Third Year in Red

University Shows $858,312 Deficit

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For the school year 1964-65 Rice University operated at a loss of $858,312 according to a financial statement published September 28 in the Houston Post.

The deficit is due to the rising costs of higher education. Rice Treasurer Leo Shamblin testified in the 1964 Trustees Suit that the expense of educating each student at Rice had risen from $286 in 1940 to an estimated $2,737 in 1963-64. Enrollment also increased substantially during this period.

In the past three years the University deficit in the current fund has risen rapidly. Shamblin had put the deficit at $150,127 for 1962-63 and projected a deficit of $560,367 for 1963-64 in other testimony in the suit.

Income for educational expenses is derived from earnings on the University's endowment. These earnings are primarily composed of dividends on common stocks, interest on loans, and earnings of real estate.

According to Note 2 of the financial statements income from oil and gas properties, and gifts, bequests and other receipts are reinvested, thus increasing the endowment. This is standard financial procedure.

Endowment is listed at $72,938,604. But assets are carried on the books at original cost rather than current market value. Consequently the endowment does not reflect appreciation of common stocks and real estate holdings.

There is no specific breakdown of room and board charges. Dr. K. S. Pitzer, Rice President, said that the University policy is to break even on room and board costs.