

Comptroller FI

ROCKEFELLER FINAL GIFT

STATUS AS OF NOVEMBER 20, 1923

For Endowment		
Budget Purposes	\$5,000,000.00	
Retiring Allowance	1,800,000.00	
Reserve for Retiring		
Allowances and Insurance	<u>300,000.00</u>	\$7,100,000.00
For Buildings		
Completed		
Classics Building	\$ 61,417.27	
Rosenwald Hall	56,992.72	
Stagg Field (balance		
unreimbursed)	100,000.00	
Quadrangle Club	<u>150,000.00</u>	
	\$368,409.99	
Projected		
Chapel	<u>1,080,000.00</u>	1,448,409.99
For Real Estate		
Addition to Campus		488,593.27
For Endowment Reserve		750,000.00
For Final Gift Reserve		<u>211,703.72</u>
		<u>\$9,998,706.98</u>

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Completed

ROCKEFELLER FINAL GIFT

STATUS AS OF NOVEMBER 30, 1923

For Endowment		
Budget Purposes	\$5,000,000.00	
Retiring Allowance	1,800,000.00	
Reserve for Retiring		
Allowances and Insurance	<u>300,000.00</u>	\$7,100,000.00
For Buildings		
Completed		
Classics Building	\$ 61,417.27	
Rosenwald Hall	56,922.72	
Stage Field (Balance	100,000.00	
unreimbursed)	<u>150,000.00</u>	
Guadrangle Club	\$368,402.99	
Projected		
Chapel	<u>1,080,000.00</u>	1,448,402.99
For Real Estate		
Addition to Campus		488,293.27
For Endowment Reserve		750,000.00
For Final Gift Reserve		<u>211,703.75</u>
		<u>\$2,998,706.98</u>

November 20, 1923.

My dear Mr. Swift:

In response to your telephonic inquiry, I beg to give on the attached statement the status of the Rockefeller Final Gift. You will notice that the amount expended for buildings shown in the second group of items amounts to \$368,409.99. When reimbursement from athletic receipts is made for the balance of the investment in the improvement of Stagg Field, this amount will decrease \$100,000., increasing the amount for Final Gift Reserve as shown in the last item by a similar amount.

In addition to the amount for Final Gift Reserve of \$211,703.72, profits on securities in this reserve have resulted in adding \$3,552.48 to the reserve, consequently our ledger balance at this time stands at \$215,256.20.

In the letter accompanying his letter of gift dated December 13, 1910, Mr. Rockefeller makes the following statement:

"Apart from what may be required for the Chapel, the remainder of the fund may be used, in the discretion of the Trustees, for land, buildings or endowment, but no part of the principal sum shall be used for current expenses. No doubt other donors will offer the University many if not all of its needed buildings. Legacies now written in wills, or to be written, will become available from time to time for these and other purposes. I hope therefore that this final gift from me may be used for endowment as far as practicable."

In his letter of final gift dated December 10, 1910, the following statement appears:

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My dear Mr. Swift:

November 20, 1923.

buildings "The sum I now give is intended to make provision, with such gifts as may reasonably be expected from others, for such added buildings, equipment and endowment as the departments thus far established will need. This gift completes the task which I have set before myself. The founding and support of new departments or the development of the varied and alluring fields of applied science, including medicine, I leave to the wisdom of the Trustees as funds may be furnished for these purposes by other friends of the University.

However, the door does not appear to be absolutely closed with respect to the use of this fund in connection with the medical school, since the last paragraph of the letter of designation, which accompanied the letter of gift reads as follows:

"Any changes which the future may make advisable in the disposition of these funds may be made by mutual consent. For such purpose I now appoint my son as my representative, and in case of my own death and of his death, he is to be succeeded by my executors."

It is apparent from the foregoing that the use of any portion of the Final Gift Reserve for the Theology Group is not contrary to the provisions of the letter of gift, and further, if thought desirable, negotiations might be entered into with reference to the application of a part of the remainder of the fund to the medical school building. I ought to add, however, that the Final Gift Reserve constitutes the only fund which the University has available for the purchase of real estate. Since possibly all the real estate in the vicinity of the University that is desirable has not been acquired, it might be considered more advantageous to reserve the balance for the purchase of real estate rather than for its use in connection with the medical school building since possibly it would be easier to secure funds for these

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buildings than to secure funds for the purchase of real estate.

Yours very truly,

Mr. Harold H. Swift,

Union Stock Yards,

Chicago.

buildings then to secure funds for the purchase of real estate.

provision, with such gift as may reasonably be expected from others. For such added gift, the equipment and endowment as the department may require will be made. This gift comprises the fund which I have set before myself. The development of the various and similar fields of Union Stock Yards, Chicago, Illinois, I leave to the wisdom of the University as it may see fit. Chicago, Illinois, for these purposes of other lands of the University.

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It is apparent from the foregoing that the use of any portion of the fund reserved for the medical school is not contrary to the provisions of the letter of gift, and further, if thought desirable, negotiations might be entered into with reference to the application of a part of the remainder of the fund to the medical school building. I ought to add, however, that the fund reserved for the medical school which the University has available for the purchase of real estate, since possibly all the real estate in the vicinity of the University that is desirable has not been acquired, it might be considered more advantageous to reserve the balance for the purchase of real estate rather than for the use in connection with the medical school building since possibly it could be easier to secure funds for these

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The University of Chicago

Office of the Auditor

December 31, 1923.

Auditor

The Board of Trustees,

The University of Chicago.

Gentlemen:

In view of the recent announcement of President Burton concerning the immediate need of the University for increased income, it has occurred to me to prepare and submit to the Board a statement concerning the University's position with reference to the sources of income for budget purposes. I am therefore presenting in the attached statements an analysis of the budget receipts for the year 1919-20, together with the receipts for the succeeding years, including the present estimate of receipts for the year 1923-24.

The conclusions resulting from a study of the following discussion and attached statements, are as follows:

a) In the original budget for the year 1923-24 a forward step was taken in increasing salaries and strengthening instruction.

b) The increased expenditures were financed by increasing tuition rates and using for budget purposes, income that heretofore had constituted excess income.

c) The revised estimate of expenditures for the current year amounts to - - - - - \$3,579,698.
The present estimate of income for the year is - 3,556,166.
The estimated deficit is - - - - - \$ 23,532.
To meet the estimated deficit, it is probable there may be an increase in income from miscellaneous sources. Furthermore, the Board has reserved the sum of \$75,000. from General Reserve for budget purposes for the year 1923-24.

Further
information

The University of Chicago
Office of the Auditor

December 31, 1923

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The University of Chicago.

Gentlemen:

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The conclusions resulting from a study of the following discussion and attached statements, are as follows:

a) In the original budget for the year 1923-24 a forward step was taken in increasing salaries and strengthening instruction.

b) The increased expenditures were financed by increasing tuition rates and raising for budget purposes, income that heretofore had constituted excess income.

c) The revised estimate of expenditures for the current year amounts to \$3,579,698. The present estimate of income for the year is \$3,550,166. The estimated deficit is \$29,532. To meet the estimated deficit, it is probable there may be an increase in income from miscellaneous sources. Furthermore, the Board has reserved the sum of \$75,000 from General Reserve for budget purposes for the year 1923-24.

\$3,579,698.	-
3,550,166.	-
<u>\$29,532.</u>	-

d) It does not appear feasible at this time to consider further increases in tuition rates. The increase in educational fees in the five-year period is estimated at \$626,772.

e) During the five-year period under review the increase in endowment for general purposes and for instruction was about \$135,670. The annual income on this endowment is less than \$10,000.

f) In order that the University may be able to follow the great forward step taken in the budget for 1923-24 with an advance at all commensurate with the pressing needs of the institution, probably not less than \$150,000. will be required in addition to the income that can now be estimated as available for next year.

g) By the process of elimination the only relief appears to be that which can be derived from new endowment or from gifts for current expenditures.

It will be recalled that Mr. Rockefeller made his final gift of \$10,000,000. to the University in December, 1910, distributing this gift in instalments of \$1,000,000. over a period of ten years. The last instalment of the gift was received on January 1, 1920. During this period the problem of providing for the budget needs of the University was comparatively simple for the following reasons:

- 1) The University was receiving \$1,000,000. a year, a part of which was applied to general endowment, thus producing income for budget purposes.

- 2) An increase in the student body.

- 3) An increase of \$10. per quarter in the tuition fee in the colleges.

- 4) The comparatively low operating costs of educational institutions prior to the close of the war.

With the great expansion in the cost of operating educational institutions after the war, the University has experienced increasing difficulty in its attempts to place salaries upon a basis that will enable it to secure and retain the outstanding men necessary to maintain the efficiency and

5) It does not appear feasible at this time to consider further increases in tuition rates. The increase in educational fees in the five-year period is estimated at \$625,772.

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2) An increase in the student body.

3) An increase of \$10. per quarter in the tuition fee in the colleges.

4) The comparatively low operating costs of educational institutions prior to the close of the war.

With the great expansion in the cost of operating educational institutions after the war, the University has experienced increasing difficulty in its attempts to place salaries upon a basis that will enable it to recruit and retain the outstanding men necessary to maintain the efficiency and

prestige of the University.

About a year ago a report was sent to the members of the Board, comparing the salary scales in the University with those of other institutions and indicating the great need for funds in order to change the disadvantageous situation revealed by this comparison. A second report compared the University's tuition rates with those of other institutions. Tuition rates were increased and in the budget income for the year 1923-24 the estimated increase in tuition rates was included and in the appropriations the first steps toward alleviating the condition were taken. Many salaries were increased, and new members were added to several of the faculties. The revised estimate of budget expenditures presented to the Board at its meeting in November, 1923, called for a total expenditure during the current year of \$3,579,698., an increase over the actual expenditures for the year 1922-23 of about \$264,000. This increase was made possible by the increase of tuition fees, and using for budget purposes, income that heretofore had constituted excess income. (see Stmt. #1)

Comments on the comparison of the sources and amount of annual income under the budget are as follows:

a) There was a steady increase in the endowment income including the year 1922-23, and then a decrease of approximately \$83,000. for the year 1923-24. This decrease is due to the following facts:

1) Income on \$500,000. of the Rockefeller Final Gift is not included in the estimates for the year 1923-24 pending consideration by the Committee on Finance and Investment of a suggestion that the sum mentioned be set aside from the Rockefeller Final Gift for the purpose of establishing a Power Plant fund. If such a fund is not established as proposed, the estimate of income for 1923-24 may be increased by \$25,000.

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Comments on the comparison of the sources and amount of annual income under the budget are as follows:

a) There was a steady increase in the endowment income including the year 1922-23, and then a decrease of approximately \$21,000 for the year 1923-24. This decrease is due to the following facts:

1) Income of \$200,000 of the Rockefeller Fund is not included in the estimates for the year 1923-24 pending consultation by the Committee on Finance and Investment of a suggestion that the sum mentioned be set aside from the Rockefeller Fund for the purpose of establishing a Power Plant Fund. If such a fund is not established as proposed, the estimate of income for 1923-24 may be increased by \$25,000.

2) The remainder of the shrinkage in income is due to decreased dividends. Certain of the companies in the Standard Oil group paid special cash dividends in 1922-23. These dividends, amounting to \$28,475., were not repeated for the current year. Other companies in this group have reduced dividends and the Manhattan Elevated Railway Company has for the present deferred its dividend payments.

b) The tuition receipts have shown a steady increase due to the combined increase of attendance and of fees, with the exception of the year 1923-24 where the increase is entirely due to an increase in the rate of fees, since the attendance in the intra-mural departments of the University at the present time is somewhat less than last year.

c) On account of the fact that the endowment funds of the Baptist Theological Union have been practically stationary during the period, the variations in income are comparatively small when compared with the total receipts.

d) The increase in net income from the dormitories and commons is due to an increase in room rents, and also to the fact that before the year 1922-23 the net income from the commons was not included in the budget income. The income in the year 1922-23 is considerably less than the following year on account of the fact that in the earlier year an extraordinary expense for rewiring was required. It is possible that room rents may be further increased since the rates charged are considerably less than the rates in quarters not so good in the vicinity of the University. Suggested increases will be presented to the Board at the January meeting.

e) Previous to the year 1921-22 the activities of the University Press were accounted for outside of the budget. Since this work constitutes a portion of the educational work of the University, the Board of Trustees authorized accounting for the receipts and expenditures of these activities within the budget. For the year 1922-23 the results of the operations of the several departments provided approximately \$10,000. over and above the requirements for books and journals. It is possible that the publication program of the University might be extended or the income in excess of the present publication program might be applied to general budget purposes.

f) In May, 1920, the University presented a request to the General Education Board for a grant of \$100,000. per year for a period of three years, with which to increase salaries of the teaching staff of the University, on the following understanding:

1) The University to undertake to secure the sum of \$2,000,000. in cash or good securities by July 1, 1923, the same to be used for advanced graduate work and research work in the Departments of Physics and Chemistry.

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1) The University to undertake to secure the sum of \$2,000,000 in cash or good securities by July 1, 1923, the same to be used for advanced graduate work and research work in the Departments of Physics and Chemistry.

2) After the fund of \$2,000,000. had been secured, the University was to request the General Education Board, in lieu of its appropriation of \$100,000. per year, to grant to the University securities yielding approximately that amount.

In reply to this request the General Education Board made a grant of \$50,000. per year for two years and suggested the advisability of framing a plan covering all the needs of the University and laying such plan before the General Education Board, with the assurance that there would be most sympathetic consideration. In view of the foregoing suggestion, there was presented in June, 1920, a program of needs amounting to \$10,000,000. In May, 1921, the General Education Board voted an additional \$50,000., making a total grant for the year 1921-22 of \$100,000. and accompanied the grant with the suggestion that the General Education Board was not in any way committed to gifts for endowment in the future or for further annual grants, expressing the hope that the grants already made would give the University sufficient time to launch the campaign for endowment which it had planned. As is known, no campaign was undertaken.

g) Income from miscellaneous sources as shown in the statements includes the remaining items in the budget income that do not automatically fall into the specific classifications indicated. It is expected that later in the year the revised estimate of income for 1923-24 from these sources may be increased by \$20,000. or \$25,000.

For the purpose of comparing the total receipts with the total expenditures and also showing the result of the operations for each year, there is also included in Statement #1 information on these points.

The revised estimates presented to the Board in November were necessarily based upon a very small part of the experience of the year; consequently they were prepared for the purpose of showing the trend of the operations rather than as an absolute indication of the outcome. On account of the fact that the original estimates of expenditure were very heavily increased over those of the previous year, and since it was possible that it would be found necessary to provide for further additions to the estimate of expenditures, the Board voted on August 9, 1923, "to concur in the recommenda-

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tion of the Auditor and to hold \$75,000. of the unappropriated balance in General Reserve as a reserve for purposes of the budget for the current year". In view of all the circumstances it appears that the budget for the current year will be adequately taken care of even though the expenditures of the year may be in excess of the income of the year, the present estimate indicating a deficit of \$23,532. A second revision of the budget will be presented to the Board at the meeting in February, in accordance with the usual custom.

From Statement #1 it will also be noted that the surplus increased from \$13,163. in 1919-20 to \$219,093. in 1922-23. For the year 1923-24 it is apparent that all of the surplus income has been utilized in the budget, leaving the University without any leeway within the budget itself, the only leeway available being that of reserves, which in the very nature of things cannot be considered as a permanent basis of meeting the need for income that exists.

In Statement #2 is presented a comparison of the actual receipts for 1919-20 and the present estimate of receipts for the year 1923-24, showing a net increase of \$955,518. It will be noted that 28.7% of the increase was derived from endowment income, and that 65.6% of the increase came from educational fees. These two items constitute the major portion of the increases.

The increase in endowment income results from the following additions:

a) Due to the death in 1921 of Mr. Hobart W. Williams, who conveyed in 1916 to the University the property located at the southeast corner of Wabash Avenue and East Monroe Street, there was released an annuity of

\$60,000.

tion of the Auditor and to hold \$75,000. of the unexpended balance in General Reserve as a reserve for purposes of the budget for the current year. In view of all the circumstances it appears that the budget for the current year will be adequately taken care of even though the expenditures of the year may be in excess of the income of the year. The present estimate indicating a deficit of \$23,532. A second revision of the budget will be presented to the Board at the meeting in February, in accordance with the usual custom. From Statement #1 it will also be noted that the surplus increased from \$13,163. in 1919-20 to \$219,093. in 1922-23. For the year 1923-24 it is apparent that all of the surplus income has been utilized in the budget, leaving the University without any leeway within the budget itself, the only leeway available being that of reserves, which in the very nature of things cannot be considered as a permanent basis of meeting the need for income that exists.

In Statement #2 is presented a comparison of the actual receipts for 1919-20 and the present estimate of receipts for the year 1923-24, showing a net increase of \$957,518. It will be noted that 28.7% of the increase was derived from endowment income, and that 67.6% of the increase came from educational fees. These two items constitute the major portion of the increase.

The increase in endowment income results from the following additions:

- a) Due to the death in 1921 of Mr. Hobart W. Williams, who conveyed in 1916 to the University the property located at the southeast corner of Washburn Avenue and East Monroe Street, there was released an annuity of \$60,000.

b) The income from the Noyes Foundation, given to the University in July, 1918, was not accounted for in the budget income during the year 1919-20. The estimated income during the present year is

\$94,520.

Eighty per cent of this amount is required to pay the tuition of students as designated by the terms of the gift, leaving twenty per cent to apply on the cost of instruction.

c) An increase in the number of persons on the retired list has required an increased apportionment of the income from the retiring allowance fund, amounting to

27,332.

d) At the close of the year 1922-23 the University received from the estate of Mrs. Ann M. Swift a bequest aggregating \$104,250. for the Department of Theology. The annual income from this gift is

8,000.

e) In 1921-22 the University received from Mr. Henry L. Frank a gift for endowment for general purposes, of \$24,420. The annual income from this gift is

1,351.

f) The net effect of increased income from office buildings, increased dividends, income on two or three gifts aggregating approximately \$30,000. for general purposes and scholarships, less a decrease of \$25,000., income on an amount tentatively suggested as a Power Plant fund, which income has not been included in the estimates for the year 1923-24, is a net addition of

82,838.

Total increase in endowment income

\$274,041.

From the foregoing it will be observed that the only new endowment for general purposes and for instruction received in the five-year period consisted in the gifts from the estate of Mrs. Swift and from Mr. Frank, and about \$7,000. of the \$30,000. mentioned in paragraph (f), a total of approximately \$135,670.

It also appears from Statement #2 that to a very large degree, the recent expansion in the University's income has been provided from fees from students.

d) The income from the Hoyer Foundation, given to the University in July, 1918, was not accounted for in the budget income during the year 1919-20. The estimated income during the present year is eighty per cent of this amount is reported to pay the tuition of students as designated by the terms of the gift, leaving twenty per cent to apply on the cost of instruction.

\$94,750.

e) An increase in the number of persons on the retired list has required an increased apportionment of the income from the retiring allowance fund, amounting to

\$7,335.

f) At the close of the year 1923-24 the University received from the estate of Mrs. Ann M. Swift a bequest aggregating \$104,250. for the Department of Theology. The annual income from this gift is

\$8,000.

g) In 1921-22 the University received from Mr. Henry L. Frank a gift for endowment for general purposes, of \$24,430. The annual income from this gift is

\$1,351.

h) The net effect of increased income from office buildings, increased dividends, income on two or three gifts aggregating approximately \$30,000 for general purposes and scholarships, less a decrease of \$25,000, income on an amount tentatively suggested as a Power Plant fund, which income has not been included in the estimates for the year 1923-24, is a net addition of

\$2,838.

Total increase in endowment income \$274,041.

From the foregoing it will be observed that the only new endowment for general purposes and for instruction received in the five-year period consisted in the gifts from the estate of Mrs. Swift and from Mr. Frank, and about \$7,000. of the \$30,000. mentioned in paragraph (f), a total of approximately \$135,650.

It also appears from Statement #2 that to a very large degree, the recent expansion in the University's income has been provided from fees from students.

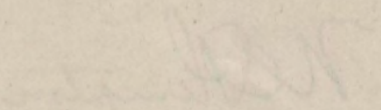
In view of all the foregoing it is clear that the University is without resources to make any advance over the step taken in the budget for this year. It is also clear that it is not feasible at this time to consider a further increase in educational fees. If any progress is to be made in the meeting of the urgent needs set forth by the President in his statement to the Board at its last meeting unless indeed the University must stand still, which is practically equivalent to a backward step, it cannot be other than imperative that steps be taken promptly to secure additional endowment for general purposes, endowment of professorships, releasing to that extent the present provision in the budget for such salaries, or gifts for current purposes, presumably to be capitalized later.

Respectfully submitted,

W. A. Hampton

In view of all the foregoing it is clear that the University is without resources to make any advance over the step taken in the budget for this year. It is also clear that it is not feasible at this time to consider a further increase in educational fees. If any progress is to be made in the meeting of the urgent needs set forth by the President in his statement to the Board at its last meeting unless indeed the University must stand still, which is practically equivalent to a backward step, it cannot be other than imperative that steps be taken promptly to secure additional endowment for general purposes, endowment of professorships, releasing to that extent the present provision in the budget for such salaries, or gifts for current purposes, presumably to be capitalized later.

Respectfully submitted,



STATEMENT #1

INCOME FOR BUDGET PURPOSES

	A c t u a l				Estimated
	1919-20	1920-21	1921-22	1922-23	1923-24
From Invested Funds	1330421.	1483747.	1503991.	1687955.	1604462.
Educational Fees					
Tuition	994067.	1293675.	1391513.	1443844.	1581179.
Other Fees	80005.	87357.	89317.	121495.	119665.
Baptist Theological Union	12226.	11784.	15742.	16697.	12380.
Dormitories and Commons (net)	8612.	20212.	18631.	14392.	24991.
University Press			34377.	59448.	49300.
General Education Board		50000.	100000.		
Miscellaneous	175317.	161179.	166195.	190932.	164189.
Total Income	2600648.	3107954.	3319766.	3534763.	3556166.
Expenditures	2587485.	3034528.	3155773.	3315670.	3579698.
Surplus	13163.	73426.	163993.	219093.	
Deficit - Estimated					23532.

Note:

During the last year or two changes have been authorized in the method of accounting for the University's budget receipts and expenditures. In order to place the earlier years on a strictly comparative basis with the figures for 1922-23 and the estimates for 1923-24, the necessary adjustments have been made in the figures for those years.

STATEMENT #1
INCOME FOR BUDGET PURPOSES

	A C T U A L					Estimated
	1919-20	1920-21	1921-22	1922-23	1923-24	
From Invested Funds	1330421.	1483747.	1503991.	1687957.	1804462.	
Educational Fees	994067.	1203677.	1301517.	1443844.	1581179.	
Tuition	800057.	873377.	89317.	121492.	119662.	
Other Fees						
Hospital Theological Union	12226.	11784.	12742.	16697.	12380.	
Donations and						
Gifts (net)	8612.	20212.	18631.	14392.	24991.	
University Press			34377.	29448.	49300.	
General Education Board		50000.	100000.			
Miscellaneous	175317.	161179.	166192.	120932.	164180.	
Total Income	2600648.	3107924.	3197266.	3534763.	3756166.	
Expenditures	2587487.	3034228.	3127773.	3126701.	3756668.	
Surplus	13163.	73426.	169993.	219093.		
Deficit - Estimated					23232.	

Note:
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STATEMENT #2

COMPARISON OF ACTUAL RECEIPTS FOR 1919-20 AND PRESENT ESTIMATES
FOR 1923-24

	Actual	Estimated	Increase	
	1919-20	1923-24	Amount	Percentage
Endowment Income	1330421.	1604462.	274041.	28.7
Educational Fees				
Tuition	994067.	1581179.	587112.	61.4
Other Fees	80005.	119665.	39660.	4.2
Matriculation)				
Diploma)				
Laboratory)				
Baptist Theological Union	12226.	12380.	154.	-
Dormitories and Commons (net)	8612.	24991.	16379.	1.7
University Press		49300.	49300.	5.2
Miscellaneous	175317.	164189.	-11128.	-1.2
	2600648.	3556166.	955518.	100.0

Note:

During the last year or two changes have been authorized in the method of accounting for the University's budget receipts and expenditures. In order to place the earlier years on a strictly comparative basis with the figures for 1922-23 and the estimates for 1923-24, the necessary adjustments have been made in the figures for those years.



STATEMENT 45

COMPARISON OF ACTUAL RECEIPTS FOR 1919-20 AND PRESENT ESTIMATES

FOR 1923-24

	Actual 1919-20	Estimated 1923-24	Amount	Percentage Increase
Endowment Income	1330421.	1604462.	274041.	20.7
Educational Fees	904057.	1281179.	377122.	41.4
tuition	80002.	110662.	30660.	3.8
Other Fees				
(Miscellaneous)				
Duplicates				
Laboratory				
Baptist Theological Union	12226.	12380.	154.	-
Donations and Commons (net)	8812.	34991.	16179.	1.7
University Press		40300.	40300.	2.5
Miscellaneous	17217.	16189.	-1128.	-1.2
	2600648.	3756166.	955518.	100.0

Note: During the last year or two changes have been authorized in the method of accounting for the University's budget receipts and expenditures. In order to place the earlier years on a strictly comparative basis with the figures for 1923-24 and the estimates for 1923-24, the necessary adjustments have been made in the figures for those years.

C O P Y .

Completed

Chicago, January 10, 1924.

Mr. Eli B. Felsenthal,
Chicago,
Illinois.

Dear Sir:-

In regard to your inquiry in re investment of trust funds held by the University of Chicago, I submit the following:

The University of Chicago is a corporation organized, not for pecuniary profit, under the provisions of the act of the General Assembly entitled "An Act Concerning Corporations", approved April 18, 1872, and of the several amendatory acts thereof. This Act authorizes the University to make and enforce contracts in relation to its legitimate business, and to take, purchase, hold, and dispose of real and personal estates for the purposes of its organization.

Under the authority thus granted, the corporation may accept trusts created for the purpose of providing funds for the legitimate use of the corporation. When it does, it becomes a trustee, with all the powers and duties, and all the obligations and limitations of trustees generally. There is nothing in the Act under which the University is incorporated specifying in what manner, or in what kinds of securities trust funds of the corporation shall be invested.

The corporation is authorized to adopt by-laws. The by-laws which it has adopted contain no provision in regard to the investment of its trust funds. The statute which authorized it to adopt by-laws provides that such by-laws shall not be "inconsistent with the constitution and laws of this State or of the United States". Because of this limitation its by-laws cannot lawfully permit the corporation to invest trust funds in any securities other than those permitted by law, or authorized in the instrument creating the trust.

The corporation can act only through its trustees or other officers. The acts of the trustees or other officers of the University, when acting within the scope of their powers, are the acts of the corporation. Such acts in regard to the investment of the trust funds must be in conformity to the powers conferred in the instrument creating the trust, and in the absence of such conferred powers, in conformity to the provisions of the law. In other words, the trustees are subject to the same limitation as the corporation.

COPY.

Chicago, January 10, 1934.

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Chicago,
Illinois.

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and personal estates for the purposes of its organization.

Under the authority thus granted, the corporation
may accept trusts created for the purpose of providing
funds for the legitimate use of the corporation. When
it does, it becomes a trustee, with all the powers and duties,
and all the obligations and limitations of trustees generally.
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The corporation is authorized to adopt by-laws.
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to invest trust funds in any securities other than those
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the trust.

The corporation can act only through its trustees
or other officers. The acts of the trustees or other officers
of the University, when acting within the scope of their
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to the investment of the trust funds must be in conformity
to the powers conferred in the instrument creating the trust,
and in the absence of such conferred powers, in conformity to
the provisions of the law. In other words, the trustees are
subject to the same limitation as the corporation.

The creator of the trust may direct how the investments may be made, and what securities may be taken, or that securities may be dispensed with, and the trustee will be bound by such directions. The intention of the creator of the trust is always the primary object to be sought in deciding as to the authority given the trustee. (Merchants Loan & Trust Company v. Northern Trust Company, 250 Ill. 91).

"The law does not give trustees the same Freedom of choice in investments that may be exercised by prudent business men in their own affairs. It permits the trustee to assume no risks in his investments other than those that are inseparable from every species of property. Absolute freedom from risk is impossible. The most stable forms of property may lose their value. Lands may depreciate.... From these risks which inhere in every kind of ownership, the law does not pretend to save the beneficiary, but from the risks growing out of the uncertainty of speculative investments, the law does protect him by making the trustee personally responsible for all trust funds invested by him in such a manner unless upon the express direction in the instrument creating the trust, or statutory permission." (Merchants Loan & Trust Company vs. Northern Trust Company, 250 Ill. 96.)

Where the instrument creating the trust is silent the law must be followed strictly. Such investments only as the law permits may then be made.

In 1897 the Supreme Court of Illinois, in WHITE v. SHERMAN, 168 Ill. 598, announced the following rule (quoting from Page 602 of the Opinion):

"Where there are no express directions in the instrument creating the trust, and no statutory provisions, in relation to the character of the securities in which trust funds may be invested, a trustee cannot invest such funds in stocks, bonds or other securities of private business corporations. In England, trustees are required to invest trust funds in real estate securities, or in the public securities of the British government. In this country the same requirement, in regard to making investments in real estate securities or government securities, is generally recognized by the courts. At any rate, 'all speculative risks are forbidden.' (2 Pomeroy's Eq. Jr. sec. 1074). The rule is, that, in the investment of trust funds the trustee must not only act in good faith and use sound discretion and reasonable vigilance, but where he is appointed by a court

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and is acting under the directions of a court, he must select such securities as the court will approve. (11 Am. & Eng. Ency. of Law, p. 814)."

Two years later the same court in PENN v. FOLGER, 182 Ill. 76, again announced the same rule, this time designating not only the class of securities in which trustees must invest, but also some classes of securities in which trustees must not invest. I quote from page 103 of the Opinion:

"A trustee will not be protected from loss in investing trust funds, unless he invests in government or real estate securities, or other securities approved by the court, to which he is accountable. (SIMMONS v. OLIVER, 74 Wis. 633). A trustee should not invest the money of others in his care in the stock or shares of any private corporation, nor has he any right to employ trust funds in a private business, and thereby subject them to the fluctuations of trade, even though such investment is approved of by his own judgment, and is made with honest intent. It is the duty of a trustee to make investments of trust funds in real estate securities or government securities, whether of the national or State government, or, if he is acting under the direction of a court, to select such securities as the court approves of."

At the time of these decisions there was in force Section 22 of Chapter 64 of the Revised Statutes of Illinois. This Section had reference solely to the investment by guardian of the funds of his minor ward. There was no statute in Illinois covering the duties of Trustees generally.

The law as to such trustees remained as announced in WHITE vs. SHERMAN and PENN v. FOLGER until 1905. In that year the legislature of this State enacted a statute which reads as follows:

"That investments of trust funds by trustees, may, when not otherwise provided by the will, deed, decree, gift, grant or other instrument creating or fixing the respective trust, be in the bonds of the United States or of any of the States of the United States, or in first mortgages upon real estate in any State, or in the first mortgage bonds of any corporation of any State upon which no default in payment of interest shall have occurred, for a period of five years, but no trustee shall be authorized by this act to invest trust funds in any bonds in which cautious and intelligent persons do not invest their own money, and any trustee may continue to hold any investment received by him under the trust, or any increase thereof."

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It will be seen that this statute is not confined to trusts created by Wills. The language of the statute is: "Will, deed, decree, gift, grant or other instrument creating or fixing the respective trust."

This statute enlarged the class of securities in which trustees generally are permitted to invest trust funds. In addition to real estate securities or bonds of the United States, trustees now are permitted to purchase bonds of the States of the United States, bonds of any county, city or municipality in any State, and first mortgage bonds of any corporation of any State, upon which no default in payment of interest shall have occurred for a period of five years. Trustees also are permitted to continue to hold any increase thereof.

This statute was the subject of litigation in the Supreme Court of Illinois in MERCHANTS LOAN & TRUST COMPANY v. NORTHERN TRUST COMPANY, 250 Ill. 86. In that case it was held that the statute was not mandatory as to all trustees or all trust estates. The same exception prevails under this statute as prevailed under the law announced in WHITE v. SHERMAN, and PENN v. FOLGER, namely, "Where there are no express directions in the instrument creating a trust in relation to the character of the securities in which trust funds may be invested."

As to all other trusts, whether created by will, deed, decree, gift, grant or other instrument, the provision of the statute of 1905 applies and trustees must invest the funds in the classes of securities therein enumerated. If a trustee should fail so to do, the beneficiaries of the trust may elect to hold the trustee personally liable for any loss which may occur. If there should be a profit, the beneficiaries may elect to ratify the action of the trustee and to take the securities unlawfully acquired. The theory of the law is that in no event may the trustees profit by their own wrong doing.

It will be seen that it is the doctrine of our Supreme Court that trustees are permitted to vary from the terms of the terms of the statute only when the grantor of the trust has expressly given power to the trustee to make such variations. A simple direction to the trustee to use his discretion in the investment of trust funds means that the trustee may use his discretion in selecting from the various classes of investments permitted by the statute. It does not include power to go outside of the kinds of securities permitted by law.

If it should be suggested that the Trustees of the University are but the agents of the corporation and therefore

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are not Trustees under the trusts which have been accepted by the corporation, and for that reason such agents are not subject to the limitations of the law defining the powers of the corporation, the obvious answer is that the agents are bound by the same restrictions that bind the principal.

The corporation can act only by its duly authorized officers and agents. The trustees of the University are the officers of the corporation, and as such, they act for the corporation in the matter of the investments of the trust funds.

In 14a C. J. 102-103, the liabilities of directors of corporations are stated to be:

"They are liable for losses of the corporation caused by their willful and intentional departure from duty; their fraudulent breach of trust; their gross negligence of their ultra vires acts."

If it should be assumed that the trustees are not acting as officers of the corporation, but are acting as individuals, then under the doctrine announced in PENN v. FOLGER, 182 Ill. 76, they are trustees de son tort. On page 96 of the PENN v. FOLGER case, the court said:

"Where one without authority undertakes to execute a trust requiring the investment of a fund, he must himself carry all the risks and make good all the losses, and have none of the profits....A person may become a trustee by construction by intermeddling with and assuming the management of trust property without authority. Such persons are trustees de son tort....During the possession and management of such constructive trust, they are subject to the same rules and limitations as are the trustees; and they cannot avoid their obligations by showing that they were not in fact trustees. Nor can they set up the statute of limitations."

It probably goes without saying that the University always acts either by its trustees or by its duly authorized agents, and that therefore the investments of trust funds are the acts of the corporation.

Should the trustees or other officers or agents of the corporation wilfully and intentionally depart from their duty, or should they commit a fraudulent breach of trust, perform ultra vires acts, or be guilty of gross negligence in the investments of these funds, the individuals participating in such departure from duty in such breach of trust, acts, or negligence, will be personally responsible to the corporation for any resultant loss.

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Should the trustees or other officers or agents of the corporation willfully and intentionally depart from their duty, or should they commit a fraudulent breach of trust, perform ultra vires acts, or be guilty of gross negligence in the investments of trust funds, the individuals participating in such departure from duty in such breach of trust, acts, or negligence, will be personally responsible to the corporation for any resultant loss.

To illustrate this rule -- let me assume the University should use for current expenses a part of the principal fund donated by Mr. Rockefeller. Such use is expressly prohibited in the instrument of gift. Every member of the Board of Trustees who gave his consent to such use will be personally liable. Of course, a Trustee who opposed such use could not be held responsible.

In the absence of any express directions in the instrument creating the trust authorizing the investment of trust funds in securities other than those permitted by law, the trustees must confine themselves to the latter. In making choice from the various classes permitted in the law, they must exercise the ordinary and usual care that business men exercise under like circumstances. If there be any question as to the power conferred in the instrument creating the trust, the Trustees should limit themselves to the classes of securities permitted by law, or should obtain from a court of competent jurisdiction a construction of the instrument of trust making certain what powers have been conferred.

This opinion is limited to the question of the investment of trust funds. If the University owns property outright such property may be used for any legitimate purpose of the corporation and the Trustees will not be held to the strict rules governing investment of funds held in trust. I have not discussed the question when and under what circumstances Trustees may be held liable if they should refuse or neglect to act.

Respectfully submitted,

(Signed) William F. Struckmann.

WFS.-PJ.

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Respectfully submitted,

(Signed) William F. Strickman.

C O P Y

Comptroller

F1

February 15, 1924

My dear Mr. Butler:

I am returning herewith the memorandum you received from President Burton, and supplying information as follows:

1. The total property of the University as shown in the decennial publication on June 30, 1893, was \$ 3,171,566.37
On June 30, 1906, it was 17,892,136.00
And on June 30, 1923, 53,342,317.60
The latter amount includes the unpaid pledges of the General Education Board and the Rockefeller Foundation, amounting to 2,000,000.00
2. The expenditures for the year 1894-5 were 543,989.35 as printed in the decennial publication. I found no record of the expenditures for an earlier year.
In 1905-6 they were 1,214,697.00
And in 1922-23 3,315,670.00

The information as to registrations I assume you will secure from some other source.

Yours very truly,

(signed) N. C. PLIMPTON.

Dr. Nathaniel Butler
Faculty Exchange

Completed

Y P O C

February 15, 1934

My dear Mr. Butler:

I am returning herewith the memorandum you received from President

Burton, and supplying information as follows:

1. The total property of the University as shown in the decennial publication on June 30, 1933, was \$ 3,171,566.37
On June 30, 1906, it was 17,832,136.00
And on June 30, 1933, 23,342,317.60
The latter amount includes the unpaid pledges of the General Education Board and the Rockefeller Foundation, amounting to 2,000,000.00
2. The expenditures for the year 1934-5 were \$43,989.35 as printed in the decennial publication. I found no record of the expenditures for an earlier year.
In 1905-6 they were 1,214,697.00
And in 1932-33 2,315,670.00

The information as to registrations I assume you will secure from some

other source.

Yours very truly,

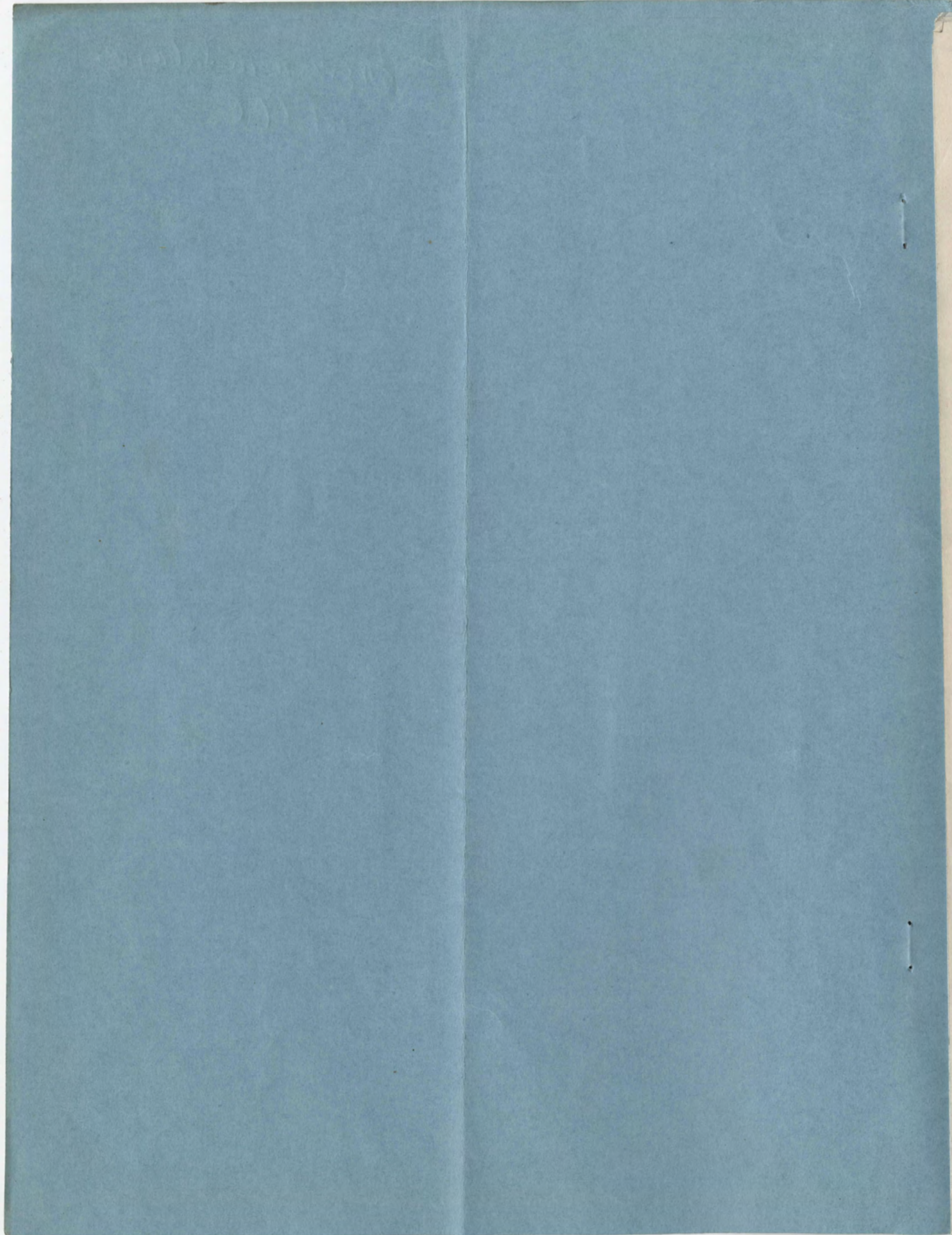
(signed) W. C. PILLINGTON

Dr. Nathaniel Butler
Faculty Exchange

Candidate

F₁

Increase in Salaries
at U.C.



General Education Board 9-12-24 43

SEPTEMBER TWELFTH

1 9 2 4

(Column 4), based on a salary increase of 25%, was \$22,816. The University paid for additions to staff (Column 5) \$31,611, toward the cost of which there was available the credit of \$65,636 because of resignations and other reductions in Column 4.

General Education Board
New York City, New York

Gentlemen:

Pursuant to the request embodied in the letter of notification of the action taken by the General Education Board at its meeting on May 22, 1924, on the request of the University of Chicago for co-operation in a program for the future development of the University, I beg to submit herewith a report of increases in salaries of teachers made by the University of Chicago in certain colleges and departments, beginning with the academic year which ended June 30, 1920, and closing with the academic year which ended June 30, 1924.

On page 3 will be found a statement in which comparison is made of the salary scale in effect before the period covered by this report, and the scale adopted on July 1, 1921. In September, 1919, the salary scale was increased to some extent, and further increased July 1, 1921. The lowest percentage of increase for any rank, in the minimum scale, was 33%; the highest in the maximum scale was 78%. Under the operation of this scale the University was obligated to increase its salaries of teachers at least 33%.

It will be noted that the total increases in the pay-roll of teachers for the period under consideration for the departments mentioned was \$625,448, part of which was due to increases in staff. These increases have been analyzed, as shown in detail in the following pages, to show the purposes and causes for which the increases were made. It will be seen that the increases in salaries of teachers who were present at the University during the whole period (Column 1) amount to \$303,531, and the increases of salaries given to those replacing teachers who left during that period (Column 2) amount to \$68,111, a total for these two items of \$371,642, or an excess over \$300,000 of \$71,642.

In addition to the increases above mentioned, the increases paid to additions to staff on account of the increased scale (Column 3) aggregate \$65,015, and the increased amount paid to assistants because of the larger salary scale

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General Education Board
New York City, New York

Gentlemen:

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On page 3 will be found a statement in which comparison is made of the salary scale in effect before the period covered by this report, and the scale adopted on July 1, 1921. In September, 1919, the salary scale was increased to some extent, and further increased July 1, 1921. The lowest percentage of increase for any rank in the minimum scale, was 33%; the highest in the maximum scale was 75%. Under the operation of this scale the University was obligated to increase the salaries of teachers at least 33%.

It will be noted that the total increases in the pay-roll of teachers for the period under consideration for the departments mentioned was \$625,445, part of which was due to increases in staff. These increases have been analyzed as shown in detail in the following pages, so that the poses and causes for which the increases were made. It will be seen that the increases in salaries of teachers who were present at the University during the whole period (Column 1) amount to \$305,751, and the increases of salaries given to those replacing teachers who left during that period (Column 2) amount to \$319,694, a total for these two items of \$625,445, or an increase over \$300,000 of \$325,445.

In addition to the increases above mentioned, the increases paid to assistants to staff on account of the increased scale (Column 3) aggregate \$45,015, and the increased amount paid to assistants because of the larger salary scale

General Education Board 9-12-24 #2

(Column 4), based on an estimated average increase of 25%, was \$22,816. The University paid for additions to staff (Column 5) \$231,611, toward the cost of which there was available the credit of \$65,636 because of resignations and adjustments, as shown in Column 6.

It is thus apparent that the University has increased the salaries of its teachers during the period under consideration much in excess of \$300,000, not including the increased salaries which it had to pay for additions to staff or the increased amount paid to temporary assistants.

Moreover, there is not included in the above figures the increases made in the Laboratory Schools of the School of Education which are an indispensable part of the School of Education and which aggregate \$70,402.

The full explanation of the bases of analysis is shown on page 4.

Respectfully submitted,

TA:HF

Trevor Arnett

(Column 4), based on an estimated average increase of 25%, was \$22,816. The University paid for additions to staff (Column 5) \$231,611, toward the cost of which there was available the credit of \$65,636 because of resignations and adjustments, as shown in Column 6.

It is thus apparent that the University has increased the salaries of its teachers during the period under consideration much in excess of \$700,000, not including the increased salaries which it had to pay for additions to staff or the increased amount paid to temporary assistants.

Moreover, there is not included in the above figures the increases made in the Laboratory Schools of the School of Education which are an indispensable part of the School of Education and which aggregate \$70,402.

The full explanation of the bases of analysis is shown on page 4.

Respectfully submitted,

Troyer Arnett

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THE UNIVERSITY OF CHICAGO
COMPARISON OF SALARY SCALES IN
ARTS, LITERATURE, AND SCIENCE

	Jan.16, 1908 Minimum	July 1, 1921 Minimum	Per Cent of Increase	Jan.16, 1908 Maximum	July 1, 1921 Maximum	Per Cent of Increase
Professors	3000.	4500.	50	4500.	8000.	78
Associate Professors	2500.	3500.	40	3000.	4500.	50
Assistant Professors	2000.	2700.	35	2500.	3500.	40
Instructors	1200.	1600.	33	1800.	2400.	33

THE UNIVERSITY OF CHICAGO
COMPARISON OF SALARY SCALES IN
ARTS, LITERATURE, AND SCIENCE

	Jan. 16, 1908 Minimum	July 1, 1921 Minimum	Per Cent of Increase	Jan. 16, 1908 Maximum	July 1, 1921 Maximum	Per Cent of Increase
Professors	3000.	4500.	50	4500.	8000.	78
Associate Professors	2500.	3500.	40	3000.	4500.	50
Assistant Professors	2000.	2700.	35	2500.	3500.	40
Instructors	1500.	1600.	33	1800.	2400.	33

Column 1 shows the increases received by persons who were at the University in both periods (1918-19 and 1923-24).

Column 2 shows the increases in salary over the salaries of their predecessors of those who have replaced persons who have left.

Column 3 shows the increase in the scale of salaries paid those persons who have been added to the teaching staffs, and of those who have returned from the war.

Column 4 shows the increase in scale for assistants.

Column 5 shows the salaries of those who have been added to the teaching staffs, and those who have returned from the war.

Column 6 shows the adjustments due to retirements, resignations, and readjustments.

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Column 1 shows the increases received by persons who were at the University in both periods (1918-19 and 1923-24).

Column 2 shows the increases in salary over the salaries of their predecessors of those who have replaced persons who have left.

Column 3 shows the increase in the scale of salaries paid those persons who have been added to the teaching staffs, and of those who have returned from the war.

Column 4 shows the increase in scale for assistants.

Column 5 shows the salaries of those who have been added to the teaching staffs, and those who have returned from the war.

Column 6 shows the adjustments due to retirements, resignations, and readjustments.

STATEMENT OF SALARY INCREASES.

1. Straight increases		\$303.531.
2. Replacement increases		68.111.
Total increase on the same numerical staff.		<u>371.642.</u>
3. Increases in scale for additions to staff	\$65.015.	
4. Increases in scale for assistants	<u>22.816.</u>	<u>87.831.</u>
Total increase of items in columns 1. 2. 3. and 4.		459.473.
5. Additions to staff	\$231.611.	
6. Less balancing Adjustments	<u>65.636.</u>	<u>165. 975.</u>
Total increases as per statement		625.448.

In addition to the foregoing the increases in salaries in the Laboratory Schools of the School of Education amount to \$70.402.

STATEMENT OF SALARY INCREASES.

1. Straight increases	\$303,231.
2. Replacement increases	68,111.
Total increase on the same numerical staff.	<u>371,642.</u>
3. Increases in scale for additions to staff	\$62,012.
4. Increases in scale for assistants	<u>22,816.</u>
Total increase of items in columns 1, 2, 3, and 4.	429,473.
5. Additions to staff	\$231,611.
6. Less balancing adjustments	<u>62,636.</u>
Total increases as per statement	<u>625,448.</u>

In addition to the foregoing the increases in salaries in the Laboratory Schools of the School of Education amount to \$70,402.

THE UNIVERSITY OF CHICAGO

COMPARISON OF SALARIES IN 1918-19 WITH 1923-24

SHOWING ANALYSIS OF SALARY INCREASES

(see note)	1	2	3	4	5	6
	Straight Increase	Replace- ment Increase	Increase in Scale for Ad- ditions	Increase in Scale for Asst's.	Addi- tions to Staff	Balance- ing Adjust- ment
Philosophy						
Sal. 1923-24 22038.						
1918-19 16566.						
Increase 5472.	4167.	1000.	1100.	176.	2029.	-3000.
Psychology						
Sal. 1923-24 19630.						
1918-19 10808.						
Increase 8822.	2500.	550.	2600.	632.	3040.	- 500.
Political Economy						
Sal. 1923-24 39383.						
1918-19 22075.						
Increase 17308.	8000.		5350.	683.	6300.	-3025.
Political Science						
Sal. 1923-24 23465.						
1918-19 11700.						
Increase 11765.	4500.		4000.	166.	5599.	-2500.
History						
Sal. 1923-24 57730.						
1918-19 34126.						
Increase 23604.	13700.		2600.	1007.	8400.	-2103.
History of Art						
Sal. 1923-24 4000.						
1918-19 1100.						
Increase 2900.			1000.		2500.	- 600.
Sociology						
Sal. 1923-24 30289.						
1918-19 14400.						
Increase 15889.	3500.	666.	2500.	1155.	8901.	- 833.
Domestic Science						
Sal. 1923-24 6500.						
1918-19 4500.						
Increase 2000.	2600.					- 600.
Forward 87760.	38967.	2216.	19150.	3819.	36769.	-13161.

SHOWING ANALYSIS OF SALARY INCREASES

(see note)		1	2	3	4	5	6
		Straight Increase	Replacement Increase	Increase in Scale for Additions	Increase in Scale for Assets	Additions to Staff	Balance-Adjustment
Forward	87760.	38867.	2216.	19120.	3819.	36269.	-13191.
Increase	5000.	5000.					- 600.
Sal. 1918-19	4500.						
Sal. 1923-24	6500.						
Domestic Science							
Increase	15889.	3500.	666.	2500.	1125.	8901.	- 833.
Sal. 1918-19	14400.						
Sal. 1923-24	30289.						
Sociology							
Increase	2900.			1000.		2500.	- 600.
Sal. 1918-19	1100.						
Sal. 1923-24	4000.						
History of Art							
Increase	23604.	13700.		2600.	1007.	8400.	-2103.
Sal. 1918-19	34126.						
Sal. 1923-24	57730.						
History							
Increase	11765.	4500.		4000.	166.	2599.	-2500.
Sal. 1918-19	11700.						
Sal. 1923-24	23465.						
Political Science							
Increase	17308.	8000.		2350.	683.	6300.	-3025.
Sal. 1918-19	22075.						
Sal. 1923-24	39383.						
Political Economy							
Increase	8825.	2500.	250.	2600.	635.	3040.	- 500.
Sal. 1918-19	10808.						
Sal. 1923-24	19630.						
Psychology							
Increase	5475.	4167.	1000.	1100.	176.	2029.	-3000.
Sal. 1918-19	16566.						
Sal. 1923-24	22038.						
Philosophy							

- 2 -

(see note)	1	2	3	4	5	6
	Straight Increase	Replacement Increase	Increase in Scale for Additions	Increase in Scale for Asst's.	Additions to Staff	Balancing Adjustment
Forwarded 87760.	38967.	2216.	19150.	3819.	36769.	-13161.
Comparative Religion						
Sal. 1923-24 5621.						
1918-19 3500.						
Increase 2121.			1000.	655.	1966.	-1500.
Oriental Languages						
Sal. 1923-24 28320.						
1918-19 18500.						
Increase 9820.	9800.			5.	15.	
New Testament						
Sal. 1923-24 16950.						
1918-19 8000.						
Increase 8950.	3300.		1750.		3900.	
Comparative Philology						
Sal. 1923-24 11500.						
1918-19 7500.						
Increase 4000.	4000.					
Greek						
Sal. 1923-24 18900.						
1918-19 14200.						
Increase 4700.	3500.		900.		1500.	-1200.
Latin						
Sal. 1923-24 24850.						
1918-19 26000.						
Decrease 1150.	5500.			87.	263.	-7000.
Romance						
Sal. 1923-24 74690.						
1918-19 49098.						
Increase 25592.	21750.	2860.	1000.	160.	2000.	-2178.
German						
Sal. 1923-24 23000.						
1918-19 28400.						
Decrease 5400.	8000.			200.	600.	-14200.
Forward 136393.	94817.	5076.	23800.	4926.	47013.	-39239.

(see note)						1	2	3	4	5	6
Forwarded						94817.	5076.	53800.	4256.	42013.	-32533.
German						8000.			500.	600.	-14500.
Decrease						5400.					
1918-19						28400.					
Sal. 1923-24						23000.					
Increase						52525.	5860.	1000.	160.	5000.	-5178.
1918-19						49028.					
Sal. 1923-24						74690.					
Decrease						-1150.			87.	563.	-2000.
1918-19						26000.					
Sal. 1923-24						24850.					
Increase						4700.		900.		1500.	-1500.
1918-19						14500.					
Sal. 1923-24						18900.					
Increase						4000.					
1918-19						7500.					
Sal. 1923-24						11500.					
Decrease						8250.		1750.		3900.	
1918-19						8000.					
Sal. 1923-24						16950.					
Increase						9850.			7.	15.	
1918-19						18500.					
Sal. 1923-24						28350.					
Decrease						2121.		1000.	655.	1966.	-1500.
1918-19						3500.					
Sal. 1923-24						5651.					
Increase						38967.	5216.	19150.	3819.	36269.	-13191.
1918-19						38967.					
Straight Increase											
Replacement Increase											
Increase in Scale for Ad- ditions											
Increase in Scale for Asst's.											
Addi- tions to Staff											
Balance- ing Adjust- ment											

- 3 -

(see note)		1	2	3	4	5	6
		Straight Increase	Replacement Increase	Increase in Scale for Additions	Increase in Scale for Asst's.	Additions to Staff	Balancing Adjustment
Forwarded	136393.	94817.	5076.	23800.	4926.	47013.	-39239.
English							
Sal. 1923-24	94043.						
1918-19	<u>59995.</u>						
Increase	<u>34048.</u>	27333.	1400.	1300.	3385.	8463.	-7833.
General Literature							
Sal. 1923-24	4750.						
1918-19	<u>6500.</u>						
Decrease	<u>-1750.</u>	1500.			187.	563.	-4000.
Mathematics							
Sal. 1923-24	45250.						
1918-19	<u>25391.</u>						
Increase	<u>19859.</u>	10000.		3500.	188.	6500.	- 329.
Physiology							
Sal. 1923-24	25680.						
1918-19	<u>13022.</u>						
Increase	<u>12658.</u>	8000.		1500.	1292.	3666.	-1800.
Physiol. Chemistry							
Sal. 1923-24	16252.						
1918-19	<u>9867.</u>						
Increase	<u>6385.</u>	4000.	900.		963.	1522.	-1000.
Botany							
Sal. 1923-24	35996.						
1918-19	<u>21400.</u>						
Increase	<u>14596.</u>	9100.	2500.	500.	316.	2180.	
Pathology							
Sal. 1923-24	11907.						
1918-19	<u>6800.</u>						
Increase	<u>5107.</u>	1500.	800.	1000.	126.	2500.	- 819.
Geology							
Sal. 1923-24	37786.						
1918-19	<u>19691.</u>						
Increase	<u>18095.</u>	7250.	1500.	1700.	1044.	6601.	
Forward	245391.	163500.	12176.	33300.	12427.	79008.	-55020.

- 3 -

(see note)		1	2	3	4	5	6
Forwarded	245391.	163500.	15176.	33300.	15457.	29008.	-25050.
Increase	18025.	2550.	1500.	1700.	1044.	6601.	
Sal. 1923-24	37786.						
Sal. 1918-19	19691.						
Pathology							
Increase	5107.	1500.	800.	1000.	156.	5200.	- 819.
Sal. 1923-24	11907.						
Sal. 1918-19	6800.						
Botany							
Increase	14596.	9100.	5200.	500.	316.	5180.	
Sal. 1923-24	35996.						
Sal. 1918-19	21400.						
Physiol. Chemistry							
Increase	6385.	4000.	900.		963.	1255.	-1000.
Sal. 1923-24	16252.						
Sal. 1918-19	9867.						
Physiology							
Increase	15658.	8000.		1500.	1595.	3666.	-1800.
Sal. 1923-24	25680.						
Sal. 1918-19	13022.						
Mathematics							
Increase	19859.	10000.		3500.	188.	6500.	- 359.
Sal. 1923-24	45250.						
Sal. 1918-19	25391.						
General Literature							
Decrease	-1750.	1500.			187.	563.	-4000.
Sal. 1923-24	4750.						
Sal. 1918-19	6500.						
Increase	34048.	27333.	1400.	1300.	3385.	8463.	-7833.
Sal. 1923-24	94043.						
Sal. 1918-19	59995.						
English							
Forwarded	136393.	94817.	5056.	53800.	4926.	47013.	-39239.
Straight Increase							
Replacement Increase							
Increase in Scale for Ad-ditions							
Increase in Scale for Assets							
Additions to Staff							
Balance-Adjustment							

- 4 -

(see note)		1	2	3	4	5	6
		Straight Increase	Replacement Increase	Increase in Scale for Additions	Increase in Scale for Asst's.	Additions to Staff	Balancing Adjustment
Forwarded	245391.	163500.	12176.	33300.	12427.	79008.	-55020.
Geography							
Sal. 1923-24	29099.						
1918-19	<u>13850.</u>						
Increase	<u>15249.</u>	7266.	700.	2100.	441.	5600.	- 858.
Zoology							
Sal. 1923-24	30658.						
1918-19	<u>17325.</u>						
Increase	<u>13333.</u>	7500.	2700.		934.	2199.	
Anatomy							
Sal. 1923-24	44092.						
1918-19	<u>22400.</u>						
Increase	<u>21692.</u>	9000.		3000.	1248.	8444.	
Astronomy							
Sal. 1923-24	39213.						
1918-19	<u>27356.</u>						
Increase	<u>11857.</u>	12100.			1253.	4.	-1500.
Physics							
Sal. 1923-24	50224.						
1918-19	<u>29655.</u>						
Increase	<u>20569.</u>	6300.	1400.	3900.	2231.	9238.	-2500.
Public Speaking							
Sal. 1923-24	0.						
1918-19	<u>3000.</u>						
Decrease	<u>-3000.</u>						-3000.
Chemistry							
Sal. 1923-24	49392.						
1918-19	<u>27517.</u>						
Increase	<u>21875.</u>	10000.	900.	2400.	2498.	6377.	- 300.
Bacteriology							
Sal. 1923-24	24008.						
1918-19	<u>12193.</u>						
Increase	<u>11815.</u>	4000.	400.	1800.	902.	4713.	
Forward	358781.	219666.	18276.	46500.	21934.	115583.	-63178.

(see note)		1	2	3	4	5	6
Forward	328781.	218666.	18276.	46200.	21934.	112283.	-63178.
Increase	11812.	4000.	400.	1800.	905.	4713.	
Sal. 1918-19	12193.						
Sal. 1923-24	24008.						
Bacteriology							
Increase	21872.	10000.	900.	2400.	2498.	6322.	- 300.
Sal. 1918-19	22517.						
Sal. 1923-24	49395.						
Chemistry							
Decrease	-3000.						-3000.
Sal. 1918-19	3000.						
Sal. 1923-24	0.						
Public Speaking							
Increase	20569.	6300.	1400.	3900.	2231.	9238.	-2200.
Sal. 1918-19	29922.						
Sal. 1923-24	20224.						
Physics							
Increase	11827.	12100.			1223.	4.	-1200.
Sal. 1918-19	27326.						
Sal. 1923-24	39213.						
Astronomy							
Increase	21692.	9000.		3000.	1248.	8444.	
Sal. 1918-19	22400.						
Sal. 1923-24	44092.						
Anatomy							
Increase	13333.	2500.			934.	2199.	
Sal. 1918-19	17322.						
Sal. 1923-24	30628.						
Zoology							
Increase	12249.	7266.	700.	2100.	441.	2600.	- 828.
Sal. 1918-19	13820.						
Sal. 1923-24	29099.						
Geography							
Forwarded	247391.	163200.	12176.	33300.	12427.	79008.	-22020.
Straight Increase							
Replacement Increase							
Increase in Scale for Ad-ditions							
Increase in Scale for Asst's.							
Addi-tions to Staff							
Balance-Adjustment							

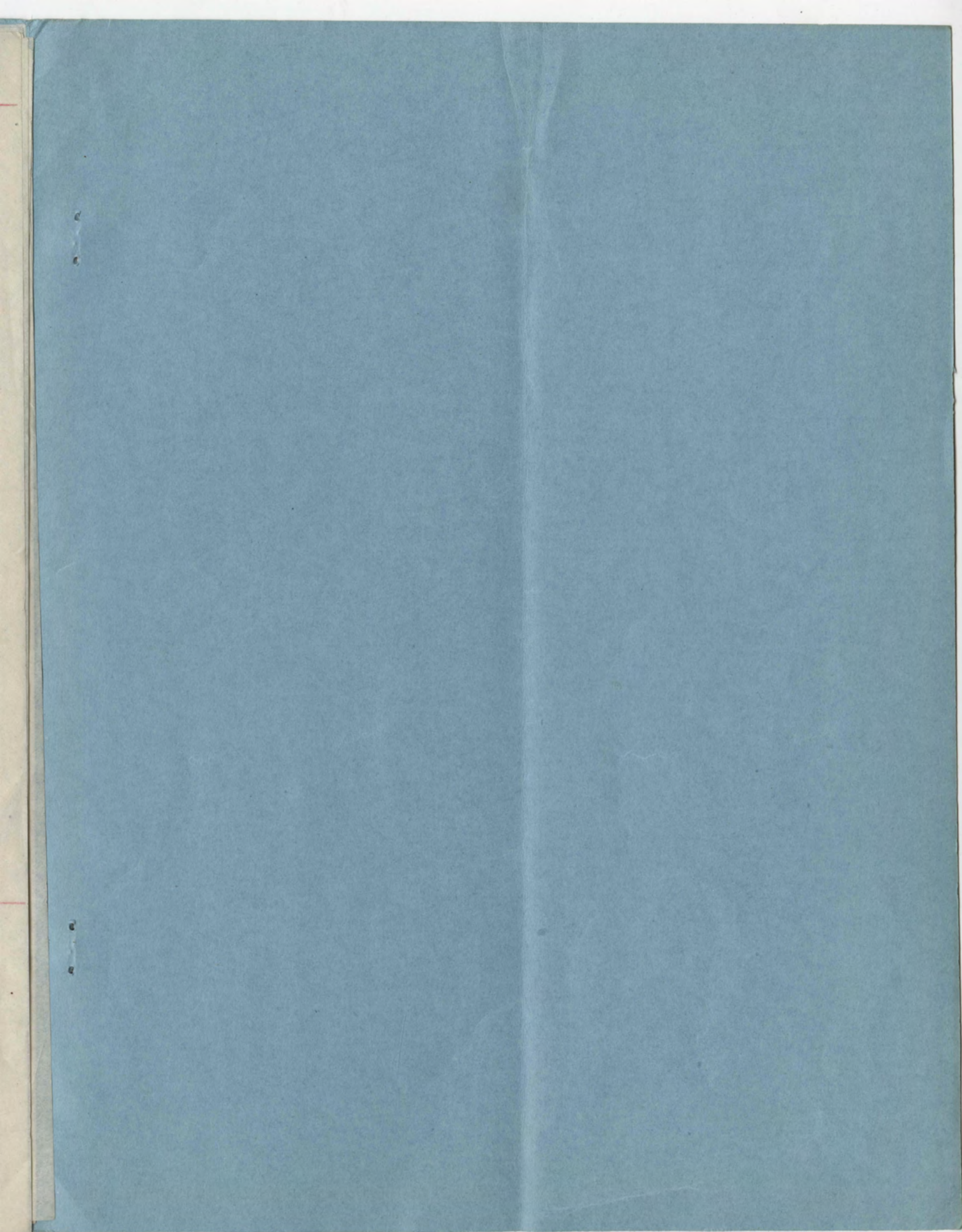
-5-

(see note)

		1	2	3	4	5	6
		Straight Increase	Replace- ment Increase	Increase in Scale for Ad- ditions	Increase in Scale for Asst's	Addi- tions to Staff	Balanc- ing Adjust- ment
Forwarded	358781.	219666.	18276.	46 500.	21934.	115583.	-63178.
Physucal Culture							
Sal. 1923-24	29450.						
1918-19	16350.						
Increase	13100.	4150.	4750.	1100.		3100.	
Total * Arts,							
Lit. & Science	371881.	223816.	23026.	47600.	21934.	118683.	-63178.
Law School							
Sal. 1923-24	57500.						
1918-19	46925.						
Increase	10575.	10375.	700.				-500.
Dept. of Educ.							
Sal. 1923-24	60539.						
1918-19	33017.						
Increase	27522.	14450.	2100.	1500.	334.	7500.	1638.
Coll. of Educ.							
Sal. 1923-24	58850.						
m 1918-19	35375.						
Increase	23475.	14800.	3850.	1400.	232.	3193.	
Total - School	50997.						
of Education		29250.	5950.	2900.	566.	10693.	1638.
Com. & Admin.							
Sal. 1923-24	85875.						
1918-19	14445.						
Increase	71430.	14350.	2950.	12250.	316.	41660.	-96.
Fourth Quarter							
Instruction							
Sal. 1923-24	154604.						
1918-19	88334.						
Increase	66270.	22090.				44180.	
Library							
Sal. 1923-24	132325.						
1918-19	78030.						
Increase	54295.	3650.	35485.	2265.		16395.	-3500.
Grand Totals							
Sal. 1923-24	1524359.						
1918-19	898911.						
Increase	625448.	303531.	68111.	65015.	22816.	231611.	-65636.

-5-

(see note)						1	2	3	4	5	6
Grand Totals						303231.	68111.	65012.	55816.	531611.	-62636.
Increase						3650.	32482.	5562.	16322.	16322.	-3200.
Library						1918-19	78030.	1918-19	78030.	1918-19	78030.
Increase						66220.	88334.	1918-19	88334.	1918-19	88334.
Fourth Quarter						1918-19	154604.	1918-19	154604.	1918-19	154604.
Instruction						1918-19	14350.	2920.	12250.	316.	41660.
Increase						14442.	2920.	12250.	316.	41660.	-96.
Com. & Admin.						1918-19	82872.	1918-19	82872.	1918-19	82872.
of Education						29250.	2920.	2900.	266.	10693.	1638.
Total - School						14800.	3820.	1400.	232.	3193.	1638.
Increase						33422.	3820.	1400.	232.	3193.	1638.
Coll. of Edmo.						1918-19	33422.	1918-19	33422.	1918-19	33422.
Increase						14450.	2100.	1200.	334.	7200.	1638.
Dept. of Edmo.						1918-19	10372.	700.			-200.
Law School						1918-19	46922.	1918-19	46922.	1918-19	46922.
Lit. & Science						223816.	23026.	47600.	21934.	118683.	-63178.
Total & Arts						4120.	4720.	1100.		3100.	
Increase						13100.	4720.	1100.		3100.	
Physical Culture						1918-19	16320.	1918-19	16320.	1918-19	16320.
Forwarded						328781.	219666.	46500.	21934.	112283.	-63178.
Straight ment						Replace- ment	18276.	46500.	21934.	112283.	-63178.
Increase						18276.	46500.	21934.	112283.	112283.	-63178.
Increase						18276.	46500.	21934.	112283.	112283.	-63178.
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Increase						18276.	46500.	21934.	112283.	112283.	-63178.
Increase						18276.	46500.	21934.	112283.	112283.	-63178.
Increase											



The University of Chicago

Office of the Auditor

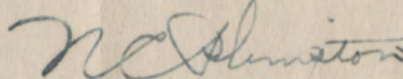
November 19, 1924.

My dear Dean Tufts:

For your information I am enclosing herewith copy of the statement presented to the Board of Trustees at its last meeting. You will notice therefrom that the present estimate of expenditures is in excess of the estimate of income to be received during the year by \$120,830, and that there has been underwritten from General Reserve to apply on the foregoing, \$96,642, and that the net excess of estimated expenditures over the estimated income from all sources is \$24,188.

It, of course, is clear that during the remaining months of the year conditions may arise which might affect favorably or unfavorably the various features of the budget income on expenditures. At the February meeting of the Board, another revision will be presented, based upon the experiences of the portion of the year elapsed.

Yours very truly,



Dean J. H. Tufts,
Faculty Exchange.

The University of Chicago

Office of the Registrar

November 12, 1924.

My dear Dean Tuttle:

For your information I am enclosing

herewith copy of the statement presented to the Board

of Trustees at its last meeting. You will notice

therefrom that the present estimate of expenditures is

in excess of the estimate of income to be received

during the year by \$120,830, and that there has been

underwritten from General Reserve to apply on the fore-

going \$40,000, and that the net excess of estimated

expenditures over the estimated income from all sources

is \$80,830.

It, of course, is clear that during

the remaining months of the year conditions may arise

which might affect favorably or unfavorably the various

features of the budget income or expenditures. At the

February meeting of the Board, another revision will be

presented, based upon the experience of the portion of

the year elapsed.

Yours very truly,

Robert H. Taylor

Dean J. A. Tuttle

University Exchange

The University of Chicago

Office of the Auditor

November 13, 1924.

The Board of Trustees,
The University of Chicago.

Gentlemen:

For many years it has been customary to submit to the Board of Trustees the results of a survey of the operations under the University's budget, made after the opening of the Autumn, Winter, and Spring quarters, respectively. The purpose of these reports is to determine the relationship between the estimated receipts and expenditures for the year, so far as it may be shown by the ascertained results of that portion of the year already elapsed. In accordance with that custom, I am submitting herewith revised estimates of income and expenditures for the year ending June 30, 1925. It should be stated that this study is intended to indicate the trend of the operations under the University's budget rather than to present a final estimate indicating the eventual outcome.

The original estimate of expenditures under the current year's budget was \$3,682,937. In order that there might be evidence of sufficient income to provide for this estimate of expenditures, it was necessary to include in the estimate of income the sum of \$75,000. underwritten from General Reserve, and also the sum of \$60,000., the estimated income on general account investments and interest on bank balances. In addition to these items other items aggregating \$21,642. were later underwritten from General Reserve, the total underwriting from

General

The University of Chicago
Office of the Treasurer

November 13, 1924

The Board of Trustees,
The University of Chicago.

Gentlemen:

For many years it has been customary to submit to the Board of Trustees the results of a survey of the operations under the University's budget, made after the opening of the Autumn, Winter, and Spring quarters, respectively. The purpose of these reports is to determine the relationship between the estimated receipts and expenditures for the year, so far as it may be shown by the ascertained results of that portion of the year already elapsed. In accordance with that custom, I am submitting herewith revised estimates of income and expenditures for the year ending June 30, 1925. It should be stated that this study is intended to indicate the trend of the operations under the University's budget rather than to present a final estimate indicating the eventual outcome.

The original estimate of expenditures under the current year's budget was \$5,682,937. In order that there might be evidence of sufficient income to provide for this estimate of expenditures, it was necessary to include in the estimate of income the sum of \$75,000, underwritten from General Reserve, and also the sum of \$60,000, the estimated income on general account investments and interest on bank balances. In addition to these items other items aggregating \$21,642, were later underwritten from General Reserve, the total underwriting from

General Reserve being \$96,642.

By reference to the statement on page 4 it will be observed	
that the revised estimate of income is	\$3,716,540.
After deducting the underwriting from General Reserve,	<u>96,642.</u>
the income to be received during the year	
is estimated at	\$3,619,898.
It will also be noted from the statement on page 4	
that the revised estimate of expenditures is	<u>3,740,728.</u>
the excess of estimated expenditures over income	
estimated to be received during the year being	\$ 120,830.
Applying against this excess the underwriting	
from General Reserve mentioned above,	<u>96,642.</u>
leaves	\$ 24,188.

as the net excess of estimated expenditures over estimated income from all sources.

In the estimates of income an effort has been made to place them at the maximum figure consistent with sound principles of estimating budget income. It is hoped that it will be possible in subsequent revisions to increase somewhat the estimates of income, but at this time it is not clear that there exists any basis of expectation of increased income comparable to such increases in recent years.

In the estimates of expenditures an attempt has been made to provide for the expenses incident to the conduct of the University. Later surveys, however, may indicate the inadequacy of the present estimates.

I am hoping and expecting that increases in income over the estimates will provide for the increases in expenditures required in subsequent revisions, and probably also provide the

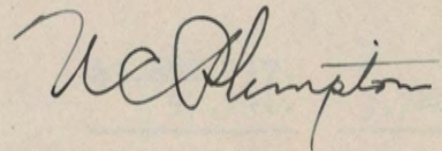
General Reserve balance \$98,642.
By reference to the statement on page 4 it will be observed
that the revised estimate of income is
after deducting the underwriting from General Reserve
the income to be received during the year
is estimated at
It will also be noted from the statement on page 4
that the revised estimate of expenditures is
the excess of estimated expenditures over income
estimated to be received during the year being
applied against this excess the underwriting
from General Reserve mentioned above
leaves
as the net excess of estimated expenditures over
estimated income from all sources.
In the estimate of income an effort has been made to place
them at the maximum figure consistent with sound principles of
estimating budget income. It is hoped that it will be possible
in subsequent revisions to increase somewhat the estimate of
income, but at this time it is not clear that there exists any
basis of expectation of increased income comparable to such
increases in recent years.
In the estimate of expenditures an attempt has been made
to provide for the expenses incident to the conduct of the
University. Later, however, may indicate the inadequacy
of the present estimate.
It is hoped and expected that increases in income over
the estimates will provide for the increases in expenditures
required in subsequent revisions, and probably also provide the

\$3,774.00
98,642
\$3,774.00
\$100,416
98,642
\$21,774

\$24,188., net excess of expenditures over the total estimate of income available. I think it improbable, however, that there will be sufficient increase in income or decrease in expenditures or a combination of both, to provide in full for the \$120,830. of estimated excess of expenditures over the estimate of income to be received during the year. Attention is called to the fact that almost two-thirds of the endowment income for budget purposes during the year 1923-24 was derived from real estate and stock investments, and that it is considerably more difficult accurately to estimate income from these sources than from bonds and mortgages.

I recommend that authority be given to the Committee on Expenditures to allow expenditures in accordance with the variations in the appropriations as shown in the accompanying report, and that authority be given to the Auditor to audit them.

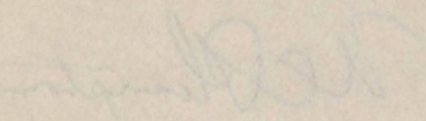
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "W. C. Thompson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

\$24,188., net excess of expenditures over the total estimate of income available. I think it improbable, however, that there will be sufficient increase in income or decrease in expenditures or a combination of both, to provide in full for the \$120,850. of estimated excess of expenditures over the estimate of income to be received during the year. Attention is called to the fact that almost two-thirds of the endowment income for budget purposes during the year 1923-24 was derived from real estate and stock investments, and that it is considerably more difficult accurately to estimate income from these sources than from bonds and mortgages.

I recommend that authority be given to the Committee on Expenditures to allow expenditures in accordance with the variations in the appropriations as shown in the accompanying report, and that authority be given to the Auditor to audit them.

Respectfully submitted,



THE UNIVERSITY OF CHICAGO

BUDGET 1924-25

Variations to June 30, 1925, based on actual results for the first four months to October 31, 1924, and estimates for the remaining eight months of the fiscal year.

SUMMARY

INCOME

Original Estimate
Net Increase (see page 5)

\$3,682,937.
33,603.

\$3,716,540.

Deduct Amount of Underwriting from General Reserve included in Estimate of Income

96,642.

Estimate of Income to be received during the year

\$3,619,898.

EXPENDITURES

Original Estimate
Net Increase (see page 5)

\$3,682,937.
57,791.

3,740,728.

Estimated Excess of Expenditures over Income to be received during the year

\$ 120,830.

Underwriting from General Reserve

96,642.

Net Excess of Estimated Expenditures over Estimated Income

\$ 24,188.

THE UNIVERSITY OF CHICAGO
BUDGET 1924-25

Variances to June 30, 1925, based on actual results for the first four months to October 31, 1924, and estimates for the remaining eight months of the fiscal year.

SUMMARY

INCOME

Original Estimate
Net Increase (see page 2)

Rebust Amount of Underwriting from General Reserve included in Estimate of Income

Estimate of Income to be received during the year

EXPENDITURES

Original Estimate
Net Increase (see page 2)

Estimated Excess of Expenditures over Income to be received during the year

Underwriting from General Reserve

Net Excess of Estimated Expenditures over Estimated Income

\$3,682,937.
33,603.
\$3,716,540.
96,642.

\$3,619,898.

\$3,682,937.
57,791.
3,740,728.

\$ 120,830.

96,642.

\$ 24,188.

SUMMARY OF SECTIONS

Section	In Excess of Estimate	Less than Estimate
<u>INCOME</u>		
Sec. I. University General	47,419.	4,492.
II. Departments of Arts, Literature and Science	26,065.	9,346.
III. Divinity School		3,379.
IV. Law School		3,000.
V. School of Education	4,500.	6,250.
VI. School of Commerce and Administration		13,125.
VIII. University Extension	4,600.	
X. Operation and Maintenance of Buildings and Grounds		9,389.
	82,584.	48,981.
	48,981.	
Net Excess (see page 4)	33,603.	
<u>EXPENDITURES</u>		
Sec. I. Administration and General Expense	36,400.	5,000.
II. Departments of Arts, Literature and Science	34,250.	11,209.
III. Divinity School		3,050.
IV. Law School		4,000.
V. School of Education		5,000.
VIII. University Extension	12,000.	
IX. Libraries, Laboratories, and Museums	5,400.	2,000.
	88,050.	30,259.
	30,259.	
Net Excess (see page 4)	57,791.	