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## Stanford and Duke Consider Staff Cuts to Help Balance Their Budgets

By JOHN L. PULLEY

In yet another sign of continuing tough economic times for higher education, two of the country's wealthiest private universities are contemplating staff cuts. Officials at both Stanford and Duke Universities are seeking to lower costs in an effort to close budget deficits that are expected to worsen in coming years.

Last week, Stanford's provost, John Etchemendy, announced a staff hiring freeze that went into effect on Friday. The moratorium applies to all regular and academic staff positions, including temporary and casual employees, as well as staff members hired through employment agencies. Although the freeze does not apply to faculty positions, deans will have the discretion not to fill empty faculty posts in their departments, Mr. Etchemendy said. The budget cuts could include layoffs.

University officials project a reduction of 8 percent in the university's general-fund budget in the 2004 fiscal year. At \$507-million in the current fiscal year, the general fund represents about one-fourth of the university's total budget. In addition to the hiring freeze, the university plans to cancel all nonessential activities and close some facilities during the winter break.

The budget is out of whack because expenses are rising faster than revenues: Payouts from the endowment's investment income are flat, while new infrastructure is pushing operating costs higher, said Randall S. Livingston, Stanford's vice president for business affairs and chief financial officer.

"None of us are immune from the external economic environment," he said. "Even the most prestigious and most financially well endowed among us still feel the effects of the bear market."

Revelations of budget problems at Duke follow the release this month of an internal report that calls for cutting up to 50 positions on the arts-and-sciences faculty over three years. If the cuts become necessary, they could be achieved through attrition, the report says. Such a reduction would reverse the faculty's recent growth, and return the staff to the levels of 1995.

The cost of expanding the faculty in recent years, particularly in the sciences, is one cause of Duke's budget woes. Also contributing to the crunch are large outlays for new information technology and student financial aid.

The Duke report, created by an ad-hoc committee of faculty members, projects arts-and-sciences budget deficits of \$1.7-million in the 2004 fiscal year, and about \$6-million in the 2006 and 2007 fiscal years. The 38 departments that constitute the arts and sciences, with a budget of \$221-million this year, serve most of Duke's undergraduates.

Duke officials say that cutting 50 positions is a "worst-case" scenario, and that the budget could be balanced without such drastic measures.

"It may be difficult to sustain the push to enhance Duke's standing among the top research universities while cutting several dozen faculty position in arts and sciences," the report concludes. "Our hope is that another way will be found to balance the budget."

Other potential solutions include raising tuition at a faster rate than planned or raising faculty pay more slowly. Those options, however, would make Duke less competitive in attracting top students and scholars, the faculty committee concluded. The university is nearing completion of a \$2-billion fund-raising campaign, but many of the pledges have yet to be paid.

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