



NEWSLETTER

WOODS HOLE OCEANOGRAPHIC INSTITUTION

Why We Need A Capital Campaign

Editors note: This special edition of the Newsletter provides background information on the \$50 million Capital Campaign, which will officially open with a celebration October 14.

"The scientific and technical staffs have been very successful through the years in securing contracts and grants from federal government agencies, particularly from the National Science Foundation (NSF) and the Office of Naval Research (ONR)," Acting Director Bob Gagosian says. "In 1992 WHOI was number one in terms of NSF-funded ocean science research."

He notes that the federal ocean sciences research budget is facing economic pressures and limitations in a time of increased competition and urgent environmental needs. "Ocean sciences research funding from NSF has remained fairly flat in constant dollars over the past ten years. The 55-60 percent success rate of WHOI proposals, well above the national average, has also remained fairly constant over the past decade," Bob says. "The Institution, at the top of the NSF funding list, is unlikely to receive any larger share of future NSF funds."



WHOI's \$50 million Capital Campaign will raise sufficient funds to preserve the Institution's competitiveness, flexibility and leadership role in the ocean sciences.

At the same time, he adds, the effects of worldwide political changes are altering federal agency research directions, particularly within the U.S. Navy. "With a diminished deep

water national security priority, the Navy is turning its attention to coastal processes and away from the deep-sea research it has funded for the past fifty years," Bob continues. "While WHOI has a long history of coastal research and is responding to the Navy's changing priorities, a significant increase in Navy funding is unlikely."

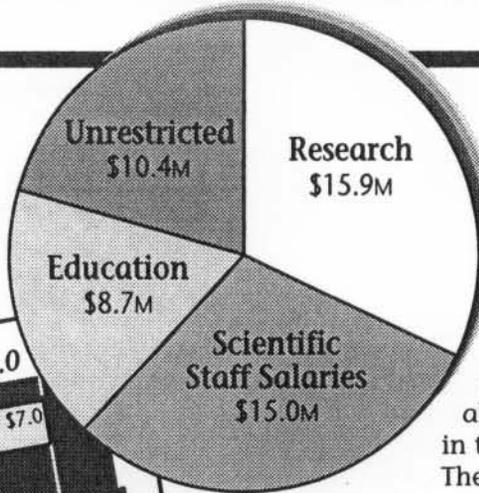
Federal auditing procedures have increasingly restricted the application of many operating costs to government contracts and grants. A growing list of Institution activities must now be supported with privately raised unrestricted funds. In 1982 the Institution had ten percent of its annual operating budget available in unrestricted private funds; in 1992 that total had decreased to six percent.

All of these pressures and political changes have led to the

"Woods Hole gave me the opportunity to explore the ocean and to explore my own limitations. It offered me the opportunity to make deep, lasting, and fruitful scientific friendships, the stimulation of intellectual contact with active minds, and a chance to go to sea from time to time and try to match wits with a generally uncooperative ocean... We can count ourselves fortunate to live in a society and at a time when we are actually paid to explore the universe and that an institution such as this can exist to explore the ocean..."

the late Henry Stommel,
1974 Bigelow Medal Lecture

\$50 Million Capital Campaign Objectives



(Continued from page 1)

decision to conduct a major capital campaign. "Funds raised in the \$50 million campaign will not replace present or future funds from federal agencies," Bob explains. "Scientific and technical staff will still submit proposals for federal funds as they have in the past."

The Capital Campaign will instead increase opportunities for staff by providing, for example, more seed money to pursue new projects, which in turn will increase the Institution's competitiveness for new government and private funds. "It will provide funds for cost-sharing of new equipment that can be used as leverage to secure matching funds from other sources," Bob adds. "It will provide an opportunity for the staff to learn new methods and approaches to their research. And it will give the Institution badly needed unrestricted funds to determine its own course."

WHOI is fiscally healthy

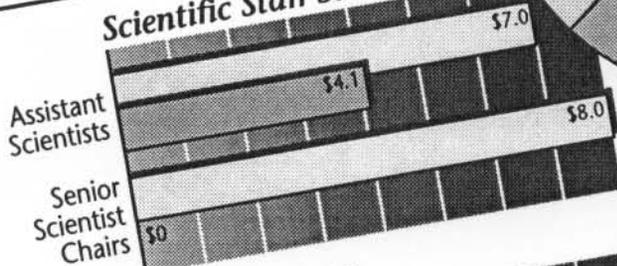
"The Institution remains financially healthy," Bob stresses. "It carries no debt and owns outright all of its 54 buildings on 220 acres of land. The market value of WHOI's current endowment is approximately \$130 million."

The 1993 annual operating budget of \$87 million provided approximately \$5 million in unrestricted income, the majority of which supported education programs, development and communications efforts. "True discretionary funds actually amount to about \$750,000 per year," he explains. "Most of this is used to support innovative research awards and as seed money for new research directions."

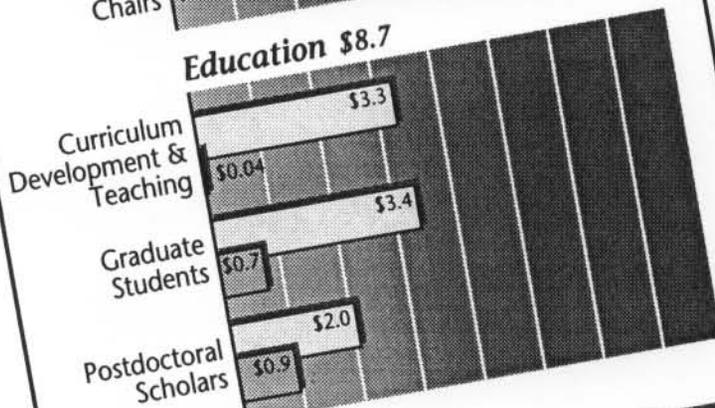
"The capital campaign will raise sufficient funds to preserve the Institution's competitiveness, flexibility, and leadership role," Bob adds. "Increased endowment income will provide fiscal stability, allow the Institution to maintain its innovative environment, help in recruiting and retaining staff, and preserve the Institution's private status."

"WHOI must retain its independence, because independence is absolutely essential to conducting world-class research at the frontier of ocean science," Capital Campaign Chairman John Bockstoce says. "The ultimate source of that independence is an adequate endowment, which in today's environment can only be raised through philanthropy."

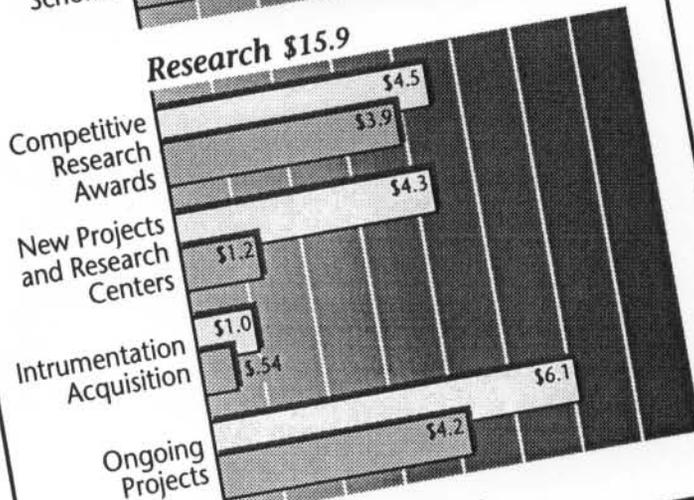
Scientific Staff Salaries \$15.0



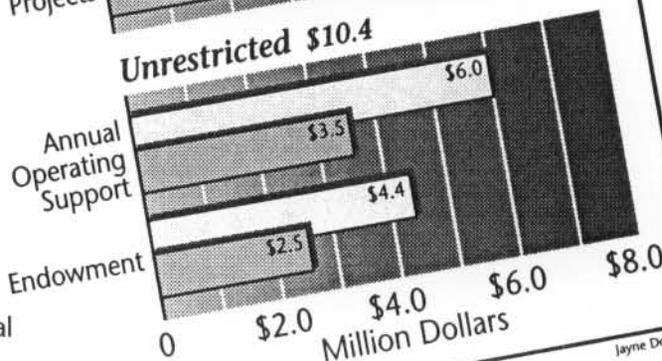
Education \$8.7



Research \$15.9



Unrestricted \$10.4



Campaign
Commitments
To Date:
\$21,950,329

Campaign Goal
Commitments
to Date

Jayne Doucette

Where Does WHOI's Funding Come From? And Where Does It Go?

The Institution's 1993 operating budget is approximately \$87 million. About 80 percent of that total comes from contracts and grants awarded to the scientific and technical staffs based on proposals they have submitted. The remaining 20 percent comes from endowment income, as well as funds raised from the private sector by the Development Office and principal investigators through foundation grants, corporate gifts and grants, and other sources such as contributions from individuals.

WHOI, with a staff of 880 and 145 graduate students, is considered a "soft money" institution, meaning no one is guaranteed funding. Competitive proposals, generally reviewed by peers throughout the country, are written and submitted by the 136 members of the scientific staff and many of the 171 members of the technical staff. At a "hard money" institution like a university, scien-

tists are paid a salary for nine months of the year and write proposals to cover the remaining three months of their salary.

WHOI scientists, with few exceptions, must raise funds for their research projects twelve months per year.

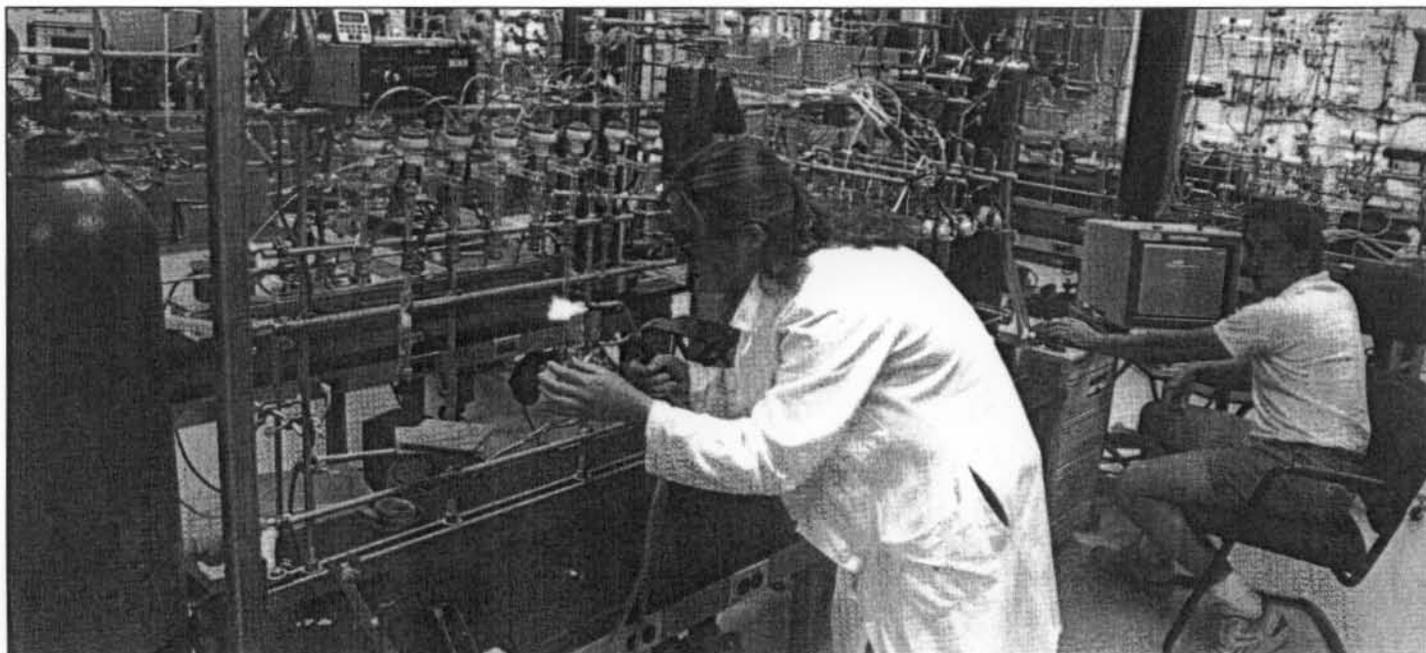
Members of scientific and technical staff write and submit about 600 proposals per year to government agencies. About 350 research projects are underway at any given time. "Each staff member spends an ever increasing amount of his or her time writing proposals to support research programs both at sea and ashore" Bob Gagosian states.

The proposals generally include funds to cover the costs of salaries and benefits of everyone working on that particular project, travel, new instruments or equip-

ment, and the use of specialized facilities for research. The proposals also include an Institution laboratory overhead rate that covers the cost of space (electricity, water and other building services), and a General and Administrative overhead rate, commonly called G & A, which includes the cost of Institution support services like accounting, purchasing, shipping and receiving operations, welding and carpentry support and computer services.

"Probably more than anywhere else in the world, WHOI is where the critical mass of people are doing cutting-edge research. Wherever else you go, you may find one or two colleagues doing what you're doing, but at WHOI, there will be four or five. The place for the best collaborations and the best research is right here."

Geoff Thompson,
WHOI geochemist



Tom Klein/ist

About 600 proposals are submitted by WHOI staff to government agencies each year to support research programs at sea and ashore.

\$4.5 + \$4.3 + \$1.0 + \$6.1 + \$7.0 + \$8.0 =

\$50 Million: Where It Is Going

Scientific Salaries

Support for Assistant Scientists – \$7 Million

Newly appointed scientists face many career pressures as they try to establish themselves in their disciplines, particularly in trying to secure extremely competitive federal funding for their research. Individual grants of two months of salary support per year for two years will help get assistant scientists started. These funds will also help the Institution compete for the top new scientists, who are often reviewing job offers from other "hard money" institutions or from industry.

Support for Senior Scientists – \$8 Million

Five additional rotating chairs to recognize the accomplishments of senior scientists would be established, bringing the total of endowed chairs to eleven. Already endowed are chairs named for W. Van Alan Clark, Sr., W. Van Alan Clark, Jr., Stanley W. Watson, Henry L. and Grace Doherty, Henry Bryant Bigelow, and Columbus O'Donnell Iselin.

These chairs recognize demonstrated and sustained excellence in research and in the education and mentoring of junior scientists. The campaign intends to endow enough chairs so that each senior scientist can reasonably expect to occupy one of these chairs at least once during his or her tenure. The chairs would provide approximately three months of salary support per year for five years.

"The chairs are similar to sabbaticals provided by colleges and universities and enable the Institution to compete with these institutions by retaining and rewarding senior staff members," Bob Gagosian explains. "The limited unrestricted support provided by the chairs may allow senior scientists, for

example, to join research cruises, support a graduate student, review and analyze their many years of research, or explore new ideas or new directions that have opened up from new technology."

"There is no substitute for basic research. Like education, it is an investment. It rarely produces in the short-term, but it has tremendous long-term payoffs."

Guy Nichols,
Chairman, WHOI Board of Trustees

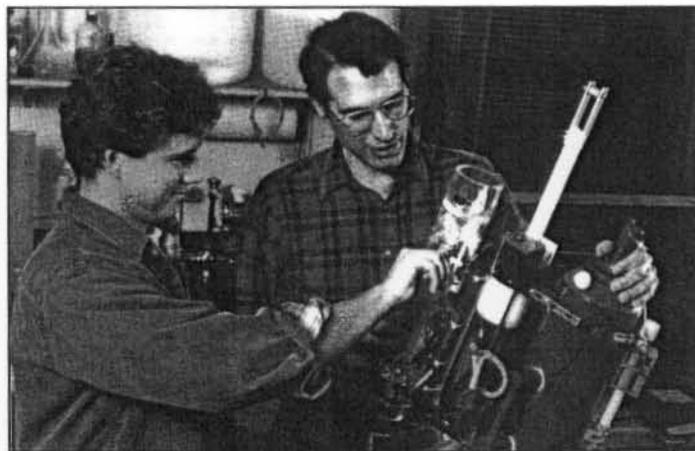
Education

Support for Education Activities – \$8.7 Million

"The MIT/WHOI Joint Program in Oceanography and Applied Ocean Sciences and Engineering, established in 1968, is one of the top oceanography graduate education programs in the world," notes John Farrington, Associate Director for Education and Dean of Graduate Studies. "The program awards ten percent of all Ph.D. graduate degrees in ocean sciences and ocean engineering each year in the U.S. and attracts the most promising students. Half of the 1992-1993 incoming class received national or international competitive fellowships. We are equally proud of our Postdoctoral Program, which has brought excellent scholars to the Institution for over 30 years."

Funds for WHOI's education programs come almost entirely from endowment income. They support graduate students and postdoctoral scholars, and staff salaries for teaching and advising. Increased endowment funds would be available to add new courses, develop new curriculum and support additional faculty.

These new funds would also allow the Education Program to extend the appointments of the current ten postdoctoral scholars from averages of 12 to almost 18 months average to allow them sufficient time to complete research projects and generate proposals to fund subsequent research. Additional endowment is also needed to support ten graduate fellowships per year that would provide graduate students with an opportunity to gain teaching experience.



Increased endowment funds would be available to add new courses, develop new curriculum and support additional faculty.

\$3.3 + \$3.4 + \$2.0 + \$6.0 + \$4.4 = \$50.0

& How It Will Benefit WHOI

Research

Competitive Research Awards – \$4.5 Million

This endowment fund would provide initial funding for the research of newly appointed scientists, be used to award fellowships to enable mid-career scientists to explore new directions, or to allow senior scientists time to review and synthesize major areas of research. The major function of these competitive research awards would be to broaden and deepen the range of research, and to stimulate interaction with other academic areas.

New Projects and Research Centers – \$4.3 Million

Funds would be available to provide stability and flexibility to fund new research projects that the Institution feels are important but which do not fit into the short-term and changing research directions of federal agencies. Support for interdisciplinary research programs in the Coastal Research Center, Marine Policy Center, and in such areas as polar research would also be available.

Support for Instrumentation Acquisition – \$1 Million

The costs of keeping laboratory equipment state-of-the-art are increasing dramatically. In addition, traditional funding sources like the National Science Foundation usually require cost sharing for equipment, which means the Institution must raise part of the cost of new equipment.

Ongoing Projects – \$6.1 Million

Current income would provide funds to support research not being funded due to changing federal agency research priorities.



Tom Kleindinst

A major function of competitive research awards provided by the Capital Campaign is to broaden and deepen WHOI's range of research, and to stimulate interaction with other academic areas.

Unrestricted

Unrestricted – \$10.4 Million

"Unrestricted funds, not committed to a specific project, are very hard to acquire," Acting Director Bob Gagosian explains. The current market value of WHOI's endowment is about \$130 million. Sixty-three percent of the net income from that endowment goes to the Institution's education programs, and the remaining thirty-seven percent, together with certain grants from foundations and gifts from individuals, makes up WHOI's discretionary or unrestricted funds.

These discretionary funds provide flexibility by allowing the Institution to support research projects that arise suddenly, like oil spills or hurricanes, and don't fall within the six-month or longer lead time required for federal agency proposals. "Innovative and interdisciplinary research projects that are difficult to fund through traditional federal sources are also supported with unrestricted income," Bob says. "These funds are also needed to provide bridge support to the scientific staff when they are between funded research projects.

"Unrestricted funds are also available for unexpected costs incurred by the Institution and for annual operating support, such as our development and communications efforts."



WHOI File Photo

Unrestricted, discretionary funds provide flexibility by allowing the Institution to support research projects that arise suddenly, such as oil spills or hurricanes.

Who Are The Trustees & Corporation Members?

In simple terms, the governance of the Institution is organized like a university with a Board of Trustees and a Corporation. There are 24 Trustees and 120 Members of the Corporation; Trustees are normally elected from the Corporation membership. Honorary Trustees and Honorary Members (non-voting) are those who have attained the age of 70. Trustees serve four-year terms and Members of the Corporation serve three and six-year terms, with elections held annually. Members and Trustees meet twice a year, in the spring and fall; Trustees meet a third time in the winter. Individuals nominated to serve as Trustees and Members of the Corporation are chosen for their knowledge and experience in such areas as business and finance, management, law, science, education, research and public policy.

The Director of WHOI reports to the Board of Trustees, through Chairman Guy W. Nichols, former Chief Executive Officer of the New England Electric System.

The Executive Committee meets approximately ten times per year and acts as the governing body of the Institution between the twice-a-year meetings of the Board of Trustees. The Committee, consisting of five or more Trustees (including the Chairman of the Board, the President of the Corporation and the Treasurer of the Corporation) is made up of

representatives from various backgrounds whose combined experience and knowledge supply policy, procedure review, and

the board sets the overall course of the Institution and adjusts this course when they believe changes are needed; second, it selects the top management of the Institution, and provides it with counsel and support; and third, it is responsible for the Institution's financial health – keeping well informed about current conditions, budgets, and the future financial outlook. The Board also provides personal financial support to the Institution and helps persuade others to do so.

What does WHOI expect from Members of the Corporation?

Members of the Corporation actively support the Board of Trustees and work on various committees. In the President of the Corporation's "Charge to Members,"

Jim Clark outlines two major areas of responsibility: to assist the Nominating Committee in identifying new prospective Members and to provide financial support, and to help bring in additional financial support from non-members.

Why are Trustees and Corporation Members willing to give their time and energy to the Institution?

Guy Nichols and others say they are attracted by the Institution's independence, the willingness of the staff to take risks and explore new directions, and by the intellectually stimulating environment. The enthusiasm and excitement of the staff, the continuing success of the Institution's many contributions to marine science and engineering, and its role as an international leader in ocean sciences attract individuals who want to insure and share that success.

What Role Do Trustees & Corporators Play in the Capital Campaign?

Trustees and Members of the Corporation recognized in the late 1980s a need to maintain the Institution's independence by providing sufficient endowment funds.

The current Trustees have all contributed financially to the Capital Campaign and are responsible for raising nearly half of the \$21.9 million committed to date.

Members of the Corporation are also contributing financially to the campaign. Between now and 1996 many other requests for participation will be made to a variety of groups and individuals. Both Trustees and Corporation Members will work closely with the Institution to "spread the word" about the excitement of WHOI's research and the importance of its continued success. They will also work closely with the Development Office to identify potential sources of funds from corporations, foundations, and individuals and will assist in securing that financial and intellectual support.

guidance to Institution management. Among many of its duties, the Executive Committee advises management on activities and Institution initiatives, approves scientific and senior technical staff appointments, reviews and approves annual budgets, and sets Corporation investment policy.

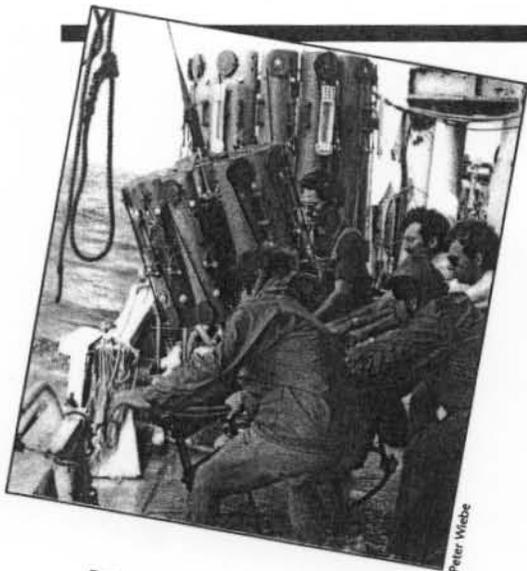
What does WHOI expect from the Trustees?

Both the Trustees and Corporation Members are unpaid volunteers who spend time working on behalf of the Institution. In the Chairman of the Board's "Charge to the Board," Guy Nichols identifies three major areas of responsibility: first,

"I've had the privilege of watching WHOI grow from its first years when it was only a dockside lab with a single research vessel, to when it assumed a leadership role for almost every major national and international oceanographic program."

Jim Clark,
President of the Corporation

The Development Office's Role In The Capital Campaign



Peter Wiebe



Tom Klendinn



Lisa Poole

Funds from the Capital Campaign will increase opportunities for staff by providing, for example, more seed money to pursue new projects, which in turn will increase the Institution's competitiveness for new government and private funds.

Raising the necessary funds for the Capital Campaign, and annually for other Institution needs not provided by government support, is the principal responsibility of the WHOI Development Office.

The Development Office matches the interests of individual donors and foundations with specific scientific needs. The Associates Program, which was founded in 1952 by summer neighbors of the Institution, sponsors the annual Day of Science and other special events, and is one of the Office's most visible activities.

Costs of all Development Office operations and activities are considered "unallowable," meaning they cannot be charged to government contracts and grants as overhead. The Institution must fund all development activities from unrestricted funds.

"The Development Office, with a staff of four in 1989, was not sufficiently staffed to undertake a major capital campaign and continue its annual fund-raising activities," Director of Development Jacquie Suitor says. Jacquie, formerly the Associate Director of Development at Smith College, was hired in 1989 and the office restructured. Other professional development officers with experience in planned giving, foundations and research, along with administrative support staff to assist with prospect research and database management, were hired in preparation for the capital campaign. The office now includes eight full-time,

three three-quarter time and two half-time staff.

Staff have been busy since early 1990, working "behind the scenes" in many cases, to lay the groundwork and build the infrastructure for conducting the "quiet" or nonpublic phase of the campaign. "Most capital

campaigns are not announced publicly until about forty percent of the goal has been raised," Jacquie says. "Considerable research and analysis of prospects and potential donors, Trustee consultations and other activities have been underway during the past three years, resulting in the nearly \$22 million in campaign commitments received as of September 1993."

Jacquie says office staff will be equally busy

between 1993 and 1996 as

other constituencies are brought into the campaign. Time will be spent introducing prospective donors to the Institution, providing information and introductions to staff, and following up on all contacts as well as stewardship of current donors.

"We can help make connections between those who have the interest in a research project and the financial means to support it with those who have a need for funding," Jacquie Suitor says of the role of the Development Office. "We can also give guidance and assistance to Institution staff who are looking for new sources of funding. We try to raise up-front money for ongoing research and education support as well as long-term funding like endowment. WHOI needs both."

"WHOI is small and compact. People know one another. My experience in economics has taught me that the best research is done by small research communities. They are very important, and they are very hard to form, especially when people from different scientific disciplines have to work together. That is one of the special values of a place like WHOI."

Robert M. Solow
WHOI Trustee and 1987 Nobel Prize recipient in economics

Committees Provide Guidance & Advice

A Trustees Capital Campaign Committee was appointed to make and secure leadership gifts to the campaign; to cultivate and solicit leadership gift prospects including Trustees, Corporation Members, Foundations, Corporations and individual prospects; and to develop and implement a campaign plan and make recommendations to the Trustees for campaign policy, including the setting of priorities, goals and gift crediting.

An Employee Capital Campaign Committee was formed to provide guidance and advice as to how Institution staff and students can participate in the campaign.

Suggestions and feedback are encouraged from all members of the WHOI community and should be directed to any member of the committees.

"What I enjoy most about WHOI is the challenge and fun of striving to meet the ever-changing needs of our scientists, engineers and support staff by 'making things happen' at the Institution."

*Ernie Charette,
Assistant Facilities Manager*

Trustee Committee

Philip L. Bernstein

Member of the Corporation

Dr. John R. Bockstoce, Chairman

WHOI Trustee, Member of the Corporation

James M. Clark

President of the Corporation, WHOI Trustee

Charles A. Dana, III

President of the Associates, WHOI Trustee, Member of the Corporation

Dr. Cecil H. Green, Honorary Chairman

Honorary WHOI Trustee, Honorary Member of the Corporation

Frank W. Hoch

Honorary Trustee, Honorary Member of the Corporation

Guy W. Nichols

Chairman of the Board, WHOI Trustee, Member of the Corporation

Dr. John E. Sawyer

Honorary WHOI Trustee, Honorary Member of the Corporation

Dr. Robert C. Seamans, Jr.

Honorary WHOI Trustee, Honorary Member of the Corporation

Walter A. Smith

Honorary WHOI Trustee, Honorary Member of the Corporation

Employee Committee

James Broda

Research Specialist, G&G

Ernest Charette

Assistant Facilities Manager

C. Hovey Clifford

Senior Engineering Assistant, Alvin Operations

Dr. Melinda Hall

Associate Scientist, PO

George Hampson

Research Specialist, Biology

Charles Innis, Jr.

Security Officer & Assistant to the Director (retired)

Shelley Lauzon

Senior News Officer, Communications

A. Lawrence Peirson III

Associate Dean and Registrar, Education

Kenneth Prada

Principal Engineer, AOP&E

Dr. David Ross

Senior Scientist, G&G

Carl Swanson

Master, Research Vessel Knorr

Suzanne Volkmann

Information Systems Associate, ISC

Dr. Jean Whelan

Senior Research Specialist, MC&G

Barbara Wickenden

Human Resources Manager

Amy Donner

Development Officer, Development (ex officio)

WHOI's Mission

The Woods Hole Oceanographic Institution is a private, independent, not-for-profit corporation dedicated to research and higher education at the frontiers of ocean science.

Its primary mission is to develop and effectively communicate a fundamental understanding of the processes and characteristics governing how the oceans function and how they interact with the Earth as a whole.

To fulfill this mission, WHOI must successfully:

- ◆ Recruit, retain, and support the highest quality staff and students and provide an organization which nurtures creativity and innovation.

- ◆ Stress a flexible, multidisciplinary, and collaborative approach to the research and education activities of its staff within an equitable working environment.

- ◆ Promote the development and use of advanced instrumentation and systems (including ships, vehicles and platforms) to make the required observations at sea and in the laboratory.

- ◆ Make the results of its research known to the public and policy-makers and foster its applications to new technology and products in ways consistent with the wise use of the oceans.

- ◆ Secure the essential resources to sustain these activities, a responsibility which the Trustees and Corporation Members jointly share with management and staff.

It is the goal of the Institution to be a world leader in advancing and communicating a basic understanding of the oceans and their decisive role in addressing global questions.

The Newsletter is published for employees, students, and members of the WHOI community. Comments, ideas, and items of interest should be sent to: Newsletter Editor, News Office, Woods Hole Oceanographic Institution, Woods Hole, MA 02543. ♦ 508-457-2000, x2270 or x3340.

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