



Organization	Cornell Cinema
2016-2018 Allocation	\$10.90
2018-2020 Request	\$8.50
Appropriations Recommendation	<b>\$0.00</b>

### Rationale of the Committee

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The Appropriations Committee recommends funding Cornell Cinema at \$0.00 for the 2018-2020 By-Line Funding Cycle. In so doing, the Appropriations Committee proposes fully divesting Cornell Cinema of undergraduate student activity fee (USAF) funding. We offer our full support for Cornell Cinema in finding other means of financing their enterprise to provide a unique cinematic experience to the Cornell community. We appreciate the value that some students and others derive from an on-campus cinema and we encourage the Provost and other university administrative units to internalize the costs and to provide the necessary funding to the Cinema to cover their large expenses.

Firstly, the Committee recognizes the positive steps Cornell Cinema has taken over the past cycle to accommodate some of our recommended changes and commends them for it. Cornell Cinema’s attendance tracking has been improved and we appreciate their efforts to involve undergraduate students more in the leadership of the organization.

However, most of the recommendations that previous Committees have conveyed to the Cinema have apparently not materialized or are not practicable for the Cinema at this time. Two years ago, the Committee recommended “more selectively showing screenings, reducing the number of days that Cornell Cinema is open... and find[ing] alternative mechanisms to reduce their costs.”<sup>1</sup> The Committee warned the Cinema that their model is unsustainable two years ago when Vice President Stefanko conveyed to them that “[t]he Committee...question[s] whether or not the

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<sup>1</sup> The Committee noted that students would not be receiving an appropriate benefit even at their allocation request of \$8.50. For at least most of the events, students have to pay a ticket fee of \$5.50 on top of the current fee. Their total annual undergraduate attendance was 10,212, and their requested subsidy was \$117,708. While recognizing that 10,212 implies that many students are impacted by the Cinema, the requested subsidy still requires an extremely large per head cost. The cost of the subsidy per attendee is \$11.50/attendee (\$117,708/10,212 attendees). Added to that, the \$5.50 ticket price leads to an estimated true cost of \$17.00 per attendee, which far exceeds the cost of a comparable movie ticket. Another way of conceptualizing the cost of Cornell Cinema is in terms of total cost per attendee. Next year, the projected total expenditures are \$512,263 and total attendance this year (including graduate students and non-students) was 18,743. If attendance remains constant, then average total cost per attendee is \$27.33. This figure is about twice as high as the comparative movie ticket the Cinema itself presented. Of the total budget, 70.498% goes towards wages, which implies a labor cost per attendee of \$19.23.

current model is sustainable given historical trends to request increases from the activity fee and raise ticket prices.”

This year, the Committee was particularly concerned that the Cornell Cinema has been withdrawing as much as \$52,360 directly from the activity fee account to pay staff wages. Last spring, we requested that Cornell Cinema cease that practice immediately. However, for this year (AY 2017-2018), the Cinema is still paying \$37,495 in staff wages. In their projections, they report that they plan to not charge the activity fee account for staff wages, but we have no way of verifying this information. Just because the activity fee is reduced does not mean that no portion of the activity fee would be subsidizing their staff wages. Consider: if it is true that Cornell Cinema would reduce labor costs at all if they received zero USAF funding, then it is necessarily the case that the funding is still going to labor costs.

The Committee also noted that the Vice President for Finance repeatedly requested access to view the specific activity fee sub-account into which the student body currently pays \$150,943. Multiple times, this request was denied because the Cinema was withdrawing staff wages from the account and considered it sensitive business data, despite assurance that the Committee is bound by confidentiality agreements. Nonetheless, the Cinema and the relevant overseeing administrators did not furnish the transactional level details required to verify that the disbursement was spent as reported. The Committee advises that organizations receiving by-line funding be prepared to furnish their activity fee account transactions if provided due notice. That the Cornell Cinema was inappropriately spending over \$30,000 of their activity fee allocation on staff wages is not a sufficient reason to deny a request to review their account, especially when that misappropriation was part of the reason for the request in the first place. In sum, the Committee is incapable of functioning as a good steward of the activity fee if it is unable to verify what the fee is spent on.

It is worth noting that while the Committee supported divesting Cornell Cinema from by-line funding for the next cycle, a sizeable minority expressed the belief that the Cinema should be given a couple of years to ease out of the USAF subsidy. The highest request that any member of the Committee supported was \$5.50 per student, which was defined as covering their fixed costs. The Committee unanimously rejected funding Cornell Cinema at any more than \$5.50.

However, even at an allocation of \$5.50 per student, the Cinema would be projected to run a yearly deficit of -\$77,625. Rather than continue to put USAF funds in an insolvent enterprise, the Committee determined that the Cornell Cinema is not presently the appropriate place for activity fee funds. While we fully acknowledge that the Cinema intended to ease out of the activity fee, we believe that a still large fee per student for only a small discount in ticket prices would not merit continued activity fee funding. The projected time-line for the ease-out which the Cinema presented was tentative and would have required at least 3-5 more years (1-2 more cycles) of USAF funding.

Rather than asking future Committees, Assemblies, and generations of Cornellians to subsidize an insolvent, high-cost, labor intensive enterprise, we propose divesting Cornell Cinema from the activity fee for the 2018-2020 By-Line Cycle – the only cycle for which we are responsible for allocating funding. We urge administrative units that fund Cornell Cinema to assist it as it makes the transition off of the USAF next fall; we pledge our full support in working with Cornell Cinema through that process.

## Vote Totals

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The Committee votes down, from the highest number proposed to the lowest, to give the group the advantage. The vote totals from the Committee were as follows:

<b>Amount</b>	<b>Vote</b>
\$8.50	0-13-1
\$5.50	6-7-1
\$4.40	6-6-2
\$4.25	6-6-2
\$2.00	6-7-1
<b>\$0.00</b>	<b>7-6-1</b>

Respectfully submitted,

**Gabe Kaufman**

*Vice President for Finance*