ing), balancing newly straitened budgets inevitably comes back to people. Compensation and employee benefits account for 48 percent of University expenses: $1.66 billion of $3.46 billion in fiscal year 2008.

Beginning in February, some 1,600 staff members from across the University—those who have reached age 55 and have at least 10 years of service—were offered a voluntary early-retirement package. (It provides a payment equal to one year of salary, plus $750 per month and medical coverage up to the age of Social Security and Medicare eligibility, all funded from excess assets in the affected employees’ defined-benefit pension plan.) Those eligible must make their decisions by early May. Only then will administrators be able to judge the efficacy of the program. Quickly thereafter come Commencement and the end of the fiscal year, by which time plans should be drawn up for the layoffs, if any, required to balance budgets in the new fiscal year, beginning July 1. At this writing, it is unknown whether any school will offer retirement incentives to faculty members.

Those are the known factors shaping Harvard’s “new economic reality,” when the endowment can no longer reliably fund a growing share of the University’s multibillion-dollar operations (that share now exceeds 34 percent). At the same time, University planners worry about other income streams. Although a short-term economic “stimulus” infusion will boost sponsored research during the next two years, the national fisc seems unlikely to sustain growth in federal funding. In a recession, it is infeasible and impolitic to raise tuition aggressively. Quite the contrary: as more families rely more heavily on financial aid, net tuition may actually decline. And a March 30 report by the Chronicle of Higher Education documented a sharp decline in philanthropy in recent months. So those revenue sources—together, about 46 percent of Harvard’s income in recent years—promise little relief.

As those abstractions work their way through the budget process, changes have begun appearing across campus. Contracted workers, such as janitors at Har-