Dear MIT Faculty,

This year, like last, many MIT staff are in danger of losing their jobs or having benefits cut back, despite MIT’s $8 billion endowment and its continued building and renovation plans. Our view is that the sacrifices suffered so far by some — for instance, the approximately 135 non-union staff laid off over the past year — have been unnecessary, and that future cuts should not be tolerated unless the Institute can give clear evidence of their necessity. We do not believe that anyone at MIT need accept further cuts, be they in jobs, hours, or benefits.

MIT negotiates contracts — over wages, benefits, and working conditions — with four different unions on campus. On April 22, our union — Service Employees International Union (SEIU) Local 615, whose 540 members at MIT include electricians, plumbers, groundskeepers, custodians, mailroom personnel — began its negotiations with the administration. Meanwhile, MIT’s bargaining with the MIT Police Association stalled when MIT demanded cuts in pension and health care benefits; and MIT will enter negotiations with two other unions in the coming months. All signs indicate that MIT plans to continue cutting hours and even jobs of some staff and wants to cut all pension and health care benefits, including faculty’s. (Non-union staff have no legal right to negotiate as a group. While no one believes faculty jobs will be cut, the same does not hold for other non-union staff; currently, library and medical staff, among others, face layoffs.)

Last year, in an important attempt to institute “equality of sacrifice” and protect the most vulnerable staff, you, the MIT faculty, agreed to have your salaries frozen, a commitment to equity that did not go unnoticed by staff and students. Although this sacrifice did not stop layoffs, it may have reduced them. In our view, that principled stand could and should have been met with a matching commitment from the administration to buffer the whole MIT community and protect all equitably.

But how can MIT deal with the economic downturn and not lay people off or institute cuts?

As many faculty know, MIT, Harvard, Yale, and other high-endowment universities lost 23 to 30 percent of their endowments in little more than a year (between mid-2008 and mid-2009). One could (and should) have a very animated debate about whether these universities engaged in overly risky investing or whether they invested prudently and with fiduciary care. Regardless of one’s view on this matter — and faculty opinion on this matter is very important, as universities decide whether it’s wise to “stay the course” with their current portfolio strategies — the question before us in this article is how this Institute should deal with its financial losses.
This question raises two urgent considerations: Should the endowment be used to help protect the Institute’s community (by the way, who is that community)? And, if not, how should the brunt of the drop in endowment be borne? For reasons of space, we look only briefly at the first question; we focus on the second one.

We believe that endowments — gifts to ensure the smooth continuance of universities’ missions — should be handled with strictly overseen fiduciary responsibility and *used to protect the public and educational mission of institutions in hard times*. Specifically, MIT had about $10 billion before its losses; it now has some $8 billion. This does not count the value of its real estate holdings (the largest in Cambridge). Assets of that strength can buffer students (in terms of course offerings, tuition, housing), faculty, and staff and still remain extremely strong. Moreover, MIT receives a tremendous amount of taxpayer money: not only is it tax exempt as an organization, but it also receives tax exemptions for its property, bonds, stock trades; it gets stimulus money, public research grants, and so on. Taxpayers and Congress very reasonably expect a quid pro quo: MIT must be a good educator, good employer (the second largest in Cambridge), and good neighbor. This Institute’s educational and public missions are thus inseparable — each supports the other, and the safeguarding of both increases MIT’s repute.

“Perhaps,” you say. “But what if the economy doesn’t continue to recover? Wouldn’t we be selling the future to protect the present?” Yes — what if, despite contrary indications (cf. President Hockfield’s recent letter and the stock market’s rise), the economy doesn’t recover? Is the endowment *never* to be used as intended, to buffer the school’s missions in bad times? At what point does the cutting become too deep to maintain MIT’s teaching and repute? How much has to be sacrificed, in your view, before an endowment should be turned into?

Of course, as everyone knows, we dip into the endowment all the time — a certain percent of MIT’s operating budget, based on a three-year smoothing formula, comes from the endowment. Raising that percentage the very *slightest* would save jobs, services, salary increases. (How much was saved by throwing 135 people out of their jobs?)

Which raises our second consideration: Given that MIT thus far refuses to raise that percentage, how should the brunt of the endowment’s losses be borne?

You may think, “Well, MIT worked rationally and fairly to deal with this issue: we went through a long task force process involving the whole community and came to some painful but necessary decisions, which we’re now implementing.” Unfortunately, MIT’s 1400 unionized employees were excluded from this process of the “whole community.” These staff work in MIT’s mail rooms, labs, dorms, security service, food
service, power plant, gardens — we could hopefully all agree that they are vital to its operation. This part of MIT’s “community” not only had no input into decisions deeply affecting their lives, but MIT failed, in its effort to find ways to save costs, to take advantage of their specialized understanding of many areas of the Institute’s operations.

The faculty we’ve spoken to felt the exclusion of these employees was not democratic or just; and certainly the employees themselves feel disrespected, angry, and suspicious of the task forces’ conclusions. Not a good way to bring our community together to accept “shared sacrifices.”

We urge discussion and debate on the many issues raised here, from whether our endowment is being invested safely to the purpose of endowments to how we should move forward in a way that is equitable to all who make this school work. MIT, with its teaching and research excellence and its tremendous debt and responsibility to the public that supports it, must and can move forward without further harm to its varied communities.

Leslie Cohen
SEIU Local 615
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