Financial Transition Proposal

Background

In the winter of 1999, Chancellor Lawrence S. Bacow released “The Design of the New Residence System”, the Bacow Report as it was called. The Bacow Report outlined the objectives of the Residence Life system at MIT, elaborating on both its strengths and weaknesses. The report went on to explain the decision to house all freshmen on campus in MIT residence halls and discussed the management and implementation of the decision.

In an effort to assist the FSILGs with the transition, The Bacow Report outlined two proposals in regards to how MIT might financially support the FSILGs during the change to the new residence system. The report did not assume that either proposal would be seen as the answer to the financial support situation; instead these proposals were analyzed for their insights as well as their flaws, and a set of three general guidelines were given to guide the effort of finding a successful financial transition plan.

“We must help the FSILGs financially, but not do so in a way that creates financial dependency on the Institute. To do otherwise would compromise the independence that lies at the core of the FSILG system.”

“The transition support should be provided in a form that does not reward houses that recruit badly, or punish houses that recruit well.”

“The transition support should encourage houses to adapt to the changing demographics of MIT. These changes include increasing numbers of women students, and an increasing number of undergraduates pursuing five-year Master of Engineering degrees.”

The Financial Proposal Transition Committee used these guidelines as the basis for this proposal. This committee, however, is only a subgroup of the Residence System Implementation Team (RSIT), which is developing plans for all aspects of the 2002 transition. RSIT is composed of faculty, students and staff representing the various components of the residential and FSILG systems. After feedback from the FSILG community, this proposal will be submitted to RSIT for final approval.
Explanation of Financial Proposal

The 2002 Financial Transition Committee carefully analyzed each of the Bacow Report’s three guidelines in developing its financial transition proposal. The following is an explanation of how each of these guidelines affects the final proposal.

The first guideline clearly states that MIT should subsidize FSILGs because of the 2002 decision. However, this support should not “create financial dependency on the Institute”. This committee proposes that TBD% of the fixed-cost revenue FSILGs lose due to empty beds will be reimbursed and that support will gradually decrease until no support is given after three years. The “fixed-cost” quantity that is reimbursed is the fixed facilities costs directly due to the effect of an empty bed. This cost referred to as ‘fixed facilities costs’ throughout, is carefully defined later in this proposal and should not be confused with the term ‘housebill’. Fraternities, sororities, and living groups will be able to recover lost revenue from the ‘housebill’ by charging a “parlor fee” or “out of house fee” to those members living outside the chapter house. A common practice at most fraternities and sororities throughout the country. In addition, three years was selected as the period of support as this is the length of time necessary for the “empty beds” created by the 2002 decision to rotate out of an FSILG. A more complete explanation of this support is contained later under Specific Details of Financial Support.

The second guideline seeks to ensure that the support for all FSILGs is given in a uniform manner; no FSILG should receive a disproportional amount of support because of the FSILG’s past recruitment experiences. Thus, the number of empty beds at an FSILG in a given year is calculated based on the difference between the current house occupancy and an average of house occupancy over the three years before 2002-2003. Maximum house capacity is not a factor in this calculation. This ensures that past recruitment experiences do not influence the level of support an FSILG receives. In addition, so as not to “reward houses that recruit badly,” a maximum amount of empty beds is determined according to a schedule of how a typical FSILG should transition over the next three years. The specifics of this schedule are explained under Specific Details of Financial Support.

The final guideline of The Bacow Report endorses support for FSILGs that “adapt to the changing demographics of MIT. One of the greatest changes in demographics at MIT is the recent increase in the number of students staying for a fifth year to complete a Master of Engineering degree. This change provides a great opportunity for the FSILG community during this time of transition. As FSILGs lose one class (the freshmen) with which to fill their houses, FSILGs should be encouraged to tap on this rapidly expanding new class (fifth years). While individual FSILGs must not be forced to retain these fifth year students (as there may be conflicts with national, local, or chapter policies), incentives should be given to those FSILGs that do. Thus, in addition to the rent an FSILG receives from graduate and fifth year students, MIT will provide an incentive equal to half the amount that the FSILG would otherwise receive for an empty bed. Any portion of this incentive, of course, may be used by an FSILG to subsidize the housebills of their fifth year students if necessary to attract these students.
In large part because of the 2002 decision, sororities decided to move Panhellenic Recruitment to January (during IAP). Sororities thus lose a term of dues that New Members had previously paid. In the case of the three residential sororities, these house dues contain some revenue that is used to support fixed facilities costs. These three sororities now face a budgetary shortfall during this transition, and as such should be reimbursed in a manner similar to that applied to fraternities and living groups.

This committee also sought to incorporate some ideas into this proposal that are not addressed by Bacow’s guidelines. In order to receive support from MIT, FSILGs must meet certain basic expectations. These expectations are designed to be easily achieved by every FSILG and ensure that MIT’s financial support does not go to waste.

A fundamental expectation is that an FSILG must be recognized as a chapter in good standing by MIT in order to receive any support. This ensures that all FSILGs receiving support adhere to MIT’s policies and procedures as well as those policies outlined by the IFC, Panhellenic Council and Living Group Council, and are considered MIT-certified housing options. It was also determined that an FSILG must participate in the recruitment period of any term in which it seeks support. FSILGs should be expected to make this effort to fill their houses before coming to MIT for reimbursement. It is also expected that houses maximize in-house residency with those non-residential members eligible to move into the house. MIT may not subsidize an empty bed if there are non-residential members of an FSILG that could reasonably be expected to live in the FSILG’s house. Finally, attendance at Roundtable discussions relating to the 2002 transition and participation in 2002 Leadership Programs is expected. Regular attendance and participation ensures that all FSILGs are given the same information and resources from which to work and assist other chapters and organizations during this transition.

Basic Expectations of Chapters and Organizations

1) The FSILG must be recognized by MIT as a chapter/organization in Good Standing. A chapter/organization in Good Standing must be in compliance with the “Standards and Procedures for Students at MIT” and follow the “Specific Rules of the FSILGs”. The “Specific Rules” consist of, among others, compliance with IFC, Panhel, and Living Group Council policies and guidelines, adherence to policies relating to hazing, drugs, health and safety, as well as having a current Lodging House License on file. In addition, the FSILG must be in Good Standing with their Inter/National Headquarters (if applicable), and/or their Alumni Board House Corporation. If the FSILG is not recognized by MIT, no support will be received.

2) The FSILG must participate in recruitment. For fraternities and living groups this is defined as participating in all IFC and Living Group Council sponsored recruitment events focused on individual FILG memberships, including events during formal fall and spring recruitment periods. Sororities are exempt from this expectation as they cannot recruit during the term in which they may seek support, unless through guidelines set up by the National Panhellenic Conference.
If an FILG does not participate in recruitment for a given term, the FILG will receive no support.

3) The FSILG must attend Roundtable discussions sponsored by the FSILG office or IFC/Panhel/LGC that relate to the 2002 transition. Attendance at these programs are designed to help FSILGs transition successfully. Each term, FSILGs will have 5% of their total reimbursement deducted for each Roundtable session not attended by at least one member of that FSILG. However, if unusual circumstances excuse an FSILG from attendance, a meeting with the FSILG office can make up the missed session. Roundtable session topics may include:

- Recruitment
- Finances
- Budgeting
- Marketing and Public Relations
- New Member Education
- Effective chapter/organizational management

4) The FSILG should maximize in-house residency with those non-residential members eligible to move into the house. Each FSILG would be expected to encourage their out-of-house members to move in the chapter facility through incentives or contracts.

Basic Expectations of the FSILG Office

1) Developing and presenting a series of Roundtable and programs relating to the 2002 transition. Topics would include recruitment, finances, new member education, budgeting, marketing and public relations, and effective chapter management.

2) Assist the IFC/Panhel/LGC in the coordination of recruitment events and programs.

3) Act as a Clearinghouse for the marketing and public relations of the FSILGs to the MIT campus community, in particular, freshmen and unaffiliated members.

4) Act as a readily available resource for FSILGs during the 2002 transition.

5) Provide timely notification to any FSILG that is failing to meet a basic expectation.

Specific Details of Financial Support

1) The number of empty beds at an FILG is defined to be the difference between an FILG’s effective house capacity and its actual undergraduate membership during
a given term. Effective house capacity is calculated as the average house occupancy of an FILG over the three years prior to the 2002-2003 school year.

2) In addition, FILGs may choose to house 9th semester seniors, 5th year students, transfers, M.Eng. Students or other graduate students. If an FILG chooses to house members of the above mentioned populations such as graduate and/or M.Eng students in place of having empty beds, the number of students housed will be halved and added to the number of empty beds as calculated in step 1 above. This provides the FILG an incentive to house other students by offering them partial compensation for a bed that might otherwise be left empty in addition to whatever fees and/or rent is charged directly to the 5th year senior, graduate and/or M.Eng. student.

3) The number of empty beds MIT will reimburse must not exceed the maximum allowable number of empty beds for that FILG, calculated as follows:
   a. The expected number of first-year residents is calculated as the average number of first-year residents living in an FILG over the three years prior to the 2002-2003 school year.
   b. The maximum allowable number of empty beds is calculated according to the following schedule:
      Year 1: expected number of first-year residents
      Year 2: expected number of first-year residents * (2/3)
      Year 3: expected number of first-year residents * (1/3)

4) The FILG will be compensated for the number of beds equal to the minimum of either the effective number of empty beds (as calculated in steps 1 and 2 above) or the maximum allowable number of empty beds (as calculated in step 3 above).

5) Reimbursement amounts will be adjusted for any penalties the FILG may have incurred for not meeting basic expectations.

6) TBD% of the portion of an FILG’s housebill that corresponds to the fixed facilities costs of the FILG is reimbursed – fixed facilities costs may be defined to be any of the following expenses: rent, mortgage payment, water, chef, sewer, garbage, electricity, house and grounds, gas and steam expenses. Other costs that an FILG wishes to be considered fixed costs can be addressed to the committee determining an FILG’s reimbursement.

7) Residential sororities will be reimbursed TBD% of the portion of their current non-residential first-year fees that pay for fixed facilities costs (as described in 6 above). The average number of first-year pledges over the past three years will be used to determine the amount of support a sorority will receive. This number will decline over three years according to the same schedule as in 3b above. Reimbursement will be for the first term only to compensate for the fact that sororities are only losing the ability to charge fees during the first term.
Determination of Financial Support

The amount of support due an FSILG will be determined and paid out each term immediately following a term’s recruitment period. Each FSILG must complete a straightforward formula sheet that calculates the number of “empty beds” to be reimbursed, the number of graduate students filling otherwise empty beds, and the percentage of fixed facilities costs the FSILG should be reimbursed for. The FSILG determines the exact fixed facilities cost portion of its house bill and justifies this figure with a detailed budget outlining the FSILG’s fixed costs. FSILGs can and should present any unusual circumstances for the purpose of reviewing their reimbursement requests. When special circumstances exist or particular consideration is necessary for an FSILG, a Review Board will be charged with hearing from the FSILG on their specific circumstances. This Review Board will be made up of members of the FSILG staff, a representative from each of the governing councils (IFC, Panhellenic, LGC), and alumni. The Review Board would also have the ability to waive any penalties an FSILG may incur due to a failure to meet Basic Expectations. Presentations to this Review Board should include explanations of missed Roundtables and programs and of active non-residential members.

Revisions

After the 2002-2003 school year, the 2002 Financial Transition Committee will evaluate the implementation of this financial proposal. If any revisions or modifications to the proposal are necessary, this committee will draft a revised proposal for the remaining years of transition.

FSILG Information and Data

Information requested from the fraternities, sororities, and living groups should be presented to the FSILG office in a timely manner. FSILGs that submit false or misleading information at any time will be ineligible for reimbursement for life of the financial support.