Looming Layoffs

Harvard has begun downsizing its workforce. On May 11, Marilyn Haasammann, vice president for human resources, announced that 534 of 1,628 staff members eligible for an early-retirement incentive—33 percent—had accepted the offer. (The Faculty of Arts and Sciences alone offered early retirement to 521 staff members, of whom 30 percent accepted—a small fraction of its nearly 3,700-person staff.)

The retirements will lessen, but not eliminate, layoffs, given pressure to cut spending. As of October 2008, Harvard employed about 12,950 full-time-equivalent non-faculty staff members—coincidentally, nearly 500 more than were employed a year earlier, and almost as many as are retiring early. For the year ended June 30, 2008, compensation accounted for 48 percent of University expenses ($1.7 billion). Haasammann noted, “Although Harvard’s schools and departments are now analyzing the impact of the pending retirements on their budgets…for many schools further reductions in force will likely be necessary to meet budget tar-
gets…” FAS dean Michael D. Smith’s letter on the same date reiterated an earlier warning. Although the efficiencies outlined on the FAS website were “staffing neutral,” he wrote, “the financial challenge before us makes it increasingly likely that staff reductions will eventually be necessary.”

The Student Labor Action Movement (SLAM), which led the living-wage campaign for lower-paid University employees at the beginning of the decade, re-emerged around the slogan, “Greed is the new Crimson” (a play on Harvard’s environmental theme), and organized rallies against layoffs (see www.hcs.harvard.edu/slam). SLAM leaflets distributed before the May 19 faculty meeting suggested alternatives (graduated pay reductions of 5 percent to 15 percent and reduced pension contributions for employees earning more than $100,000 per year; reduced paid vacation time) and detailed cuts adopted by senior administrators at Brown, Stanford, and other universities.

Layoffs were widely expected to be announced beginning in late June, after the Commencement crowds dispersed. For updates, consult www.harvardmagazine.com.

closed that its investments, down 27 percent as of December 31, had depreciated to a 31 percent loss two months later (an estimate that did not include updated, quarterly valuations of private-equity and real-estate investments). In the meantime, it has more than quadrupled relative holdings of cash from the beginning of the year. The University of Virginia Investment Management Company’s March 31 report also indicated a sizable increase in cash, in part to be ready to make mandated future investments in private asset pools.

Both reports suggest what will attract notice when Harvard Management Company reports fiscal year 2009 performance in late summer: how defensive the portfolio has become (insulating against current losses, but depressing potential returns), and what results large holdings of illiquid and hard-to-value assets have produced.

In the meantime, Princeton president Shirley M. Tilghman on April 6 notified her community that the financial markets had “unhappily” not improved from the beginning of the year, compelling a further round of budget cuts for fiscal years 2010 and 2011—following similar rounds of deeper cuts announced by Yale and Stanford. Tilghman forecast uncomfortable pressure on endowment spending extending beyond 2011, even as Princeton pursues its capital campaign, and concluded, “The steady growth in both faculty and staff that we have enjoyed over the last 10 years will end, and the university will have to contract in size.”

The same is likely for much of Harvard. At the May 19 meeting, Faust said the community faces “very hard choices” and acknowledged, “We have to give some things up.” She urged the faculty to “focus not on what we have lost but on what we still have”—superb libraries, laboratories, students, and professorial colleagues.

For Smith, the immediate problem remains: FAS’s large financial chasm could not be closed in one year, so his working groups face months of effort to find additional cuts. In the future, he said on April 14, “it is increasingly likely...that we will not have a need for as many faculty and staff” as today. How the College and graduate school are reshaped looms as a particularly daunting set of issues for Harvard.

Renewing the Houses

In early April, dean of Harvard College Evelynn M. Hammonds released the results of a year-long review of the residential House system, commissioned as part of the preparations for a major physical renovation of the Houses [see “What Makes (and Remakes) a House,” July-August 2008, page 66]. The Report on Harvard House Renewal includes undergraduate survey results, the findings of focus groups, and the recommendations of the House Program Planning Committee (see www.orl.fas.harvard.edu); as Hammonds wrote in an accompanying letter to colleagues, it affirms “that the House system is essential, not ancillary, to a Harvard education as it aims to engage students in the intellectual life of the College and the University beyond the classroom.”

Dining halls (such as Eliot’s) are “the hub of House life,” says a report on the residences, and every House should have its own.
The report said libraries (like this one in Winthrop) are key to House life and should be open 24 hours a day if possible.

The recommendations run the gamut of House life, ranging from the educational and programmatic to the architectural. Pointing to the importance of the Houses in promoting meaningful faculty-student interaction, for example, the report calls the Senior Common Room system (which affiliates a number of faculty and staff members with each House) “an outdated concept that in many cases is not working well...” Proposed instead is a new House Fellows program, to be tested in a few Houses, in which participants would be appointed to short, renewable terms with clearly defined expectations.

Another aim of the review process was to identify common spaces that could be shared among Houses, such as grilles, event venues, and theaters. Dining halls, deemed “the hub of House life,” were excluded because they serve many purposes, even when not in use for dining.

There were also many reaffirmations of what the Houses do right and should uphold, including their commitment to individual House libraries, to intergenerational interactions, and to a residential population size of 350 to 500 students. Although the project ultimately aims to eliminate “walkthrough” bedrooms and overflow housing as part of badly needed renovations of the physical structures and their systems, construction planning has not begun. That expensive work—though largely dependent on fundraising in the current fiscal situation—is projected to begin in 2012, and to take 12 years to complete.

Illustration by Mark Steele

Yesterday’s News

From the pages of the Harvard Alumni Bulletin and Harvard Magazine

1929 Construction crews are busy pouring foundations for the first units of the new “houses” on Plympton and De-Wolfe streets, raising the steel frame of the new athletic building, and converting Boylston Hall from a mostly science to a mostly nonscience facility.

1944 Thomas J. Watson, president of IBM, formally presents Harvard with the “revolutionary” Automatic Sequence Controlled Calculator, 51 feet long and eight feet high, the brainchild in part of associate professor turned naval commander Howard H. Aiken, Ph.D. ’39.

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President James Bryant Conant offers Harvard’s Dumbarton Oaks estate in Washington, D.C., for a conference of delegates from Britain, Russia, and the United States to plan for the preservation of peace in the postwar world.

1949 Fully air-conditioned Lamont Library, open to both sexes during summer school, becomes the center of activity during the hottest Cambridge summer yet recorded.

1954 Hurricane Carol strikes with 120-mile-per-hour winds on August 31, toppling three of the oldest elms in the Yard, de-roofing the Newell Boathouse shed, and dropping a finial through the roof of Memorial Hall.

1964 Post-Commencement statistics reveal that, excluding those seniors headed for engineering, research, and technical jobs, the Peace Corps (at 16 percent) accounts for the largest segment of new graduates.

1969 Early in the morning of August 20, a man attempting to steal Widener’s two-volume Gutenberg Bible falls approximately 50 feet from a rope into an interior courtyard of the library, breaking his leg and cracking his skull. The Bible is recovered in excellent condition apart from damage to the bindings, which were not original.

1974 New studies offer various plans for improving Harvard Square: among the issues involved are the dearth of parking spaces and debates about rerouting cars, proposed guidelines for real-estate development, and Harvard’s own long-range development plans.