

**Views from the Green**  
**Dartmouth Executive Vice President Adam M. Keller**  
**“An Update on the College Budget”**  
**Dec. 10, 2008**

*Views from the Green:* I'm Sue Knapp, with Dartmouth's Office of Public Affairs, and I'm talking with Adam Keller, the Executive Vice President for Finance and Administration.

Welcome, Adam.

*Adam Keller:* Thank you, Sue. It's a pleasure to be here.

*VIEWS:* You're going to update us a little bit on the ongoing planning for trimming the College budget.

*AK:* Sure, I'd be glad to do that.

*VIEWS:* Tell us a little about where we have been and where we are now.

*AK:* Well, I think a couple months ago, in October, we talked a little bit about what the specifics of the problem were and some of our general approach, but as a result of the market downturn, we really have about \$40 million that we think we have to remove from the budget, in terms of expenses, and find other revenues in order to come up with a balance budget.

*VIEWS:* That's because the endowment return is probably expected to not be what we want it to be.

*AK:* That's exactly right. I think that for Dartmouth there are a couple issues happening there. First of all, our endowment is down, just as it is with other schools. Second of all, we're in the middle of a campaign and we have had great success with our gifts. But gifts which have been given to us in the last couple years, now have a value that's less than what has been given to us. So we can't distribute the income from those. And finally, we have been very aggressive with our endowment, and that causes us some problems.

*VIEWS:* So, obviously we are looking to trim about \$40 million from our budget and that's the 2009-2010 budget—which what are we talking here?

*AK:* We really think by the end of 2011 we need to have saved \$40 million over our budget. So we are focused on the 2010 budget and any changes we might make during the next 18 months that would impact the 2011 budget.

*VIEWS:* And obviously we are looking to do that in a thoughtful way.

*AK:* Obviously, we are trying to do that. So therefore we are going about this with a multiple-pronged approach really. We have, first of all, gone out to the division leaders, Vice Presidents and Deans, and asked them to look at their budgets and offer us contingency plans: what would it take to make a 5% reduction, a 10% reduction, or a 15% reduction to their budgets, and where might there be some other revenues that they might have envisioned? So that's part one of our plan. The second part is that we have intuitional decisions to make and we have announced several of those about facilities that

we have deferred or slowed down until we have more-firm financing for those projects. And we also have to make decisions about compensation increases coming up. The third part [is] looking at processes that go across the whole campus, that we might really improve. Some of those we can improve in the short run over the next 6 to 9 months and other might be longer projects that we might take advantage of our willingness to examine things more closely.

*VIEWS:* So, right now you're gathering information, you're looking at real ways, or you're asking Vice Presidents and Deans to figure out real ways they could cut and trim, and you're also seeking input and getting input from faculty, staff, employees, students?

*AK:* That's exactly right. We have great success with suggestions from employees. They have been giving them to us on our web site anonymously and also by e-mail. And we have hundreds of those. And very good ones. You can find those on our web site. Second of all, we have been consulting closely with the faculty Committee on Priorities. We have met with them multiple times to try to explain the problem to them. To try to get their general guidance and sense of priorities, and then we will continue that discussion later this week and again after the holiday, so that they have an opportunity to really provide input. And finally the students are in the process now of gathering a huge amount of data. Both Student Budget Advisory Committee and Student Assembly, and student surveys they put out and other focus groups, and we have a lot of information to us shortly after the New Year.

*VIEWS:* That's exciting that everyone is eager to help out.

*AK:* Yeah, it feels good that people have taken this on as their own responsibility and are anxious to help. It's a good sign for Dartmouth, I think.

*VIEWS:* So, tell me some specifics that you think about, that you have already implemented.

*AK:* Sure, well there are a couple facility projects that which we slowed down. The West Stands: We had been planning on reconstructing the West Stands because we had some deteriorating concrete and we had actually gone ahead and initiated that project because we had a very tight window to complete the work in – before the next football season. And we have actually gone ahead and commissioned some concrete, and now we have decided that we will instead defer that project. We will use the precast concrete when we do the project, but for right now we are going to make some renovations to the facility we are sure that it can be safe and it will last another at least three years, maybe five or more years. And I think that will save in total of \$10 million of money that we would have borrowed. So about a million dollars a year for the operating budget.

*VIEWS:* What else is going on?

*AK:* We have been concerned about staff on campus. And I think of this project not only as a project in which we have to manage the finances, but I really want this to be a project in which where we taking people really into consideration through out. So, we know there is a lot of anxiety on campus and we are trying to manage that just by communicating clearly.

*VIEWS:* Anxiety about ...

*AK:* About budget reductions. And about some risks to their own jobs I suspect. So one of the things that we have introduced now is a plan, a voluntary plan for people who are over the age of 55 and have worked at the college for 10 years so they are eligible for retirement. And what we are offering to them is that we would provide a financial incentive of six months of additional pay for them after their last day of work. And their last day of work can be anytime between January 1 – this coming January – and the end of the summer, August 31. In exchange for that we need from them a commitment to make a decision about that and a binding decision by January 15. The reason for having that so quick is because we want to be able to understand what kind of savings we might generate from them giving up their positions, and what kind of opportunities might be created for other employees to move into those positions before we really make any firm decisions.

*VIEWS:* Tell me a little bit about what you mean by cross-institutional initiatives or projects. What are those things?

*AK:* Well, I think there are a number of them. But there generally projects where there might be a process which exists which goes across the entire institution, or crosses multiple divisions. I'll give you an example of one that we have used in the past and I don't mean for it to be a target, but a one example is managing facilities. We have four offices at the College that have responsibilities for managing Facilities Planning, Design, and Construction; a Facilities Operations and Management office; the Residential Life Office; and a Real Estate Office. So the question is: are there any common functions that they might have where they might share resources? Another example might be design services. Many departments inside the college contract with outside designers and there are multiple outside designers for work that they do. And it might be more efficient for us to identify a single outside designer or assemble a design team internally that would have enough business to keep it busy if we all used a common source.

*VIEWS:* And so your seeking input on ideas for some of those projects to consolidate?

*AK:* Right. It's a sense of ideas, and right now we have gotten a lot of those through the web site. We have held a group of administrative forums [from] which we got other ideas and right now we are getting a sense of how we would rank those. And we are using two criteria. One is feasibility: is it feasible for us to think about combining or somehow using resources more effectively? And the second is what would be the benefit in terms of services or reduced costs? So, it's those two pieces ... and I suspect in January for us to develop a better list of, sort of, top candidates and really then do an assessment of those candidates to see which three, four or five we might want to take on at this time.

*VIEWS:* So, what are our next steps? What can we expect over the next couple of months?

*AK:* Well, from now until the holidays, the Budget Committee is going to begin a review of the contingency plans that have come forth from each one of the divisions ...

*VIEWS:* And that's an on-campus budget committee?

*AK:* And that's an on-campus Budget Committee, composed of the Deans and Vice Presidents. In addition, we will obviously be sharing that with the President and be sharing the feedback from those Deans and Vice Presidents with the President. Second of

all, we're continuing to refine these what we're calling cross-institutional projects – and we hope to really have a sense of those in January. So January ends up being a very important time. It will be early in that month when the students will give us a lot of feedback. When the Committee on Priorities will have another real opportunity to see some concrete things they can give us feedback on. And we hope to be preparing, by the middle of the month, a proposal for the Board of Trustees to consider at their February meeting.

*VIEWS:* So ... your planning: does that run in concert with or include the professional schools?

*AK:* The professional schools are working on their own plans. The degree of impact of the financial crisis on each of those schools is quite different. So some of them have more to do: the Medical School is actively involved in examining the impact that they will see and how they'll address that, and others will have less, the Tuck School probably the least, though it's going to curtail some of their future plans. And so we're working in conjunction with them so that we know what they're doing and also some of these cross-campus projects will involve them actively.

*VIEWS:* And so, obviously, the Trustees will get a big package of campus-wide proposals?

*AK:* Exactly, and it will be a package that's really the President's package. I expect that the Trustees will find 95% of it, or 98% of it absolutely fine and they don't even need much of their attention. There may be a few items in there which will have either public impact or risk to us in one way or another, they would want to be sure that they carefully understand.

*VIEWS:* And the Trustees meet in February, and perhaps decisions [will be] made at that time?

*AK:* I think that decisions would be shortly after the Trustee meeting. It depends exactly on what kind of feedback they give. The other unknown about this whole process is that the financial environment continues to change and evolve, and ... I wish I could understand what the future bore, but I really don't, so we have to keep monitoring that and understand how that's going to impact us.

*VIEWS:* Thanks for coming in to update us.

*AK:* Thank you, Sue, it's a pleasure.

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