Annual Report of the President 1996-1997

Bowdoin College
Brunswick, Maine
This is the seventh annual report that I have had the honor to present to the Trustees of Bowdoin College. Were my term to end this year, it would be about the average length of private college presidencies. That it is not ending, and that my senior colleagues in academic affairs, finance, development and admissions remain in their posts after six years of excellent service to Bowdoin, suggest one of the advantages of the strongest private colleges. Most important academic projects have long lead times, and the assembling of people, ideas, programs and funds takes awhile. Broad institutional strategies take even longer, since they require the collaboration and trust of trustees and faculty, as well as the understanding of an alumni body. And perhaps at Bowdoin, in Maine, the humors of skepticism abate more slowly than they do in less austere regions!

Take the science complex. Our academic dean, Chuck Beitz, began planning that structure with our biologists and chemists literally the day he took up his post in the fall of 1991. It opens this autumn, 100,000 square feet, $22 million and six years later. Other physical structures – the Smith Union, the renovated Moulton Union, the two new residence halls, the fiber optic computer network that now links every campus room to the Internet, and so forth – all required comparable mixes of people, ideas and resources. Complex strategies – expanding the student body by 10 percent, the development of an academic program, such as Asian Studies or theater – are virtually impossible with discontinuities in management.

If there is a theme in this year’s report then, it’s to reflect my sense of Bowdoin’s institutional well-being – not the less real for its cumulative close tie to the remarkable prosperity of the times – high employment, low inflation and interest rates, and a growing economy, in an environment of international peace. Bowdoin is receiving resources that harder economic times would not have provided, and we have been able to exploit them and the positive general state of affairs to establish a series of balanced budgets, and a measured use of the endowment, and to raise the quality and quantity of student admissions. But we have also developed planning strategies and lengthened our financial horizon to ensure that we are operating within margins that will sustain a downturn when it inevitably comes.

A brief comment on Bowdoin’s “vital signs” at year end:

- **Admissions.** Applications were down for the Class of 2001 by about 10 percent, after having risen more than 40 percent over the past four years. But at 3,975 they were still near record highs. Yield – the percentage of those Bowdoin accepts who accept Bowdoin – rose. The entering class will be 52 percent women and 48 percent men; it will be more diverse racially and internationally than any class before. It will be of excellent quality.

- **Fund raising.** The Development Office reports that total giving to the College was a remarkable $18.6 million. Annual Giving (which includes the Alumni, Parents and Friends Funds) raised over $4 million, as the
program continued to meets its target of increasing by 5 percent each year of the current New Century Campaign. Capital gifts totalled over $14 million. As we enter the final year of the Campaign, the College has raised over $90 million toward our $113 million goal.

- **Finances.** The College ended the year with a balanced budget, its fourth in succession. Our financial model projects a balanced budget for the next two years, but not without having to stretch out or forego expenditures thatBowdoin would ideally make, notably on physical plant and financial aid. The endowment stood at approximately $329 million on June 30, 1997.

- **Accreditation.** After receiving the report of an able visiting committee, the College received its expected 10-year reaccreditation. This followed our own intensive self-scrutiny, which led to the creation of the Commission on Residential Life. The New England Association of Schools and Colleges has asked the College to report on four items at the 5-year mark, in 2002: the state of the new residential life program; the condition of information technology and computing; our review of the College’s academic curriculum; and the progress we have made regarding the status of women at Bowdoin. The Commission has asked the College to provide it with a succinct Mission Statement.

- **Various.** In May, Bowdoin seniors threw one of the best parties Blythe and I have ever attended: a black-tie dance celebrating “New Beginnings,” with the Count Basie Band, at which the Farley Field House became, for about 800 Bowdoin students, *Le Club Farley*. Despite cold weather and changes in the social structure of the College, the spring was not morose.

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**The Campus**

In addition to all this, it has been a pretty remarkable year on campus, with one major tectonic shift: the adoption of the Report of the Commission on Residential Life by the Board of Trustees, which launches the College into a new era of dining and residential and social life. I won’t review the Commission’s Report, which has been widely circulated and read, but I’d comment briefly on how things have played out on campus this spring – and suggest why the decision to move beyond fraternities that has left a number of other campuses angry and shattered has turned into a different sort of thing at Bowdoin.

I believe all of you have some sense of the new house system that will come into existence in the coming year. Incoming first-year students will go into the brick dorms, and the brick dorms and their residents will be associated with smaller houses on the campus periphery – with which students in the upper class years will also associate. As I write this, our building contractors are making about $1.2 million in improvements of social space, catering kitchens, and so forth to make these houses attractive for fall. These are all houses that the College now owns or over which it has direct control. A number of upperclass students, in groups of up to 12, have chosen to associate with these residences and, in some cases, to live in them. Fraternities, as you know, will conduct no further rushes, but they will be in existence through the year 2000, and we hope that over the next two or three years chapter houses will join in the new system, as some of their corporations are already discussing with the College.

But what went on in these last months is notable. After the Trustees voted their support in principle for the Commission’s Report in March, an implementation group of 19 stu-
students, holding a number of campus discussions and working with the Dean’s Office, took hold of the residential life structure outlined by the Commission and brought it to life. They designed a form of house governance that takes as its model fraternity governance; and they established social budgets – non-trivial at about $10,000 a house for each year. Then, on a vote by the student body, this new house system became the base of a new structure of student governance. Fraternity leaders participated strongly in this planning endeavor, and the Inter-Fraternity Council voted to join the Inter-House Council, forming a joint governance council for the new system – an act of remarkable generosity that took courage and imagination on the part of some excellent fraternity leaders.

The Chinese have a saying, which is never far from the mind of a college president: “everything has lumps.” The spring has had lumps. There has been some grumpiness, but we’ve had open discussions and town meetings to make sure that it was not suppressed. A few members of one fraternity trashed their house, but this seemed a useful example to no one, since it led their alumni corporation to close the place. A couple of seniors elected to take their diplomas without shaking the President’s hand. But these are small lumps, and their paucity suggests the exceptional quality of the student body and the leadership within it, and the consequences of a unified Board of Trustees acting upon a respectful, far-seeing, and sensible Commission Report.

We clearly have far to go. But the overall spirit of the campus, fraternity and non-fraternity, has been optimistic, and the instinct of the student body has been to create and build, rather than to sulk or grieve or destroy. As I have mentioned before, fraternities, in recent years, have been serving the needs of only 30 percent of our students. But the entire campus, fraternity and non-fraternity, was afraid that, if fraternities disappeared, there would be a void in the social life of everyone. This is why the clear objective of

Don Kurtz of the Class of 1952, the leader of the Commission, and of others on the Commission, was not to end something, but to create something: a residential arrangement, positive and inclusive, that an excellent dean’s office can help students to lead and develop. By design, it will incorporate much of the self-governance, potential for leadership development, medium size, and social cheer that enabled fraternities at their best to meet student needs.

The Academic Program

Meeting the needs of students: students who will conduct their careers in the 21st century. That is what residential life, and everything else we do, is all about. Bowdoin students today are, in important respects, different from those even our 25th reunion class remember: the entering class this fall will have just over 50 percent women, just under 20 percent Asian, African-American and Hispanic, and its members will come from 30 countries. This is the world of the coming century, and it gives one the most marvelous sense of excitement to see this student body treading the paths that Hawthorne and Longfellow and Chamberlain, and Mitchell and Cohen and Pickering, and most members of the Board of Trustees walked.
We’ve done the hardest thinking possible to design a new Bowdoin structure for social and residential life, building on the past, and integrating what is known with an intelligent estimation of what is needed. But what of the intellectual side of the College – the education of the minds of our students? What of the professional encouragement and development of their faculty, who will be teaching them well into the next century? We are not a hotel, restaurant, or health club, although we’ve become pretty good in those domains. For all the *sturm und drang* of residential life, Bowdoin’s overarching purpose is the deepening and refining of intellectual capabilities.

We have been moving slowly in this domain, for the last modest curricular reform – a reinstitution of some rather broad general education requirements – was in the early 1980s; a more comprehensive reform, sensible and unexceptionable in retrospect, was voted down by the faculty in the late ’80s. I believe that almost everyone, faculty and deans alike, is inclined to agree it is time for a fresh look at the academic program. I’d report a couple of foreshadowings that suggest the College is in a mood of appropriate seriousness and collegiality.

(A) Faculty and the Academic Program

First, we completed an enterprise a few weeks ago that clarified in my mind a genuine uniqueness of Bowdoin’s education. For the past three years a faculty committee – the Faculty Affairs Committee – has been conducting an extensive inquiry into what Bowdoin faculty actually do. They conducted a formal survey. How much of what sorts of professional work does a faculty member accomplish in the average week? How is it measured: and from this picture, what should be the average teaching load? How can it be monitored and fairly recognized? How can department chairs and those wildly exceeding the norms be appropriately rewarded, rather than ignored or even discouraged?

Two motivations drove this work forward. First is a concern for equity in bearing the College’s teaching load. Faculty rightly believe that they should carry roughly comparable loads measured by some roughly acceptable metric – and assume, in addition, access to research and faculty development funds. The second driver has been a genuine concern for what the industrial world would label “productivity,” but what the academic world would call the quality and density of the education that we provide our students. However
skittish faculty may be about adopting measures that boil down to units of time, noting that this risks disregarding the notion of quality and substance that fills these hours, there is a general understanding that, as Bowdoin’s costs and price rise, we need to be able to say with some clarity what it is we do in exchange for what we charge.

The Committee’s findings are informative. Faculty work professionally an average of around 57 hours a week. This includes teaching, advising, course development, research and running the College by doing such things as faculty recruiting, service on tenure and promotion committees, curricular planning, and so forth. Second, although there is a nominal teaching load of four courses a year – not low for the best American colleges – it appears that the norm for Bowdoin faculty is to teach the equivalent of an additional course. This 4 + 1 norm was adopted by faculty vote at the May faculty meeting, recognizing that, in addition to the four classroom blocks each year, faculty members conduct tutorials in the form of honors courses and independent studies – over 400 of them a year; teach labs, run extra class sections, occasionally teach very large courses with huge exams and student paper loads, and lead field trips. The point is educationally significant. Unlike what most of us knew, the education of a Bowdoin student today does not occur only in modular – and incidentally the least expensive – form: sitting at a desk in a room with 16 other students (the average Bowdoin class size is 17). An unenterprising student can still manage to do that for four years. But the pattern of education of most serious Bowdoin students is driven largely today by their own interests and passions – to which faculty members respond in individual and equally interested ways. The pedagogical model is less the lecturer and the passive student recorder of information, than the model of coach and athlete or master and apprentice. In the sciences, all Bowdoin students “do” science themselves, in labs and in the field, under faculty supervision. Language students are coached to speak and develop a cultural grasp of a society, as well as write a language. The arts, music and dance, theater and studio art have of course utilized these techniques from the beginning. To attend a student presentation or visit student exhibitions, or read student papers, can be a genuinely elevating experience. This is an expensive form of education, but it is also why one sees such exceptional growth in the confidence and intellectual powers of Bowdoin students over their four years.

(B) Student Perceptions

How do we know that this really happens? Higher education is still better at measuring inputs – courses, labs, facilities, faculty/student ratios – than we are at estimating outcomes. One can overstate the point, however: the intensive scrutiny of able faculty members, who grade papers, judge honors projects, and award marks of distinction are scarcely trivial appraisals of achievement. Graduate school admissions and workplace recruitment and national competitive scholarships – Bowdoin students and graduates won Marshall, Fulbright, Truman, Watson and NSF fellowships this year – are also indices of educational achievement, not just shrewd admissions work. And, as is widely known, Bowdoin graduates end up, sometimes after a while, serving their society in a great variety of very rewarding ways.

But we began this year to try to get more interestingly at this question of “added value” – what is the nature of the increment to a student’s intellectual and social growth that takes

Students “sign in” to the College upon matriculation.
place while he or she is at Bowdoin. We
began by conducting, for the first time,
formal interviews with a randomly selected
number of graduating seniors—a bit over
10 percent of the class—about their experi-
ences at Bowdoin. We asked them what
expectations they had about college life and
about Bowdoin, about what had actually
happened—academically and socially. What
was most rewarding and exciting? What was
most disappointing? What was most difficult,
and was there adequate support? We learned
a lot: we need to continue to increase our
support for student writing; study-away can be
enormously rewarding, but a downer on
return unless it’s integrated into a continuing
course of study; we need to conjure more seri-
ously with the variables that determine course
quality. There are a number of other useful
insights.

But there is one important and encourag-
ing generalized finding. The key question we
asked was: what aspects of your academic
experience did you find most rewarding?
Were there any aspects that disappointed you?
Here is what Institutional Research, who ran
this enterprise for us, inferred from its colla-
tion of answers from the interview sample:

Nearly all interviewees described their con-
tacts with individual faculty members to be
among the most rewarding and exciting

aspects of the academic experience at
Bowdoin. Getting to know faculty, working
with them one-on-one, and assisting with
research projects were common themes in
response to this question. A few faculty are
disappointing, a few are highly intelligent but
cannot teach, but, in general, faculty are
“amazing” and “accessible.”

In the coming year, the College will be
turning to an examination of its academic cur-
riculum, but this foundation of faculty com-
mitment, coupled with an alert, able student
body capable of rising to it, is the base upon
which a curriculum depends. Education is
the spark that takes place between the minds
of student and faculty member. The Internet,
CD-ROMs, new arrays of learning software
are all becoming increasingly a part of the pat-
ttern of learning, even changing it in some
respects. Students have always learned much
from one another beyond the classroom. But
what will continue to distinguish the highest
quality education from the lesser is the quality
of discourse that goes on between restless
undergraduate minds and those of learned,
generous-spirited minds among

The

Professor of
Sociology Craig
McEwen meets
with a student.
with and among a faculty that is confident in itself and the standards that it is choosing to establish.

I end this narrative, first, with thanks to a Board of Trustees that has acted with wisdom, forbearance, and great humanity in taking the College for which they have such affection and regard in a direction which is partly unknown. But I also close with an understanding that, just as the new generation of students is showing itself to be freshly concerned about history and origins – of its College and its society – Bowdoin is severing a connection with a part of its own past. Fraternities were never perfect: they reflected some of the darker and more unthinking prejudices of their times. But their benefits to their members were non-trivial. At their best, they bred loyalty and friendship; they provided the experience of leadership and accountability. That they endured as long as they did, despite grudging acceptance by the College, suggests that they were meeting needs of some excellent young people. The College has now decided to end them – a decision I have strongly advocated – on grounds that their disadvantages were greater than their advantages and that the College could do better. To do better, to create the structure of a residential and social life that will meet the new realities of students living in a new age, is now Bowdoin’s pledge. Next to the goal of strengthening the academic program it must stand as the greatest single charge on our time and resources for the next few years.

I must now regret the passing of distinguished members of the College, former Board members and members of the faculty who contributed greatly in their time to Bowdoin.

In the fall, Jean Sampson, a Bowdoin board member for nearly twenty years from 1976 to 1994, well-known and widely respected for her work in the fields of education and civil liberties, died of cancer. David Hancock, a valued former overseer and a member of the Class of 1964, died in February. Next we lost Bob Porter, whose leadership of the Investment Committee brought about professional management of the endowment and whose continuous interest in the College made it stronger in many ways. Then, in late June, Ernst Helmreich, Bowdoin’s Thomas Brackett Reed Professor of History and Political Science Emeritus, died at the age of 94. Professor Helmreich was a great teacher and historian who opened a world of ideas to generations of Bowdoin students. He, like these others, will be sorely missed among the places and people of Bowdoin.

Robert H. Edwards
President of the College
Endings and Beginnings

Academic life is measured in both endings and beginnings, and in the past year we have had our fair share of both. The most prominent ending in the academic program, as the president has noted, was the completion of the faculty's ambitious inquiry into faculty roles and responsibilities — known on campus as the “workload project.” The most prominent beginning was the undertaking (by the Curriculum Committee) of an equally ambitious inquiry into the goals and structure of the liberal arts curriculum. More about both of these efforts later; first, a brief recapitulation of the astonishing variety of other academic milestones we passed during the year.

After an enormously encouraging review, the faculty unanimously endorsed continuation of the Writing Project—the peer tutoring program in writing skills established four years ago. The Quantitative Skills Development Program—a parallel effort approved in Spring 1996—completed a very promising first experimental year. The faculty adopted an initiative proposed by the Curriculum Committee to encourage interdisciplinary teaching. Standards for college-wide honors (including Latin honors and distinction as a James Bowdoin scholar) were raised. A review of the computerized course registration system, put in place two years ago in an attempt to help more students get into their preferred courses, revealed very impressive results; we'll seek further improvements in the coming year as the faculty's Recording Committee finishes work on a mechanism to spread out classes more evenly across the class day and week. With support from the Mellon Foundation, our librarians set out on a collaborative effort with their colleagues at Bates and Colby to integrate the three libraries' electronic information services, help students and faculty members make effective use of electronic information resources, improve cooperation in the development of our print collections, and create a three-college videoconferencing capacity for use by faculty, staff and students.

As I write, our biologists and geologists have begun their move into the College's new science facility, and extensive renovations to Cleaveland Hall, the chemistry building, are nearly finished. At the new Coastal Studies Center in Harpswell, the terrestrial ecology laboratory has been completed, the farmhouse has been renovated for informal meetings and seminars, and the marine studies laboratory is well into construction. And even as the paint dries in these new buildings, we are moving intensively into the architectural design of two other academic space projects—renovation of Sears Hall for physics, mathematics and computer science, and renovation and expansion of Memorial Hall for theater, dance and general college use.

We look ahead to welcoming the class of 2001 in a few weeks, whose members comprise the last of the “expansion classes,” marking completion of the plan to expand the College by ten percent. At the same time, we shall welcome several new faculty colleagues, including the last wave of individuals holding new positions made possible by the growth in student enrollment. All told, the faculty will have increased by about fifteen positions since 1991—for the most part in the most heavily-enrolled departments—with the student/faculty ratio holding steady at just over 11 to 1.

Finally, as the president observes, the year
saw completion of the College’s decennial accreditation review with publication of the report of the evaluation team, led by Colgate University President Neil R. Grabois, and the decision of our accrediting body to continue the College’s accreditation. Among the findings pertaining specifically to the academic program, three, in particular, are worth emphasizing. First, the team commended the “special magic which is distinctly Bowdoin” in the academic environment, where both students and faculty members experience close and important intellectual relationships. The capacity of this college to nurture these relationships is plainly exceptional, even within our highly competitive peer group. (As the team observed, “if Mark Hopkins was still sitting on his log, he might wish to clone it in Brunswick.”) Second, the team urged the faculty to look closely and comprehensively at the basic structure of the undergraduate curriculum—something that has not occurred at Bowdoin in nearly a decade—paying special attention to general education and the major. Finally, while noting progress in the restructuring of Bowdoin’s information technology resources in the last few years, the team underscored the importance of a more focused effort to apply information technology to research and instruction. As I report below, we made beginnings last year on both of these points.

Defining the Faculty Role

We reached a particularly important ending with the conclusion of the Faculty Affairs Committee’s three-year project to document and clarify the faculty’s teaching load. In earlier years, the Committee had carried out a study of the allocation of faculty time to various teaching and college service activities as well as to scholarly and artistic pursuits. It had also proposed to the faculty—and won unanimous approval of—a statement of faculty responsibilities whose spirit was to articulate as policy the standards of professional performance that represent our “best practice.” The enterprise culminated this last year with the proposal of a new policy to guide the allocation of the faculty teaching load which reflected lessons learned from the earlier analysis. After considerable discussion, the faculty enacted a policy based largely on the FAC proposal, under which each Bowdoin faculty member is expected to teach the rough equivalent of five courses per year, under a plan in which the full range of teaching activities that characterize a modern curriculum—classes, laboratories, independent studies and honors projects, and so forth—receive full or fractional credit. Enactment of this new policy is notable for a host of reasons, among which the most important are that it responds to important changes in pedagogy across the disciplines and that it represents a genuine accomplishment of faculty leadership, especially that of this year’s FAC chair, Adams-Catlin Professor of Economics David J. Vail, and his colleagues who helped shape the final legislation. As I remarked on this occasion last year, anyone who doubts that college faculties can summon the will and the capacity for effective self-regulation should look at what the Bowdoin faculty’s workload project has accomplished.

Associate Professor of Geology Peter Lea and Ben Chenoweth ’97 conduct field research.
Charting the Future of the Curriculum

The accreditation evaluation team observed that it has been several years since the College has undertaken a reasonably wide-ranging review of the curriculum. Indeed, our Curriculum and Educational Policy Committee (CEP) had already been considering the wisdom of initiating such a review. With the accreditation team’s encouragement, the Committee has decided to do so in 1997-98, aiming for a report with recommendations before the end of the following year.

The overarching questions are: What should a Bowdoin education seek to accomplish? and, How should it seek to do so? In trying to answer these questions, the review will focus on the two elements that give structure to the contemporary view of undergraduate liberal education—general education (expressed at Bowdoin in distribution requirements) and the academic concentration (the major). It will consider how these elements fit into the broader idea of a liberal education, what goals they should seek, and why these goals are important. The review will also consider the range of experiences that would be desirable in a student’s educational program (e.g., independent study, laboratory work, foreign study, collaborative inquiry) and the intellectual skills a student should be expected to master by the time of graduation. In light of all these considerations, the review will identify and propose ways to strengthen the College's curriculum.

Any such process begins with intense listening to learn about people’s goals and aspirations, and about frustrations they may have with things as they are. The listening, in fact, has already started: at the May meeting of the Board of Trustees, the Committee carried out a survey asking trustees to describe their own most important academic experiences in college and their views of the highest priorities for the curriculum as we look ahead to the challenges of a new century. Responses to the second question were particularly interesting: with near unanimity, trustees urged the faculty not to be excessively preoccupied with inculcating specific labor-market skills, and to concentrate instead on developing the capacities for self-directed learning, critical reasoning, effective communication, and collaborative problem-solving.

Exploring the Promise of Technology

The accreditation team also called our attention to information technology (IT) at Bowdoin. The College’s IT environment has been transformed in the 1990s. Within the last two years, the high-speed fiber-optic network has been extended to virtually all campus buildings, including dormitories, and network connections are available in every office, classroom, and dormitory room. (In fact, in the major classrooms in the new science building, there is a network connection at every seat.) In an institution that resisted microcomputers longer than most, desktop machines are now ubiquitous (ubiquity, of course, is a matter of degree, so this is not to say that the demand has been satiated). The ratio of students to computers available in public laboratories is about 11 to 1—oddly, the same as our ratio of students to faculty, and approximately the norm for colleges like Bowdoin. Beginning in September, 1997, the College will make it possible, by means of a
four-year financing program with supplemental financial aid grants and loans, for every student to buy his or her own network-capable computer. The College Library, as the accreditation team observed, is in the forefront of small college libraries in developing the electronic information environment; we have invested heavily in electronic information resources, network connections have been installed throughout the building, and the Library’s web site (http://www.bowdoin.edu/dept/library/index.html)—the “front end” of the electronic information environment—has been recognized as a model for other college libraries.

In all of these respects, the last few years have been a great leap forward for information technology at Bowdoin. However—although there has been some experimentation with technology in teaching, most notably in mathematics and the modern languages—we have been slow to explore the potential of technology to enhance the educational program.

Therefore, this past year we established an Educational Technology Task Force, consisting of staff members from our library and information services organizations, and led by professor of biology Carey Phillips and college librarian Sherrie Bergman. The Task Force, which will exist for a three-year period, is charged with jump-starting our educational technology efforts by encouraging and supporting faculty members in experiments with technology and teaching, planning and creating the necessary facilities (such as multimedia equipped classrooms), and, more broadly, engaging the campus in a sustained exploration of the potential of information technology to improve the quality of instruction. It is an exciting endeavor, which has already generated considerable interest even in its first few months of activity; the first Task Force-supported series of experiments with IT in teaching will get underway this fall.

There is much to be said, both for and against, about the potential of information technology to improve teaching and learning in an institution of Bowdoin’s scale and character. The capacity of information technology as it exists today is dazzling, but its applications are likely to be very uneven across the liberal arts curriculum—for example, it is much easier to imagine educationally effective uses of technology in quantitative and laboratory subjects than in literature or philosophy (although pioneering efforts, of course, can be found in virtually all disciplines). It is also true, at this stage, that there are surprisingly few examples of applications of technology to college-level teaching that really work, and that the most impressive of these required
huge investments of development time. But we are at a very early stage in the growth of a technology whose potential we can recognize as revolutionary even if we cannot yet discern all the ways it will affect us. We know that we can learn from failures as well as successes—which is simply to say that we are at precisely the point where a prudent investment in educational R & D can pay a healthy return. The Educational Technology Task Force is intended to be just such an investment.

Faculty Transitions

There are, inevitably, transitions to be noted in the faculty itself. Two giants of the modern Bowdoin faculty, Samuel Shipp Butcher of Chemistry and John M. Karl of History, retired at the end of the academic year, representing between them 62 years of service to the College. Both were promoted to emeritus status upon their retirements by the Board of Trustees, but the honorific hardly conveys the extraordinary depth of influence that both Sam and John exercised over their respective students during their time at Bowdoin.

The Board promoted two members of the faculty to tenured rank: Ann Kibbie (English) and Susan Tananbaum (History). Six have been advanced to the rank of full professor: Carey Phillips and Nathaniel Wheelwright (Biology); John Fitzgerald and Jonathan Goldstein (Economics); and Celeste Goodridge and Joseph Litvak (English).

In the third year of the Kenan Fellowship program, which supports substantial and distinguished scholarly projects by faculty members, fellowships were awarded to Ronald Christensen (Chemistry), David Collings (English), and Burke Long (Religion). The Kenan program—which is funded for three more years—has been an enormously important resource in supporting the intellectual growth of a talented and ambitious faculty.

Conclusion

This report is the sixth I’ve been privileged to write as Bowdoin’s chief academic officer. Bowdoin faculty members earn sabbatical leave after six years of service, and I shall take a leave in the coming fall term so that I can pay some concentrated attention to my neglected “other life” as a political philosopher. Susan A. Kaplan, who is just completing three years of really distinguished service as Associate Dean for Academic Affairs, will be Acting Dean in my absence before beginning a long-delayed and much-deserved sabbatical of her own. Allen Wells, professor of history, has been appointed to succeed Susan as Associate Dean. I’m grateful to both Susan and Allen for agreeing to serve in these capacities, and confident that the College’s academic affairs will rest in exceptionally good hands.

Charles R. Beitz
Dean for Academic Affairs
Report of the Dean for Academic Affairs

Professor of Biology Carey R. Phillips and librarian Sherrie Bergman

Professor of Economics John Fitzgerald

Professor of English Joseph D. Litvak

Associate Professor of History Susan L. Tananbaum

Associate Professor of English Ann L. Kibbie

Professor of Biology Nathaniel T. Wheelwright
In a successful residential college, the faculty educate students to think well, and the student affairs staff educate students to live well. Living well (not in any hedonistic sense) and learning well go hand-in-hand. My colleagues and I in student affairs focus our work on the quality of life for students beyond the classroom: in the residential halls, the dining halls, the athletics fields and other arenas. We assist them in their efforts to work toward the "common good" on campus and in the larger community. We concern ourselves with students' well-being and with their thoughtful and confident planning for future careers. We help students respond conscientiously to the moral choices they face. And we educate them to participate in and lead a diverse community. We operate from the premise that a Bowdoin experience that is challenging and rewarding, that teaches the importance of keeping an open and curious mind, that includes the joys of diverse friendships and the rewards of conscientious leadership is the best preparation for a life well lived.

My colleagues and I reflect often on William DeWitt Hyde's "Offer of the College": "...to make hosts of friends who are to be leaders in all walks of life; to lose yourself in generous enthusiasms and cooperate with others for common ends..." I would extend President's Hyde's idea that a student's Bowdoin years can be the best four years of her or his life; my hope for all Bowdoin students is that they use their time here to establish a personal standard of intellectual engagement, community involvement and leadership, rich and diverse friendships, and the enjoyment of "generous enthusiasms" that they will sustain and build upon throughout their lives. And my colleagues and I believe that an excellent residential college is the best environment in which young adults develop and establish high personal standards for living well, including contributing to the common good.

The Commission on Residential Life, of which I was a member, discussed extensively what it means for Bowdoin to be a residential college and how successful we are at realizing the potential learning and growth that occur in this environment. From that discussion, we developed the Philosophy of Residential Life presented in the Interim Report of the Commission on Residential Life. This statement serves as our compass as we move forward in implementing the recommendations of the Commission which were endorsed by the Board of Trustees. Included in the Philosophy of Residential Life are the Values of a Learning Community. These values are worth summarizing here since they transcend our centrally important work in residential life and bear on other key accomplishments and ambitions in student affairs at Bowdoin.

Values of a Learning Community
- Engagement in active learning and inquiry
- Challenge and growth
- Freedom of inquiry and expression
- Mutual respect and civility of discourse
- Concern for others
- Shared responsibility for the community
- Friendship and fun
- Connection to the larger community
- Commitment to serving the larger good outside as well as within the College
- Affirmation of Bowdoin's history and its finest traditions
These core values spring directly from Bowdoin’s traditional values as expressed in President McKeen’s inaugural address about the common good (1802) and in President Hyde’s “Offer of the College” published in 1906. Our thinking about Bowdoin as a residential college in 1997 is influenced by those earlier statements yet looks forward to the College in its third century.

**Building Community at Bowdoin: Residential Life Implementation Plans**

President Edwards has described the process that transpired during the spring following the Board of Trustees’ endorsement of the interim Report. It is useful to provide some details about the implementation planning process and to underscore that the hard thinking and work of moving from conception to reality with the new residential system was done by an extraordinary group of nineteen Bowdoin students.

This diverse group of women and men were selected from about 80 who wrote letters of intent asking to serve on the Ad Hoc Implementation Committee. They represented Bowdoin of today, including athletes, a dancer, and actress, student leaders of fraternities, and members of student government, the Bowdoin Women’s Association, the Outing Club, residential life (RAs and Proctors), and the Debate Team. The Implementation Committee worked intensively — two or three long evenings a week over six weeks — to craft a House System that would incorporate the values of a learning community while preserving some degree of choice and extensive opportunities for student leadership of the houses. The Committee published a draft of its proposed plan in the *The Orient* and held an open forum to discuss the plan. The Committee also spent a day with the members of the Commission on Residential Life to review the plan and receive feedback and ideas.

As the work of this student committee progressed, one could sense the growing support for the plan on campus. This is best evidenced by the substantial budget commitment made by the Student Activities Fee Committee to fund the new system (each house will have a $10,000 annual operating budget); by the reform of student government from a fifteen-member Executive Board to a residentially-based Student Assembly with a smaller Executive Council; and by a request from the Inter-Fraternity Council to create one College House Council incorporating the IFC and the new House system. These three developments resulted from student leadership and initiative and reflect the support for the new program among students.

Another clear indication of student interest and support for the new House System was the high number of students expressing interest in serving as House Leaders in the first...
year of the new system. The Implementation Committee solicited letters of intent from students interested in serving individually or in groups up to eight as leaders or leadership groups living in the Houses. The response was impressive: 180 students (38 groups) expressed an interest in serving as leaders, and 88 (21 groups) were selected. These 88 students will play a crucial role in the first year of the new system. They will plan social, educational, and community service activities for the members of their respective Houses and will iron out the wrinkles of a governance system developed by the Student Implementation Committee. They will also serve as key links to the Smith Union and the Student Activities Office, so that social event planning will be coordinated on campus. Many of the House leaders have been active this summer planning social events to take place in the Houses during first-year student orientation. The enthusiasm, initiative, and sense of proprietorship this first generation of House leaders has demonstrated toward their Houses gives further basis for confidence in the future of this new system.

One of the immediate implementation tasks was to plan renovations of four houses that, with Howard Hall, will be part of the new system: Baxter, 7 Boody Street (still owned by Chi Psi, but leased to the College), 238 Maine Street (formerly ARU, more recently “Wellness House”), and Burnett. These renovation and refurbishment plans were developed during the spring with significant student involvement, and have been carried out this summer. I toured the Houses in late July while the finishing touches were being made, and I am enormously pleased with these spaces. The houses themselves — apart from the strong system of governance, ample funding, and support and cooperation of the fraternity system — demonstrate a new standard of residential life at Bowdoin.

We have developed plans to create common spaces in the first-year brick dorms, and those plans will be executed in time. We are also in the process of planning an expansion of dining space and the construction of additional residence hall space to accommodate 100-115 students. These projects will be completed within three years.

The new student residential life system is the major development in our area in the past year, and will remain a central priority in years to come. There were a number of other noteworthy developments on campus that help to build community at Bowdoin and support the values of a learning community we’ve espoused.

Engagement in Active Learning and Growth: Orientation for the Class of 2000

As was highlighted in the fall 1996 issue of Bowdoin Magazine, the Orientation program for the Class of 2000 was particularly ambitious and successful, thanks to strong leadership from the dean of first-year students, Tim Foster, and great work by the Residential Life staff and the Outing Club. Among the memorable moments was the first annual semi-formal Convening Dinner, held under a tent near the fieldhouse, including Professor Emerita Barbara Kaster who described the history of the College to its newest members. The evening concluded with all new students locking arms and singing the alma mater, “Raise Songs to Bowdoin.” It was a memorable and auspicious beginning for the Class of 2000.
Affirmation of Bowdoin’s History and its Finest Traditions: Celebrating 25+ Years of Women at Bowdoin

1996-97 marked the 25th year of women students at Bowdoin. Thanks to strong administrative leadership from Janice Brackett, Coordinator of the Women’s Resource Center, and terrific student leadership, a successful series of programs called “Celebrating 25+ Years of Women at Bowdoin” was planned and executed. The title of the celebration was developed to draw attention to both the history of coeducation and to women’s contributions (as faculty, staff, and family members of Bowdoin men) to the College throughout its history. The culmination of the year’s activities occurred on April 3rd in the Smith Union with a huge event, including speeches, readings and reflections; music, drama, and dance. It was a wonderful community gathering, one of the moments during the year when one felt a strong sense of connection to others and to this place. Celebrating 25+ Years of Women at Bowdoin was an important milestone, an opportunity to reflect on the painful experiences of many women at the College while celebrating the joys, great successes and contributions of women at Bowdoin over the years.

Commitment to Serving the Common Good Outside as well as Within the College: Public Interest Career Fund

A generous anonymous gift was received last fall that will support Bowdoin students working for the common good in unpaid summer internships at not-for-profit organizations. An important step for many students in defining and testing career ambitions is a summer internship. Generally, the internships available in not-for-profit are unpaid, and many students interested in these opportunities simply cannot pursue unpaid summer internships. Thanks to this gift, we have established the Public Interest Career Fund to support students in unpaid summer internships and to educate the campus about career opportunities in the public sector. Seventeen students applied for the four fellowships available for 1997, and the four students selected to receive support are pursuing a wide variety of experiences, ranging from working at Sojourner House providing services to disadvantaged
women and families to an internship with the Main South Community Development Corporation working with Vietnamese and other Asian populations in Worcester, Massachusetts.

Friendship and Fun: Intramurals, Intercollegiate Athletics, and Recreation
In terms of sheer popularity and number of participants, the intramural athletic program broke all records during the past year. We estimate that over half of the student body participated in IM sports during the year, including hundreds of women and men participating in IM soccer, ice hockey, and basketball. No doubt some of these participants are also competing for Bowdoin in intercollegiate play; a total of 676 student-athletes wore a Bowdoin uniform last year. The new Watson Fitness Center has been a huge success, seeing on average 250 users daily. The number of trips sponsored by the Bowdoin Outing Club numbered 90 during the past year. The importance of these activities as a basis of friendships and leadership at Bowdoin is hard to overstate.

Conclusion: Challenge and Growth
1996-97 was my first year at Bowdoin, and it was a remarkable year. Many new students experience a mixture of feelings about the first year: on the one hand, there is great enthusiasm for the new place and a bit of awe given the College's rich history and quality; on the other hand, there are those occasional first-year feelings of uncertainty, "why did I choose to come here?" I must confess to having experienced this mixture of enthusiasm and doubt at various points during the year. Thanks to many, including President Edwards, Trustees, senior staff, faculty and student affairs colleagues — and particularly to the many students with whom I worked during the year who through their intelligence, humor, and optimism, reminded me why I came to Bowdoin — I conclude my first year and begin my second with unequivocal optimism and enthusiasm about Bowdoin's future as a great residential college.

Craig W. Bradley
Dean of Student Affairs
Amid a remarkable New Century Campaign, Bowdoin College has renewed confidence and momentum. We acclaim the quality of our students and academic program, improving administrative services, functionality of new and renovated buildings, contributions of our alumni and friends, and the College’s place in the front ranks of higher education.

We also celebrate our restored financial strength. Preliminary figures for FY 1996-97 (July 1, 1996 to June 30, 1997) show a modest budget surplus of $25,000 on revenues and expenses of about $65.7 million. Last February, the Board of Trustees approved a budget for FY 1997-98 totaling $67.9 million, the College’s fifth consecutive balanced budget. The endowment has surpassed $320 million, about double its size just five years ago. Annual giving from alumni, parents, and friends set a record high for the fourth straight year at $4.1 million, surpassing $4 million for the first time.

The treasurer’s report is an annual tradition given new meaning this year by the movie Jerry Maguire and its catch phrase “Show me the money.” That is precisely what this report will do in terms of summarizing the College’s financial condition, discussing our continuing budgetary challenges, and focusing on the endowment in terms of investment strategy and new spending policy. These are exciting times indeed to be the treasurer of Bowdoin College.

**FY 1997–98 Budget Highlights**

As in years past, the budget’s underlying “theory” is to continue to invest in academic excellence and administrative effectiveness through modest revenue increases, strict cost controls, and selective reallocations. It is also balanced despite significant increases in expenditures for information technology and residential life. Among the main components are:

- **Tuition and fees increase by 4.54%**. Bowdoin College now ranks seventh highest in our 18-college comparison group that includes Amherst, Colby, Swarthmore, and Williams. We were eighth last year and recently as high as second in FY 1992-93.

- **Endowment distribution available for the budget will rise to $11.2 million**. including a $500,000 increment to pay operating costs and eventually debt service on long-term bonds potentially issued in 1998 to support the new residential life program and house system. Even including the new bonds, the College’s total indebtedness will be $55 million, low in comparison with other colleges and barely a sixth of our endowment. As a percentage of the endowment’s average market value, spending in support of the budget drops from its recent pinnacle of 9.5% in FY 1990-91 to 4.1% in FY 1997-98.

- **College funding for financial aid grants will increase by 9% in the FY 1997-98 budget, from $8.4 million to $9.1 million**. Between FY 1991-92 and FY 1996-97, the average annual increase in college grants has been 7% while tuition and fees have climbed an average of 4.7% per year and total expenditures 4.6% per year. Financial aid represents an average discount of 25% in what students pay in the aggregate for tuition and fees. Approximately 38% of the student body receives grant financial aid, in contrast to 30% in FY 1974-75. Financial aid not only is a very major portion of Bowdoin’s total budget, but the decisions relating to financial aid funding have a powerful impact on student retention and “yield.”
In FY 1997-98, the budget invests significantly in restoring the competitive position of administrative and support staff salaries in relevant labor markets. The “4-5-6” targets for faculty salaries are fully supported by a 4.1% average increase in FY 1997-98. The “4-5-6” targets were established by the College in 1979 to enhance our capacity to recruit top quality faculty in the 18-college comparison group. The goal is to match the average salary paid at each rank of Bowdoin’s faculty (assistant professor, associate professor, etc.) with the average of the colleges paying the fourth, fifth, and sixth highest salaries at that rank. Comparative data are drawn from the annual faculty salary survey of the American Association of University Professors (AAUP).

A 7% increase in unrestricted expenditures are recommended for major maintenance and capital projects based on a comprehensive building audit. The recommended amount is $2.3 million (plus $300,000 in restricted funds). Deferred maintenance is decreased by 16% from last year’s levels. Preserving the College’s physical assets is a high priority; the estimated cost to replace our physical plant of $250 million is near the market value of the endowment.

In “Those Scary College Costs,” Newsweek (April 29, 1996) cited $60 billion in deferred maintenance in American colleges and universities. Yale has $1 billion alone. Too many schools, remarked Northwestern’s Chancellor Arnold Weber, accepted too many “gifts that eat.” A new $40 million lab, for instance, will cost three times that in maintenance over its lifetime, and not many have endowed janitorial services.

Based on a comprehensive information technology plan, funding has been provided to expand access to hardware, including a strategy to increase student ownership of computers. Last summer, completion of the campus network connected all College-owned buildings to the information highway.

**Prices and Costs**

Yet, the theme for the FY 1997-98 budget remains the affordability of our tuition prices and operating costs. Students and parents are impressed with the excellence of private education but increasingly shudder at its high price.

In a series on the costs of higher education, The Philadelphia Inquirer reported in April 1996 that college costs have risen at twice the rate of inflation since 1981; student indebtedness will more than triple from $114 billion in 1990 to $393 billion in 2000; and the share of gross national product spent on higher education has increased by 114% since 1958 while the total spent on primary and secondary education rose only 35%.

Tuition prices are rising because our own costs are rising. Quality is expensive. John Lennon and Paul McCartney once sang that
“...money can’t buy me love.” But money can buy what prospective students expect from college: extensive counseling services, academic support, and career planning. Complying with government regulations is increasingly expensive. More than 7,000 regulations govern federal financial aid programs alone. Health care costs for employees have soared in the last ten years although Bowdoin College has pioneered in offering innovative programs and assumed risk by self-insuring.

Bowdoin and other elite institutions are, for the moment, immune from the pressure to discount tuition to maintain enrollment (as happened recently at the University of Rochester and Ohio’s Muskingum College where tuition was cut by 28%). Demand is high. Applicants to Bowdoin College are near record levels, and the first year class this fall exceeded targeted enrollment by twenty-five students. Clearly, we compete based on quality rather than price. This does not mean that costs do not matter but that other considerations also influence college choice.

A recent random national sample of 400 parents of college-bound, high school seniors reported in Student Poll (Summer, 1996) supported this view. While the parents were outraged about the high price of a college education, judgments about quality and value had far greater influence on college choice than cost.

Information Technology

A part from employee compensation and the new residential life program, information technology is probably the College’s most significant budget priority, and has been for several years. An Information Technology Plan for Bowdoin College was developed by the computing and information services advisory committee (CISAC) in 1995 and endorsed in principle by the senior staff. It seeks “to integrate IT [Information Technology] into campus life in ways that are consistent with its culture and that support its educational and administrative needs.” The first of its two goals—to ensure that all members of the Bowdoin community can access current IT resources—involves completion of the campus network and equipment to access the network.

Campus Network. The campus network is a data and communications infrastructure. It is the collection of cables, wires, and electronic equipment that provide access to local and remote computing and technology services. What Marshall McLuhan wrote in 1962 is still true today: “The new electronic interdependence recreates the world in the image of a global village.” The network is essential to administrative reengineering, improvements in academic computing, and the cost-effective use of technology. Most of the work was done in the summer of 1996. Completion of the network in January 1997 linked almost all college-owned buildings in Brunswick to telephone and phone-mail services; central computing services, library resources, e-mail, and the World Wide Web; and eventually locally produced or external programming from cable or satellite feed.

Access and Equipment. The current budget for computing and information services is $2 million. The FY 1997-98 budget includes an added $130,000 for micro-computers. To meet the mandate of the IT plan that “ultimately, every Bowdoin student should have access to the use of a computer at any time,” the College intends to:
• maintain the availability of computers to students in public labs, and add 30-40 computers for student use with the opening of the new science facility;
• encourage ownership by opening a computer store to arrange the sale and leasing of computers to students;
• provide assistance to students on financial aid with a college loan program that includes matching funds for the “most needy” students; and
• purchase sufficient network connections and central servers to handle the network traffic that will be generated by increased student ownership.

Should Bowdoin College require student ownership of computers? 53 of 55 colleges in the Consortium of Liberal Arts Colleges (CLAC) responded to a recent survey and none required ownership. The naturally increasing number of student computers and the actions envisioned above should result in 90% ownership in four years and 100% access.

Financial Planning Model
The budget for FY 1997-98 is part of the College’s financial planning model. The model aids long range financial planning by not considering each fiscal year budget in vacuo. The model forecasts revenues and expenses to FY 2007-08.

Assumptions. Bowdoin College earns about four-fifths of its revenues from student charges and the endowment. The model now assumes that tuition and fees will increase by 1.5 percentage points above the increases in CPI. Employee compensation is almost 50% of total expenses. Faculty and staff salaries and fringe benefits are forecast to increase at one point over inflation. Enrollment stays at 1550. Nevertheless, the latest financial plan predicts modest but increasing surpluses for most of the forecast period.

The most significant factors underlying this steady but precarious improvement include: (1) increasing student fees slightly above inflation—accounting for two-thirds of the revenue; (2) stabilizing endowment spending; while (3) allowing many expenses to rise at a rate slower than student fees.

Financial Equilibrium. The model proves that financial equilibrium can be achieved if we continue to budget to our resources as well as our aspirations. It shows how this can be done by carefully synchronizing specific revenues and expenses, and by insisting that any increase in costs be offset by revenue increases or cost reductions elsewhere if the budget is to remain in balance.

College Endowment
The endowment is the special focus of this year’s treasurer’s report. Investment earnings—including interest, dividends, and realized gains—are about 16% of total revenue. An important decision of a board of trustees is the rate of spending from the institution’s endowment. An endowment is designed not only to support today’s needs but also the needs of the next year, decade, and century.
In “Endowment Management” in the standard reference College and University Business Administration (1992), investment banker David Salem argued that: “Most spending policies aim to balance the need for current income with the need to preserve the purchasing power of both endowment principal and endowment earnings. Excessively high spending rates undermine the achievement of the latter objective, while reinvesting too large a portion of total return can cause significant program disruptions.”

To set the most appropriate spending policy, the College must assess investment strategy and performance, academic and administrative priorities, and trends in the higher education industry and the economy. We must take very seriously the advice of Arthur Conan Doyle, the creator of Sherlock Holmes, that: “it is a capital mistake to theorize before you have all of the evidence. It biases the judgement.”

Investment Strategy and Performance
Portfolio. The investment committee of the trustees is responsible for investing the endowment with professional managers. They also decide the allocation of assets among stocks, bonds, real estate, and other investment vehicles. Table 1 compares the College’s asset allocation on June 30, 1996 with averages for the Ivy League and 219 institutions in a Cambridge Associates (CA) study. It suggests that Bowdoin College’s portfolio is more similar to the Ivy League average (with an average endowment market value of $3.1 billion) than the more general average.

Return on Assets. For FY 1995-96, Bowdoin College’s endowment earned a total return of 18.4% compared to 26% for the S&P 500 stock index. A study of 388 colleges and

<table>
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<th>TABLE 1</th>
<th>ASSET ALLOCATIONS (%)</th>
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<tr>
<td></td>
<td>Bowdoin</td>
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<tr>
<td>Domestic Stock</td>
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<td>Foreign Stock</td>
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<td>Real Estate</td>
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<tr>
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</tr>
<tr>
<td>Other</td>
<td>9.9</td>
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</table>
universities by the National Association of College and University Business Officers (NACUBO) reported a mean total return of 17.2%.

Since 1980, the base year used by Cambridge Associates, our endowment return has averaged 14.5% per year compared to 12.8% for the NACUBO colleges. Over the same period, the S&P appreciated 15.9% per year while a blended portfolio of 70% S&P and 30% Lehman Brothers Bond rose 14.3%. Stocks alone have appreciated 1000 percent since the bull market started in 1982.

**Total Growth.** Adding investment earnings and gifts and deducting funds distributed to the operating budget, Bowdoin's endowment increased about 15% during FY 1996-97 to an estimated $320 million on June 30, 1997. This is illustrated in Table 2.

**Comparative Analysis.** F. Scott Fitzgerald once wrote in *The Great Gatsby* that “the very rich . . . are different from you and me” to which someone later rejoined, “Yes, they have more money.” Bowdoin competes with colleges with larger endowments, often much larger. For example, at the end of FY 1995-96, Swarthmore, Smith, Wellesley, and Williams had endowments twice the size of Bowdoin's. Middlebury and Amherst were about 50% larger. The comparison is more favorable on the per student basis; all these colleges had more endowment per student than Bowdoin but the gap was not nearly as wide as when total endowments are compared.

**Spending Policy**
A recent study in the treasurer's office revealed that many also spend the same or even higher percentages of their endowments than we do, based on the most recently available data from FY 1994-95. In FY 1994-95, Bowdoin spent $8.9 million or 4.2% of the average market value of our endowment. Of the colleges listed above, all but Middlebury spent the same or a higher percentage.

This is a double disadvantage when competing with these colleges for faculty, students, and the quality of academic and administrative services. It also increases our dependence on student fees to earn sufficient revenues to catch-up. On the other hand, our parsimony has allowed the endowment to be replenished after overspending in the 1980s and to have more funds to invest during an era of record growth in the stock market.

**Historical Analysis.** Since FY 1991-92, Bowdoin College's endowment spending has aimed to preserve the endowment's purchasing power. Rather than select a fixed percentage, the College selects a rate that is low enough to yield real growth after returns on invested assets, new gifts, and inflation are considered. The emphasis has been to return endowment spending to a level that promotes such growth rather than on meeting present budget needs.

The College's approach to endowment spending has evolved in three phases: (1) flat amount of $10.1 million from FY 1991-92 to FY 1995-96; (2) $300,000 annual increase for

<table>
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<th>Fiscal Years</th>
<th>Mkt Value at FY end</th>
<th>% change</th>
<th>Endowment per student</th>
<th>% change</th>
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<tr>
<td>1991-92</td>
<td>$165.7 mm</td>
<td>2.6%</td>
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<td>1992-93</td>
<td>$185.2 mm</td>
<td>11.8%</td>
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<td>11.8%</td>
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<td>1993-94</td>
<td>$193.9 mm</td>
<td>4.7%</td>
<td>$129,943</td>
<td>0.4%</td>
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<td>14.8%</td>
<td>$150,791</td>
<td>16.1%</td>
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<td>24.0%</td>
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<tr>
<td>1996-97</td>
<td>$320 mm</td>
<td>15.8%</td>
<td>$203,000</td>
<td>12.1%</td>
</tr>
</tbody>
</table>
four years starting in FY1996-97; and, in addition, a (3) $500,000 increase for residential life in FY 1997-98.

As a percentage of the endowment’s market value, these policies have slashed the rate from an unsustainable 9.5% of average market value in FY 1990-91 to an estimated 4.1% in FY 1997-98, even including the extra spending for residential life.

Considerations for a New Spending Policy. For the moment, the increased distribution addresses capital needs and the College’s double disadvantage in competing with a wealthier 18-college comparison group.

How does Bowdoin College decide how much to distribute from the endowment in the future? We need a viable spending policy that shows the annual distribution from the endowment better than an arbitrary percentage or flat dollar amount that has no theory other than legitimate but vague needs for economy and growth.

A set of four assumptions forms the basis of effective endowment spending policies:

(1) What is the expected rate of endowment growth from return on invested assets and new gifts?

(2) What is the consensus forecast on the rate of consumer price inflation?

(3) What are the College’s budget needs for operational support or capital projects?

(4) What are the spending rules at comparable colleges, especially among the 18-college group?

Predicting the future is always risky. What Winston Churchill said in response to a question about the desirable qualifications for a politician applies equally to a college treasurer in this instance:

"...the ability to foretell what is going to happen tomorrow, next week, next month, and next year. And, to have the ability afterwards to explain why it didn’t happen.”

Endowment Growth. This depends on two factors: (1) rate of return on the stocks, bonds, and other components of the endowment and (2) new gifts to the endowment, especially through the New Century Campaign.

The current assumption in the College’s financial planning model is that invested assets in the endowment will earn an average annual return of 7%.

The 7% assumption is conservative. Since 1926, the compound annual return of the S&P 500 stock index has been 10.7%, even after including the effects of the 1929 stock market crash and depression. A blend of 70% stocks and 30% bonds averaged 9% per year. The TIAA-CREF pension fund expects to earn an average return of 10% on its stock portfolio. Finally, in Newsweek (January 20, 1997) the consulting firm of Greenwich Associates said that the corporate pension managers it surveyed expect stocks to average 9.6% annually for the next five years.
However, long-term trends can be misleading because market values do not rise in straight lines. The Dow Jones Industrial Average did close at a record 6703 at the end of 1996 and surpassed 8000 this summer. The two-year period of 1995-96 was the best two-year period in forty years. On the other hand, the three prior years from 1992 to 1994 were relatively stagnant; and everyone remembers the mini-crash that the stock market, and most college endowments, endured in 1987. An important policy question is whether the College’s endowment spending should drop in “lean” years or hold that market values will eventually recover and spending should not change.

Moreover, assuming a full market recovery in two years is sometimes risky. It might take an extended period for the endowment value to recover and spending to resume its former pace. Following the Depression, stocks did not regain their 1929 highs until 1954. It took stocks almost 10 years to match the highs they reached before a correction in 1973. In Japan earlier this year, the Nikkei 225 Index was down more than 50% from its 1988 peak and must double in value just to return to where it was eight years ago.

Unlike the character of Blanche in Tennessee Williams’ A Streetcar Named Desire, Bowdoin College has never “depended on the kindness of strangers.” Our alumni and friends have always been generous, and particularly in their gifts to the New Century Campaign. The campaign enters its final year of active solicitation in 1998 to raise $113.25 million toward the most significant College priorities. Campaign goals involve enhanced science facilities, a larger financial aid endowment, and increased support to the academic program both in endowment and facilities. In fact, over half of the goal, about $60 million, is targeted for endowment growth. This boosts annual endowment growth by 3%-5%, if the capital appreciation of campaign gifts is included. As of June 1997, campaign commitments exceeded $91 million.

**Inflation Rate.** Protection of the endowment’s purchasing power depends, in part, on the expected rise in prices. If we use consumer prices as a benchmark, most inflation forecasts range from 3%-3.5% per year. Inflation has increased by an average annual rate of 3.1% since 1926. Excluding the Depression and World War II, prices have risen 3.5% since 1950.

Economists debate whether the CPI overstates true price inflation by as much as 1.1 percentage points. Much of this exaggeration is traced to the CPI assuming that price hikes were for the same product when the product actually has much higher quality. For example, a 5% price rise for a computer may reflect a 25% increase in processing speed and disk capacity.

Nevertheless, the College relies on the traditional CPI. Over the last twenty years, the rise in the CPI has averaged about 1.5 percentage points lower per year than the higher education price index (HEPI). Colleges buy laboratory equipment, pave roads, pay staff salaries and fringe benefits, and incur other costs unknown to the typical consumer. Further, colleges have not successfully reaped the productivity savings reflected in the proposed lower CPI since we remain a highly labor intensive industry. Using the lower CPI to build our spending policy would understate the true increase in college costs by as much as three percentage points.

**Budget Needs.** In the 1980s, the College’s budget needs prompted the unsustainable amounts spent from the endowment. In the 1990s, budget needs were much less influential. Through large staffing and expense reductions, the College’s retrenchment program achieved a balanced budget in FY 1993-94 despite a streamlined $10.1 million distribution from the endowment to replenish its size and speed its growth.

Expenses grew more slowly than revenues in the early 1990s, even though the endowment distribution stayed at $10.1 million per year. Now the trend has reversed; expenses have increased faster than revenues in the last two years despite a budget-neutral enrollment expansion and draconian limits on budgets
Students at the
distribution
center for
computer
equipment
during
Orientation.

Report of the Treasurer

Rises and new hires. This suggests that the
College has budget demands that cannot be
defered much longer, including the academic
program, residential life, and information tech-
nology. The Book of Ecclesiastes reminds us
that “to every thing there is a season, and a
time to every purpose under the heaven.” If
the essential retrenchment of five years ago was
“a time to break down,” the recent emergence
of new budget needs might signal “a time to
build up.”

The College cannot turn to hikes in student
fees to fund these needs. Admittedly, the
4.54% average increase for FY 1996-97 repre-
sented the third smallest increase in twenty-five
years. But it was the third consecutive year in
which the College’s increase was higher than
the average increase in the 18-college group,
and affordability remains a prime concern.

Comparative Analysis. To claim that there
is scant consistency in the spending rules used
by colleges and universities would be an
understatement. For example, in FY 1995-96,
the annual NACUBO Endowment Study pre-
pared by Cambridge Associates revealed that
64% of the 425 institutions who participated
“spent a prespecified percentage of a moving
average of market values” A moving average
smooths market fluctuations and provides a
dependable source of revenue. The endow-
ment study suggests that many colleges with
large endowments distribute to their operating
budgets between 5%-5.5% of a 12-quarter mov-
ing average. Many colleges also allow the dis-
tribution percentage to float within a narrow
range (e.g., between 5% and 6%) to provide
flexibility to spend less when times are good
and needs are low and spend more when the
situation is less favorable.

Trustee Action. Now, the financial plan-
ning committee of the Board of Trustees, led
by its chair Tracy Burlock ’81, is working with
the administration to identify a policy that can
guide endowment spending into the next cen-
tury. Since endowment growth is key, the
trustee investment committee and its new
chair, Stanley Druckenmiller ’75, will also be
important participants in this process. We
hope to present a proposal that addresses the
above considerations later in 1997. Any new
policy must serve many masters: endowment
total return and growth, inflation, budget
needs, simplicity, flexibility, and what the com-
petition is spending.

Thus concludes this sixth treasurer’s report
that I have been honored to make. It has been
a wonderful adventure on some rough seas and
uncharted financial waters. The future
promises new problems and opportunities for a
College that refuses to rest on its honored trad-
tions and two centuries of service. We seek no
safety in port during the academic and resident-
ial storms ahead. So this treasurer and a res-
olute Bowdoin community take our lead from
the poet John Masefield in Sea Fever (1902):

I must down to the seas again, to the lonely sea
and the sky,
And all I ask is a tall ship and a star to steer her by,
And the wheel’s kick and the wind’s song, and
the white sail’s shaking,
And a grey mist on the sea’s face and a grey
dawn breaking.

Kent John Chabotar
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