market, the current year's operations should yield a margin of revenues over expenses. This surplus will be credited to a budget stabilization reserve. However, now that the University budget has been brought into balance after several years of deficits, a proposal is being advanced to apply 50% of any surplus realized in current fund operations in support of the succeeding fiscal year program. The portion of surplus used in the succeeding year would be applied either as one time budget relief for areas suffering economic distress (i.e., Library, Art Museum, etc.) or for one time projects. In this fashion, there would be no danger that the application of these funds would serve to increase the budget base in future years. The remainder would remain in the budget stabilization reserve to increase our protection against future losses. We believe this procedure will encourage units to conserve funds and thereby help generate a favorable year end result.

The proposal also links with a companion proposal, noted in Mr. Corson's transmittal letter, to build incentives for the annual giving programs of the Law and Business Schools. This will be done by allocating moneys from the Shelf Projects account for support of projects recommended by the dean of the school, when annual giving by its alumni exceeds a base level incorporated in the budget for that school.

NOTES ON TABLES

Endowed Colleges at Ithaca

The tables which follow present different perspectives on the operations of the Endowed Colleges at Ithaca.

Table I provides the summary of general purpose funds revenues, the proposed program for expenditure of only the general purpose funds and method of financing through the application of savings from lapses and use of reserve funds.

Table II presents the budget commitments and program plan of expenditure of general purpose funds in the manner which reflects the organizational and managerial structure in a breakdown which has become familiar and which focuses on the major cost centers which are recognizable by function.

Table III portrays the Budget Summary of comparative total operating funds for the Endowed Colleges at Ithaca including all restricted as well as unrestricted funds.

Table IV - in support of Table III, carries the breakdown of estimated funds provided for operations by source of income.

Table V - also in support of Table III, carries the breakdown of estimated funds applied to operations in the manner which is used at year-end when financial results are summarized for publication. This follows the generally accepted format prescribed by the National Association of College and University Business Officers, which assembles the operating cost figures in the pattern recommended for uniform comparability among all institutions of higher education.

Table VI - again in support of Table III, lists the anticipated operating figures for each of the related activities, the net results of which become additions to or deductions from their reserve balances.

TABLE I
ENDOWED COLLEGES
General Purpose Funds
Revenues, Program Plan and Financing

Revenue	1973 - 74		1974-75
	Amended Budget Oct.	Current Estimates	Proposed Budget
In 000's			
Tuition	\$37,200	\$36,700	\$40,050
Investment:			
Income & Distribution of Capital over income	8,665	8,250	8,700
Annual Giving	4,300	4,300	4,600
Public Funds	7,970	8,445	8,840
Other	1,821	1,900	2,070
Total Revenue	59,956	59,595	64,260
Proposed Program			
Committed Funds	59,433	59,514	61,718 (1)
Undistributed Funds:			
Salary & Fringe Benefits Pool			2,500
Support Functions			355
Contingencies	749	387	487
Total Authorized Program	60,182	59,901	55,060
Shelf Projects	200	200	600 (2)
Total Program Plan	60,382	60,101	65,660
Budget Relief and Lapses			
Lapses:			
Salary	(300)	(306) (3)	(500)
Scholarship Recoveries from Federal & State Funds	(125)	(250)	(450)
Fringe Benefit Recoveries			(300)
Commitments Charged to Prior Years	(250)	(250)	
	(675)	(806)	(1,250)
Transfers to and (from)			
Budget Stabilization Reserve	250	300	(150) (3)
Net Total Program and Financing	59,957	59,595	64,260

- (1) Funds committed in the proposed budget to specific colleges and support programs. Includes "discretionary" as well as "continuing program" funds except insofar as determinations have been deferred regarding discretionary fund allocations to support programs.
- (2) See comments on estimates
- (3) Additional lapses through year-end over and above \$280,000 lapsed in December

TABLE II
ENDOWED COLLEGES
BUDGET COMMITMENTS AND PROGRAM PLAN
1974-75
Unrestricted General Purpose Funds

(In 000's)

Academic Programs		
Instruction & Dept'l. Research (including Computer Use & Physical Education)	25,440	
Library	4,138	
Organized Research	1,260	
Public Service	412	31,250
Supporting Programs		
Campus Affairs		3,813
Public Affairs		2,626
Physical Plant Operation		
Buildings & Properties	4,980	
Planning & Special Projects	214	
Safety, Insurance & Transportation	1,634	6,828
Support Services		
Student Academic Services	509	
Student Records & Finance	1,582	
Administrative & Business Services	2,904	4,995
Overall Planning & Management		1,301
Undistributed Reserves & Fringe Benefits		
Educational, Insurance, & Pension Benefits - Undistributed	2,136	
Salary & Fringe Benefit Improvement	2,500	
Support Function Improvement	355	
Cost Contingency	487	5,478
Student Aid		7,811
Debt Service		958
Total Authorized Program		65,060
Shelf Projects		600
Total Program Plan		65,660

TABLE VI
CORNELL UNIVERSITY - ENDOWED COLLEGES AT ITHACA
RELATED ACTIVITIES (IN 000's)

RELATED ACTIVITIES	Estimated Reserve Balance 6/30/74	Est. Income	Est. Expense	Est. Operating Results	Other Transactions	Estimated Reserve Balance 6/30/75
Arecibo Housing & Coin Opr. Laundry	193.6	5,199.9	5,199.9			193.6
Dining	.6	4,760.0	4,760.0			.6
Statler Inn	(128.5)	1,002.0	1,129.0	(127.0)	150.0 (b)	(105.5)
Health Services	97.5	240.2	1,426.6	(1,186.4)	1,186.4 (a)	97.5
University Press	437.1	1,372.0	1,370.1	1.9		439.0
WHCU	126.1	380.0	355.9	24.1		150.2
Student Unions	238.1	515.5	1,562.5	(1,047.0)	1,047.0 (a)	138.1
					(100) (c)	
Non-investment Real Estate	(19.9)	215.5	196.9	18.6		(1.3)
Campus Store	441.8	3,200.0	3,200.0		(12.5) (c)	429.3
Traffic & Parking		361.0	361.0			
Cornell Cinema & Concerts		313.7	313.7			
Conference Coord.	9.5	40.0	40.0			9.5
GENERAL SERVICES	1,395.9	17,601.3	19,918.4	(2,317.1)	2,272.2	1,351.0
General Stores	140.1	1,906.4	1,905.4	1.0		141.1
Typewriter & Instr. Repair	(98.4)	503.2	502.2	1.0		(97.4)
Graphic Arts	162.3	705.0	696.1	8.9		171.2
Photo Science	4.5	133.2	130.2	3.0		7.5
Surplus Acquisitions	(9.8)	103.6	102.6	1.0		(8.8)
Laundry	(55.1)	232.7	231.7	1.0		(54.1)
Administration		78.8	78.8			
PHYSICAL PLANT	143.6	3,662.9	3,647.0	15.9		159.5
B&P Enterprises	138.5	6,444.1	6,376.8	67.3		205.8
Central Heating Plant	(55.6)	2,760.0	2,732.5	27.5		(28.1)
Chilled Water Plant	48.8	594.2	594.2			48.8
Electrical Power System	113.1	1,548.0	1,548.0		(35) (c)	78.1
Water Filtration Plant	(65.3)	232.5	232.5			(65.3)
Construction Mgmt.		371.4	371.4			
	179.5	11,950.2	11,855.4	94.8	(35)	239.3
Athletics	(38.2)	785.0	1,450.2	(665.2)	665.2 (a)	(38.2)
OCS	83.5	2,240.0	2,240.0			83.5
SUB-TOTAL	1,764.3	36,239.4	39,111.0	(2,871.6)	2,902.4	1,795.1
Less elimination of Charges to Other Divisions		17,000.0	17,000.0			
		19,239.4	22,111.0	(2,871.6)		
From General Purpose Funds				2,899.9 (a)		
Est. Gain in Operations				28.3		
From School of Hotel Admin.				150.0 (b)		
Funded from Reserves				(147.5) (c)		
NET CHANGE IN RESERVES				30.8		

TABLE IV

CORNELL UNIVERSITY - ENDOWED COLLEGES AT ITHACA

Estimated Funds Provided for Operations (in 000's)
1974-75

	Unrestricted		Restricted	Total
	General Purpose	Assigned Use		
Student Income				
Tuition & General Fees	40,050	1,616		41,666
Investment Income				
Endowment for Special Purpose		35	3,218	3,253
Endowment for General Purpose	1,667			1,667
Endowment for Salaries	1,968			1,968
	3,635	35	3,218	6,888
Separately Invested Funds	142			142
Capital Fund	1,118		885	2,003
Current Funds	500			500
Income from New Capital	150		100	250
Service Charges & Investment				
Office Expense Recoveries	665			665
	6,210	35	4,203	10,448
Gifts				
Cornell Fund	3,940			3,940
Corporate Program	225			225
Pearsall Trust	275			275
Unrestricted Bequests	100			100
Other	60		2,727	2,787
	4,600		2,727	7,327
Public Funds				
Bankhead-Jones	100			100
Morrill-Nelson	30			30
Grants and Contracts	5,550		21,300	26,850
ARPA	400			400
Bundy Plan	2,760	133		2,893
	8,840	133	21,300	30,273
Other Resources				
Special Programs & Contract				
Services			6,108	6,108
Related Activities-Sales & Services		19,193		19,193
Research Recovery-Non Government	190			190
Other Expense Recovery	830			830
Service Charge-Related Activities	400			400
Miscellaneous	650	250		900
	2,070	19,443	6,108	27,621
Sub-Total	61,770	21,227	34,338	117,335
Capital Fund Distribution				
In Excess of Income	2,490		1,965	4,455
Total Funds Provided	64,260	21,227	36,303	121,790

STATUTORY COLLEGE BUDGETS

The Statutory Colleges at Cornell are an integral part of both Cornell University and the State University of New York (SUNY). By statute Cornell is responsible for the administration of the Statutory Colleges including the establishment of courses of study, creation of departments and positions, the determination of the number and salaries of members of the faculty and other employees, the appointment and employment thereof, the maintenance of discipline and as to all other matters pertaining to educational policies, activities and operations. By the same statute State University is given general supervision over the requests for appropriations, budgets, estimates and expenditures.

The procedures and schedule for review and action on the budgets of the Statutory Colleges consequently differ from those applicable to other units of Cornell University. For example, the Statutory College budgets for 1974-75 were first presented to the Cornell trustees, after proposed increases had been discussed informally with SUNY in July of last year. This budget request was then transmitted to the trustees of State University for approval and transmittal to the Division of Budget for analysis and development of appropriation bills for legislative approval. The request approved by the SUNY trustees is set forth on the following pages for information only. Further modifications to this budget are to be expected following gubernatorial and legislative review and action by the State on faculty and staff salaries for the coming year. The budgets as finally approved by the State are then returned to Cornell for adoption by the University trustees (usually in May or June) and implementation by the four statutory colleges.

The Statutory Colleges are also different from the other units of SUNY in having statutory mandates to provide the citizens of New York State with assistance through

its organized research and extension programs. The Statutory Colleges perform research in many areas and this information is disseminated through the many arms of extension.

It is in the areas of organized research and extension that increasing difficulties are being experienced in the budget process. These areas are not easily quantifiable and do not lend themselves to performance budget and/or program budgeting (PPBS). Significant efforts are being made to provide more information in these areas, but information is not as precise and acceptable as the data in the instructional area. As a result, the organized research and extension programs continue to receive low priority from the New York State Division of Budget. Cornell continues to receive pressure to expand these activities while

the budget process limits increases.

There must be means developed under which meaningful requests of organized research and extension may be presented to the Legislature. These functions are unique to the Statutory Units. In addition, ways must be developed to retain Cornell's role as chief administrator of the Statutory Units while providing the state with information relating to expenditure of State funds. One of the chief reasons for the success of the Statutory Colleges is that they are part of a large University with diverse disciplines which are available at reasonable cost to Statutory College students.

The cost of maintaining existing programs is significant. With inflation running rampant it is difficult to secure sufficient funds to meet price increases, let alone secure funds for program

expansion.

The Statutory Units have requested state appropriations for 1974-75 of \$42,981,000, an increase of \$2,908,000 or 7.3% over the 1973-74 budget of \$40,073,000. This increase is mainly directed at maintaining programs at existing levels with some program improvement. Some significant items are: accessory instruction, utilities, funds to meet price increases, and a 5.5% across-the-board adjustment plus increments for non-professional (NP) staff.

Academic and non-academic salaries were increased by \$1,600,000 in 1973-74. It is anticipated that an adjustment will be forthcoming for professorial and professional staff. This amount is unknown, but will be in addition to the 7.3 per cent increase mentioned in the above paragraph.

TABLE V

CORNELL UNIVERSITY - ENDOWED COLLEGES AT ITHACA
ESTIMATED FUNDS APPLIED TO OPERATIONS (IN 000's)
1974-75

	Unrestricted		Restricted	Total
	General Purpose	Assigned Use		
I. Education General				
Instruction & Departmental Research	25,370	1,685	4,880	31,935
Universities Libraries	4,138	50	541	4,729
Organized Research	1,210		20,625	21,835
Other Sponsored Programs			2,800	2,800
Organized Educ. Activities			213	213
Extension & Public Service	25		734	759
Physical Plant Operations	6,520		197	6,717
General Administration	3,051		33	3,084
General Expense				
Student Services	2,576		32	2,608
Staff Benefits	2,136			2,136
General Institutional Exp.	4,977		290	5,267
Total General Expense	9,689		322	10,011
Total Education & General	50,003	1,735	30,345	82,083
II. Related Activities - Operations	2,946	19,165		22,111
" " - From Reserves		148		148
III. Student Aid				
Scholarships & Work Study	7,766	110	5,958	13,834
Loan Funds Transfer	45			45
IV. Debt Service	958			958
V. Undistributed				
Salary & Fringe Benefits	2,500			2,500
Support Functions	355			355
Cost Contingency	487			487
Total Authorized Program	65,060	21,158	36,303	122,521
Shelf Projects	600			600
Estimated Lapses & recoveries in relief of budget	(1,250)			(1,250)
Total Funds Applied	64,410	21,158	36,303	121,871

TABLE III

BUDGET SUMMARY
ENDOWED COLLEGES AT ITHACA
OPERATING BUDGET IN 000's

	1973-74 Current Estimates				1974-75 Proposed Estimates			
	General Purpose	Assigned Use	Restricted	Total	General Purpose	Assigned Use	Restricted	Total
I. Funds Available:								
Student Tuition & Fees	36,700	1,542		38,242	40,050	1,616		41,666
Investment Income	8,250	35	5,540	13,825	8,700	35	6,168	14,903
Gifts	4,300	117	2,827	7,244	4,600		2,727	7,327
Public Funds	8,445	133	20,250	28,828	8,840	133	21,300	30,273
Other Sources								
Related Activities & Other	1,900	17,091	6,939	25,930	2,070	19,443	6,108	27,621
Total Funds Available	59,595	18,918	35,556	114,069	64,260	21,227	36,303	121,790
II. Funds Applied - Expense	59,295	18,799	35,556	113,650	64,410	21,158	36,303	121,871
III. Revenue Over (or Under)								
Expense	300	119	0	419	(150)	69	0	(81)
IV. Excess revenue to be transferred to reserves		119				69		
Transfers to or (from) Budget Stabilization Reserve	300				(150)			

Table II
Cornell University
Statutory Units of State University of New York
Source of Funds by Operating Unit
FY 1974-75

The status of federal funds (Smith-Lever, Hatch and Bankhead-Jones) continues to be uncertain. Several attempts have been made in the Executive Budget to phase out the Bankhead-Jones Teaching funds which now have been reduced to \$200,000. Hatch funds have been reduced by \$360,000. It is estimated that the Statutory Colleges will lose in the range of \$1.5 million during 1973-74 from the Federal Government. A significant loss in training grant funds contributed to the total.

Any impact of federal policies in the grant and contract area will not be clearly visible for a few years. Grants are being approved but not funded.

These federal fund reductions place Cornell in the position of cutting back programs which benefit New York State citizens and results in the Statutory Units becoming even more dependent on state support. In spite of the times, the Statutory Units still secure 43 per cent from other than State resources.

On the accompanying tables are to be found the 1974-75 proposed budgets for the six state supported budgetary units at Cornell. The first shows the gross budget for each college by source of funds. The others show the state appropriations available for each college in 1973-74 and the requested appropriation for 1974-75.

Unit	Total Funds 1974-75	Requested State Appropriation	Federal Funds	Grants & Contracts	College Income Funds
Agriculture and Life Sciences	\$35,596,605	\$19,717,396	\$3,970,474	\$ 8,290,532	\$3,618,203
Human Ecology	10,194,872	4,636,342	3,228,633	744,908	1,584,989
Veterinary	8,189,831	5,100,745	6,815	2,564,670	517,601
Industrial and Labor Relations	5,253,546	3,759,833	-	876,123	617,590
Geneva Experiment Station	5,442,237	4,421,389	285,408	476,767	258,673
General Services	5,808,909	5,345,295	89,670	-	373,944
Total	\$70,486,000	\$42,981,000	\$7,581,000	\$12,953,000	\$6,971,000

Table III
Cornell University
Statutory Units of State University of New York
Analysis of Appropriation Increase
1973-74 through 1974-75

Unit	Net Appropriation 1973-74	Salary Programs	Total Available Appropriation	1974-75 Request to SUNY	Total Requested Appropriation 1974-75
Agriculture and Life Sciences	\$17,857,475	\$ 786,054	\$18,643,529	\$1,073,867	\$19,717,396
Human Ecology	4,236,767	123,316	4,360,083	276,259	4,636,342
Veterinary	4,522,944	182,096	4,705,040	395,705	5,100,745
Industrial and Labor Relations	3,302,458	122,148	3,424,606	335,227	3,759,833
Geneva Experiment Station	3,875,899	224,972	4,100,871	320,518	4,421,389
General Services	4,678,400	160,506	4,838,906	506,389	5,345,295
Total	\$38,473,943	\$1,599,092	\$40,073,035	\$2,907,965	\$42,981,000

Prepared: Finance and Business Office

Table I
Statutory Units at Cornell University
1973-74 Budget Presentation
1974-75 Proposed Budget

	1973-74 Budget	1974-75 Proposed Budget
Estimated Income:		
Tuition	\$ 2,561,000	\$ 3,250,000
Overhead - Cost Recovery	1,025,000	1,025,000
Endowment Income	74,763	74,000
Gifts and Grants - Nongovernment	3,306,477	3,306,000
Public Funds:		
N.Y.S. Appropriations	40,073,035	42,981,000
U.S. Government Appropriations	7,580,872	7,581,000
U.S. Agencies - Grants & Contracts	7,907,190	7,907,000
State & Local Agencies - Grants & Contracts	1,740,324	1,740,000
Other	2,622,339	2,622,000
	\$66,891,000	\$70,486,000

Estimated Expenses:

Instruction and Departmental Research	\$13,445,000	\$14,167,000
Organized and Related Activities	2,596,000	2,725,000
Organized Research	23,702,000	24,990,000
Extension and Public Service	15,416,000	16,244,000
Library	1,282,000	1,350,000
Student Services	897,000	945,000
Maintenance and Operation of Plant	5,614,000	5,915,000
General Administration	2,404,000	2,533,000
General Institutional Services	1,338,000	1,410,000
Student Aid	197,000	207,000
	\$66,891,000	\$70,486,000

TABLE III
CORNELL UNIVERSITY - MEDICAL COLLEGE AT NEW YORK
ESTIMATED EXPENSES
1974 - 1975

	Unrestricted General Purpose	Assigned Use	Restricted	Total
I. Educational & General:				
General Administration	1,700,229		263,697	1,963,926
General Institutional	801,412			801,412
Student Services	153,500		5,865	164,365
Staff Benefits	973,500		1,648,709	2,622,209
Instruction & Departmental Research	3,174,181		5,014,892	8,189,073
Physical Plant	1,957,000			1,957,000
Organized Research & other Sponsored Programs			10,438,228	10,438,228
Library	432,124		17,908	450,032
Total Educational & General	9,201,946		17,399,299	26,591,245
II. Related Activities	32,000	995,213		1,027,213
III. Student Aid	125,000		358,542	483,542
IV. Transfer to Plant Funds	191,000			191,000
TOTAL ESTIMATED EXPENSES	9,549,946	995,213	17,757,841	28,293,000

CORNELL UNIVERSITY - MEDICAL COLLEGE
1974-75 Budget

Highlights and Assumptions

1. Tuition has been increased from \$2,680 to \$3,000. Notwithstanding the fact that this is a 12 per cent increase, we compare favorably in relation to our competitors.

2. Investment income projections are decreased by \$220,000 from the current

year, the principal reason being the transfer of the Sutton Terrace investment to the Fund for Medical Progress. This investment has previously been carried by the Medical College Pension Reserve.

3. New York State capitation support is estimated to increase by \$380,000. However, as noted in our letter to President Corson we cannot be absolutely certain of this income element.

4. Two Interdepartmental Centers

TABLE II
CORNELL UNIVERSITY - MEDICAL COLLEGE AT NEW YORK

ESTIMATED INCOME

1974 - 1975

	Unrestricted		Restricted	Total
	General Purpose	Assigned Use		
Student Income				
Tuition and Fees	1,576,753			1,576,753
Total	1,576,753			1,576,753
Investment Income				
Endowment for General Purposes	497,392			497,392
Endowment for Salaries	221,615			221,615
Endowment for Special Purposes			501,385	501,385
Capital Fund	1,558,846		399,830	1,958,676
Total	2,277,853		901,215	3,179,068
Gifts				
Alumni Fund	145,000			145,000
American Medical Education Fund	6,500			6,500
Miscellaneous			4,000,000	4,000,000
Total	151,500		4,000,000	4,151,500
Public Funds				
U.S. Gov't-Grants & Contracts	1,592,000		8,431,000	10,023,000
N.Y. State - Bundy Plan	232,000			232,000
N.Y. State - per Capita	1,200,000			1,200,000
Grants & Contracts - Other than U.S. Government	17,000		233,000	250,000
Total	3,031,000		8,664,000	11,695,000
Other				
Indirect Cost Recovery - Non-Gov't-Grants & Funds	137,000			137,000
Psychiatry - Westchester	27,000			27,000
N.Y. Hospital - Cornell Med. Group	140,000		2,500,552	2,640,552
N.Y. Hospital Share Joint Budget	1,555,691			1,555,691
Library Support	141,304			141,304
Alumni Association	15,000			15,000
Miscellaneous	5,000			5,000
Related Activities	43,845	1,007,723		1,051,568
Earnings and Transfers			1,632,074	1,632,074
Total	2,059,340	1,007,723	4,132,626	7,255,134
Budget Stabilization Reserve	333,000			333,000
Related Activities Reserve		(12,515)		(12,515)
Total	333,000	(12,515)		320,485
TOTAL	9,541,946	295,213	17,747,941	28,293,000

TABLE I
BUDGET SUMMARY
MEDICAL COLLEGE
OPERATING BUDGET IN 000's

	1973-74 CURRENT ESTIMATES				1974-75 BUDGET ESTIMATES			
	GENERAL PURPOSE	ASSIGNED USE	RESTRICTED	TOTAL	GENERAL PURPOSE	ASSIGNED USE	(EST.) RESTRICTED	TOTAL
I. FUNDS AVAILABLE:								
STUDENT TUITION	1,292			1,292	1,577			1,577
INVESTMENTS	2,423		720	3,143	2,278		901	3,179
GIFTS	132		3,200	3,332	151		4,000	4,151
PUBLIC SOURCES	2,620		7,715	10,335	3,091		8,664	11,755
OTHER SOURCES	1,842		5,565	7,407	2,021		4,183	6,204
RELATED ACTIVITIES	66	994		1,060	44	1,008		1,052
TOTAL FUNDS AVAILABLE	8,375	994	17,200	26,569	9,162	1,008	17,748	27,918
II. FUNDS APPLIED-EXPENSE	8,602	976	17,200	26,778	9,550	995	17,748	28,293
III. EXCESS OF REVENUE OVER EXPENSE: DEFICIT IN ()	(227)	18	0	(209)	(388)	13	0	(375)
IV. DEFICIT TO BE MET THROUGH:								
RELATED ACTIVITY-ADDITION TO RESERVES		(18)				(13)		
BUDGET STABILIZATION RESERVE WITHDRAWAL	227				388			

TABLE IV
CORNELL UNIVERSITY - MEDICAL COLLEGE AT NEW YORK
RELATED ACTIVITIES

1974 -- 1975

	Estimated Reserve 6/30/74	Estimated Income	Estimated Expenses	Estimated Net Operating Results	Other Transactions	Estimated Reserve Balance 6/30/75
Olin Hall	3,611.19	353,529	353,529			3,611.19
Book Store	36,593.86	500,000	496,600	3,400		39,993.86
Central Services:						
Alcohol & Dry Ice	8,216.79	6,330	6,330			8,216.79
Apparatus Shop	3,573.11	56,534	56,534			3,573.11
Lab. Animal Med.	15,579.77	418,000	450,000	(32,000)	32,000 ³⁾	15,579.77
Medical Index		25,000	20,000	5,000 ¹⁾		
Microscope Rentals	10,029.05	6,000	500	5,500		15,529.05
Photography - Media	23,838.91	124,000	120,385	3,615		27,453.91
Real Estate		116,180	77,335	38,845 ²⁾		
Central Services Total	61,237.63	752,044	731,084	20,960		70,352.63
Less: Inter-Departmental Sales		(554,000)	(554,000)			
TOTAL	101,442.68	1,051,573	1,027,213	24,360		113,957.68
Less: Appropriated Funds		(5,000) ¹⁾ (38,845) ²⁾	(32,000) ³⁾	(11,845)		
Non-Appropriated Funds		1,007,728	995,213	12,515		

CORNELL UNIVERSITY-NEW YORK HOSPITAL

School of Nursing

Dear President Corson:

I am transmitting to you the 1974-75 budget for the School of Nursing. This year I have prepared the budgets for the funded programs of the Division of Continuing Education separately.

To this date the net cost of the school is a recognized charge to hospital costs per patient day under the reimbursement arrangement with third party agencies less any reimbursement from grants, tuition and donations received for educational purposes. In addition, the cost is reduced by the amount of income from endowment restricted to the use of the School of Nursing. The budget prepared by the Dean represents direct costs of the instructional program and does not represent capital expenditure and other allocated costs such as maintenance of plant, cafeteria, and other similar charges. The budgetary procedure is to include such costs in the budget of The New York Hospital.

Sincerely yours,

/s/ Eleanor C. Lambertsen

Dean Budget 1974-75

Summary Analysis of Sources of Income

1. Student Tuition and Fees

Income from student tuition is based upon a projection of 218 students for the Fall Semester and 212 for the Spring Semester. The reduction in the Spring is based upon an attrition trend of six students per year. Tuition and fees were increased from \$1950 for the year 1973-74 to \$2050 for 1974-75. The schedule of tuition and fee increases through 1977-78 were approved by the Joint Administrative Board in November 9, 1972. The schedule must be reexamined for the year 1975-76. It is my recommendation that fees covering Blue Cross and Blue Shield be based upon actual costs and that the students be billed separately for these charges. Currently increases in charges are not reflected in the adjustment of tuition.

2. New York State Education Department Capitation Funds

Uncertain but projected on the basis of the current year.

3. HEW Capitation Fund

Uncertain but projected on the basis of the current year.

4. The New York Hospital

To this date the net cost of the School is a recognized charge to hospital costs per patient day under the reimbursement arrangements with third party agencies less any reimbursement from grants, tuition and donations received for educational purposes. If capitation funds are not available from New York State or HEW the New York Hospital contribution will be increased by \$88,852 to a total of \$450,299.

5. Tuition and Fees - Continuing Education Programs

Income for the year 1972-73 from tuition charged for courses other than funded programs was \$16,125. It is projected that this amount will increase for 1973-74 and 1974-75. Tuition benefits are granted to employees of The New York Hospital.

Summary Analysis of Expenses

1. General Administrative Salaries

The increase reflects general increases in salaries and one-half time of a member of the faculty to assist with the program of the Office of the Dean when the responsibility for the Division of Nursing Service is assumed by her on July 1, 1974. These expenses do not include the salary of the Dean who has been paid by Cornell University from Bundy Funds.

2. Instructional Salaries

The increases represent general

increases in salaries and projection for promotion and the employment of two additional faculty, reimbursed through capitation funds, to meet the requirements of the grant and program expansion. It is anticipated that replacements will not be appointed if resignations occur. The amount will be reduced by income from the tuition and fees of the Division of Continuing Education by approximately \$20,000-\$30,000.

3. Library

Charges to the School of Nursing by

Cornell University Medical College for Library services are prorated for services provided to the various constituent units of the Medical Center. The estimate was based upon last year's charges; the data are not available at this time. These expenses are currently reimbursable charges under arrangements with third party agencies.

4. General Administrative Expenses

The increases represent a 6 per cent projected increase of costs.

THE NEW YORK HOSPITAL-CORNELL MEDICAL CENTER
CORNELL UNIVERSITY-NEW YORK HOSPITAL
SCHOOL OF NURSING
 1320 YORK AVENUE, NEW YORK, N.Y. 10021 (212) 879-9009

ESTIMATED INCOME AND EXPENSE

	Proposed Budget 1974-75	Estimated 1973-74
Estimated Income:		
Student Tuition and Fees	\$ 440,750	\$ 399,490
Investment Income	10,000	12,000
New York State Education Department*	37,050	37,050
HEW - Capitation Grant*	51,802	60,543
The New York Hospital	361,447	353,135
	\$ 901,049	\$ 862,218

Estimated Expense:

General Administration Salaries	\$ 218,993**	\$ 198,938**
Instructional Salaries	601,864	540,330
General Administration Expense	49,652	46,150
Library	30,540	76,800
	\$ 901,049	\$ 862,218

* Capitation grant funds uncertain but projected on basis of current year.

** Does not include salary of Dean. Paid by Cornell University from Bundy Funds.



ESTIMATED INCOME AND EXPENSE

Continuing Education

	1974-75			
	PRIMEX- HEW	PRIMEX- N.Y. CITY	PNA-HEW	TOTAL
Estimated Income:				
Direct Costs	\$150,338	\$29,228	\$74,497	\$254,063
Indirect Costs	12,027	2,338	5,959	20,324
	\$162,365	\$31,566	\$80,456	\$274,387
Estimated Expenses:				
Personnel	\$120,358	\$14,256	\$69,997	\$204,611
Consultant Services	1,000	-	1,000	2,000
Supplies	4,000	1,792	3,000	8,792
Travel	3,080	1,500	500	5,080
Nurses	-	11,680	-	11,680
Other	21,900	-	-	21,900
Overhead	12,027	2,338	5,959	20,324
	\$162,365	\$31,566	\$80,456	\$274,387

Some Background Highlights Of Budget

The accompanying tables set forth revenues and expenses estimated for the Endowed Colleges at Ithaca from all categories of funds. The three columns show: (1) the 1973-74 budget as approved last January, (2) the current estimates for 1973-74 and (3) the proposed budget for 1974-75.

Since initial adoption of the 1973-74 estimates, there have been important changes in the budget program. On the plus side of the ledger, these have included: receipt of almost \$1 million

additional Bundy aid, an expansion of almost \$2 million of funds for sponsored research and other special programs, and award of an additional \$400 thousand of work study aid. On the negative side, the anticipated distribution based on the University's Calspan investment has had to be deferred, reducing investment revenues by \$560 thousand, and there has been a modest erosion of tuition income. Because it is continually necessary to update and revise income estimates, most of the analysis of income presented in this supplemental

TABLE I

B. Funds Provided (Revenues)

	73-74 January Budget	73-74 Current Estimate	74-75 Budget
		(000's)	
Overall revenues			
General purpose	\$ 59,100	\$ 59,595	\$ 64,260
Assigned use	18,505	18,918	21,227
Restricted	33,240	35,555	36,303
Total	\$110,845	\$114,068	\$121,790
Analysis of:			
1. General purpose revenues			
Tuition	37,300	36,700	40,050
Investment	8,665	8,250	8,700
Gifts	4,400	4,300	4,600
Public funds	7,170	8,445	8,840
Other	1,565	1,900	2,070
Total	59,100	59,595	64,260
2. Assigned use funds			
Funded programs	1,613	1,948	2,034
Auxiliary enterprises	16,890	16,970	19,193
Total	18,505	18,918	21,227
3. Restricted funds			
Endowments	5,675	5,720	6,168
Gifts, foundation support and special programs	8,640	9,585	8,835
Government grants and contracts	18,925	20,250	21,300
Total	\$ 33,240	\$ 35,555	\$ 36,303

TABLE II

B. Funds Applied (Commitments & Expenses)

	73-74 January ^{1/} Budget	73-74 Current Estimate	74-75 Budget
		(000's)	
1. Academic programs			
Instruction & departmental research	\$ 30,142	\$ 31,816	\$ 31,935
Organized research	19,230	20,493	21,835
Library	4,152	4,530	4,729
Other	3,035	3,203	3,772
	56,559	60,042	62,271
2. Supporting programs	19,612	10,855	10,959
3. Physical plant	6,065	6,340	6,717
4. Student aid	13,202	13,683	13,879
5. Related activities	19,814	20,219	22,259
6. Debt service	954	954	958
7. Undistributed			
Fringe benefits	1,776	1,775	2,136
Salary pool	2,060	19	2,500
Other, incl. contingencies	1,070	368	842
8. Shelf projects	200	200	600
Total program plan	111,312	114,455	123,121
Less estimated lapses and other recoveries	-675	-806	-1,250
Total expense	\$110,637	\$113,649	\$121,871

^{1/} Adjusted only to reflect distribution of salary and new program funds, the January budget for Instruction would be approximately \$31.6 million; for Libraries, \$4.4 million; for Organized Research, \$19.4 million; and for Support Programs, \$12.3 million.

document compares 1974-75 estimated revenues with the revenues currently estimated for the current year.

Trends in application of endowed college operating funds from all sources is shown in Table II. The strong growth in sponsored research, training, and other special programs has helped to assure expansion of the academic program. The budget for 1974-75 conservatively estimates a levelling off of past growth in government research funding and a diminution of \$750 thousand in other support for special research and training programs. Even based on these conservative assumptions, however, academic programs are budgeted to

receive a somewhat greater share of the total University dollar next year (as compared to the budget approved a year ago) as well as a slightly larger share of the University's more limited general purpose funds.

At this point it is extremely difficult to forecast the specific composition of government, foundation, and corporate funding for research and special programs, even though some overall trends may be identified. The budget detail accordingly focuses on "funded programs" supported through revenues which are more or less predictably available to the University.

ENROLLMENT PROJECTIONS
Fall Term

	71-2 Actual	72-3 Actual	73-4 Actual	74-5 Plan
Architecture	367	411	441	460
Arts and Sciences	3,647	3,705	3,602	3,646
Engineering	2,123	2,170	2,255	2,301
Hotel	575	572	528 ^{2/}	565 ^{2/}
Unclassified	99	67	88	79
Endowed Undergraduate	6,811	6,925	6,914	7,051
Agriculture	2,592	2,724	2,813	2,813
Human Ecology	1,081	1,101	1,143	1,126
Industrial & Labor Relations	520	567	592	590
Statutory Undergrad	4,193	4,392	4,548	4,529
Graduate	3,413 ^{1/}	3,401	3,501 ^{2/}	3,525 ^{2/}
Business and Public Administration	363	408	445	458
Law	471	469	470	480
Vet	242	246	250	257
Graduate and Prof.	4,489	4,524	4,666	4,720
TOTAL	15,493	15,841	16,128	16,300

1/ Incl. Aerospace Engineering.

2/ Hotel Professional Masters students included in the Graduate School beginning 73-4: 60 in 73-4; 50 in 74-5.

ENDOWED COLLEGES AT ITHACA
GENERAL PURPOSE INCOME
EXPLANATORY NOTES

1. Tuition & Fees (000's)

	73-74 Current Budget	74-75 Budget	Change
Tuition	\$33,540	\$36,880	\$3,340
Accessory Instruction	2,190	2,190	0
Summer Session & Extramural	170	180	10
Miscellaneous Fees & Charges	800	800	0
	\$36,700	\$40,050	\$3,350

Tuitions credited to Current Unrestricted Income include the full tuition charge to the students for each of the Endowed Colleges and an amount, calculated at \$795 for 1974-75, retained from the tuition payment of each statutory college student to cover general University expenses applicable to both the endowed and statutory units. The remainder of the statutory college tuition is credited to College Income Funds. A similar procedure applies to the School of Hotel Administration, where the tuition applied to school expenses is credited to Assigned Use Income.

The tuition increase provides the largest single increase of new funds required by the University to counter inflationary pressures. The increases proposed for 1974-75 are estimated to yield slightly over \$2.8 million on a gross basis. Net of added expense associated with

commensurately increased tuition scholarships and added financial aid at \$550 thousand, the increased income to the University is estimated at \$2.270 thousand.

Despite the planned slowdown in enrollment growth, an anticipated concentration of most new students within endowed units is also expected to yield a significant increase in tuition income, totaling on a gross basis slightly over \$500 thousand. About half of this amount will be required to meet increased financial aid and teaching expense associated with the new students. The remainder may be considered, at least in the short run, to be a real contribution to University resources. (Summer Session income in excess of expenses is applied to General Purpose income.)

Each year the University suffers a small loss of tuition income through non-

payment of bills. Introduction of automated billing has allowed complete, accurate record of such non-payment to be maintained over the past year. For Undergraduate Students the maximum potential loss on University billings is .015 per cent of amounts billed. The budget anticipates introduction of a bad debt reserve at .01 per cent of billings, anticipating that about one-third of the

potential loss will be recovered through collection procedures.

Over the past several years there has been a slow erosion in the net credit hours of accessory instruction provided by the endowed colleges to Hotel and statutory college students. The credit hour loss has however been largely offset by the higher tuition rates upon which the accessory instruction charge is calculated.

	73-74 Current Estimate	74-75 Budget	Change
2. Investment Income			
Return on Funds Invested as of July 1, 1973			
Based on dividend & interest income	\$5,318	\$5,410	\$92
Based on distribution of capital in excess of income	2,400	2,490	90
	7,718	7,900	182
Estimated Return on New Capital			
Full year return on capital added in 72-73	375	375	
Return on funds rec'd 7/1/73 to date	120	275	155
Anticipated	37	150	113
Total	\$8,250	\$8,700	\$450

Although total return on investments to General Purpose Funds is estimated to increase \$450 thousand (or 5.5 per cent over the current year, the \$8.7 million estimate is only \$35 thousand over the amount originally budgeted for 1973-74. The actual current year yield is substantially under budget because of the deferral of the anticipated distribution dividend on Calspan shares. Nor has any distribution on the basis of the University's continued investment in Calspan been reflected in the 1974-75 estimates.

Investment income estimates assume substantial gifts of new capital. The Baldrige estate, the proceeds of the public offering of Calspan shares, and Anonymous Gift No. 31, together with several other large gifts have brought the University some \$20 million of new unrestricted capital funds over the past 18

months — an extraordinary conjunction of circumstances which cannot be expected to be repeated in coming years. The 1974-75 estimates do, however, assume that an additional \$4 million of unrestricted capital will be received over the coming 18-month period and that there will be additional endowments whose income can be used in relief of academic, student aid, and maintenance budgets.

While gifts bring new capital to Cornell, some limited use of capital funds is likely also to be authorized in support of plant improvement and other special programs. Thus, on an overall basis, the Investment Office anticipates total return on investments to increase only 4.3 per cent over the current year. The data on overall investment return, including Medical College and restricted funds, are as follows:

	(Millions)	
Total Return All		
Univ. Invested Funds:		% Increase
Includes Income and		Over Pre-
Capital Distribution		vious Year
Year Ending		
June 30		
1969	\$11.8	
1970	13.5	14.4%
1971	15.3	13.3%
1972	16.1	5.0%
1973	17.2	6.8%
1974	'8.4 Est.	7.0%
1975	19.2 Est.	4.3%

The 1974-75 estimate compares to last year's actual performance as follows:

	1973-74	1974-75
	Dollar Per Unit (Millions)	Dollar Per Unit (Millions)
From:		
Current Funds	\$1.0	
Endowment and		\$1.0
Sep. Inv. Funds	7.9 (11.1¢)	8.6 (11.8¢)
Capital Fund	8.0 (17.0¢)	9.1 (17.8¢)
Calspan Dist.	.3	0
New Funds (since 6/30/73) net	0	.5
Total	\$17.2	\$19.2

Robert Horn, Vice President, Investments, notes, "three of the four components of the above tabulation are reasonably solid. With short-term interest rates at a high level, and showing no signs of declining, we expect Current Fund balances to provide a reliable \$1.0 million for 1974-75. The Endowment Fund, with its income-production orientation, should

be able to meet its estimate of 11.8¢ per unit. This rate represents a return of 5.6 per cent on present (11/30/73) unit market value of \$2.08. Third, we are guessing that total new additions to both pooled portfolios will themselves produce \$500,000 in additional income. This means that by the end of next year we will have taken into our Funds between \$8

and \$10 million in capital. This may be optimistic — who knows.

"The final component of the total is the distribution from the Capital Fund. This has been calculated pursuant to the moving average formula adopted by the Board in May, 1972. Energy difficulties, real and imagined, surprising court decisions, and fear of a continuing supply of new Watergate disclosures have shaken the foundations of stock prices, and the growth-oriented stockholder particularly has felt the tremor. Our Capital Fund is such a stockholder. We

have not jettisoned our portfolio and have no present intention to do so in the belief that this is one of those rough periods of time when patience is called for. Unless there is a substantial recovery in share values, however, the application of the moving average total return formula will

require withdrawal of some \$9.1 million from a fund whose capital value now barely exceeds \$100 million. Of this amount, an estimated \$6.0 million will be a distribution of capital in excess of income."

	1973-74	1974-75	
	Current Est.	Budget	Change
3. GIFTS (000's)			
Unrestricted Gifts			
(thousands)	\$4.300	\$4.600	+\$300

The current estimates for 1973-74 and 1974-75 show continued growth in aggregate support from all unrestricted sources. However, gifts of securities follow the Dow-Jones average very closely, and if current market conditions continue next year there could be a negative effect in that campaign and the funds actually realized could be anywhere from \$200,000 to \$600,000 less than

currently estimated.

Within the totals for 1973-74 and 1974-75, a greater proportion is anticipated to come from Alumni Annual Giving and a lesser proportion from other sources. The growth for alumni giving through the Cornell Fund is projected to be about 8 per cent per year compounded, which is somewhat less than our experience over the last five years.

	73-74	1974-75	
	Current Estimate	Budget	Change
4. PUBLIC APPROPRIATIONS (000's)			
Research Overhead and Salary Recovery	\$5,405	\$5,550	\$145
Bundy Funds (New York State)	2,565	2,760	195
Other Federal Funds			
Bankhead-Jones, Morrill-Nelson & ARPA	630	530	-100
	\$8,600	\$8,840	\$240

Recoveries of overhead and salaries are a by-product of the volume of research, dependent on government determinations regarding recoverable indirect costs. Over the past two years the overhead rate has diminished slightly. In 1973-74 the pre-determined rate, based on the ratio of indirect costs to direct salaries and wages, is 56.3 per cent. The Office of Academic Funding has prepared estimates which indicate that Cornell's research volume continues to grow despite the cutbacks in support from certain government agencies.

New York State Institutional Aid (Bundy funds) was increased by almost 50 per cent in 1973-74, but this increase was approved by only a very narrow legislative

margin. Action to expand the Scholar Incentive program in the up-coming legislative session could be accompanied by a curtailment of institutional aid. Such action, were it to occur, should provide sufficient additional resources to Cornell students to permit a reduction in financial aid expense to offset loss of institutional aid - or at least this is the assumption on which the budget is premised.

The Executive branch of the Federal government has sought in each of the past two fiscal years to eliminate Bankhead Jones funds and, so far, the Congress has been successful in restoring funding for the program. The \$100 thousand indicated reduction reflects a 50-50 assessment that funding will continue.

	1973-74	74-75	
	Current Estimate	Budget	Change
5. OTHER (000's)			
Research recovery, non-government	\$170	\$190	\$20
Service charges to related activities	390	400	10
Other expense recoveries	706	830	
Miscellaneous	650	650	124
Total	\$1,916	\$2,070	\$154

Recovery of indirect costs and certain salaries are dependent largely on the nature of the research project and policy of the supporting sponsor. (Certain foundations will not recognize overhead.) In 1974-75 it is expected that each project will absorb its full share of all fringe benefit costs - thus diminishing the burden on unrestricted funds for benefits coverage.

Service charges are billed to related activities to recover the portion of general University indirect costs associated with their operations, based on a uniform percentage of their payroll.

Other expense recoveries are charged and taken into general income to recognize special services which are from

time-to-time performed by such appropriation-supported departments as the Safety Division, Purchasing, and the University Planning Office on behalf of Upper Campus divisions, enterprises or, in some cases, other departments.

Miscellaneous income covers a variety of sources such as sales of transcripts, staff fees for use of physical education facilities, net earnings from Summer Session and Extramural programs and all other receipts which cannot be included in other major categories.

BUILDINGS AND PROPERTIES

The Buildings and Properties Department is responsible for plant maintenance and utilities service for all elements of the Ithaca campus other than

lands assigned to the Cornell Plantations, College of Agriculture farms, and certain other facilities for which special arrangements have been made. Design, maintenance, and utilities services to the statutory colleges, Campus Life Division enterprises, Hotel School and various other related activities are provided on a "cost of service" basis. Similar cost accounts are maintained also for all services in support of the academic facilities and grounds of the Endowed Campus. The maintenance and utilities cost for the Endowed campus, however, are charged to an appropriation of General Purpose Funds made to the Buildings and Properties Department.

Over the past three years the Endowed Campus plant area maintained with appropriated funds has increased 10 per cent. However, despite inflation, the maintenance cost per square foot has been reduced, in part through curtailing custodial care and in part through deferring needed maintenance. Utilities costs have risen even more rapidly than the rate of inflation, despite the Department's efforts to minimize fuel cost and conserve usage. The aggressive conservation efforts currently being implemented, however, are beginning to

reveal a significant impact on use. Budget planning for 1974-75 is geared to the assumption that conservation will largely offset an expected sharp increase in fuel prices. (The appropriation for Endowed campus utilities has been increased by only 8.7 per cent.) These trends are shown graphically below. Additional data are presented in the Appendix.

Anticipating the need for a sharp step up in planned maintenance funds to overcome the backlog of deferred maintenance, Buildings and Properties has conducted a building by building analysis of major repair needs, which should be programmed over a five year period. The scale of work to be done, expressed in 1972-73 prices, is indicated below. The table also shows the budgeted 1973-74 funds for planned maintenance in each category; in some cases these may be supplemented at year-end by special project moneys not required for other operations.

(The amounts shown below reflect payments for B&P services from other than General Purpose Funds. In practice, all B&P operations other than custodial services are run through enterprise accounts, which in 1974-75 will total almost \$11.5 million.)

	1973-74	
	Deferred Maintenance Backlog	Planned Maintenance Budgets
	(000's)	
Endowed Academic Campus	\$2,400	
Statutory Colleges		335
Academic facilities, on-campus	6,800	
Off campus facilities	700	
Utilities distribution system	1,300	169
Housing facilities	2,600	131
Endowed campus grounds	600	50

In each case, budgeted funds are at so low a level that the portion of the program which can be completed in the current year is probably roughly offset by the increased costs resulting from further deterioration of the plant.

Although high priority is placed on meeting deferred maintenance needs, these are in most cases projects which can be activated on relatively short notice and which need not imply a continuing commitment of funds. Hence, rather than building funds for a step-up in planned maintenance into the regular budget, we have assumed that the major portion of the Shelf Project account — to be committed only if sufficient revenue develops so that we may be reasonably assured of achieving a balanced budget — will be applied to these needs. A similar approach is being taken by both the Housing Department and the Statutory Colleges.

In addition to the deferred maintenance needs tabulated in the Buildings and Properties' surveys, there is a large backlog of corrective actions which should be taken to bring University facilities fully in compliance with OSHA requirements. Some of these will be accomplished in connection with major repair projects; others will have to be accomplished by academic departments as deficiencies are identified; still others will require special projects, which also will have to be covered from Shelf Project funds.

COMPUTING SERVICES

The Office of Computing Services (OCS) provides computing services to support instructional, research and administrative programs on the Ithaca campus. All services are billed to users and all operating costs, including amortization of purchased equipment are recovered. Approximately 56 per cent of

OCS billings during the current fiscal year are expected to be for services supported from University general purpose funds. This percentage is expected to increase in 1974-75.

For the past several years, OCS has focused on the twin objectives of reduced expenses and improved services. In the main, these objectives have been achieved by obtaining competitive equipment at lower prices and by improving the operating efficiency of the existing IBM 360/65 computer. Possibilities for absorbing increased workload in this manner, however, have now been substantially exhausted. The University Computing Board recommendation for acquisition of an IBM 370/168 computer recognized that OCS would need a larger computer prior to the 1974-75 academic year to process adequately a growing workload and also that the major portion of the added expense of supporting a new computer would indirectly have to be borne from general purpose funds.

The budget has been prepared on the assumptions that the IBM 370/168 system will be purchased under a financing plan which permits its amortization to be phased in pace with the system's anticipated growing use. Thus, only \$120 thousand of the \$3.7 million purchase cost has been budgeted for repayment during 1974-75. Together with higher interest costs, increased utility expense, and a modest expansion of support staff and equipment, the 370/168 program is estimated to add \$244 thousand to OCS total expense. The proposed assignment of the \$1.1 million discretionary fund margin would allocate \$200 thousand of increased general purpose funds for computer services (\$130 thousand for academic computer

use and \$70 thousand for non-academic, chiefly student records) which will help to support this added expense. A full financing plan for the proposed 370/168 acquisition is to be presented to the Executive Committee of the Board in the early spring. The OCS budget is tentative pending this plan's approval.

If approved, the 370/168 will provide a

three or four-time increase in computing capacity at OCS. With this increase, batch turnaround and interactive response time should improve considerably. New software, which will be introduced gradually, will also provide increased facilities and a relaxation of current constraints on programs and job submission modes.

overcome these difficulties, the University is introducing a 50-50 matching program to cover all on-campus employment of students eligible for aid. The program is expected to mobilize sufficient departmental funds, coupled with whatever federal grants may be received, to put the student employment program on a sound continuing basis and to assure sufficiently early notice of job opportunities and available funds to permit earnings to be fully reflected in aid awards.

It should be noted in conclusion that approximately 90 per cent of the undergraduate scholarship awards financed from University funds are returned to the University as tuition. A statement by the Director of Financial Aid regarding the status of the program and a table detailing aid budgets is included for aid accounts in the Appendix.

2. Professional school aid. The Business School now charges the University's highest tuition. In conjunction with this policy much emphasis has been placed upon loan accessibility for all their students, reflecting a philosophy that

MBA starting salaries are more than satisfactory to retire student loan debts. The Law School tuitions also are being raised more rapidly than those of other endowed units with the intent of bringing Law School charges to the same level which applies elsewhere on the Lower Campus. Concurrently, scholarship funds have been increased to assist the Law School in meeting their competition. Although to this point, loans have not been as strongly emphasized in Law as in Business, Dean Cramton has expressed an intent to give more attention to this alternative aid tool.

3. Graduate fellowships and tuition grants. Administered by the Graduate School, the budgeted increases in general purpose funds for graduate fellowships and tuition grants are necessitated to cover tuition increases for fellowship holders and graduate students in the 6-year Ph.D. program and to support the minority graduate aid program in accordance with the plan adopted in 1971. Except for the latter, no additional fellowships are funded from general university income in 1974-75.

STUDENT AID	(000's)		
	Gen. Pur. Funds	Assigned Use Funds	Restricted Endowments
Undergrad & Professional Schools Scholarships			
Undergrad	3422	110	
Law, Business, Cornell Support, self help programs	410		1/
Graduate Fellowships	195		
Tuition scholarships for TA's	1642		1/
	2142		
	7811	110	3158

1 Because many restricted funds are available both to graduate and undergraduate students, a breakdown has not been attempted.

Financial assistance to Cornell graduate and undergraduate students is derived from many sources — corporations, foundations, Federal and State agencies, alumni, friends, community organizations, University endowments, gifts and appropriated funds. These financial aids also take many forms — scholarships, traineeships, fellowships, VA benefits, scholar incentive awards, subsidized work opportunities, and loans. In total, during 1972-73 financial aids sponsored by or reported to the University exceeded \$24 million, nearly two-thirds of total tuition income for that year. About 30 per cent of this total aid was provided from University general purpose funds.

Over a 10-year period, since 1962-63, total aid resources have grown four-fold, while tuition payments have roughly tripled. For a time, external aid funds were growing more rapidly than the University support but during the past several years, except for the N.Y.S. scholar incentive program and federally guaranteed student loans, there has been little growth in outside aid and a sharp diminution in the external support available to graduate students. Thus, the major burden of supporting a growing enrollment, including an increasing proportion of minority and disadvantaged persons, has fallen on University general funds and on the students themselves, particularly at the graduate level.

The proposed increase in unrestricted student aid funds for 1974-75, compared to the 1973-74 budget, is — at \$251 thousand — the lowest in many years and relates entirely to increased tuition and the projected 1% enrollment growth. While the undergraduate COSEP program is assumed to be continuing at a steady state, a \$100 thousand increase is provided to fellowship funds to support a fifth year of expanded minority enrollments at the graduate level.

The modest overall increase in budgeted student aid funds reflects substantial savings which have resulted from more rigorous administration of the program, including especially a cross check of parents' income statements against their tax reports. Another contributing factor has been an approximate \$150,000 reduction as a consequence of a somewhat lower enrollment level than had been anticipated for undergraduate minority programs. The financial aid budget is based on maintaining the COSEP program

at its current level but with recognition that increased enrollments resulting from more favorable acceptance or attrition rates than achieved in 73-74 may require a supplemental allocation from contingency funds.

1. Undergraduate aid programs. Over the past three years, the University's general policy has been to stabilize scholarship awards, despite increasing tuition and other costs. This policy has transferred most of the burden of rising costs to parents and students, requiring greater reliance on loans and earnings.

Data regarding the effect which financial aid policies have had upon the student population are not conclusive. On the one hand, as noted in the analysis of tuition and aid policies set forth in *Cornell in the Seventies* "the percentage of those who accept admission to Cornell is statistically independent of family income and the size of the financial aid package." Also, there has been a marked decline in the number of students offered admission for whom aid could not be made available (from 388 in the spring of 1970 to 128 this past year) and there is a good possibility that for 1974-75 these "so-called" admit-denies may be eliminated completely. However, the proportion of our non-minority applicants who apply for or are found to be entitled to aid also is slowly declining, indicating either that the resources of families typically generating our students are growing more rapidly than tuitions (or the College Scholarship Service standards for scholarship awards) or that some potential middle income students may be deterred from seeking admission because of the large gap in tuition costs between private and state institutions. Whatever the cause, it appears to be a phenomenon applicable to other Ivy institutions as well and our financial aid program continues to be competitive.

During the current year, a very sharp increase was obtained in funding for the federally supported College Work Study Program (CWSP), permitting over 800 students to be offered on-campus jobs under an arrangement through which 80 per cent of the cost was met from federal funds. The outlook for future CWSP financing is highly uncertain, however, and notification also typically is received too late to permit CWSP employment opportunities to be appropriately reflected in financial aid packages offered students in the spring and early summer. To

APPENDIX A
10-Year Summary - Endowed Colleges at Ithaca
Unrestricted Funds - Operating Results (1)

	Originally Budgeted Deficit (-)	Related Activities Gain/Loss (2)	Year-End Surplus or Deficit (-)
1963-64	-1,558,848	117,768	472,280
1964-65	-1,290,485	350,581	885,611
1965-66	-1,490,812	316,700	- 69,484
1966-67	-1,548,166	-216,778	- 775,669
1967-68	-1,496,235	-177,226	- 589,224
1968-69	-2,114,147	- 51,127	-1,906,285
1969-70	-1,938,646	-479,527	-1,975,769
1970-71	-2,474,173	-273,050	-1,856,180
1971-72	-1,567,251	-501,113	-1,220,361
1972-73	-1,160,060	334,155	- 355,616

- (1) Beginning in 1969-70, in order to comply with an auditor's recommendation, capital gains realized in liquidating funds held in the Budget Stabilization reserve, have been treated as income; prior to this date they were not. For consistency the series is presented on the basis applying prior to the auditor's change, requiring a \$713 thousand adjustment to the 1969-70 figure and \$35 thousand adjustment to the 1970-71 figure included in the financial report.
- (2) Related activity gain or loss after taking into related activity income any amounts appropriated from general purpose funds as transfers to a related activity account.

APPENDIX B
INFLATION RATES

An acceleration of the pace of inflation has become increasingly evident since the preparation last spring of *Cornell in the 70's*. The guidelines for tuition and salary planning, approved at that time, were that:

...tuition shall be increased at a level consistent with the University's financial needs and with the ability of families to pay increased costs as measured by economic trends.

...faculty compensation shall be

competitive with comparable universities at the college and departmental level and that staff salaries shall be competitive in both the geographic and specialization area.

The most appropriate available index to measure financial capability is Per Capita Disposable Income. The most common measure of living costs, despite some serious technical limitations, is the Consumer Price Index. The seasonally adjusted annual rates for these two measures by quarter have been as follows:

Annual Rate of Change		
Three months: Period Ending	Per Capita Disposable Income	Consumer Price Index
June 72	5.8%	3.2
Sept. 72	7.0	3.8
Dec. 72	12.9	3.5
Mar. 73	10.3	7.8
June 73	7.0	8.0
Sept. 73	6.3	9.2

The Consumer Price Index substantially overstates the overall national inflation, and of course has only indirect relevance to the salary criteria set forth in *Cornell in the 70's*. Nonetheless, indications are that a competitive salary program for the Endowed Colleges at Ithaca will require an increase in faculty and staff salaries

somewhat greater than the 5.5% Federal guideline level included in our estimate of continuing program cost. Financing such a program implies a tuition increase of \$250 in most of the Endowed Colleges. Interestingly the revenue from these tuition increases just about offsets the cost of the proposed salary program.



Introduction

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Institute of Certified Public Accountants (AICPA). They will have little or no effect on the way in which the University budget is prepared or managed but they will influence the manner in which results are reported at year end. The changes center mainly on the manner and time at which commitments and expenditures are recorded. Shifting to the new accounting rules will have a one-time impact on fiscal year 1974-75 results but the rules will not substantially affect our figures on a continuing basis. Comparative data will be provided in reporting 1973-74 results so that results can be seen on both the new and old basis, but a friendly admonition would be "Don't try to compare 1973-74 figures with last year's or next year's."

What I have said to this point has focused on the endowed colleges at Ithaca. Let me speak now about the Medical College budget. The Medical College is dependent on public funding to a greater degree than are the endowed colleges. Due primarily to impounding and reduction of federal funds, the Medical College forecasts a deficit in 1974-75 of \$388,000, approximately 4.2 per cent over its general purpose revenues of \$9.1 million. However, it has not been possible in preparing this budget to assess or fully reflect the potential benefit of the signing on December 19 of the U.S. Department of Health, Education and Welfare (HEW) appropriation, which was \$1.4 billion over the original administration budget and, perhaps of even more significance, of the releasing of some \$1.1 billion of HEW funds previously impounded.

Similarly, there is uncertainty as to the security of public funds from New York State. In particular, there is concern that

pending appropriations for the direct support of medical education may not be approved as forecasted and as projected in the Medical College budget estimates for 1974-75.

Fortunately, the New York Hospital-Cornell Medical Group continues to make an increasingly substantial contribution to the entire Medical Center. Professional fee receipts are expected to increase some 20 per cent in 1973-74 over a year ago, reaching a level of approximately \$5.5 million. In addition to making it possible for the Center to maintain a competitive posture vis-a-vis the community doctors, these revenues are of major assistance in meeting other necessary expenses.

With minor and infrequent exception, the Medical College has managed to maintain balanced budgets in previous years and shall endeavor to do so again in 1974-75. However, increasingly scarce and elusive extramural funds necessarily weaken the confidence that this goal can be achieved.

I am also reporting to you, along with submission of this budget proposal, on the financial status of the four statutory units of the State University of New York at Cornell as well as explaining, in brief, their financial relationship to the other sectors of the University.

In adopting the 1974-75 budget, you will move Cornell University into the middle of a decade which has been and will continue to be a difficult one for higher education in general. However, I think we at Cornell can proceed with confidence, a confidence based on our ability to stabilize our financial condition, to construct a far-sighted plan for the future, and to follow that plan, strengthening the University as we go. The future may be uncertain but the continued preeminence of Cornell is assured.

A Glossary Of Budget Terms

1. **APPROPRIATION:** An action of the Board of Trustees to make certain monies available (either as such monies may be received or by transfer from another fund or fund pool) to meet authorized expenses.

2. **FUND:** An accounting entity established for the purpose of financing specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The term includes assets, liabilities, revenues and expenditures, receipts and disbursements, and balances. This is to be contrasted with other usages in which the term refers either to a sum of money or other resources, or to the stewardship or accountability of the institution. In the plural, the term designates a fund group.

3. **CURRENT FUNDS:** Funds expendable for current operating purposes, either unrestricted or restricted. This term is not synonymous with current assets as used in commercial accounting.

4. **RESTRICTED FUNDS:** Funds restricted by outside agencies, donors, or by the University Trustees as to use. Such funds are to be contrasted with funds over which the institution has complete control and freedom to use.

5. **UNRESTRICTED CURRENT FUNDS:** Unrestricted operating funds which are available for any current purpose, as distinguished from restricted current funds. Normally referred to at Cornell as General University Funds. The term "appropriated budgets" applies to those budgets financed by General University Funds.

6. **ASSIGNED USE FUNDS:** Funds legally and technically unrestricted as to use by donor or outside agency but which are designated by the institution for a specific purpose as a matter of financial policy. For example, Housing and Dining receipts are "assigned use funds" which are available to meet Housing and Dining expenses.

7. **ENDOWMENT FUNDS:** Funds where the donor or other outside agency has stipulated, as a condition of the gift, that the principal must be maintained intact in perpetuity and therefore only the income from the investment of the fund may be spent. From time to time, the trustees may choose to designate funds which do not contain these donor restrictions to act as endowments, that is, with only income from their investment to be spent. When this occurs, these funds are known as either "funds functioning as an endowment" or as "quasi-endowment funds." The action placing such funds in endowment may be reversed by the trustees at any time thus permitting the spending of the principal.

8. **COMMITMENTS:** Obligations incurred in the form of orders, contracts, and similar items that will become payable when goods are delivered or services rendered. This term is synonymous with encumbrances.

9. **AUXILIARY ENTERPRISE:** An entity (such as Housing and Campus Store) which exists to furnish a service to students, faculty, or staff, and which charges a fee that is directly related to, although not necessarily equal to, the cost of the service.

10. **DEBT SERVICE:** (Interest and Amortization): All payments in connection with funds borrowed by an institution, e.g., principal payments, interest charges, payments to sinking funds to ensure future principal and interest payment, trustees' service charges, legal expenses, and others related to indebtedness. Some bond agreements to which the University is party also require an annual payment into a "building and equipment reserve" as a means of assuring proper future maintenance of pledged facilities. These payments, when applicable, also are termed "debt service."

11. **ENCUMBRANCE:** See **COMMITMENTS (8)**

12. **ENTERPRISE DEPARTMENTS:** See **AUXILIARY ENTERPRISE (9)**

13. **GENERAL INSTITUTIONAL EXPENSES:** Expenses of offices and activities which apply to the institution as a whole except those for general administration and student services. Examples are: development and alumni offices, external audit, purchasing, catalogues, commencement, interest on loans for current operations, public information, and fees for institutional membership in organizations, etc.

14. **LAPSED FUNDS:** Appropriations which are not used within specified time periods for the purposes for which appropriated may, under rules established by the Board of Trustees, automatically lapse. This action cancels the unexpended or uncommitted portion of the initial appropriation of the affected fund.

15. **RESERVE:** A reserve fund represents the accumulated operating surpluses and deficits of an enterprise. Withdrawals from a reserve fund require trustee approval and normally are used to finance capital expenditures. (Senate approval is also required in the case of programs within the Division of Campus Life). Operating deficits are automatically covered by withdrawals from the appropriate departmental reserves.

16. **REAPPROPRIATION:** Funds appropriated in one year which remain unspent at the end of that year and which are permitted to be carried over into the ensuing year to cover expenditures at that time. All unspent balances are not automatically reappropriated. The decision to reappropriate is accomplished by administrative review at year end to determine where it should be appropriate.



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