

in these study centers a different type of learning takes place. It's more interactive, more dynamic, more intimate, less passive." Of Harvard's museums, he says, "We have the opportunity to build something quite different in a museum. I wouldn't suggest that this is a model that would make sense for any other museum, but given our collections, our history, our mission, and the context in which we work, we think it makes huge sense for us."

## Curricular Commitments

DEPARTING Faculty of Arts and Sciences (FAS) Dean William C. Kirby has attempted to set the clock ticking for completing a revision of the undergraduate curriculum, after three years of study. In a letter circulated January 20—one week before the news of his personal plans was disclosed—he proposed votes this spring on legislation to effect changes in concentrations (fewer requirements, student choice of a course of study deferred from freshman year to the middle of sophomore year) and then general education (replacing the Core curriculum with distribution requirements). These issues would be followed with action on instruction in writing and speaking; advising; and then the academic calendar: possibly moving reading period and exams before Christmas, and creating a flexible January term. (The letter and underlying committee reports were bound in a single volume, as shown below, for faculty reference during debate. They appear on line, respectively, at [www.fas.harvard.edu](http://www.fas.harvard.edu) and [www.fas.harvard.edu/curriculum-review](http://www.fas.harvard.edu/curriculum-review).)

Kirby restated several themes from the review. One is to "recommit our Faculty to the central task of educating undergraduates." Another is emphasis on "liberal education"—specifically "resisting pressures for early specialization and professionalization" through "a curriculum of choice, incentive, and opportunity more than one of restriction and requirement." On the latter point, Kirby hopes, new general-education courses will succeed "because they are great courses, not because they are mandated," and students

## Money-Manager Compensation

**Compensation data** for the most highly paid Harvard Management Company (HMC) investment personnel—subject to some sharp criticism in recent years—were released on the afternoon of December 21, as the campus emptied for the winter recess.

Salary, benefits, and bonus payments for the fiscal year ending June 30, 2005, totaled \$18 million for domestic-bond manager David R. Mittelman and \$16.9 million for foreign-bond manager Maurice Samuels. Under HMC's pay formula, these two senior portfolio professionals each earned more than \$25 million in fiscal year 2004, and more than \$34 million the year before, reflecting long-term returns well above market benchmarks. Jack R. Meyer, M.B.A. '69, HMC president and chief executive during this period, earned \$6 million, down from \$7.2 million in 2004. Domestic-bond managers Shawn Martin and Matt Early received \$5.4 million and \$4.6 million, respectively, and Andy Wiltshire, who is responsible for large timber holdings, earned \$5.9 million.

This year's release drily noted that, with the exception of Wiltshire, for all the employees listed, "these payments represent the final payments" under HMC's compensation plan. Meyer and the bond managers are among nearly three dozen HMC personnel who departed September 30 to establish Convexity Capital, a hedge fund. Harvard has retained the new firm to manage part of the endowment assets. The terms of such private contracts are not disclosed.

The lower paychecks did not mollify William Strauss '69, who with a group of classmates has criticized the compensation as inappropriate for an academic institution. After the figures were released, he said, "Yet again, Harvard pays lavish fund-manager bonuses, in a year in which they raised tuition by more than inflation. We had thought President [Lawrence H.] Summers wasn't going to do this any more, but here we are."

The University has maintained that HMC's internal money-management costs are well below market rates it would have to pay hedge funds for equivalent performance (total return, after expenses, was 19.2 percent in 2005). Treasurer and HMC board chair James F. Rothenberg, Summers, and new HMC president and chief executive Mohamed A. El-Erian have all spoken of the incentive-based compensation formula as central to attracting personnel who can garner investment results that exceed market returns and rank Harvard among the performance leaders for comparable institutions (see "El-Erian for the Endowment," January-February, page 54). The news release said senior managers' pay is "structured in a manner consistent with relevant industry standards."

It is not wholly clear what factors underlay the payouts in the most recent fiscal year. The news release did not detail the components of each person's earnings (this information was provided for 2004); for those who are leaving HMC, the 2005 sums represent final payments, with none of the customary carrying forward of contingent bonuses to be paid only if strong performance continues. Mittelman's domestic-bond return exceeded the market benchmark by 7 percentage points in 2005, a lesser margin than in the prior two years; but the return in the foreign-bond portfolio overseen by Samuels exceeded the benchmark performance by more than 12 percentage points, a stronger relative result than in the prior year. Other factors—the performance of different asset classes, the contribution of additional team members—might have come into play. So might recent slight changes in the formula that stretch out the time required for high-performing managers to earn bonuses.

In the end, it will be up to El-Erian to decide whether to refine the pay system. Even more critical, perhaps, will be pressing decisions on restaffing HMC's ranks to sustain effective investment of the University's \$25.9-billion endowment and other financial assets.