

COMMITTEE ON PRIORITIES AND RESOURCES

**REPORT ON THE IMPLEMENTATION
OF THE RECOMMENDATIONS
OF THE ADVISORY BUDGET COMMITTEE**

Spring 2010

I. INTRODUCTION

In June 2009, the Advisory Budget Committee (ABC) made recommendations that were intended to save Amherst College some \$37 million in projected expenditures for the Fiscal Years (FY) 2010-2012. This report analyzes how the implementation of these recommendations has affected the campus, and prioritizes areas where spending, if possible, should occur.

In facing the budget crisis, the Committee on Priorities and Resources (CPR) applauds the administration for protecting the core mission of the College: the stellar education of a diverse student body. The College is in the process of hiring one of the largest cohorts of tenure-track faculty in its history. The CPR views the replenishment of the Faculty to the Trustee-approved cap of 167 as essential for the continued vigor of the Amherst education. At the same time, the CPR is pleased that the College has maintained its financial aid policies. The College stands firm in its commitment to a no-loan policy, need-blind domestic and international admissions, and innovative programs that otherwise foster a diverse student body.

The CPR has been assured by the administration that the College is on track to meet the savings demanded by the ABC. The projected operating budget for FY2011 (which will begin on July 1, 2010) is \$177,421,000. Of that, 43 percent will be spent on salary and benefits, 21 percent on financial aid, 12 percent on debt and restricted expenditures, and 24 percent on below-line expenditures. These budget projections presume salary-pool increases of 2.5 percent for all employees of the College; a 9.6 percent increase in financial aid (see below); and all other budgets remaining virtually flat. Roughly half of the College's operating budget will come from tuition; the other half will come from the Annual Fund, other current gifts, and the endowment. The aim of the ABC recommendations was to lower the spend rate from the endowment, and it appears that the College will be successful in this goal. Current projections suggest that the implementation of the ABC recommendations, along with better-than-projected endowment returns for FY2009, will have reduced the spend rate from the endowment from 6.1 percent to 4.8 percent for FY2011.

The ABC recommended a five percent increase to the comprehensive fee for FY2011 and 25 additional students in order to generate additional net revenue to support College operations. The effect of this is as follows:

	Budget FY2010	Projected FY2011	% Increase
Comprehensive Fee	\$80,469,000	\$86,761,000	7.9%
AC Scholarships	\$33,995,000	\$37,267,000	9.6%
Net Comprehensive Fee Revenue	\$46,474,000	\$49,494,000	6.5%

The 9.6 percent growth in the projected financial-aid expenditures is due to the combination of raising the comprehensive fee and having a larger student body. It is not due to a change in the projected socio-economic mix of the students on aid. Nonetheless, despite this expenditure on financial aid, the College will still have more revenue from tuition dollars. In an effort to not

reopen the ABC process, this year's CPR did not discuss financial aid. Next year's CPR may wish to discuss broader issues of budget allocation. The CPR believes that financial aid, like all other parts of the budget, should be open for discussion.

Due to attrition, the freezing of positions, and the success of the Voluntary Retirement Plan (VRP), the College may exceed salary-and-benefit savings projections in FY2010 (while absorbing half of the cost of the VRP) by an estimated \$300,000 (a moving target, to be sure). It is difficult to assess whether there will be additional savings in years other than FY2010 because much depends on which positions are approved to be refilled and the remaining cost of the VRP. Overall, the VRP will cost \$2.2 million, split almost evenly over FY2010 and FY2011 due to retirement dates. With the retirement of 33 staff members, or 5.6 percent of the staff, some with over 40 years of employment at the College, Amherst has lost not only many dedicated staff members, but also an extraordinary wealth of institutional memory.

Given the success of the ABC recommendations, endowment returns, and the VRP, the CPR believes that it is not necessary to exceed savings projections at this time. Rather, it hopes that the College will use any available resources in the FY2011 budget to ameliorate some of the difficulties that have arisen on campus as a result of the budget reductions.

In examining the impact of the ABC recommendations on non-academic departments, the CPR found both positive and negative results. Some non-academic departments were easily able to reduce paper usage, printing costs, and postage fees. Some departments also came to appreciate the opportunity to reorganize both staff and operations along more efficient lines. Some departments report that staff members enjoy the greater responsibilities that their jobs now entail. Many non-academic departments note that the budget reductions have led to increased intra and inter-departmental cooperation (in some cases welcomed, in others not). In particular, managers have been pleased that the budget reductions hastened the formation of a Managers' Council, a group of department heads that now meets on a regular basis. At the same time, though, since there has been a 12 percent reduction in staff across campus (due to the VRP and attrition), remaining staff have had to take on more work. Indeed, many staff members feel that the cost reductions outlined in the ABC report came at their expense. They feel stressed and underappreciated, not least because there were no salary-pool increases for FY2010.

In examining the impact of the ABC recommendations on academic departments and programs, the CPR found almost entirely negative, though relatively modest, effects. This year, there were fewer visitors and faculty took more sabbaticals; as a result, 51 fewer courses were offered than in 2008-2009. Students had fewer course options and sat in larger-sized classes. In addition, many academic departments felt that they could not invite as many or as prominent outside speakers. Some departments felt unable to support social or intellectual events for their majors. Some also felt compelled to employ fewer students as graders, monitors, or lab assistants. In various ways, then, the budget reductions had a negative impact on the intellectual life of the College. Such losses cannot be given a monetary value or, for that matter, be recovered—students are here for only four years, and for current students, this was one of those years. That said, with continued faculty hiring, and some tweaking of the budget (as suggested

below), the CPR is confident that the long-term educational mission of the College will not have been compromised.

II. RECOMMENDATIONS

The CPR's recommendations are based on an understanding that the College's priorities should focus on the academic life of the College. Besides speaking to most managers on campus, we asked all chairs of academic departments to send us memoranda about the impact of the ABC recommendations on their departments' work. Based on these conversations and reports (many of which were very consistent), we note a number of problem areas that we hope will be addressed should funds become available. We also prioritize the urgency with which these issues should be resolved. At the end of this report, we summarize our views of the budget situation of most non-academic departments.

A. MOST PRESSING NEEDS ON CAMPUS

1. Increase budget for Information Technology (IT). Given its current funding, IT is expected to do more than it can reasonably provide. The burden on IT has become ever greater as other departments rely on IT services to reduce their costs; indeed, the ten percent reductions that most departments made were often achieved by switching more activity to electronic means. Budget reductions have also meant that increased IT staff time is needed to maintain older gear; that insufficient staff is available to keep network and Internet-based systems monitored, patched, and secure; and that reduced funding is available for training and professional development so that staff can stay current with technology.

Desktop Computing Services (DCS) has seen a 60 percent increase in annual employee help desk calls over the last four years, but since FY2009 it has been down two positions. Given its reduced staffing levels, the Department has been forced to reduce services and service hours and to hire more students as replacements for seasoned professional staff. Like many other departments across the campus, staff members in DCS took on substantial additional responsibilities.

Academic Technology Services (ATS) has also seen its staff reduced. This has diminished IT's ability to support faculty members' use of technology. Reduced staffing has meant that faculty and students have been cut off from using whole classes of new server-based software that could alter teaching, learning, and research. It has also resulted in computer hacks that compromised a wide range of key campus educational systems as well as the College's infrastructure.

In its projected budget for FY2011, IT has asked for \$7,357,000, an 8.6 percent increase in its budget. Given the demands placed on IT, the CPR believes that this is a case of prudent spending; indeed, should we not increase this budget, we will only see escalating costs in the future.

Anticipated Cost: \$483,000

2. Form a Task Force to address the related problems of copyright permission fees, e-reserves, and the printing costs of class materials. The ABC recommended reducing the cost of copyright fees (some \$400,000 in FY2009) and passing the remaining costs on to students. Through licensing agreements and more diligent attention to library subscriptions, the College is seeking to reduce these fees by half to about \$200,000. Approximately half of the remaining costs (about \$100,000) would be covered by financial aid, and the other half would be borne by students.

The CPR suggests that the College review its policies and procedures regarding the use of works covered by copyrights. Given the new copyright landscape brought about by greater use of electronic publications, updated policies and procedures may result in lower copyright fees.

Students have always paid the printing costs of the materials. Printing costs, however, are substantially lower when they are done in a centralized fashion, rather than when students individually print out course materials. At the moment, a hodge-podge system is in place whereby some faculty continue to use course packets printed centrally (although students now pay the copyright permission fees), while others have moved to e-reserves (where the problem of copyright permission fees continues, but students are paying higher prices to print course materials). While per-page printing costs are higher, many students may be choosing to print less material. The new system has caused frustration for students and faculty alike.

The College has encouraged faculty to turn to e-reserves (i.e., to make their syllabi electronic). This, however, has caused a bottleneck at the Library, as understaffed professionals race to put material on e-reserves. Indeed, even though the Office of Administrative Services (OAS) has lent one of its colleagues to the Library, the system is still understaffed. Moreover, under the College's current policies and procedures, copyright fees for various materials accessed by e-reserves are continuing to be paid, with the costs shared by the College and its students. The benefits of this system are not clear, particularly since students have to bear higher printing costs if they need or want to bring hard copies of materials to class.

The CPR recognizes that many professors believe that successful classroom discussion demands that students have texts in front of them. The CPR hopes that the Task Force will make this uniformly possible. Students should pay the lowest possible copyright permission fees and lowest possible printing costs for class materials. We expect that the Task Force will closely examine what other institutions are doing, and recommend the adoption of best practices seen elsewhere.

We would expect membership of this Task Force to include at least the Librarian of the College (perhaps as Chair); the Legal and Administrative Counsel; faculty members and students; staff from IT, OAS, and the Library; and at least one Academic Department Coordinator (ADC).

Anticipated Cost: Staff time, plus whatever the Task Force deems necessary to resolve this problem in a satisfactory manner.

B. PRESSING NEEDS ON CAMPUS

1. Improve food and hours of Valentine Hall. The College recently hired Petit Consulting LLC to do a comprehensive survey of Dining Services at Amherst College. Petit Consulting determined that Dining Services' annual operating costs per student are 16 percent less than the sample group that includes our peer institutions. The survey determined that the most prominent issues for students are overcrowding and waiting times in the servery; limited dinner hours and no late night access; limited menu variety and range of choices; limited or unappealing vegetarian and healthy options; and the perceived low quality of some foods and recipe ingredients.

The company suggested three options for improving Dining Services. These ranged from a low-cost option that would increase costs by \$285,000 per year to a "best-in-class" option that would demand an \$8,000,000 renovation of Valentine Hall and an estimated increase of \$875,000 in annual food and payroll costs.

The CPR does not believe that Valentine Hall needs to be "best-in-class" in order to match the College's academic reputation. It also thinks that lines and overcrowding in the servery (particularly at the lunch hour) could be alleviated by the introduction of a staggered schedule of class meeting times; a newly formed task force on class scheduling will presumably analyze this situation. CPR members are concerned, though, about the insufficient levels of healthy food options. We believe that better quality food in Valentine is important to students' current and future well-being; fostering good eating habits now will bring students long-term health benefits. The CPR thus recommends that the College implement the low-cost option for improving the quality of food in Valentine Hall. It also recommends that dinner hours run Sunday through Thursday from 5:00 to 8:00 or 8:30 p.m. (they currently start at 4:30 p.m. and end at 7:30 p.m.).

Anticipated Cost: \$285,000. This includes a \$225,000 increase in annual food costs (a 15 percent increase over FY2010) and a \$60,000 increase in annual payroll costs. This cost estimate is taken from the Petit Consulting Report.

2. Improve staffing at the Mead Art Museum. The FY2011 projected budget for the Mead is \$924,500. This budget is a mix of College and grant money, and it covers all staff salaries and benefits, as well as operations and acquisitions. The Mead is an extraordinarily valuable teaching resource on campus, but it has suffered decades of chronic underfunding. In the long run, the CPR hopes that the College will put the Mead on a more secure financial footing. In the short term, the CPR recommends the approval of a new FTE position—Assistant in the Mead Art Museum—that will regularize a position that is currently funded through soft (restricted) money.

Anticipated Cost: \$45,900

3. Ensure that student-athletes miss fewer Friday classes. More than in the past, student-athletes are missing Friday classes. The College now charters only one bus to take both the men's and women's teams to away games that are taking place at the same institution. Student-athletes who have later evening games are now missing classes that they would not have to miss if the

teams did not travel together. The CPR hopes that the Athletics Department can soon provide separate buses to the men's and women's teams so that fewer classes will be missed.

Anticipated Cost: \$45,000

4. Extend late-night hours at Schwemm's and the Keefe Campus Center. When the budget crisis hit, the campus center began closing earlier—on Sunday through Wednesday nights it changed its closing time from 2:00 a.m. to 12:00 a.m. This adjustment has left students with one fewer place on campus to study late at night (Frost Library closes at 1:00 a.m. most nights). Given the relatively small costs involved, the CPR believes that students should have the option of working at Schwemm's and/or the campus center until 2:00 a.m. every night of the week.

Anticipated Cost: \$15,000

III. ADDITIONAL RECOMMENDATIONS

1. We encourage the ACPP to submit a report to the senior administration about how the ABC recommendations have impacted staff. We hope that the ACPP will outline the problems facing staff, and make recommendations about how to alleviate those problems. The CPR trusts that the administration will provide the ACPP with whatever information it needs for its report. The Committee hopes that the ACPP will complete its report by the end of April. We ask that the report be shared with the Managers' Council and the CPR.

The CPR believes that the absence of layoffs at the College has been a great benefit to the staff. Based on formal and informal communications, however, the CPR is concerned about staff morale. The CPR hopes that through a reduction in campus expectations and department reorganizations staff will soon feel that they have more balanced work lives.

2. We recommend that no further significant reductions be made to below-line budgets. Many offices feel that they need to count postage stamps and rolls of tape. While we believe that it is incumbent on all members of the campus community to be cost conscious, we do not think that the College is well served by staff needing to worry about such relatively minor costs. The CPR believes that in most cases it will not be productive to ask academic and non-academic departments to additionally reduce their below-line budgets.

3. We recommend that the administration explore how in-house operations might offer better value to the campus. Many departments now go off-campus for services. In order to lower costs and preserve services on campus, we ask that the administration examine internal billing and other practices so that the use of in-house operations is cost-effective for campus departments. The administration is looking to refocus the work of OAS so that it continues to provide important services to an increasingly electronic campus. We hope that more use can be made of Valentine Catering. Facilities has already done a fine job of switching some maintenance jobs from outside contractors to in-house services. We note, though, that greater

use of in-house operations will inevitably place more stress on employees unless these operations are properly staffed.

4. We recommend that departments use their restricted funds. Some science departments argue that below-line reductions have resulted in an inability to pay for necessary laboratory supplies. We understand that some departments have significant restricted funds available to cover such costs, and the CPR recommends that they use some of those funds. Departments that do not have such funds should contact the Dean of the Faculty, and we hope that the Dean will give priority to these requests.

5. We recommend the continued use of lecture funds by students and faculty. Students believe that fewer high profile speakers are coming to campus. Many academic departments write that they have reduced outside speakers to an absolute minimum or simply refrained from inviting them altogether. Curiously, though, the lecture budget for academic departments was \$104,300 in FY2009 and \$101,400 for FY2010—a reduction of less than three percent. At the same time, the Lecture Committee received a two percent increase to its funds this year. It is not clear why both faculty and students perceive that fewer speakers are coming to campus. The CPR hopes that faculty and students will continue to invite engaging speakers to talk on campus.

6. We recommend that the renovation of the music building and especially Buckley Recital Hall be a priority for the College. Although the CPR recognizes that it is not realistic to undertake this building project just now, it believes that this renovation is essential for the long-term vitality of music programs at the College. Prior to the budget crisis, planning had begun for such a renovation. We recommend that the future CPR and the administration keep their eyes on this project and, as soon as it is feasible, upgrade these facilities.

IV. SUMMARY OF THE FINANCIAL SITUATION OF VARIOUS CAMPUS UNITS

Between January 29 and March 5, 2010, the CPR met with the managers of the following departments. Here is our sense of the financial situation facing each unit:

ADMISSION AND FINANCIAL AID: With a projected budget of \$2,847,000 in FY2011, Admission and Financial Aid is confident that it can continue its outstanding performance of recruiting the best and most diverse student body.

The College remains committed to meeting the full demonstrated need of each admitted student. As a result, there is no budget for financial aid. Rather, a projection of the amount of scholarship funding needed in a year is included in the College's operating budget. Last fall, the Committee of Six asked the Faculty Committee on Admission and Financial Aid (FCAFA) to make decisions concerning the elimination of \$1,454,000 in financial-aid spending over the three-year period FY2010 to FY2012. The faculty debated FCAFA's recommendations at its December 2009 faculty meeting. In their January meeting, the Trustees decided to return to the original target for the numbers of Jack Kent Cooke community-college transfers coming to the College.

They also decided to hold the number of incoming international students to roughly eight percent of the class, as the 2006 Committee on Academic Priorities (CAP) report had recommended. Since FCAFA addressed the ABC recommendation on financial aid, the CPR did not reopen the matter.

The FY2011 budget anticipates expenditures of \$37.3 million in financial aid; this is 21 percent of the projected budget. This figure represents the amount of tuition dollars that will not be paid by students on financial aid (i.e., it is foregone revenue as opposed to a cash expense). Phrased otherwise, it represents a discount rate of 42.9 percent from what the College would receive if all students paid full tuition.

ADVANCEMENT: With a projected budget of \$6,555,800, Advancement is confident that it can continue its stellar performance of raising money for the College.

ATHLETICS: With a projected budget of \$4,915,300, the Athletics department can deliver a first-rate program. This spending level, however, is not sustainable; it is insufficient to cover the costs of capital expenditures such as equipment. In addition, the Athletics department would benefit from additional clerical support. Finally, the CPR is concerned that budget reductions have led to more student-athletes missing Friday classes (see above).

CENTER FOR COMMUNITY ENGAGEMENT: With a projected budget of \$1,370,200 (that includes both staff and funding for student internships), the CCE is well funded. The Argosy Foundation grant supports much of the CCE's budget. The College, however, currently contributes some \$188,700 in unrestricted funds to the CCE. Given the generosity of the Argosy Foundation grant, the CPR questioned whether the College might reallocate some of this money to address pressing needs on campus. The Committee learned that in accepting the Argosy Foundation grant, the College committed itself to continue its funding for community engagement. Were the College to reallocate such funds, it could lose part of the grant.

DEAN OF THE FACULTY: With a projected budget of \$4,930,900, the Dean of the Faculty's Office is adequately funded. This budget covers the Dean's Office, the Registrar's Office, the Writing and Quantitative Centers, Instruction (in the form of single-course hires), Faculty Research, and other academic support (in the form of restricted funds).

DEAN OF STUDENTS/STUDENT LIFE: With a projected budget of \$4,603,600, the Dean of Students Office is just barely adequately funded. This Office covers not only staff in the Dean of Students Office in Converse Hall, but also Health Services, the Counseling Center, the Career Center, Religious Life, and the Campus Center.

The CPR is particularly concerned about whether there is sufficient staff in the Counseling Center and in Religious Life. Given the increased demand on its services, the Counseling Center seems to be stretched to its limit. Religious Life faces different challenges. Smith College has recently ended its longstanding support for the shared positions of Protestant, Catholic, and Jewish religious advisors; Smith had been paying two thirds and Amherst one third of these

positions. Amherst will continue its commitment to paying one third of the salary for these positions, but the individuals in question have lost their benefits (one-third positions are not benefitted). In addition, with its small budget of \$190,400, Religious Life must cover the needs of an increasingly diverse student body.

DINING SERVICES/VALENTINE HALL: With a projected budget of \$6,196,500, Valentine Hall is not able to consistently provide quality food or the most convenient hours for students. For a more detailed discussion about Valentine Hall, see above. Other dining services have a projected budget of \$1,425,500.

FACILITIES/CAMPUS SERVICES: The projected budget of \$23,395,300 covers Facilities, as well as the Post Office, Rental Housing, Office of Administrative Services (OAS), Campus Police, utilities, insurance, and deferred maintenance provision.

With a projected budget of \$9,903,000 the Facilities operations on campus are stretched. The campus is currently adjusting to somewhat lower expectations concerning the maintenance of facilities. By and large, this seems to be working. In reports to the CPR from academic departments, only one mentioned shortcomings in repair and other maintenance work.

At the moment, the College seems to have budgeted sufficient resources toward deferred maintenance projects. The CPR believes that it is important that the College not push off necessary repair projects for too long. We urge the administration to monitor this situation carefully so that the College continues to time the updating of its facilities appropriately.

INFORMATION TECHNOLOGY: With projected expenditures of \$7,357,000 (that includes both staff and equipment), Information Technology will still be stretched to keep up with the demands placed on it. Moreover, many of the budget reductions achieved elsewhere cannot be sustained without IT. For a more detailed discussion of the IT budget, see above.

LIBRARY: With a projected budget of \$5,119,300, the Library is adequately funded. With the arrival of a new Librarian of the College, positions that had been frozen are now likely to be filled. Once the Library is able to fill its budgeted positions, it should be sufficiently staffed to meet student and faculty demand.

MEAD ART MUSEUM: With a projected budget of \$924,500, the Mead is just barely able to continue its remarkable service to the College community. As noted above, the CPR believes that the Mead should regularize one staff position. This College resource is too valuable to be starved of funding.

PUBLIC AFFAIRS: With a projected budget of \$1,923,600 Public Affairs is sufficiently funded. This figure covers both salaries and benefits of the Office staff, as well as Commencement and the printing of many College publications.

V. SUMMARY OF CPR RECOMMENDATIONS

1. **Increase budget for Information Technology (\$483,000);**
2. **Form a Task Force to address the related problems of copyright permission fees, e-reserves, and the printing costs of class materials (Staff time);**
3. **Improve food and hours of Valentine Hall (\$285,000);**
4. **Improve staffing at the Mead Art Museum (\$45,900);**
5. **Ensure that student-athletes miss fewer Friday classes (\$45,000);**
6. **Extend late-night hours at Schwemm's and the Campus Center (\$15,000);**
7. **Encourage the ACPP to submit a report on the impact of the ABC recommendations (Staff time);**
8. **Cease further significant reductions to below-line budgets;**
9. **Explore how in-house operations might offer better value to the campus;**
10. **Encourage departments to use restricted funds.**

CPR Members:

Kenneth C. 'Chris' Anderson, '12
Catherine Epstein, Associate Professor of History (Chair)
Katrina Gonzales, '12
Jessica Reyes, Associate Professor of Economics
Sarah Turgeon, Associate Professor of Psychology
Yinian 'Nic' Zhou, '10

***Ex-Officio* Members:**

Kathryn Bryne, Director of Human Resources
Gregory Call, Dean of the Faculty and Professor of Mathematics
Shannon Gurek, Associate Treasurer and Director of the Budget
Peter Shea, Treasurer

Participating Guests:

Katie O'Hara Edwards, Advancement (representing the Managers' Council)
Kevin Gladu, Heat Ventilation Air Conditioning (HVAC) (representing the ACPP)
Heidi Kellogg, Custodial Services (representing the ACPP)
Paul Murphy, Administrative and Legal Counsel

The CPR thanks Robyn Piggott for her administrative service to the Committee.