Yesterday’s News
From the pages of the Harvard Alumni Bulletin and Harvard Magazine

1934 The College funds five $1,000 fellowships for prospective freshmen who live and attend school in the Midwest: an experiment by President James B. Conant to attract “the most promising young men throughout the whole nation.”

1939 “The Undergraduate Week,” by William R. Frye ’40, reports: “If Harvard ever was composed solely of the ‘upper crust’ of society, it is not so composed now”: the Student Employment Office, organized to provide jobs for men facing financial difficulties, is serving nearly one-third of the undergraduate body.

1964 Harvard opens a housing office; its first task is assigning apartments in one section of Peabody Terrace that has been finished nine months ahead of schedule.

1969 A faculty committee chaired by professor of economics Henry Rosovsky proposes a degree program and research center for Afro-American studies.

1984 The Law School faculty approves a pilot program to provide about $125,000 in loans to supplement the earnings of first- and second-year law students who take low-paying, law-related jobs in the public-service or public-interest sector during the summer.

2004 Dean of the Law School Elena Kagan decides on the spur of a frozen January moment to flood the field by Harkness Commons to form a skating rink that will remain open, she says, “until it melts.”

2009 Harvard men’s basketball records its first win over a nationally ranked opponent, Boston College (which had beaten the nation’s top team only a week before), as shooting guard Jeremy Lin ’10 scores 27 points and makes eight assists and six steals.

N.P. Narvekar, in which he shed more light on the endowment, following the September news of a 10 percent investment return during fiscal 2018 (details at harvardmag.com/endowment-18).

The financial results, plus Narvekar’s comments on his progress in overhauling HMC to boost returns, help clarify both Harvard’s prospects during favorable conditions and President Lawrence S. Bacow’s perspective, at the outset of his administration, on how to be ready for whatever lies ahead. Having led Tufts during the financial crisis at the end of the last decade, he offers some cautions about how the University with the largest endowment should be on its guard.

Harvard’s Finances
During fiscal 2018, revenue increased nearly $217 million to about $5.2 billion (growth of 4.3 percent): close to the 4.6 percent growth in fiscal 2017, despite restrained endowment distributions—Harvard’s largest source of revenue.

The growth was driven by executive and continuing education, up more than $47 million (about 12 percent—faster than the 8 percent growth logged in the prior year), to $558 million; and non-federal sponsored research grants, up an aggregate $21.5 million (8 percent), to nearly $289 million. (Unfortunately, federal research support was essentially flat, at $453 million for direct costs—and up about $7 million for indirect costs: reimbursement for facilities, overhead, etc.)

The endowment distribution rose by $34 million (just 1.9 percent), to a bit more than $1.8 billion. In light of earlier weak investment returns, the Corporation held the distribution flat (per unit of endowment owned by each school) for fiscal 2018, and suggested that distributions could increase within a range of 2.5 percent to 4.5 percent annually for fiscal years 2019 through 2021, beginning with 2.5 percent in the current year. The increases realized in fiscal 2018 reflect gifts: new endowment units as a result of largess from the campaign. Current-use giving rose, too, by $17 million (3.7 percent), to $467 million—another testament to the socko finish of the fundraising drive.

Other revenue, a catch-all category, also chipped in, increasing $50 million (7.9 percent), to $689 million. A notable contributor was royalties from commercial use of intellectual property (up about $8 million, or 50 percent, but those results can be very volatile from year to year).