

The University Relations Committee

July 26th, 2010 4:00pm-6:00pm

“University Layoffs”

OPENING REMARKS: Councillor Cheung

MIT Opening Statement: Explanation for need for layoffs, their process for deciding who to lay off, etc

Union/Worker Prospective: (Go around the table and ask each representative to speak for 5 minutes) How these layoffs affect not only students but greater Cambridge community, suggestions on how MIT could have proceeded differently, etc

Jobs For Justice

SEIU

MIT Student Worker Alliance

Any other university or interest group that would like to speak

MIT Response

Individual City Councillor's thoughts on the discussion

PUBLIC COMMENT

Roundtable discussion on how best to move forward

CLOSING REMARKS: Councillor Cheung

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CITY COUNCIL

Policy Order Resolution

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AMENDED ORDER
IN CITY COUNCIL

April 5, 2010

COUNCILLOR DECKER
COUNCILLOR CHEUNG
VICE MAYOR DAVIS
COUNCILLOR KELLEY
MAYOR MAHER
COUNCILLOR REEVES
COUNCILLOR SEIDEL
COUNCILLOR SIMMONS
COUNCILLOR TOOMEY

- WHEREAS: The American economy is experiencing the worst recession in forty years; and
- WHEREAS: It is in the public interest that good jobs be created and preserved for the health of our citizens and their communities; and
- WHEREAS: A good job is one that pays at least \$16.50 an hour in 2005 dollars, provides health insurance partially paid by the employer and provides a pension; and
- WHEREAS: Harvard University and the Massachusetts Institute of Technology are significant employers in the region and a major source of good jobs; and
- WHEREAS: Both Harvard and the Massachusetts Institute of Technology have reduced their workforce and cut back on benefits and hours in FY 2009 and have plans to implement further cuts; and
- WHEREAS: Both institutions are private, non-profit employers and receive substantial support from local, state and federal governments; and
- WHEREAS: As recipients of this taxpayer support, Harvard and the Massachusetts Institute of Technology are obligated to have a broad public mission. Their core mission is teaching and research but it also includes acting as a model employer and good community neighbor. These institutions should always strive to be part of a national solution; and
- WHEREAS: In this economic climate individuals who lose their jobs are struggling to find new jobs; and
- WHEREAS: The challenge for the unemployed is directly related to how few new jobs are being created; it is therefore important to help people who have good jobs stay in their jobs; and
- WHEREAS: Both institutions have savings in the billions of dollars and these savings should be used to cushion employees and communities from any further financial harm; now therefore be it
- RESOLVED: That this City Council go on record requesting that Harvard and MIT cease

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further layoffs and any cuts in hours, salary or benefits and engage in an open and transparent dialogue with all stakeholders including staff and the community; and be it further

RESOLVED: That the City Clerk be and hereby is requested to forward a suitably engrossed copy of this resolution to President Faust of Harvard University and to President Hockfield of MIT on behalf of the entire City Council.

In City Council April 5, 2010
Adopted as amended by the affirmative vote of nine members.
Attest:- D. Margaret Drury, City Clerk

A true copy;

ATTEST:-
D. Margaret Drury, City Clerk

View Original Order

July 26, 2010

The following are the prepared remarks of Alison Alden, Vice President for Human Resources, MIT, for today's hearing (regarding layoffs at Harvard and MIT) of the University Relations Committee of the Cambridge City Council:

Mr. Chair, My name is Alison Alden. I am Vice President for Human Resources at MIT. I am here today to provide you with information about reductions in workforce at MIT over the past two Fiscal Years.

The financial background

The global financial crisis reduced MIT's endowment by approximately 17% during Fiscal Year 2009 (that is the year that ended June 30, 2009). That reduction in endowment reduced the endowment's ability to support MIT operations. The financial crisis also hit the families of MIT's students and prospective students, to whom MIT makes the unconditional commitment of financial support that is central to its need-blind admission policy.

Therefore MIT faced a financial imperative: it had to reduce its budget by as much as 15% over the next 2-3 years. The question was how to do so?

How did MIT reduce its budget?

Every MIT unit made its own decisions: each department, lab, and center, and each administrative unit. In addition, MIT initiated an Institute-wide Planning Task Force that brought together faculty, staff, and students to consider options and opportunities for reducing costs and increasing revenue while enhancing MIT's ability to perform its mission. This was a broad, inclusive, collaborative effort.

Layoffs were a last resort

Of the roughly \$125 million that MIT cut out of its budget in Fiscal Years 10 and 11, 85 to 90% of the dollar reduction resulted from actions other than layoffs. MIT did not conduct across-the-board layoffs. MIT units reduced expenses in supplies, outside services, travel, and other non-compensation areas. MIT units used a variety of approaches including unpaid furloughs, voluntary unpaid vacations, leaving vacancies unfilled, and reducing temporary help before resorting to job reductions. Layoffs affected all levels of the MIT staff.

The Numbers

In Fiscal Year 2009, there were 91 layoffs. In Fiscal Year 2010, there were 83 layoffs. We've been able to help 35 of these people find work. MIT actively helps employees with outplacement. The total layoffs as a proportion of MIT employees was 2%.

Conclusion

At MIT, we would have preferred not to have laid off any employees, but in the complex web of duties we confront, MIT decided that it had no choice. MIT's mission is to advance knowledge and educate students in science, technology, and other areas of scholarship in service to the nation and the world. In order for that mission to be met long after we are gone, we have a fiduciary responsibility to safeguard the Institute's future now. I'd be happy to try to answer any questions that you may have about MIT's layoffs.

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Press may contact:

Nate Nickerson, Director of Communications, MIT
nwn@mit.com (617) 258-5403



LOCAL 615



Property Services Division

July 26, 2010

Leland Cheung, Chair
University Relations Committee
Cambridge City Council

Dear Councilor Cheung:

SEIU Local 615 has the following remarks in response to the ongoing cuts and layoffs at MIT and Harvard University. I would also like to submit a copy of these remarks to the council for entry in the record.

For almost two years now, our union has watched as both MIT and Harvard have conducted purges of their loyal, non-union staff. We have sought out and spoken with a number of these former staff and they are profoundly demoralized and fearful of what the future holds for them. Let me be clear – *there are no other jobs*. To be set adrift in this terrible economy is a particularly cruel act that both MIT and Harvard are taking far too lightly.

I'd like to tell a story that teaches us a lesson about community responsibility.

In 1995, Raytheon, a for-profit defense contractor on Route 128, threatened to move thousands of good paying blue collar jobs out of state. They asked the governor, the state legislator, and its unionized workforce for 600 million dollars in concessions.

At the time, Raytheon was the largest industrial employer in Massachusetts. Desperate to protect jobs, the legislature granted Raytheon massive tax cuts that reduced the company's tax bill by \$41 million a year. In return, the state requested a guarantee from Raytheon that it would preserve 90% of its 1995 Massachusetts payroll.

However, Raytheon deceived the legislators and continued to lay off workers. Within five months of receiving the tax cuts it bought out 4,400 of its employees. By 1998 it had reduced its workforce in the state by 21%. In 1995, when the tax cuts were passed, Raytheon had 13,500 jobs in Massachusetts; it now has 4,000 jobs. In fact, the company used the tax cuts to acquire other out-of-state defense contractors such as Texas Instruments.

SERVICE EMPLOYEES INTERNATIONAL UNION, CLC

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Raytheon did honor the guarantee of keeping 90% of its payroll in state. It accomplished this in the most inequitable way possible, by raising the pay of managers and engineers while cutting blue collar workers and salaries. This was, and remains to this day, a major scandal and embarrassment for the state.

Why is this story important because it demonstrates an important principle?

Protecting good jobs through reducing state taxes is a long held strategy and important concern for our elected officials. It also shows that the legislature expects that good jobs be preserved in return for the special tax treatment that institutions receive.

Today, we are here to discuss the staff reductions at MIT and Harvard, both of which are non-profit, private employers receiving significant tax breaks from the city of Cambridge and the state of Massachusetts.

MIT has reduced its workforce by anywhere from 135 to 200 jobs, maybe more. Harvard has removed at least 1,000 workers through a combination of buy outs and layoffs, maybe more. I think it is interesting to note that Harvard's president has just received a 6% wage increase in reward for her good work in putting 1,000 employees on the street. The comparison to Wall Street and the bailed out bankers is too obvious to ignore.

Both institutions tell us these cuts were necessary because of endowment losses which we can agree they certainly suffered. Unlike other private employers affected by the down economy, both of these schools have significant endowment reserves valued by MIT in 2009 at 8 billion dollars and Harvard at 26 billion dollars. These combined reserves represent seventy times the annual budget of the city of Cambridge.

How significant are the savings they've achieved through staff reductions? Who knows, there is no transparency. We can only rely on their word and neither of these schools has come forward with any compelling evidence that they are in financial trouble.

In fact, the President of MIT has stated in writing that the economic situation has dramatically improved. Nevertheless, neither of these institutions has stepped back from their investment strategies or their plans for both short- and long-term cuts in staff, hours and benefits.

Should we really be asking *less* of non-profit employers than we have asked of for-profit employers? We say no. Just like the situation at Raytheon, this is a scandal and embarrassment for our elected representatives.

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This council has passed two resolutions calling on MIT and Harvard to stand up for the community, protect good jobs, and honor the economic sacrifices that the city and the state have made for their benefit. Tax breaks are not small sacrifices. Every town and municipality is struggling to maintain crucial services with declining revenues.

The time for persuasion, for gentle appeals, has passed. They have fallen on deaf ears. The time for concrete action is upon us. The only question for this council and, for that matter, the state legislature, is what pressure can be applied to force both MIT and Harvard to do the right thing by its staff.

Our union, representing 5,000 members working in Higher Education, pledges to work alongside this council and any of our elected officials who wish to bring both transparency and accountability to this situation.

Sincerely,



Wayne M. Langley
Director, Higher Education
SEIU Local 615