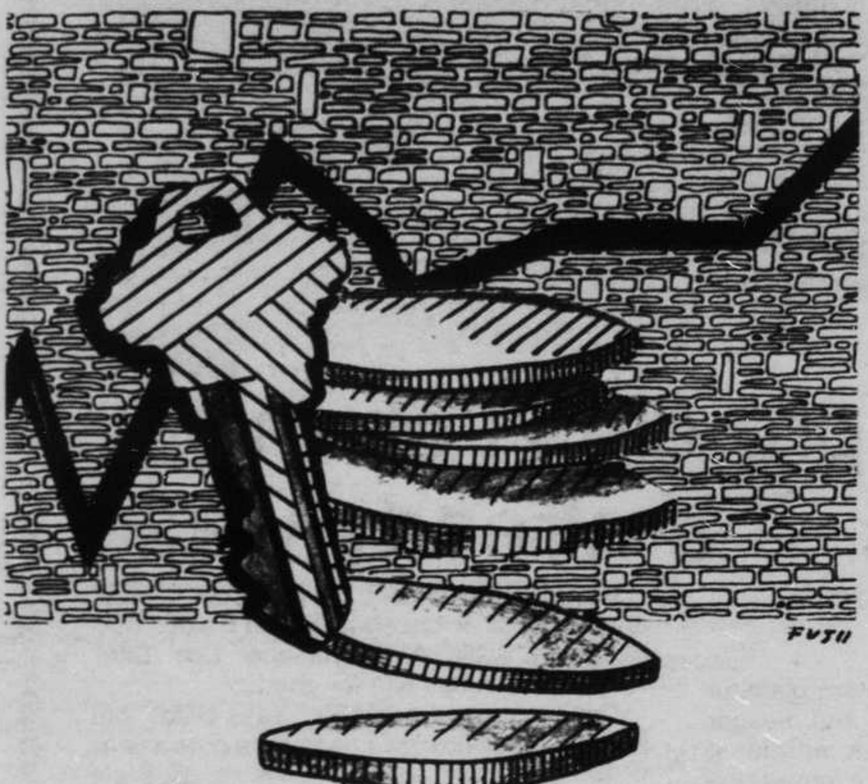
Bookstore surplus profit, other problems explained

Editor's note: This is the second of a two-part series dealing with the organization and financial situation of the University of Oregon Bookstore, Inc.

By KAREN HOLT
Of the Emerald

On Tuesday, Joe College and friend Suzy Coed had just demanded an accounting of Bookstore profits. They had discovered that the Bookstore pays no Federal taxes, has only one low-interest debt and its mortgage, is not scheduled for any major capital improvements, and has only a minor theft problem. Under these circumstances, it manages to maintain a two per cent profit margin.



Drawing by Frances Fujii

If the Bookstore is a non-profit organization, ask Joe and Suzy, where does its profit margin go?

According to the Articles of Incorporation of the University Bookstore, Inc.: on June 30 of each year, the Board of Directors determines what amount of the Bookstore's net earnings constitutes a "surplus"; this surplus is then disbursed "to the University for its educational purposes or...to an independent affiliated organization exempt from Federal Income Taxation...created and existing to assist the University in its educational purposes." (Article IV.) Under this system, Joe, Suzy and their fellow Bookstore patrons would make a charitable donation each year to the University through the non-profit auspices of the Bookstore.

Actually, the Board has found no surplus of capital in any year since incorporation. Furthermore, according to Manager Gerald Henson, the Bookstore is not required to turn any of its profits over to the University so long as it is in debt. Because the mortgage will not be paid off until 1985, present profits are re-invested in the corporation.

"It has all been plowed back into inventories," says Henson. The Bookstore's inventory is expanding steadily.

Several alternative text-sources are available to Joe and Suzy. Since the University does not administer the Bookstore, University faculty are not required to order their classroom texts exclusively through that source.

A few teachers do take advantage of this freedom, mostly by ordering through the Bookstore's major competitor, The Id. Manager Henson professes not to mind the competition, but he does admit concern that professors fail to notify him when they switch.

Henson maintains that some teachers create difficulties for their disabled students (who shop the Bookstore exclusively) by ordering from alternative sources.

Henson says he has other problems with the faculty as well. The deadline for ordering fall quarter's texts is May 26, but Henson claims that a significant number of professors did not turn in their order sheets until the deadline had passed.

"They're very, very slow and I don't know how you could get them to hurry...The faculty is doing the students a disservice." Henson maintains that their tardiness is the primary reason for late text arrivals.

And if Joe finally decides that he's had it with buying texts altogether and surrenders his status as a student, he may be able to land a job working in the Bookstore for $2.13 an hour—minimum wage. "We have to comply with Federal limits," says Henson, "because we gross over $1 million per year." As a non-student, Joe would stand a better chance of being hired. Of a total of nearly sixty employees, twelve to eighteen are students, Henson reports.

Although the Bookstore is not obligated to hire students, Henson claims that preference is given them in hiring. Actually, Joe is at a distinct disadvantage even as a non-student. Henson prefers "to hire students' wives. They're more stable."

This, then, is the Bookstore. A rip-off, Joe? No, just business as usual.

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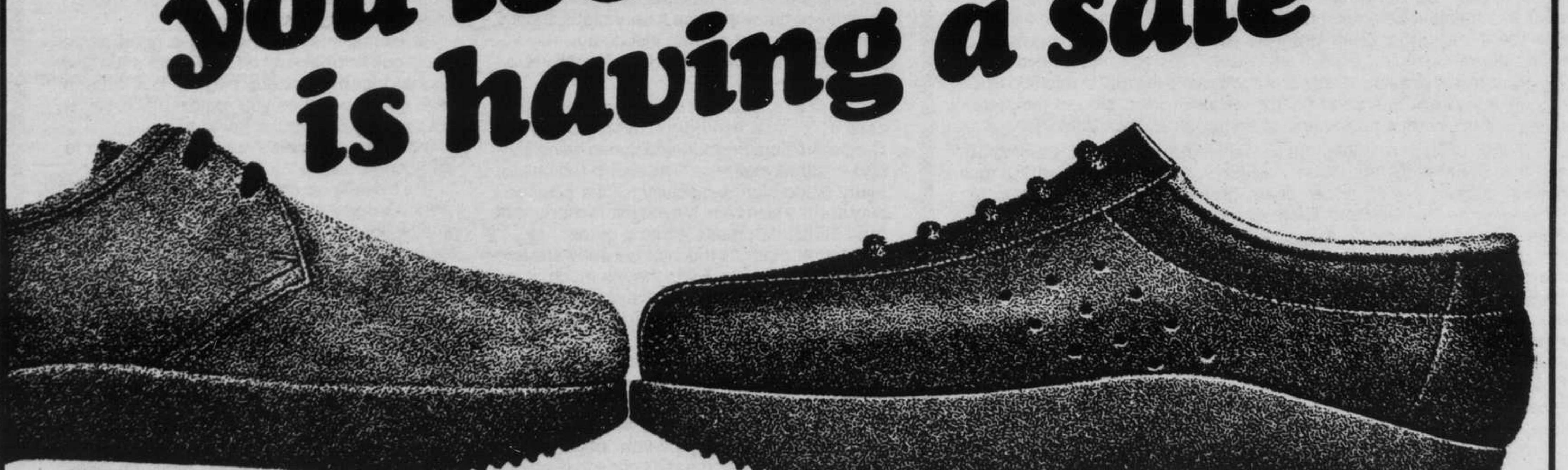

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