

# Message from the President

I write to report on Harvard University's financial results for fiscal year 2016.

The past year was one of great progress in pursuit of our academic mission and shared goals as a community. Investments in Harvard's intellectual resources and physical spaces have strengthened the institution and positioned us well for the future.

Yet we must situate our achievements, as always, in a broader context. American higher education is entering an era of constrained financial circumstances. Colleges and universities across the country are facing challenging endowment returns and intense pressures on both federal research funding and tuition revenue. Long-anticipated shifts across the sector have arrived, and they have the potential to alter fundamentally the ways in which teaching, learning, and research are accomplished.

In recent years, prudent financial management and better processes for budget planning have strengthened the University, and The Harvard Campaign, now in its fourth year, has been an outstanding success. While it will not shield us from emerging financial realities, it has played an important role in the pursuit of our teaching and research mission. It has energized alumni and friends, and attracted the extraordinary generosity of more than 133,000 donors around the world.

Our efforts have made the University more accessible not just for would-be students, but for eager learners across the globe. We have increased support for financial aid for students across campus by more than \$820 million, ensuring that talented students from around the world have every opportunity to learn from and work alongside our remarkable faculty. At the same time, we have expanded our global reach through HarvardX, attracting some three million registrations in open online courses and modules in fields from computer science to poetry.

We continue to affirm the value of living and working together—and the value of Harvard as a “commonwealth of the mind.” Common spaces such as the new Richard A. and Susan F. Smith Campus Center are designed to enhance those purposes, and House renewal has breathed new life into Stone Hall, Leverett House, Dunster House, and Winthrop House, creating

more opportunities for the serendipitous interactions that contribute to an extraordinary residential experience for our undergraduates. Progress in Allston continues apace with the Ruth Mulan Chu Chao Center and Klarman Hall, and the first stages of construction of the Science and Engineering Complex, the future home of the majority of faculty from the Harvard Paulson School of Engineering and Applied Sciences, are under way.

Investments that advance the pursuit of knowledge, including funding for some ninety professorships, have allowed our research ecosystem to thrive, generating insights, inventions, and solutions. Harvard researchers are analyzing the Zika virus, tracking global violence's downward trend, mapping the human brain, rebuilding ancient artifacts, and revealing what America thinks about American competitiveness. They are exploring the factors that make for successful K-12 schools and examining the past and future of global capitalism. Our capital campaign effort, combined with the efforts of previous generations, has enabled our faculty and our students to address the significant issues of our time.

Ours will be a future filled with important choices. The years ahead will demand redoubled attention to changing circumstances and an even keener focus on assuring long-term financial strength. We must be prepared to think creatively and act decisively so that Harvard may be for future generations what it is for us today. I am confident that our community of faculty, staff, students, alumni, and friends will meet this challenge. With thanks to them, I present the financial report for fiscal year 2016.

Sincerely,



Drew Gilpin Faust  
PRESIDENT

November 1, 2016