

Cutting Costs

With budgets tightening around Harvard (see the profile of new financial vice president Ann E. Berman on page 52), President Lawrence H. Summers has put increasingly visible priority on what he calls “a central responsibility of the University...for its students, faculty, and alumni who support it, to use resources wisely.” A McKinsey & Company review of budgeting, human resources, fundraising, and procurement functions launched early in his administration has begun to yield additional purchasing programs intended to harness Harvard’s buying power to capture savings.

For several years, Harvard has directed purchases to preferred vendors of office supplies and furniture, laboratory materials, travel, temporary employment services, express shipping, and other goods and services, producing \$20 million or more of annual savings compared to list prices. Now that strategy is being applied to desktop computers, for which IBM has been designated the prime vendor, in the hope of realizing further savings of \$3 million per year. On deck, says Summers, are programs for printing services (see “Stop the Presses,” September-October 2002, page 65); construction, building supplies, and facility management (on which McKinsey consultants figure Harvard spends \$350 million annually); and further steps to save on travel (by shifting to expedia.com). In all, the University’s nonpersonnel expenses are about \$1.2 billion annually. (Details on purchasing initiatives can be found at <http://vpf-web.harvard.edu/procurement/>.)

Summers spelled out Harvard’s financial imperative in a talk to University administrators on February 20 (www.president.harvard.edu/speeches/2003/administrators.html). He amplified the drive “to steward resources carefully” in a late-March interview. In the 1990s, he said, as very strong endowment growth made resources readily available, pressure for savings may have moderated. Now, the need for economy is very evident. Given annual spending from the endowment of 5 percent—and higher education inflation currently running at about 3 percent—each year that the investment return on the

endowment is nil, its purchasing power effectively declines 8 percent. Three consecutive years of such results (now considered likely) would reduce purchasing power by one-quarter. That outcome, he said, is “serious” given that the Faculty of Arts and Sciences, for example, derives half its revenue from the endowment (see “Iron and Silk,” January-February, page 59). Under the 5 percent payout rule, “small changes in efficiency are the equivalent of large changes in resource mobilization”—\$1 million in expense savings has the same financial effect as a \$20-million capital gift. Hence the appeal of the procurement measures, where Harvard can “realize significant economies with very little if any adverse consequence.”

Beyond procurement, Summers deferred comment on other aspects of the McKinsey recommendations, but said “any organization does well to continually examine overhead staffing issues.” The University is looking at the “scope for information technology functions.” For example, a consolidated development system now being built to encompass each school’s donor and gift recordkeeping systems will satisfy fundraising and efficiency goals at the same time.

Budget reviews for each school, led by the provost, now include “an unprecedented level of central involvement and oversight,” Summers said. A University-wide analysis of staffing levels and personnel is also under way. The schools, Ann Berman added, “are feeling the pain in their own resource limitations” as endowment payouts are restrained, and so are embracing efficiency measures. “They are looking in careful ways at activities that don’t involve faculty or students,” Summers said—all the activities he describes as “noncore academic functions.”

Even so, he was hopeful that tighter times for higher education generally can be “a good opportunity for Harvard” to hire outstanding faculty members who may have fewer opportunities elsewhere. Realizing that ambition, Summers said, depends on attaining “in the University’s business functions...the same standards of excellence that we have traditionally achieved in our academic programs.”

Being “of Harvard”

ONE YEAR after the release of *The Women’s Guide to Harvard* comes *The Black Guide to Life at Harvard*, compiled by the publications chairs of the Black Students Association (BSA), Kiratiana E. Freelon ’02 and Marques J. Redd ’04. (The *Crimson* reports that a Latino counterpart, *La Vida at Harvard*, will appear this autumn.)

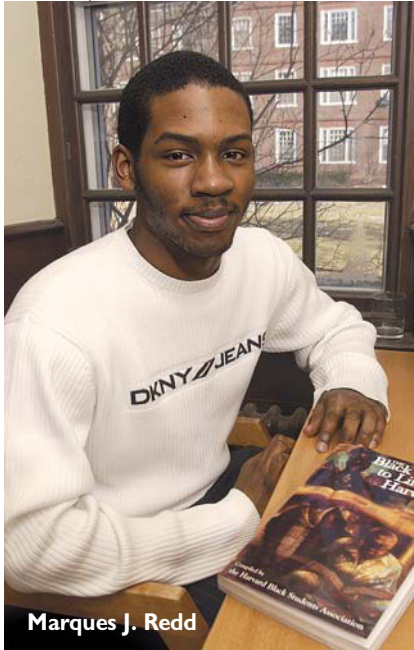
In an introductory essay, Freelon and Redd sketch the 324-page *Guide*’s ambition to provide “rich descriptions of Black history, powerful student reflections from the past, detailed information about the

makeup of the present-day Black community,” and practical information on local resources ranging from hair salons to churches. But they begin with a reference that ought to engage, and perhaps slightly disquiet, any member of the Harvard community: the autobiographical assessment of W. E. B. Du Bois, A.B. 1890, Ph.D. 1895, that “I was in Harvard, but not of it.”

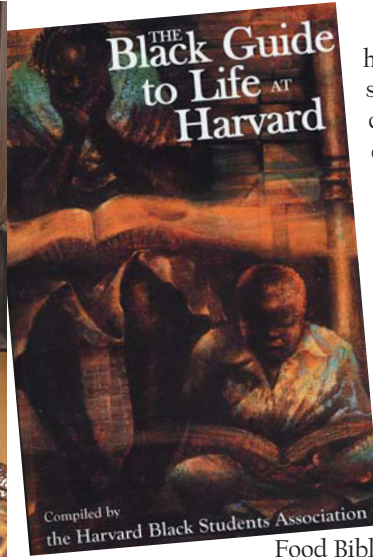
The *Guide*, in effect, chronicles the Harvard century-plus from Du Bois to an era that has “awarded current students of color...the opportunity to be ‘of’ Harvard.” Freelon and Redd write of the integration of “formerly all-white organizations such

as the Hasty Pudding Club, the various final clubs, the *Crimson*, and the Glee Club”; the ascension of people of color to leadership positions such as class marshal and University Overseer; the arrival of “Black ‘legacies’” among newly admitted students; and the rise of minority organizations, with their own new traditions, such as the South Asian Association’s Ghungroo show or the Kuumba singers. Another sign of the times: commercial sponsors of and advertisers in the *Guide* include Boston Consulting Group, Morgan Stanley, and Banc of America Securities.

Illustrated timelines and essays depict



Marques J. Redd



STU ROSNER the history of African Americans

in Boston and the University, occasionally evoking from the recent past a vocabulary as well as memories that now seem ancient: a 1964 *Crimson* headline on “The Ivy League Negro: Black Nationalist,” the 1970s protests advocating sale of Harvard

holdings in Gulf Oil stock, Derrick Bell’s campaign for a more diverse Law School faculty, the “Black & Crimson” guide for incoming freshmen.

The directory of undergraduate organizations numbers 16, from the Association of Black Harvard Women to the Harvard Society of Black Scientists and Engineers and Soul

Food Bible Study. In the professional schools, the list includes groups focused on African business and governance, African-American healthcare, and more. Within the “Life at the Ebony Tower” section is a statistical profile of black students at the University (1,244, or 6 percent of the total enrollment), their College concentrations (economics ranks first), and family backgrounds. There are

faculty and staff profiles, and student essays: Stephanie Wilford ’84 describes her journey from inner-city Chicago to Harvard—“I was not an ‘incoming’ freshman. I was an ‘outlanding’ alien from a different planet”—and its outcome: “I’ve learned much about experiencing new things while watching Harvard experience me.” And signs that the adjustments continue: from the list of the 10 stupidest things said to black women at Harvard, the prize at number two, “I know your struggle. I read *Beloved*.” (A separate top-10 list, stemming from his personal dating issues and inserted by Redd, was found offensive by other BSA members, and has been removed from the *Guide*.)

The concluding section, on Cambridge and Boston resources, exudes possibilities and options beyond the already extensive student universe (how many undergraduates have dined at M&M Ribs in Dorchester?). And it is in that spirit that the editors solicit ideas and comments for improved future editions at bsa@hcs.harvard.edu.

Pillars of the Economy

AS DETERIORATING local-government finances collide with expanding—and property-tax-exempt—campuses, Boston-area research universities reported jointly on their collective size, stability, and importance to the metropolitan economy. At a Greater Boston Chamber of Commerce briefing on March 11, Harvard, Boston College, Boston University, Brandeis, MIT, Northeastern, Tufts, and University of Massachusetts Boston unveiled *Engines of Economic Growth*, an analysis of their collective impact at the outset of the twenty-first century; the text is available at www.news.harvard.edu/gazette/daily/0303/10-econ_impact.html. (Harvard had previously profiled its own economic impact on Greater Boston. *Investing in the Future*, released in 1999, highlighted its multi-hundred-million-dollar payroll and purchases, and role in building the “human and intellectual” capital that underpin the region’s medical, technology, and financial-services businesses; see “The

Academy and the City,” November-December 1999, page 77).

In a summary, the institutions’ presidents quote John Adams’s language from the Massachusetts Constitution, written in 1780, urging “legislatures and magistrates” to “cherish the interests of literature and the sciences” and institutions of learning. Today, they proclaim, “Greater Boston’s eight research universities...are the region’s special advantage: an enduring and stable economic engine, constantly changing and developing as new knowledge is gained and new technologies and industries are created.”

The report itself aims to support those twin messages: that universities are critical sources of economic “infrastructure,” and that they must grow and develop

new facilities to sustain that critical contribution. Thus, the report argues, Greater Boston’s position in the modern global economy is very much rooted in the quality, speed, and outcome of local decisions.

The report emphasizes the universities’ role in the development of skilled workers through their degree-granting and continuing-education programs. Their roughly 118,000 degree candidates make them a magnet for talent, as well as centers of learning for local residents. Similarly, they

attract outside research funding, principally from the federal government: that now runs about \$1.5 billion per year, plus another \$1 billion deployed at affiliated hospitals and research centers. Those funds fuel academic projects and collaborative ventures with local industry.

