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OF THE
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BRUNSWICK, MAINE



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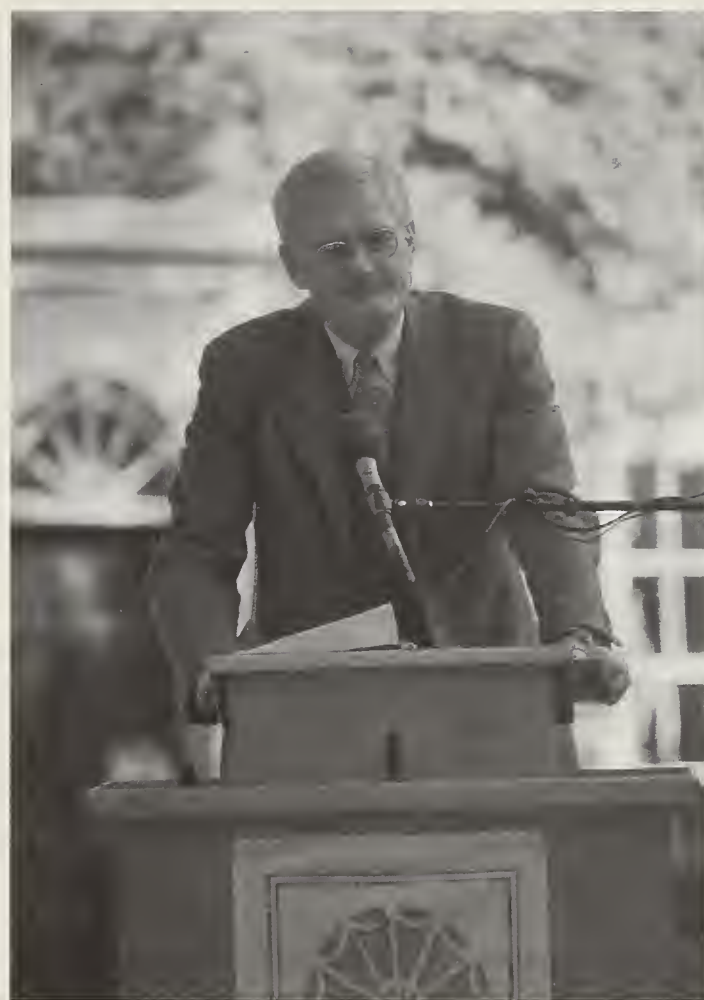
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TO THE GOVERNING BOARDS, ALUMNI, PARENTS, AND
FRIENDS OF BOWDOIN COLLEGE:

This is the fourth Annual Report that I have presented to the Governing Boards. It is a particular honor to present to you the report of the College's two hundredth year.

As you know, Bowdoin recognized this milestone with élan and style from September to June. Bowdoin's scientists and musicians, and our Senators Mitchell and Cohen and Congressman Andrews, came back at various points in the year to mark an event that we celebrated with two new histories, written and filmed, of the College; a museum exhibit of the benefactions of James Bowdoin III; and a number of serious and frivolous campus events that also engaged the Brunswick community. The U.S. Post Office created a postcard, with the image of Massachusetts Hall as its stamp, and we profited from three bicentennial institutes that brought scholars and practitioners from around the country to contemplate Bowdoin in American history, Bowdoin and the arts, and Bowdoin and the environment. We had a music marathon and a science symposium, and, at the end of it all, the U.S. Congress, the Commonwealth of Massachusetts, and the State of Maine honored the College with legislative resolutions of congratulation. We wound it up on June 24 with a cheerful observation of the signing of the Charter at the Massachusetts State House, followed by an evening at the Boston Pops. Roy Greason's early planning, Mert Henry's leadership and imagination, and Kathy Bunge's meticulous administration caused it all to happen.

Substantively, the year was a fitting conclusion for Bowdoin's bicentenary and a solid takeoff point for our third century. When the books closed in late summer they showed that Bowdoin ended its second century with a balanced budget — a subject that would be of little note but for its novelty and the pain required to get there. The entering first-year class of our 201st year was drawn from a pool nine percent larger than last year, 18 percent larger than two years ago. It is the first "expansion class" in the College's planned growth to 1,550 students, and totals 434 students. It is of excellent quality and, despite its increased size, its selectivity and yield — the percent of those we accept who accept us — our Admissions Office reports, is virtually unchanged. The Dean of Admissions reports that we were able to admit the new class "need blind" — to meet the financial need of all admitted students.



President Robert H. Edwards

Our new faculty recruited this spring, notably those in our nine tenure-track posts, but also our visitors who replace faculty on sabbatical leave, are uncommonly talented and diverse in their origins, fields of study, and abilities. This is not just puffery. Our new faculty are genuinely, uncommonly excellent, not least because of uncommon attention paid by department chairs and the deans to their recruitment.

Finally, annual giving, a sort of barometer of the level of alumni trust and confidence — and Development Office tenacity — leapt upward by more than \$150,000 before its June close; 54.5 percent of alumni contributed to the Alumni Fund. All these achievements are a modest miracle, for department chairs, operating departments, faculty and staff have moved all Bowdoin's major indexes of institutional health upward, while, as our Treasurer reminds us, our current budget is less, in inflation-adjusted dollars, than it was five years ago.

But are we better as a college? And how would we know with confidence if that is so?

Along one axis — the quality of our physical plant — we have been hard at work. Faculty, students and deans

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The David Saul Smith Union

labored through the summer in order that the president, as Brown's Howard Swearer used to say, "can preside over an empire upon which the concrete never sets."

1. The new Campus Center — the David Saul Smith Union — has made excellent progress this year and will open in January 1995 on time and on budget. It will provide a grace note in our lives, for it is designed to be a clean, well-lighted place, a room that will provide us with a view of each other; it will be the heart of Bowdoin, whether we live in Coleman or down in Harpswell, and whether we are a student, faculty member, or townspeople. Director of Student Activities Bill Fruth is now working on designing the final details of its management, for in keeping with its appearance as a small Italian hill town, the Union will need a town council of students and faculty who take pride in it and feel responsible for it.

2. The new science building for biology and geology made a major advance. After a planning marathon that engaged science department chairs for two years and a space planner for more than a year, we hired an architect last spring. He is Harry Ellenzweig, whose Boston firm has designed some of the best new lab and classroom space in the country for serious science colleges. The gift for the building exists, a conceptual design is well on its way, and we shall break ground in mid-late 1995.

A building of this sort is a complicated business. Because the boundaries between biology and chemistry are dissolving, it must bring biology and chemistry physically together — and we have found, as a result, that more must be done than we expected to make Cleave-

land Hall a fit modern chemistry component of the new space. The new structure must also tie together Cleveland with the Hatch Science Library building, and it must be an architectural contribution to the campus, defining more clearly the northeast corner of the campus and its vague relationship to Federal Street, the pines, the quadrangle, and the world. It is probably the last new enclosed space that can be imposed upon our classic but quite dense Bowdoin quad. We have had some public discussion about the consequences of its siting and about its preliminary design. We will continue this discussion, particularly as it relates to any pine trees that might be lost, this year. This building is very important to Bowdoin and Bowdoin science.

3. The Moulton Union Committee also worked through the summer under Mary Lou Kennedy, with the guidance of Professor Mark Wethli, our guardian of architectural quality, to develop a building program for the Moulton Union that will absorb student services and class deans from Hawthorne-Longfellow Hall, thus beginning the administrative exodus from space badly need by the library. In the late summer we retained another first-rate firm, Finegold, Alexander of Cambridge, which has designed with dispatch and style major renovations of many dining rooms, kitchens, and other space, with due respect for the elderly buildings that house them. The project will be on a very fast track. Moulton Union will disappear behind a hurricane fence late next spring and reemerge from its chrysalis in the late fall; we cannot lose the dining space for long. The entire lower floor will be reserved for dining, with an opportunity for faculty-staff dining.

Finally, we have begun, with student help, to plan a new student residence, designed both to accommodate our increased numbers and to replace some outdated housing units. And, because of all this building tumult, we shall do something else that is overdue. Much in recent years has happened by chance on our campus: plantings and trees have gone and come; vistas have appeared and disappeared; the Coe/Moore Hall quadrangle has lost any sense of relationship to the rest of the campus; and now, with the new construction and renovation, yet more change will touch our familiar spaces and circulation patterns. We need to recover the logic of what is one of the exceptional historic campuses of America, and so we selected this fall a consulting landscape architect, Carol Johnson, probably the dean of

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American campus landscape architects. She will help us understand the design that has evolved over 200 years and see what lines need reemphasizing to accommodate the changing face of the campus. This effort too will need a committee that will verse itself in the history of American college campuses and of this campus, for theirs and Bowdoin's constitute some of this country's great community treasures.

Strengthening Our Common Purpose

Physical space is immensely important. Good design enables us to do our work and lifts the spirit. But like a balanced budget, it is necessary but does not itself make us better as a college. (I was always uneasy in my years in South Asia that the greatest architectural achievements of the Moguls were their tombs.) We can also attract to us the most able and creative faculty, the most lively and promising students, but what, to raise the question again, is the alchemy that causes these human atoms to bond into structures that make something — a college — collectively interesting and exciting and excellent?

The public is genuinely mystified about definitions and determinants of educational quality today. It reads the narrative descriptions of college guidebooks, visits campuses, and tries to assign a theory of value to the price that it is now being charged for a four-year education. Each year people turn to *U.S. News and World Report's* rankings, only to find that the magazine's quantifications of dollars spent per student, admissions ratios and so forth, produce an overall effect a bit like that of the mad scientist who, seeking the secret of life in a living organism, disconnects the pieces and spreads them around until he discovers that the breath of life is nowhere to be found.

This is not to say that the public's search for value is trivial. It is not. The price we charge for what we do and the way we do it is causing not only public dismay, but genuine crises in colleges not far from us in the typical measures of quality and material well-being. I discovered in various meetings I attended this summer the almost frantic search for revival theories that some colleges are engaging in. And there is, indeed, a public grumpiness and impatience about higher education, which the government after its fashion is expressing by passing new rules and regulations, even for private colleges. The demand is for accountability and a measurement of outcomes from education, its benefits and its costs. And it



Associate Professor Nathaniel Wheelwright and students at the Thalheimer property.

comes from hard-pressed parents and the nervous legislators and Board members that they press.

Part of this grouchiness is clearly the spirit of the age. In *Foreign Affairs* this summer, Charles Maier, professor of European studies at Harvard, had a nice piece called "Democracy and Its Discontents." In the societies of Europe and North America, he says, you see today a kind of letdown. Communism has collapsed, the gilded age of the eighties is gone, the great social mobilizations of the sixties and seventies have lost their centers and fragmented into diverse groups and political entrepreneurs (he wrote even before the crime and health bills). Former reformists "repent of their enthusiasms." As he puts it, "citizens do not so much confront their states with demands as much as they back away in disillusion." They are "distrustful of the state," and they share a "surly distrust of institutions." We are, he thinks, in a kind of crisis, in America as well as in Italy, Germany, France and Britain. He defines this "crisis" precisely: a "precarious systemic state in which an organism hovers between decomposition and a rallying of collective energy."¹

"...Between decomposition and a rallying of collective energy." I think there's something to that. I have found it hard these last years to visit our senators and representatives — excellent, intelligent, right-minded people — and see them as bemused and becalmed as they are. The habit of governance — summoning a common resolve, a public purpose — has weakened and dispersed, finding itself deflected by endless factions, loud and self-interested.

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Coleman Hall students at James Bowdoin's Birthday Celebration.

Which brings us back to us. I have thought sometimes that a college president has two tasks. One is to peel bumper stickers off his college — green, feminist, athletic, gay, scientific, South Africa-related, to list a few. It is not that these are not all good causes, it is that no single cause or point of view should characterize or determine the course of something as majestic, and open-ended, and striving for universality as what goes on in a college. The second task, I've thought, is to wave from the barricades a banner that has emblazoned on it the word "proportionality." It is not a banner that rallies the soul and makes the heart beat faster, but a college's business is not in the domain of arousing belief and conviction. Our enterprise is infinitely careful, painstaking, measured, and questioning.

Half a generation as a college president has persuaded me that education is a far more emotional business than I'd thought. Generosity and love, passionate awakenings to beauty and understanding are part of learning. Joy at scientific symmetries and elegances of reasoning stir what we call the spirit as well as the mind. But, however determined we are to enhance individual strengths and freedom, balance and proportion remain defining qualities of an educated mind. And by extension, I've observed that something akin to what Charles Maier sees as the collective purpose of healthy democracies

comes into play in a first-class college or university — something that creates not just opportunities for personal education, but an ethic of learning. One finds in them that impalpable sense of common tension and aspiration that not only constitutes what Bowdoin's William DeWitt Hyde called in 1906 the "Offer of the College" but is also what makes that offer virtually impossible for a student to refuse.

There is no question that somewhere in the late 1960s and 70s the "collective purpose" of colleges frayed. Beginning around then college presidents stopped sounding like our President McKean, who in 1802 saw the purpose of education to be qualifying students to contribute to what he called "the common good," or, as James Conant at Harvard called it in 1945, a "democratic society." We began instead to talk about the empowerment of the individual — personal achievement — as an end in itself. The educational model, like the social model, became more solitary: the driven scholar, the driven student; not publish or perish, but publish or stay, as a fellow president tells me a faculty member plotting an escape route has put it; education as a personal extractive industry by everybody else. Standards continued to exist but they tended to become personal goals, departmental preferences, or constituency privileges snarlingly defended. At Bowdoin and elsewhere there was a deterioration of our recognition that we are not only part of a national public purpose; we also, in our own institution, act for a college community and not just for ourselves.

I increasingly believe that, in this sense, we at Bowdoin, in a private academic institution of the first rank, are more "public" than we know, and that it is the presence of this common spirit or ethic that distinguishes the first-rate college from the others. A Bowdoin faculty member does not just take pride in his or her own teaching and research, or exercise fidelity only to the craft of teaching; faculty take pride also in Bowdoin's commitment to teaching and research. For a student, the commitment is not just to personal excellence in sport or class, although that is surely desirable and important. It is also a matter of pleasure and pride in helping meet and create a Bowdoin standard. To put it another way, at Bowdoin we stand for something beyond ourselves.

For example, in our personal deportment, when we are at this college, we are in effect acting "publicly." We give up the expression of private hates and prejudices. We conduct ourselves in the classroom, and in our research, with a certain discretion because we are

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observing the standards of the ancient tradition of learning, and we are upholding the aspirations of our college that act, in turn, upon our personal aspirations. Our conventions of civil discourse by no means rule out intellectual combat, criticism, or argument, but they do rule out anything that smacks of coercion: psychological or physical. Violence and lying are intolerable and deeply damaging, for they deny the humanity and personal dignity of an individual; and they also violate Bowdoin and what it stands for.

So, beginning with an account of budgets and new physical structures, which may evidence excellence but are not sufficient to create it; from pride in the excellence of our new faculty and new students, I've turned to what seems to me the essential atmosphere or the mark of an excellent college.

I think there are quite wonderful signs that things that never really disappeared at Bowdoin are strengthening well and that Bowdoin begins its third century by gathering its strengths as a College. Sometimes it takes a negative to dramatize the positive. Last year we had an occasion of violence between the members of two fraternities. It was a very bad show; but there followed, to me, the enormously encouraging immune reactions of a healthy body politic against this behavior: students rejecting and sanctioning it. A couple of years ago we had violations of the Honor Code, which suggested confusion and a deterioration of the environment of academic honesty; it was the student body that rose, established a committee and worked with faculty to refine the Honor Code. Members of Bowdoin's Judicial Board adopted new measures to emphasize the centrality of the



The Bowdoin Chorus

Bowdoin Honor Code when first-year students signed into the college in my office this fall. Geoff Canada of the Class of 1974 spoke to the new class about the insidious, corrosive quality of violence that can creep into and undermine any human community.

The faculty have also been usefully at work. Last year they labored mightily to reform and rejuvenate the faculty governance system — the faculty meeting, the allocation of committee assignments to faculty who engage in the essential, time-consuming business of college governance. This past year the faculty adopted a program to create and sustain a college standard of composition in English, and they clarified college standards and procedures for tenure. The College also established college-wide committees to consider and buttress the role of women and of minorities within the common purposes of a college. All these efforts evidence a desire, I think, to redefine, to continue to rethink and rearticulate the common resolve of a great college.

It could not be more important for Bowdoin to demonstrate its sense of public purpose. Among the 3,000 institutions of higher learning in America we occupy a niche at the top. We are looked to, more than we may realize. We also command our own fortunes. We are not beholden to a legislature or to an electorate, although increasingly, because they do not fully trust us, they tinker with us. We are driven really only by our own imperative: to ask ourselves whether as a college we are doing it well enough. And we will preserve our tax exemption, and remain relatively unregulated by the state and federal governments, as long as we are thought to be excellent, to admit students because they are excel-



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The Legacy of James Bowdoin III Exhibition at the Museum of Art.

lent, and to have standards as a college that scorn the minimum and the average.

It is well argued that our academic life, on the face of it an intensely private matter, is itself public, if it truly works. In an essay on the study of the humanities, sometimes seen as the least utilitarian of intellectual endeavors, Bartlett Giamatti noted, even in that domain, the ancient recognition of the primacy of public purpose. If such study is not “shared, it cannot be useful to others; if not useful to others, it plays no role in shaping a civil state in which all, the learned and the unlearned, may live a free and decent life If a person kept his learning to himself, he had not gained any wisdom. He was merely informed; he had failed to become educated.”²

Not so long ago, I believe Bowdoin had something akin to a crisis, in the sense in which Maier uses that word: we were “between decomposition and a rallying of collective energy.” We were not confronting anything so dramatic as failure. Like the common cold and the Democratic Party, a college is a pretty tough organism, hard to stamp out. But we were subsiding into private purposes. We had less faith in our public ceremonies. We began to see our purposes as irreconcilable: there was a drift toward athlete against scholar, men against women, white against black and brown. I think I can report that things have turned: students, faculty, budget, buildings, and now the regeneration of common resolve. May that resolve only strengthen, for it matters deeply to each of us. Who we are individually in the world —

students, faculty and staff — is much influenced by what we cause Bowdoin, our college, to be. Because we are known to be of Bowdoin, acts of dishonesty, violence, and mediocrity and unsportsmanship diminish us all. Acts of generosity, courtesy, and expressions of the highest quality uplift and honor us all.

The next year, the first of Bowdoin’s third century and the fifth of my presidency, is another year of major endeavor. In May the Governing Boards approved a capital campaign whose purpose is to raise a total of \$112.75 million in the coming five years — up to 60 percent of the total for endowment. This is an enterprise that will engage us all, Governing Boards, administration and faculty, to raise the resources so that Bowdoin can be its “best self.” We are truly fortunate that Trustee Fred Thorne ’57 has agreed to chair the Campaign Committee.

In addition, the prospect of Bowdoin’s decennial reaccreditation in the fall of 1996, at a time when the process of accreditation by regional membership groups is in some disrepute, gives us an occasion to scrutinize carefully the principal determinants of our quality as a college. Our Strategic Planning Task Force will plan how this process might best engage the faculty and the rest of the College.

As ever, I am deeply grateful to the Governing Boards for the quality of their leadership, loyalty to the College, and willingness to work for its well being. I believe we begin Bowdoin’s third century in the best possible condition from which to raise our sights.

Robert H. Edwards
President

¹ Charles Maier, “Democracy and Its Discontents,” *Foreign Affairs* (July/August 1994), pp. 48–64.

² A. Bartlett Giamatti, *A Safe and Ordered Space*, “A City of Green Thoughts,” (New York: W.W. Norton & Company, 1988), p. 134.

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REPORT OF THE DEAN FOR ACADEMIC AFFAIRS

In a bicentennial year when much of the College was focused on the past, the most notable feature of life in the academic program was the energy and imagination given to looking forward. The Curriculum and Educational Policy Committee (CEP) devoted the lion's share of its time to the initial planning of the growth of faculty that will occur in connection with the increase in the size of the college. The Faculty Affairs Committee initiated a review of the faculty role and responsibilities aimed at articulating what one member called "our own version of the Hippocratic oath." Three different groups of scientists planned for construction and renovation of science facilities — a new building for biology, geology, and environmental studies; a comprehensive renovation of Cleveland Hall for chemistry; and the renovation of Searles Hall. The faculty approved the first stage of the most significant reform of faculty governance in a generation. The Writing Project recruited its first cohort of student writing tutors, who began their training and work this fall. It's plainly been an eventful year, and I can only note the highlights.

As it reviewed departmental (and interdepartmental) requests for new faculty positions, the Curriculum and Educational Policy Committee conducted an extraordinary series of discussions with faculty/student groups, affording a rare overview of the community's academic aspirations. There was general agreement that the growth of the faculty should be guided by three main intentions: to deepen the curriculum in subjects already present, to reduce class size and improve student access

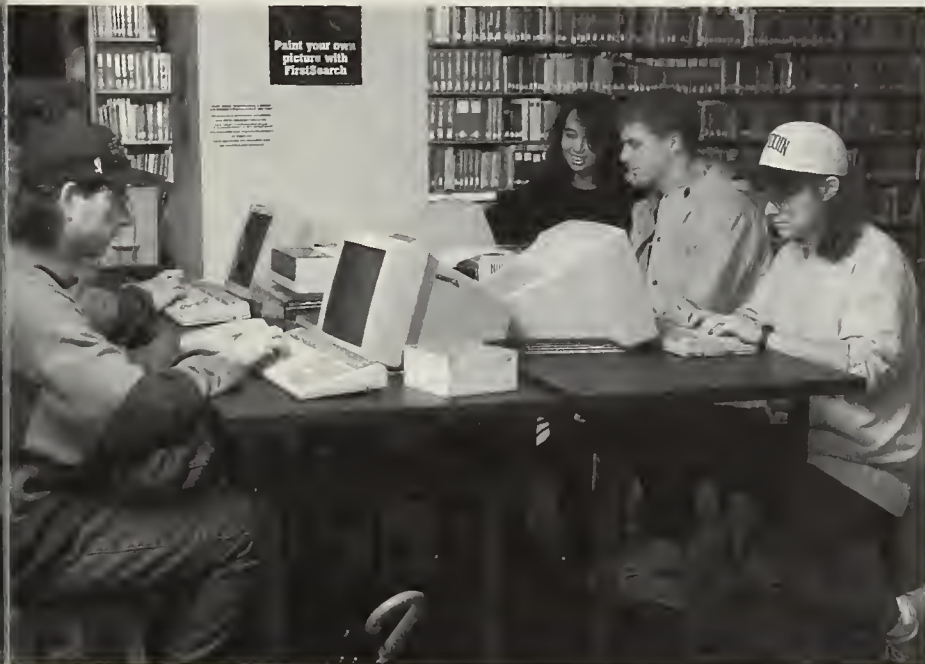


Dean Charles R. Beitz at James Bowdoin Day reception.

in areas of high student interest, and to enhance the prospects for faculty diversity. The committee recommended adding on-going faculty positions in anthropology, biology, history, and Spanish, and other positions in classics and studio art. Further growth, also supported from revenues generated by the increase in student enrollment, will be planned this year. The committee also recommended adding faculty positions in education (doubling the size of the department) and in Africana Studies (the appointment to be made jointly with a department), in both cases supported by reallocations of existing revenue. Eventually, the student body is expected to expand at a rate slightly in excess of the rate of growth of faculty, producing a fractional increase in the overall ratio. But we hope to manage faculty growth so that student/faculty ratios in our most popular departments will actually decline.

A working group of the CEP concluded a two-year study of introductory science and mathematics courses at Bowdoin. There is special concern about the quality and extent of our students' quantitative reasoning skills, and a growing recognition that their development is as important a goal of general education as improvement of skills in writing. Finding ways to do this more effectively will be the curriculum committee's first task this year.

Within the curriculum, changes of particular note occurred in education and theater arts. Capitalizing on the addition of a new faculty position, the College's public school teacher certification program has been restructured to enhance the school-based internship experience and to strengthen the College's relationship with outstanding teachers in area schools. The theater



Students at the library's on-line catalog terminals.

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A first-year biology laboratory with Assistant Professor Amy Johnson.

program was reorganized to separate its academic component from the Masque and Gown; as part of the Department of Theater and Dance, the academic theater program will continue to offer courses in the history and practice of theater, and the Masque and Gown, while continuing to be advised by theater faculty, will attain full independence, putting it on a par with other student organizations.

As we look to the future, we must continue to ask whether the central elements of the undergraduate program answer effectively enough to our fundamental

commitments as a liberal arts college. Are Bowdoin students well enough educated in the basic reasoning and communication skills required in a dynamic and increasingly turbulent economy? Do our departmental and interdepartmental major programs sufficiently stretch our students' minds and cultivate their capacities as independent learners? Does the educational program, both on campus and away, respond with adequate breadth and intensity to the increasingly cosmopolitan character of social, political and economic life? It is encouraging that these questions engage a growing portion of the College community, and I hope that we can make progress in articulating our own distinctive answers in the year ahead.

The heart of the College is the faculty, and recruitment of a diverse group of excellent teachers and scholars continues to be a top priority for department chairs, the dean, and the president. In what must have been among the busiest recruitment seasons ever, 80 candidates were interviewed for nine tenure-track and 22 other faculty positions. In nearly all cases, we succeeded in attracting our first-choice candidates. I write this report having recently met with the group of new faculty members for their orientation. In its intellectual as well as cultural diversity, its collective vitality, and its shared commitment to teaching, this is as exemplary a group of new faculty members as a college of Bowdoin's prominence could hope to attract.

Planning for new science facilities accelerated, encouraged by the announcement of an extraordinary pledge of \$14 million by Stanley F. Druckenmiller '75. Ellenzweig Associates, Architects, was appointed as designer of a new building for biology, geology, and environmental studies, and a planning group coordinated by C. Thomas Settlemire, associate professor of biology, began the exciting and difficult work of translating abstract program needs into the tangible geometry of a design. The new building will be constructed adjacent to Cleaveland Hall, which will be renovated simultaneously, forming an integrated complex for chemistry, geology, and the life sciences, and providing Bowdoin with facilities in these disciplines that should be competitive with the best among American colleges. Preliminary design work was completed this year, and ground breaking is tentatively planned for the summer of 1995.

This was a year of distinction for many members of the faculty. On the president's recommendation, the Governing Boards promoted five members to the tenured ranks: David A. Collings (English), Sara A. Dickey (Sociology and Anthropology), David K. Garnick (Computer Science), Peter D. Lea (Geology), and Irena S. M. Makarushka (Religion). Melinda Y. Small (Psychology) and Allen L. Springer (Government) were promoted to full professorships. A. Myrick Freeman III was named the College's first William D. Shipman Professor in Economics, a chair established by the gift of Mr. Druckenmiller.

Randolph Stakeman, associate professor of history, served the College with sensitivity and conviction as associate dean for academic affairs for the last three academic years. On July 1, he began a richly-deserved sabbatical leave. I shall miss his counsel and unfailing good humor as my closest colleague. We are all fortunate, and I am particularly grateful, that Susan A. Kaplan, associate professor of anthropology, has agreed to accept appointment as Randy's successor as associate dean.

It continues to be a privilege to work with so many energetic and generous people to sustain an institutional commitment to a rigorous program in the liberal arts and an environment of intense collaboration among faculty members and students.

Charles R. Beitz
Dean for Academic Affairs

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The College's financial condition is much improved. The budget is balanced, the endowment and annual giving continue to climb, and economies and efficiencies have been successfully implemented. On the other hand, while the College's tuition and fees have become lower than most of our competitors, selective liberal arts colleges like Bowdoin risk being seen as unaffordable for middle-class families despite huge increases in financial aid. We need to justify the unique characteristics and lasting value of the edu-

cation we offer. And, we must reevaluate the quality and escalating costs of educational and administrative systems that have driven prices higher and higher.

A Balanced Budget

Still, we cannot overlook the good news in this year's Report of the Treasurer: for the first time in years, Bowdoin College achieved a modest surplus of actual revenues over expenditures for fiscal year (FY) 1993-94 that ended on June 30, 1994. In addition, the Governing Boards approved last March another balanced budget for the current FY 1994-95. This achievement redeems a pledge made by President Edwards in 1991 to balance the budget in three years in order to restore the College's financial credibility and flexibility. It reflects the hard work of faculty and staff, continuing cost savings, and the generosity of alumni and friends. In the words of Sir Walter Scott, what all of us have accomplished clearly manifests "the will to do, the soul to dare."

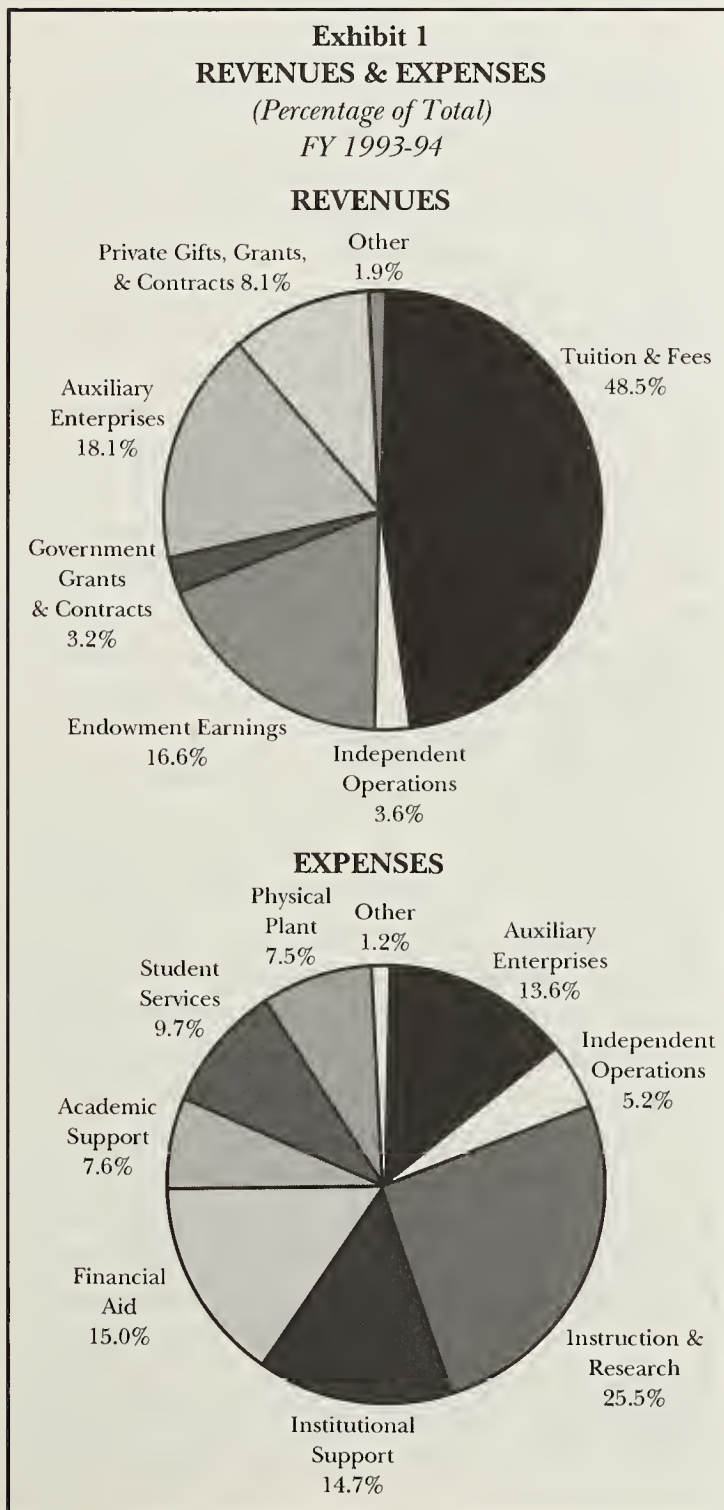
The balanced operating budget for FY 1994-95 continues the gradual improvement in the College's economic health that began in FY 1990-91 when the deficit was cut to a third of the \$3 million loss incurred the previous year. The deficit was further reduced to \$792,000 in FY 1991-92 and \$438,000 in FY 1992-93.

The budget for FY 1993-94 was balanced on revenues and expenditures of about \$55 million and an unrestricted fund surplus of \$147,000. Exhibit 1 portrays the major sources of the College's money and the functions on which that money was expended in FY 1993-94.

With approximately \$56.3 million in revenues and expenditures, the budget for FY 1994-95 is an increase of 2.4% over 1993-94. An additional 6.1% increase is expected for the FY 1995-96 budget that will also be balanced. About a third of the increase in each year is due to the planned increase in the size of the College and the opening of the new Smith Union.

THE 1994-1995 BUDGET IN BRIEF

A more detailed examination of the current budget for FY 1994-95 that began on July 1 will illustrate both our financial achievements and challenges. This was the third budget prepared by the campus Budget and Financial Priorities Committee. Its membership includes faculty, members of the senior staff, representatives of the administrative and support staffs, and students.



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Highlights

In achieving balance, the budget departs from the exclusive reliance on cost reduction of recent years by adding new revenues from tuition and increased enrollment. We maintained rigorous cost controls but the added revenues will enable us, for the first time in three years, to get better as a College, not just sounder financially. The budget digests increases in faculty and courses needed for a rising enrollment, the operating costs of a new campus center, and a revolution in administrative information systems, and still balances itself. This budget proves Margaret Thatcher's point that "No one would remember the Good Samaritan if he'd only had good intentions. He had money as well."

The budget for FY 1994-95 is responsible and realistic. It became balanced only after incorporating the elimination of the equivalent of another 3-5 non-faculty positions over the course of the year. Non-salary operating budgets in most departments have been frozen at last year's levels. Considering inflation and the major reductions taken in earlier budgets, this is a significant loss of purchasing power. Revenues were also strictly limited. Tuition and fees increased at a rate slightly higher than inflation, although this rise was, yet again, less than the average increase at comparable colleges. The dollar appropriation from the endowment in support of the operating budget will be the same for the fourth straight year. This represents a reduction in inflation-adjusted dollars and in the proportion of the budget funded by the endowment.

This budget remains balanced despite significant investments in the College's physical and human

resources. The budget contains deferred maintenance of College facilities at its current acceptable level. Competitive targets for faculty salaries have been fully supported. Other salaries and wages will increase at the rate of inflation, and funds have been set aside for equity and market adjustments and to recognize extraordinary merit among administrative and support staff.

REVENUE

The budget was not balanced by dramatic increases in our principal sources of revenue.

Tuition and Fees. Tuition and instructional fees constitute 48.5% of the College's total revenue. The student "comprehensive fee" — tuition, room and board, and other fees — represents almost 60%. Since FY 1991-92, the budget has held annual increases in the comprehensive fee to 1.0%-1.5% over consumer price inflation, lower than most other private colleges. For example, the 4.1% and 4.5% increases that the College has budgeted in the last two years compare very favorably with the 5.5%-6.0% average increases for private colleges in the U.S. Within our 18-college comparison group (e.g., Amherst, Swarthmore, Wellesley, Williams), average increases have been 5.7% and 5.1% over the same period. Indeed, the 4.5% increase in the comprehensive fee — including tuition, room, board, and related charges — that the Governing Boards approved for FY 1994-95 dropped Bowdoin's rank from ninth highest to fourteenth highest. The College ranked second only three years ago.

Endowment. The investment earnings of the endowment fund used in support of the budget — including interest, dividends, and realized gains — constitute about 16.6% of total revenue. At the end of FY 1992-93, Bowdoin College had over 1,400 endowment funds with a total market value of \$185 million. This ranked Bowdoin at #98 of 437 major college and university endowments studied by Cambridge Associates.

The Investment Committee of the Governing Boards is responsible for investing the endowment. While professional managers are hired for specific components of the portfolio, this committee of trustees and overseers sets overall policy and decides on the allocation of assets among stocks (which represent about two-thirds of the portfolio), bonds, real estate, and other vehicles. For FY 1992-93, the total return on the Bowdoin endowment

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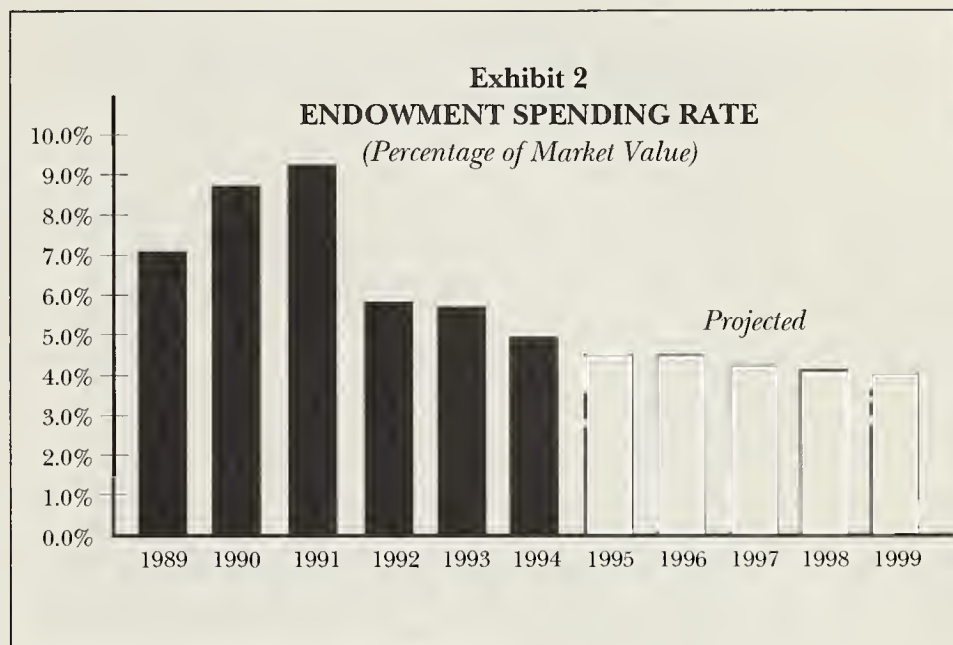
was 17.8% compared to the average return of the Standard & Poor's 500 stock index of 13.6%. For FY 1993-94, a discouraging year for most investors, our endowment returned a remarkable 7.1% compared to 1.4% for the S&P. As a result of this exceptional performance, and continuing gifts and bequests to the College, the endowment's market value rose to \$193.9 million as of June 30, 1994.

This truly impressive amount is still about one-quarter less than the median endowment of the 18-college group even though the comparison is more favorable to Bowdoin on a per student basis. It also masks two underlying problems with the flexibility of the endowment to meet changing or unexpected needs of the College.

These problems relate to proportions of the endowment represented by (1) restricted vs. unrestricted endowment and (2) true vs. quasi-endowment. First, only about one-fourth of the College's endowment is unrestricted as to purpose, and thus available to support new initiatives or cope with financial emergencies. The remaining three-fourths of the endowment is restricted to a range of purposes from books and student aid to art acquisition and professorships. Second, over 90% of the endowment, both restricted and unrestricted, is "true" endowment, which means that only the income and some capital appreciation or "gains" may be spent; the original gift or principal cannot. "Quasi" endowment results largely from gifts that the donor or College wanted saved and invested for a time rather than spent. These funds are totally expendable and, in many colleges, unrestricted quasi-endowment constitutes a substantial operating reserve. At Bowdoin, quasi-endowment accounts for less than 10% of the total endowment portfolio.

Over the last four years, the College has frozen the dollar amounts of endowment income and gains used in support of the budget while the endowment's market value steadily increased. This has enhanced the endowment's flexibility and preserved its long-term purchasing power. It has also slashed the proportion of the endowment's value that we use from 9.0% in FY 1990-91 to less than 5.0% in FY 1994-95. The average spending rate among private colleges and universities in FY 1992-93 was 4.6%. As shown in Exhibit 2, the College aims to reduce this percentage to 4.0% by the end of this decade.

Annual Giving and Gifts. On the other hand, through the intrepid efforts of alumni, the Development Office,



and others, annual giving and gifts to the College have grown over the last two years. Alumni giving has been particularly impressive. Over half of the alumni/ae body contributed an average of just over \$400 in FY 1993-94. This represented an increase in average annual giving of 5.8% in one year.

ECONOMIES AND EFFICIENCIES

The budget was balanced by economies and efficiencies in expenditures.

In inflation-adjusted dollars, the College's budget is less than it was five years ago. That should be no surprise to administrative managers and department chairs who have been asked to manage with severely limited financial and human resources year after year. To them, the annual budget instructions must read like a line from Shakespeare's Henry V: "Once more into the breach, dear friends, once more."

Personnel Reductions. In terms of full-time equivalent ("FTE") positions, the College eliminated 26.5 positions for FY 1991-92, 19 for FY 1992-93, and 10 for FY 1993-94. About two-thirds of the total reductions resulted from attrition rather than involuntary termination, due in part to two successful, voluntary early retirement programs. Some of these positions have been added back on the unrestricted operating budget although in different roles, e.g., a student employment coordinator and positions in the computing center. In summary, the College will have reduced its non-faculty workforce by about 50 positions or about 10% over four years.

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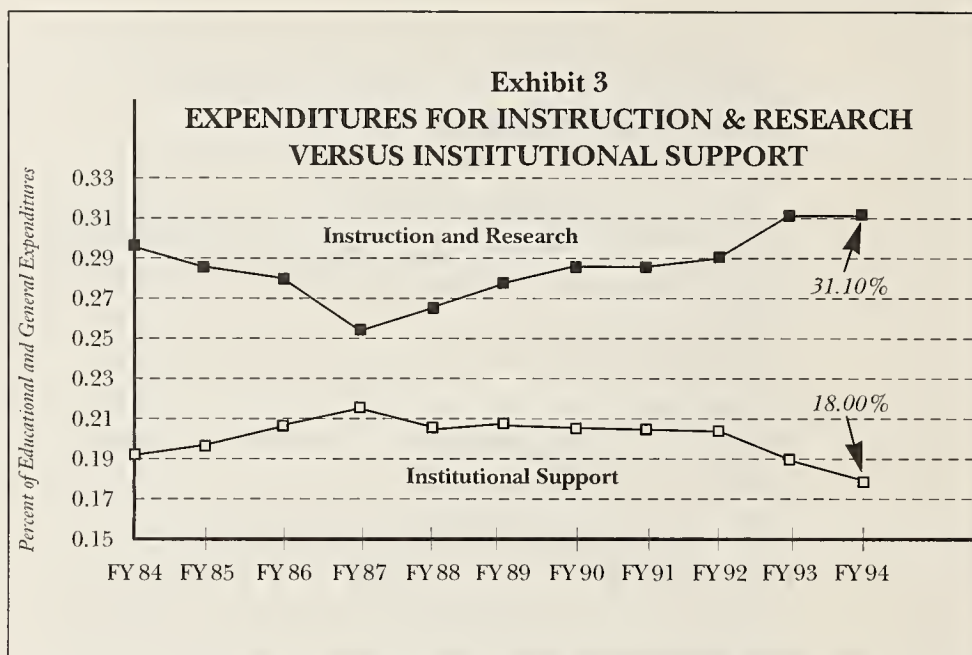
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The FY 1994-95 budget assumes a reduction goal of \$135,000 that will be met by personnel cutbacks, excluding teaching faculty. This is requiring painstaking department-by-department and position-by-position evaluations by senior staff and their managers. Personnel cutbacks include savings through attrition without replacement, attrition with replacement at lower salary levels or hours, and cuts in budgets for casual employees. Between 30-50 positions turn over at the College each year. We do not expect that involuntary terminations will be needed to balance this budget.

Moreover, average salary increases have been capped at the rate of inflation: for staff for the last two years, and for faculty this year. The College has asked all employees to share in the increased costs of health insurance, and modestly reduced anticipated retiree medical benefits for current faculty and staff starting in FY 1995-96.

Other Operating Expenses. A balanced budget was also achieved by gradually reducing non-salaried operating expenses in departmental budgets by an average of 10% in FY 1992-93 and 5% in FY 1993-94. On average, operating expenses were frozen in FY 1994-95. The loss of purchasing power was even greater when inflation is considered. Specific cuts have ranged from small but symbolic eliminations of free coffee and spring water for employees to more significant limits on purchasing and social events. It is now possible to restore some stability to most department budgets, although reallocations or reductions are probable in individual cases.

The FY 1994-95 budget includes modest additions to the base budget that were recommended by senior staff and accepted by the budget committee. In their judgment, the rigorous cost cutting of recent years had balanced the budget but resulted in critical unmet needs. The dean of the College needed support for a departmental reorganization, leadership and volunteer service program, and expanded student services. The dean of admissions strongly recommended that the College expand overseas recruitment, increase efforts to diversify the student body, and improve the training of BASIC (Bowdoin Schools and Interviewing Committee) leaders. The budget provided funds to the dean for academic affairs for faculty recruitment, staff development, and operating expenses in the library and media center — about half of which were offset by cost reductions in other areas reporting to him. In my own area, funding was authorized to improve financial reporting and auditing which will be supervised by our new controller, Saeed Mughal.



BUDGET PRIORITIES

The budget was also balanced without neglecting our most important priorities.

If you want to determine what a college really values, do not just examine the catalogue or the press releases. As someone in the Watergate saga advised, "Follow the money." Recent College budgets have emphasized "growth by substitution" by supporting priorities not only with additional funds but also by reallocations within the existing budget.

Academic Program. Since FY 1986-87, the percentage of the budget invested in the academic program, the core of our mission, has increased every year and the percentage spent on administration has decreased. Much of this shift was accomplished by protecting budgeted faculty positions while cutting positions almost everywhere else. In addition, faculty received higher salary increases than other staff in FY 1992-93 and 1993-94 to meet the "4-5-6" goal within our 18-college comparison group and thus restore our competitive position. [The "4-5-6" goal aims to pay salaries to Bowdoin faculty at each rank — professor, associate professor, and assistant professor — at the average of the fourth, fifth, and sixth highest among the 18 colleges.]

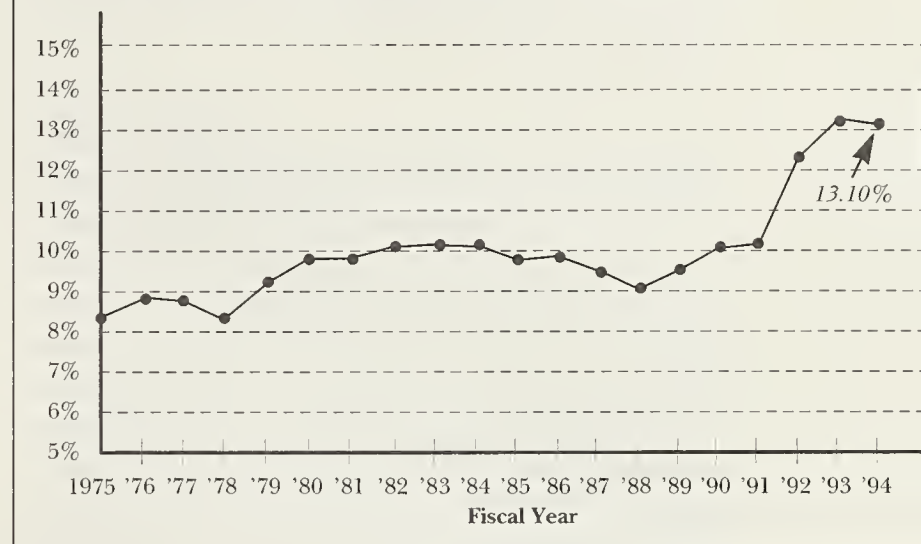
From 25.6% of the educational and general (E&G) budget in FY 1986-87, instruction and research has gradually increased to 31.1% in FY 1993-94. Instruction alone rose from 30.0% in FY 1992-93 to 30.4% in FY 1993-94. Conversely, administrative overhead or "institutional support" has decreased from 21.7% in FY 1986-87 to 18.0% in FY 1993-94. ["Educational and

general” constitute almost all of the College’s expenditures, excluding auxiliary enterprises such as dining service and independent operations such as summer programs.] In both cases, Exhibit 3 suggests that these changes were not setting new records as much as restoring the College’s relative budget priorities of the early 1980s. Both trends persist in the budget for FY 1994–95. Instruction remains a high budget priority especially as enrollment increases and new revenues help to enrich the academic program and increase faculty size.

Size of the College. The College will increase its enrollment from 1410 to 1550 by admitting thirty-five additional students per year from FY 1994–95 to FY 1997–98. Over the four years, annual expenditures for instruction related to the new enrollment are budgeted to rise by \$800,000 while institutional support expenditures increase by only \$75,000. The general theory underlying the College’s plans is that, taking a long-term budgetary perspective, the increased enrollment is expected to be a “break-even proposition.” To be sure, at least the first year will be possible without substantial capital outlays for expanded dining and residential space. However, these savings will be offset by “front-loading” the new faculty positions to strengthen the academic program as soon as possible. The College intends to appoint during the first two years most of the seven or more new faculty positions that we expect to add in total over four years. Any operating surpluses after that will be absorbed by debt service payments for new and expanded space and other costs related to the expansion.

Financial Aid. Funding the spiraling costs of the student financial aid program is one of the key pressure points on present and future budgets. Since FY 1988–89, approximately 36% of the student body has received grant financial aid, in contrast to 30% in FY 1974–75. Over the last five years, financial aid expenditures have risen at an average annual rate of 11% compared to 3% for total College expenditures. At Bowdoin, grants represent 75% of the average financial aid award (i.e., grant, loan, and work). Grants cover almost 46% of the cost of attending Bowdoin, up from about 40% ten years ago. While restricted endowment funds currently provide over two-thirds of these grant dollars, another unusually high proportion, these funds are not growing as fast as student need. This has made the College more dependent on the unrestricted operating budget for increasing amounts for student financial aid in FY 1994–95 and FY

Exhibit 4
FINANCIAL AID EXPENDITURES AS A PERCENT OF
TOTAL COLLEGE EXPENDITURES



1995–96. Unrestricted aid expenditures were 2.3% of the College’s total unrestricted expenditures in FY 1989–90 and rose to 4.4% in FY 1992–93 and 4.9% in FY 1993–94. As a percentage of the total College budget, financial aid expenditures, both restricted and unrestricted, have grown from about 10% to more than 13% over this same period, as shown in Exhibit 4.

Therefore, it is becoming more difficult to assert that the amount budgeted for undergraduate scholarships will enable the College to admit applicants without regard to their need for financial aid. Ability to pay has been a factor in admitting about 3.0% of the first year students in the Classes of 1995 through 1997. For the most recent Class of 1998, budgeted expenditures for financial aid were sufficient to achieve the “need blind” target. However, in future years, an unexpected increase in average student need owing to the poor economy and other factors could well result in again having to admit some students based, in part, on their ability to pay.

Opening of New Campus Center. In his *Life of Johnson*, James Boswell remarked that “Nobody can write the life of a man, but those who have eat and drunk and lived in social intercourse with him.” The David Saul Smith Union will be a social gathering place for the entire college community. It is scheduled to open early in 1995 with an annual net operating cost of about \$100,000. This architecturally striking facility results from a renovation of the Hyde Cage that transformed the interior while leaving intact the outside walls. Most of the student services now housed in Moulton Union will move to the Union, including the bookstore, student mailbox-

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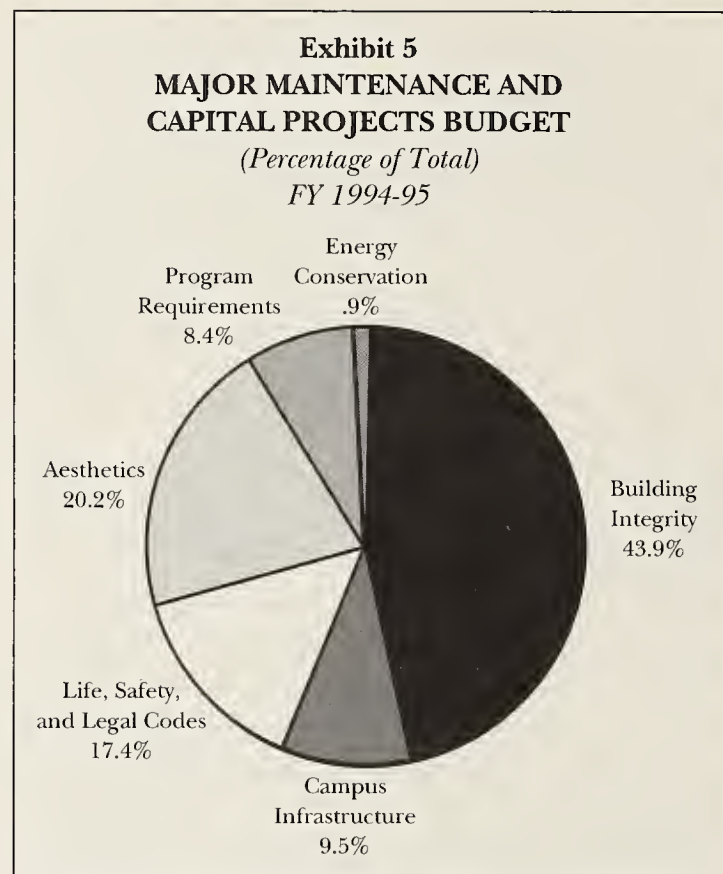
es, pub grill, and game room. In addition, there will be a convenience store and pizza shop. From the treasurer's viewpoint, a significant plus of the new facility is that gifts and restricted quasi-endowment funds fully paid its construction costs.

New Construction and Renovation. The FY 1994-95 budget supports programming and architectural work on many pending construction projects. Next year, with the approval of the Governing Boards, the College expects to begin \$10-11 million of debt-financed capital projects, some related to the expanded enrollment. These include a new residence hall, remodeled dining space in Moulton Union, site upgrades, and assorted renovation projects. Other proposed projects include renovations needed to move the administration from Hawthorne-Longfellow Library to other campus facilities. The College has also been planning a new \$14 million science center. The project will be financed by a combination of gifts and additional debt financing. Coordinating these ambitious projects will be a principal responsibility of William Gardiner, our new director of facilities management.

Maintenance. The College has not forgotten our existing buildings and grounds. Spending for major maintenance and capital projects has been increased in FY 1994-95 to halt the erosion of the College's precious physical assets. The major maintenance portion of the budget totals about \$2 million from unrestricted sources. Approximately \$200,000 of the \$2 million is earmarked for FY 1994-95 renovations connected with the increase in the size of the College.

As illustrated in Exhibit 5, the balance will be expended in six key functional areas, the largest of which is building integrity (i.e. roofs, exterior painting), with almost half of the budget. Another third is represented by life, safety, and legal compliance, and also aesthetics. The remainder is committed to campus infrastructure (e.g. water and sewer lines), energy conservation, and program requirements (e.g. renovations connected with changes in academic or administrative programs). Completion of long-term projects has allowed the College to decrease the percentages of the budget expended on life safety, legal, and codes and to reallocate those funds to building integrity and aesthetics.

Computing and Information Services. The College has also embarked on a long-term effort to upgrade our



computing and information services (CIS), both academic and administrative. A reorganization of CIS started in FY 1992-93 with a new user services unit and selected management changes. More recently, CIS added three consultants to offer more "one-on-one" customer assistance and is now recruiting new staff in academic and administrative computing. Louis Tremante is leading this effort as the new CIS director.

The selection of a new administrative information system will result in significant costs over the four years from FY 1994-95 to FY 1997-98. An administrative information system serves not only accounting, admissions, development, and the registrar but also physical plant, events, and dining services. It also serves faculty by providing information about research grants, student transcripts and schedules, and departmental operating expenses. The administrative computing system definitely constitutes a major part of the College's management infrastructure. The estimated \$1.1 million net cost of a new system also involves not only new software but also continuing expansion of the campus computing network, training and technical services, compatible hardware, and temporary staffing additions to CIS and user departments for the conversion. Additional expenditures will be needed to complete the campus network and improve access of faculty and students to the "information highway."

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A new administrative information system will help the College to improve management, service, and productivity. Many benefits of a new system arise from substantive improvements in how data are retrieved and reported: getting more and better information to managers more easily and quickly. One way that a new system will improve service is by allowing multiple users to access data electronically and simultaneously, thereby easing cross-departmental responses to customer problems. For example, admissions and financial aid can view the same screens about a student while a parent is waiting on the phone. Most of the productivity improvements will not result from staffing cutbacks directly attributable to a new system; in fact, conversion to a new system will result in a temporary increase in employees. Instead, the new system will save time and reduce stress in a College that has cut 50 positions from the budget in four years. It will also allow us to fix the existing numbers of regular administrative and support staff and still serve increased numbers of students and faculty in the future.

ENDURING CHALLENGES

Unlike Walt Whitman in "O Captain! My Captain," Bowdoin College cannot claim that "...our fearful trip is done, the ship has weathered every rack, the prize we sought is won." As discussed earlier, Bowdoin College is about to embark on an even more challenging period in our two hundred-year history. Growth in the student body will add new revenues in tuition and fees and new expenditures for faculty, courses, and residence and din-

ing facilities. The budget also includes expenditures for a capital campaign that will raise new resources for endowment, financial aid, new facilities for science and the arts, and other critical needs.

Costs and Outcomes

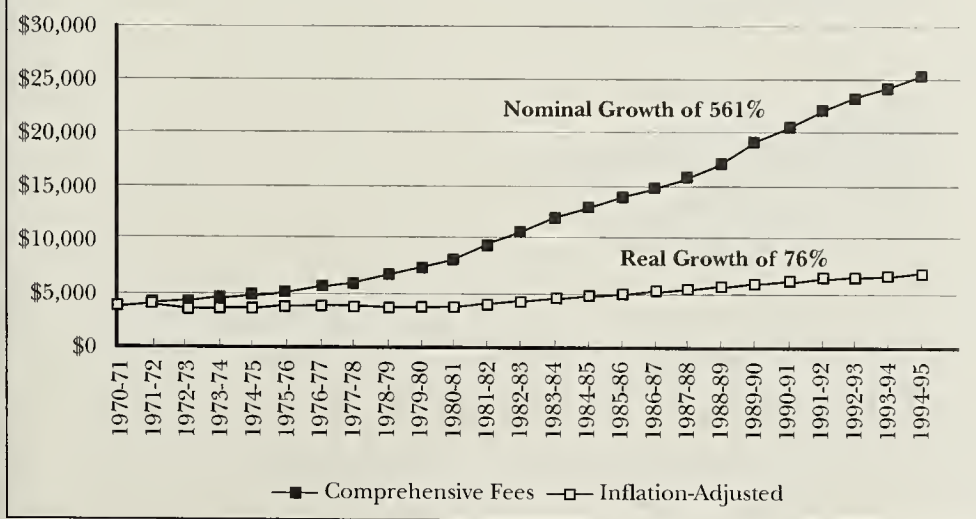
We must also recognize that Bowdoin College is not immune to the problems confronting higher education in America, especially private liberal arts colleges. *Bowdoin and other colleges face a long-term trend of expenses increasing more rapidly than revenues.* This will require constant reexamination of how we deliver academic and administrative services. At the same time, we are being asked to justify "sticker" prices over \$100,000 for a four-year B.A. degree in terms of educational effectiveness and administrative efficiency. To a Bowdoin parent, our success in dropping to fourteenth highest in student fees among our 18 competitor colleges is not that comforting when almost all charge more than \$25,000 per year and less than \$2,000 separates the most from the least expensive colleges. Exhibit 6 depicts the growth in student tuition and fees in the last 25 years, showing the influence of the rise in consumer prices on Bowdoin's own charges.

Parents and others want to know how we define and measure the outcomes for the student of a college education. How does the student grow over four years not only in terms of maturity and social development but also knowledge, life skills, and values? How do a liberal arts curriculum and pedagogy help students achieve those outcomes? They also want to know whether colleges are managed in ways that are as efficient as possible. Administrative and academic productivity have become concerns on many campuses. How do departments serve faculty, staff, and students without waste and with quality?

Re-engineering

The answers are only partly financial. Simply increasing revenues by hiking tuition or endowment use, no matter how responsibly and competitively, is not the long-term answer. Continuing to reduce staff and cut costs will merely leave us doing the same things in the same ways, only with fewer people. What are really needed are organizational and cultural changes to which higher education has proven resistant. Stanford Economics Professor William Massy has remarked that about sixty institutions have survived essentially unchanged since the Protestant Reformation in 1517: apart from two

**Exhibit 6
STUDENT TUITION AND FEES**



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churches and two parliaments, all of the rest are universities. The best colleges and universities that prosper in the next century will be those that think anew, take risks, and successfully address two central issues of collegiate re-engineering. The first, often called "process redesign," is mostly about educational effectiveness and doing the right things. The second, or "total quality management," is about productivity and doing things right.

To both ends, committees of the Bowdoin faculty are examining issues of instructional technology, workload, and pedagogy. Committees of administrative managers and support staff, joined by members of the faculty, are studying how we improve the use of data and service delivery in the context of the administrative software revolution mentioned previously.

Other benefits will be cultural and will originate in the process by which the new system is carried out. It will require departments to focus on the scope and format of their data and how they cooperate with each other in delivering academic and administrative programs. This may lead to systematic cross-training of employees to handle peak loads in other departments, permutations in departmental boundaries, and new attitudes about "customers" and "quality." One possibility

in this area would be a new relationship among student aid, cashier, and registrar, possibly including more contiguous space or computer network connections. The aim would be to simplify how students register for classes and, of special interest to the treasurer, pay their bills. We are determined to rebut the criticism leveled at higher education by Economics Professor Lawrence White at New York University in *The New York Times* (July 27, 1994). He suggested that since administrators at small colleges personally have little to gain and much to lose from cutting costs or radically redesigning the product, they are "deeply reluctant to test the system."

Thus, future budgets at the College must, like the Roman god Janus, look in two directions. They must look to preserving a balanced budget while still funding current commitments and priorities. Yet, they must also behold a new and better Bowdoin in which educational values and quality service affect budgetary decision-making. To be sure, neither the budget nor the budget committee can define academic values and standards of quality. What the budget and budget committee can do is ask managers to justify their recommended budgets, in part, in terms of how they believe their programs advance educational values and services, and then evaluate the extent to which their efforts have been successful.

In sum, this report celebrates Bowdoin College's return to financial stability while recognizing the many budgetary and educational challenges in our immediate future. But if I have learned anything in the three years since I journeyed north to become treasurer, it is that the imagination and courage that started the College in 1794 must be sustained into the next century. For, as Thucydides reminded us so long ago, "...the bravest are surely those who have the clearest vision of what is before them, glory and danger alike, and yet notwithstanding go out to meet it."

Kent John Chabotar
Vice President for Finance and
Administration and Treasurer

