

Financial Overview

From the Vice President for Finance and the Treasurer

This year's financial report for Harvard University offers much to unpack. While fiscal year 2024 brought its share of challenges, it was also a year of tireless efforts and initiatives, less in the spotlight, that continued to drive Harvard forward. This report reflects those efforts, which have strengthened the University's financial position and lay a robust foundation for progress.

The University generated an operating surplus of \$45 million on a revenue base of \$6.5 billion, which increased a robust 6% in fiscal year 2024. Demand for a Harvard education was evident in the strength of the undergraduate applicant pool (the fourth largest in Harvard's history) with the highest matriculation rate in five decades, along with an 8% growth in executive and continuing education programs, also referred to as Professional and Lifelong Learning (PLL). These programs—which span across all of Harvard's Schools and disciplines—offer expanded access to a world-class education, both on campus and virtually around the globe.

About 8% of fiscal year 2024 operating revenue came from gifts for current use, primarily payments on prior pledges. At over \$525 million, current use giving reached the second highest level in Harvard's history. While still surpassing \$1 billion of fundraising, such levels may not be sustainable looking forward. We are grateful to those who have continued to direct their philanthropy to the University as a reflection of their commitment to Harvard's academic mission.

Distributions from the endowment provided \$2.4 billion or 37% of total revenue for the year, a vital source of support. Seeded by 388 years of University supporters and stewarded by Harvard Management Company (HMC), Harvard's endowment funds propel the University's ability to advance its academic priorities. This year, Narv Narvekar and his colleagues at HMC generated a healthy 9.6% return.

These contributions made possible the University's ongoing commitment to affordability, as reflected in the more than \$749 million in financial aid across the University, including \$250 million for undergraduates enrolled in Harvard College—a 6% increase over fiscal year 2023. For families with annual incomes below \$85,000, the cost to attend Harvard College, including tuition, housing, and food, is free.

This year also saw significant investments in the University's technology infrastructure, both underground and in the cloud. Harvard expanded access to artificial intelligence capabilities across the University and launched digital initiatives to make our vast library collections accessible to scholars and students worldwide. On terra firma, development of the Allston campus continues in full force: the construction of the new home for the American Repertory Theater (A.R.T.) at the David E. and Stacey L. Goel Center for Creativity & Performance, adjacent affiliated student housing at 100 South Campus Drive, and the David Rubenstein Treehouse Conference Center are all underway.

To support long-term capital projects, the University issued \$1.6 billion in debt in fiscal year 2024 through a two-part bond issuance: \$750 million taxable and \$855 million tax-exempt, including a tender to refinance outstanding bonds for interest savings. Harvard secured favorable borrowing costs with historically low credit spreads, a reflection of confidence in the University's long-term stability.

We do not take that confidence for granted. We live in a world of persistent uncertainty, underpinned by economic volatility and geopolitical unrest. Increasing pressures on our operating performance demand that we take seriously the need to improve our financial capacity.

For a second consecutive year, expense growth (9%) outpaced revenue growth (6%), leading to a smaller surplus than had been budgeted and a substantially lower operating margin, at under 1% of revenue, than has been characteristic of recent years.

Fiscal year 2024 expense increase was driven primarily by our investments in people. Our commitment to attracting and retaining top talent through competitive salaries accounted for just over half of the increase in compensation, with the balance from new faculty and staff to support University activities. Benefits expenses increased in line with higher compensation and an expanded workforce, further fueled by higher healthcare and pharmaceutical costs. These dynamics are not unique to Harvard; research universities across the country face similar challenges, with rising labor costs, increased operational expenses, and heavier burdens from regulatory and oversight demands.

In such a rapidly evolving landscape, safeguarding the University's financial resilience is vital. With an endowment of \$53.2 billion, Harvard's resources are significant. Equally important is why those resources matter. Harvard's financial capital acts as both a catalyst to accelerate learning and discovery today, and as a stabilizing force to ensure that future generations of scholars have the same opportunities. The principle of intergenerational equity is foundational: Harvard's endowment funds — of which 80% are restricted to particular purposes, including financial aid, professorships, and specific fields of scholarships within specific schools — exist to support the University's teaching and research in perpetuity. Our financial resources, built over years through disciplined planning and sound financial management, allow Harvard's schools and units to withstand shocks. They also provide the capacity to invest in new programs and pedagogies, fostering the academic excellence that is both Harvard's hallmark and its aim.

We thank each member of the community — faculty, students, staff, donors and alumni — for their dedication and steadfast commitment to the University through a difficult and trying year. We remain energized by the prospects for progress, as the University is a community of remarkable resilience that strives continuously and with humility to deliver on its extraordinary promise.



Ritu Kalra
VICE PRESIDENT FOR FINANCE



Timothy R. Barakett
TREASURER

October 2024

Harvard University's stewardship of its financial resources is aimed at advancing teaching, learning, and research priorities to make a positive impact in the world. This includes expanding access to education across the globe, supporting students with our strong financial aid program, fulfilling our ongoing dedication to public service, and transforming how problems are understood and addressed through research. The key financial highlights for fiscal year 2024 included in this report demonstrate the University's continued commitment to advancing these priorities.

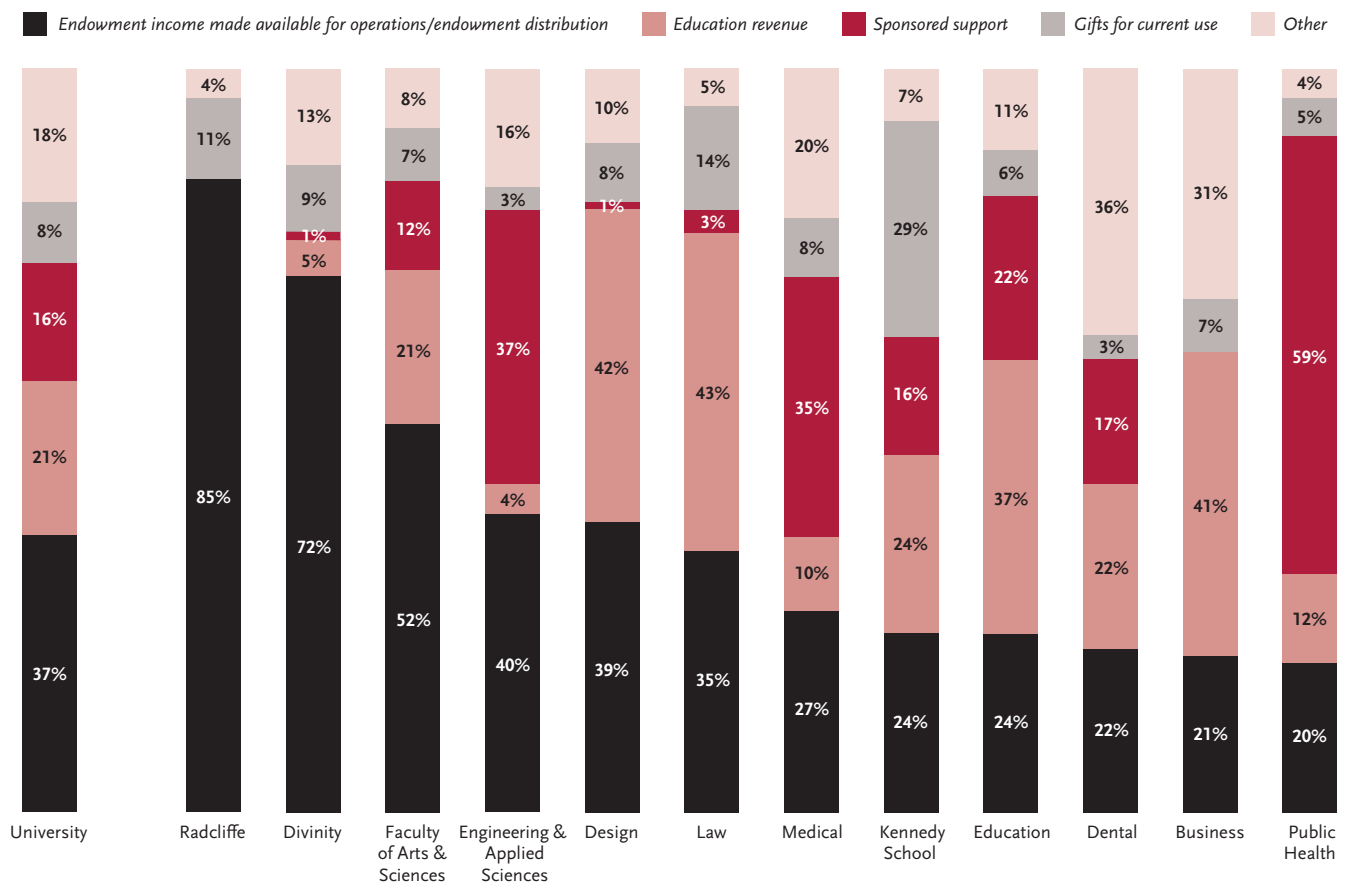
FINANCIAL OVERVIEW

The University ended fiscal year 2024 with an operating surplus of \$45 million compared to \$186 million in fiscal year 2023, on an operating revenue base of \$6.5 billion. Revenue grew an impressive 6% or \$375 million but was outpaced by expense growth of 9% or \$515 million, reflecting continued investments in the University's workforce and rising overall costs.

OPERATING REVENUES

The revenue profiles of Harvard's many schools and units vary widely, as each draws a different proportion of its budget from the primary sources as depicted in the following table:

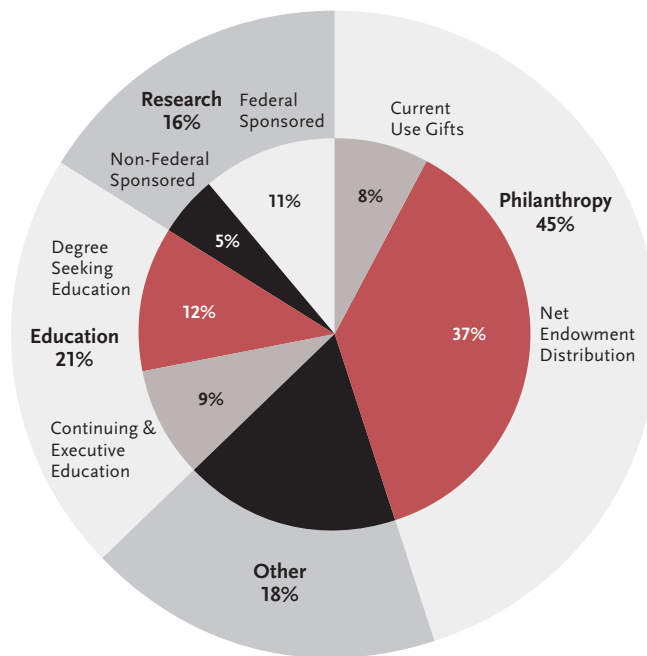
FISCAL YEAR 2024 SOURCES OF OPERATING REVENUE BY SCHOOL



Harvard’s diversified, mission-driven activities rely on three main sources of revenue: education or tuition, sponsored research, and philanthropy, both past and present.

Total **education** revenue comprised 21% of revenue. This includes tuition, housing and food income, net of financial aid, from both traditional degree seeking students (undergraduate, graduate, and professional), as well as professional and lifelong learners. In support of **research**, our faculty are awarded external grants by governmental and private partners to advance new academic knowledge; this sponsored funding made up 16% of revenue. Revenues generated each year from our educational programs and research endeavors are not sufficient to fund operations and as such, the University relies on **philanthropy** to fill in the gap. In fiscal year 2024, support from past and present donors provided 45% of revenue through current use gifts and endowment income, reflecting their generosity and belief in the broad impact of education and research at Harvard.

FISCAL YEAR 2024 OPERATING REVENUES

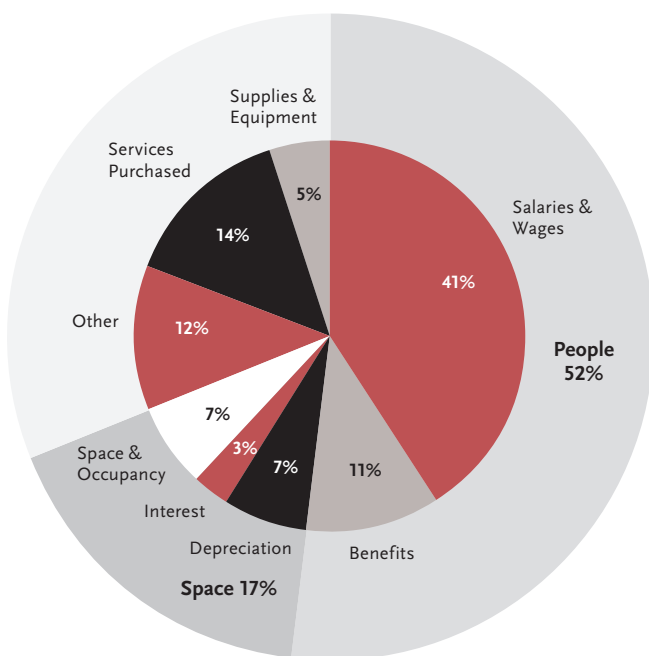


OPERATING EXPENSES

Harvard’s spending encompasses three primary categories, related to the faculty, staff and other **people** who make Harvard’s work come alive; the classrooms, labs and other **spaces** in which their work is done; and the **supplies and services** they use to advance the work.

The University’s operating expenses rose by \$515 million or 9% to \$6.4 billion for fiscal year 2024.

FISCAL YEAR 2024 OPERATING EXPENSES



The growth was driven primarily by higher compensation costs, increased spending on information technology services, and the ongoing maintenance of our campus. Compensation, or **people**, expenses—including salaries, wages, and benefits—accounted for over half of the University’s total operating costs in fiscal year 2024, with salaries and wages increasing by 9%, or \$211 million, to \$2.6 billion. This growth stemmed from wage increases and investments in new faculty and staff across campus along with targeted expansion in key initiatives. Employee growth has been robust following the pandemic, though we anticipate this pace of growth to moderate in fiscal year 2025 and beyond, as the University filled many prior vacancies. Employee benefit expenses grew 10% or \$62 million resulting from growth in headcount and increased healthcare costs.

Space-related expenses grew by 8% or \$78 million, driven by a focus on addressing deferred maintenance projects. **Supplies and Services** grew by 13% or \$136 million as the University made significant investments in information technology, with a focus on enhancing security, integrating artificial intelligence, and developing advanced cross-campus learning platforms such as the Learning Experience Platform to expand access and enable more students to benefit from a Harvard education.

BALANCE SHEET

Investments and endowment

The return on the endowment in fiscal year 2024 was 9.6%. Its value (after the impact of distributions from the endowment for operations, and the addition of new gifts to the endowment during the year) stood at \$53.2 billion, an increase of \$2.5 billion from \$50.7 billion at the end of fiscal year 2023. Additional information is available in the *Message from the CEO of Harvard Management Company*, found later in this report.

The University has a policy of maintaining liquidity outside of the endowment for operating purposes. These liquid, short-term investments totaled \$2.0 billion at June 30, 2024 compared to \$1.4 billion at June 30, 2023 (see *Note 2*), well above our minimum policy requirement.

Debt

Bonds and notes payable increased from \$6.2 billion at June 30, 2023 to \$7.1 billion at June 30, 2024. The increase was driven by the issuance of \$750 million in taxable bonds (Series 2024A) and \$855 million in tax-exempt bonds (Series 2024B) in Spring 2024 to

fund capital spending as well as to refinance a portion of the University's outstanding tax-exempt Series 2016A bonds. The University maintained its AAA rating by S&P Global Ratings and Aaa by Moody's Investor Services.

Fixed assets

The University invested \$639 million in capital for fiscal year 2024 compared to \$512 million in fiscal year 2023. The increase in capital expenditure is due to a combined increase in the number of active projects and the average cost of each project. Construction market escalation stabilized at an average of 4% in fiscal year 2024, while supply chain availability for electrical and major mechanical continued to see long lead times. The construction market in Cambridge and Boston continues to be strong, driving up contractor and material costs. The permitting process in both cities is lengthy and will continue to add time and expense to project schedules. Elevated construction costs are not anticipated to abate in coming years.

EDUCATION

In fiscal year 2024, across its 12 schools, Harvard enrolled 24,596 students from around the globe, including 7,063 undergraduates at Harvard College.

Total education revenue

Student income increased 4% or \$51 million to \$1.4 billion in fiscal year 2024. Revenue from traditional student programs (undergraduate and graduate) grew by 2% or \$25 million. Food and housing revenue of \$231 million grew 4%. Executive and continuing education revenue totaled \$587 million, growing 8% or \$43 million. Financial aid applied to student income increased 5% or \$26 million to \$557 million in fiscal year 2024.

Undergraduate and graduate programs and financial aid

Harvard is committed to cultivating a diverse community of bright and talented students regardless of their ability to pay. In fiscal year 2024, net undergraduate tuition, food and housing decreased \$3 million as a result of a 6% or \$14 million increase in financial aid outpacing the 2% or \$11 million increase in tuition, food and housing costs. Thanks to our robust financial aid program, approximately 55% of Harvard College students receive need-based

scholarships and pay an average of \$15,700 for tuition, fees, housing and food. Since launching the Harvard Financial Aid Initiative in 2004, the College has awarded more than \$3 billion in grant aid, and the undergraduate financial aid budget has more than tripled from \$80 million in 2005 to \$260 million in 2024. The average net cost of attendance for all Harvard College students is \$42,943.

Harvard College has continued its ongoing efforts to expand financial aid by raising the family income threshold for full assistance by \$10,000 in 2023-2024 to \$85,000. This change means that nearly 25% of families do not have to contribute anything to tuition, fees, housing or food. In addition, to ensure that students can participate fully in the Harvard experience, Harvard provides the most highly aided students with funding for health insurance, emergency expenses, event fees, and other activities. First-year students from families making under \$85,000 also receive a \$2,000 Start-up Grant to help with the costs of starting at Harvard. New this year, juniors from the same highly aided category receive a \$2,000 Launch Grant to help with the costs of getting ready for life post-graduation.

ADVANCING THE PUBLIC GOOD

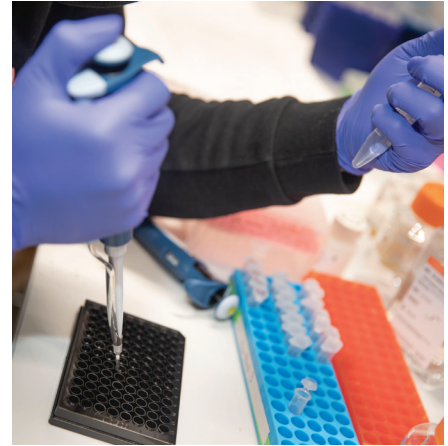
Every day, Harvard students, faculty, staff, and alumni all across the globe use their time and talents to serve the public good. They are at the forefront of their scholarly disciplines, experts in their professional domains, and leaders in their communities. Each one is united by the University's commitment to making the world a better place through the extension of knowledge.



Harvard's Global Day of Service brings together community members worldwide to foster civic engagement through **public service** projects. Over 1,000 volunteers each year partner with local governments, nonprofit organizations, and advocacy groups to serve their local communities. Many of these experiences motivate students to continue exploring civic engagement opportunities at Harvard and inspire lifelong commitments to public service.



Through the Office of Technology Development, the University advances science, fosters **innovation**, and translates new inventions into useful products that are beneficial to society. There were 402 innovations reported by Harvard researchers, 155 U.S. patents issued, and 14 startups launched from Harvard labs in fiscal year 2024. Their impact spans society—addressing health care, climate change, energy, sustainability, high-tech goods, and much more.



In addition to the nearly \$500 million Harvard invested to advance **research** and support early-stage ideas, our faculty were awarded \$1 billion in external grants by government and private partners in fiscal year 2024. This funding fuels Massachusetts's knowledge economy supporting local jobs, businesses, and organizations.



For more than 200 years, Harvard Medical School (HMS) affiliates have been key partners in the School's education, research, and patient care endeavors. Unlike many medical schools, HMS relies on **collaboration** agreements with 15 clinical affiliates and research institutes that employ many physicians and scientists with faculty appointments. The Faculty of Medicine includes more than 12,000 individuals working in classrooms, clinics, and laboratories across Boston and Cambridge.



To help close the gap in executive development in the public sector, the University's Bloomberg Harvard City Leadership Initiative—a program of the Bloomberg Center for Cities—equips global mayors and senior city officials with research-backed management and **leadership** training to tackle complex city challenges and improve residents' quality of life. This yearlong, high-impact program has provided training to 314 mayors and over 550 senior city leaders across 47 U.S. states, 34 countries, and six continents since its launch in 2017.



CREDIT: JEFF BLACKWELL

The Harvard Ed Portal is a dynamic hub that connects the Allston-Brighton community to **education** resources across Harvard's campus. Over the past decade, the Ed Portal has reached over 45,000 participants, hosted, more than 2,400 events, awarded over 800 scholarships, and collaborated with 68 Harvard departments and units and 96 partners throughout Allston-Brighton and the Boston community to provide responsive programs and local benefits.

RESEARCH

Harvard scholars conduct research across a vast array of fields, striving to expand human knowledge through analysis, innovation, and insight. In 2024, this research was supported by \$1 billion of sponsored funds, alongside an additional \$489 million funded directly by the University, as reported in the 2023 National Science Foundation Higher Education and Research Development (HERD) Survey. Research efforts are carried out across the departments of the schools and at more than 100 research centers, both on campus and globally. Researchers include faculty members, visiting scholars, post-doctoral fellows, and graduate and undergraduate students, who collaborate with colleagues across the University, affiliated institutions, and other research institutions.

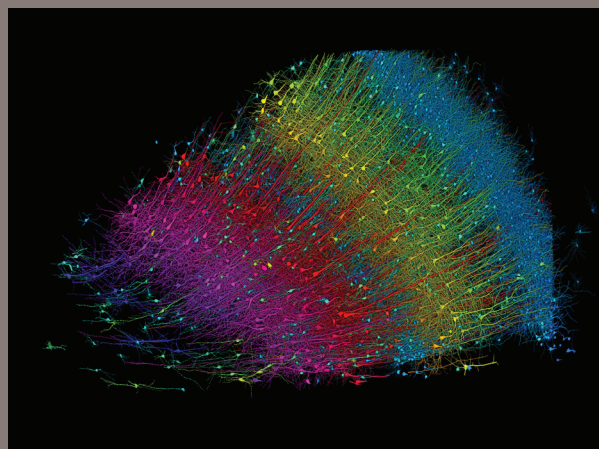
Federal funding plays a pivotal role in these endeavors, supporting groundbreaking scientific discoveries that fuel innovation and economic growth in our local community and around the world. During fiscal year 2024, federal funding of \$686 million made up approximately 68% of total sponsored revenue and increased by 1% or \$10 million. Federal funding is the University's largest source of support for research, playing a pivotal role in enabling studies that deliver widespread societal benefits.

In addition to federal support, the University received \$326 million in non-federal sponsored revenue in fiscal year 2024, which includes funding from corporations, foundations, and other non-federal sponsors. This represents a decrease of 7% or \$23 million, as certain large projects wound down in fiscal year 2024. Non-federal sponsored revenue fluctuates from year to year due to the variable nature of private grants and contracts, which are often project-specific and time-limited.

Harvard allocates substantial institutional resources to amplify these federal and non-federal investments. The University's nearly \$500 million of internal funding provides vital incubation for early-stage research ideas, seeds new initiatives, subsidizes projects with insufficient external funding, and empowers faculty to explore new areas of scientific inquiry. These efforts ensure a robust ecosystem for innovation and discovery that not only advances Harvard's research mission but also drives progress to address society's most significant challenges.

MAPPING NEURAL CONNECTIONS IN THE BRAIN

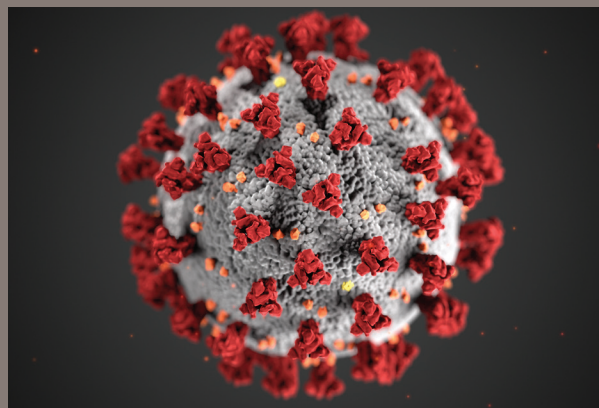
A Harvard team of researchers helped create the largest 3D brain reconstruction to date, showing in vivid detail each cell and its web of connections in a piece of temporal cortex about half the size of a rice grain. It is the latest development in a collaboration with scientists in the field of connectomics to construct the first comprehensive diagram of every neural connection inside a mouse brain, which could lead to new approaches in diagnosing and treating disorders of the brain, from autism to schizophrenia.



Six layers of excitatory neurons color-coded by depth.
Credit: Google Research and Lichtman Lab

STAYING AHEAD OF VIRUS MUTATIONS WITH AI

A new artificial intelligence tool named EVEscape, developed by researchers at Harvard Medical School and the University of Oxford, can predict the variants most likely to occur as a virus evolves. The tool uses evolutionary sequences and structural information about the virus to make predictions about new viral variants before they emerge. This information could help scientists develop more effective vaccines and therapies that are future-proof.

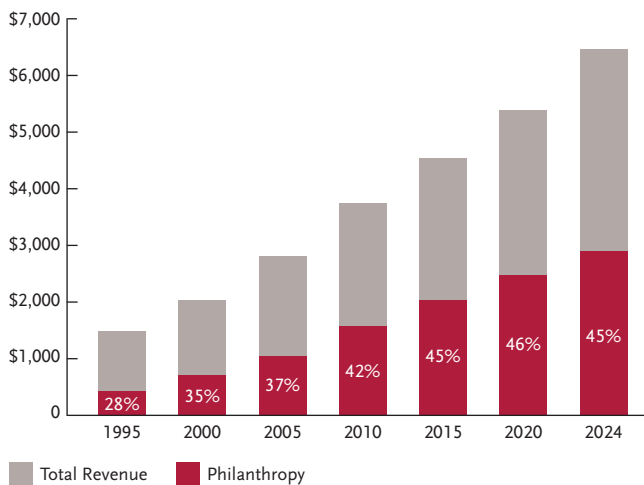


An illustration of the ultrastructural morphology exhibited by coronaviruses created by the Centers for Disease Control and Prevention (CDC).
Credit: Alissa Eckert, MSMI; Dan Higgins, MAMS

PHILANTHROPY

Combining gifts for current use and the endowment distribution, philanthropy accounted for 45% of Harvard’s revenue in fiscal year 2024. Today, excellence and affordability in higher education rely heavily on philanthropy to support nearly every aspect of university life. Every gift helps Harvard to support excellence in our teaching and research, recruit and retain our world class faculty, help students thrive, and provide greater access through financial aid.

PHILANTHROPY AS A PERCENTAGE OF TOTAL REVENUE OVER TIME



Gifts for current use

In fiscal year 2024, Harvard received current use gifts from alumni, foundations, and others totaling \$528 million, representing approximately 8% of operating revenues and an increase of 9% or \$42 million. Support for the University comes from donations of all sizes; more than 75% of the number of gifts in fiscal year 2024 averaged \$150 per donor.

The Harvard endowment

Harvard’s endowment has existed for nearly four centuries and serves as a crucial resource for current and future generations of Harvard students, faculty, and researchers. Comprising over 14,000 individual funds, the endowment supports nearly every facet of the University’s mission—from student financial aid to neighborhood programs, from museum and library preservation to campus activities, from faculty and fellow positions to scientific advancement.

Donor contributions to the endowment have enabled leading financial aid programs, groundbreaking scientific discoveries, and the establishment of

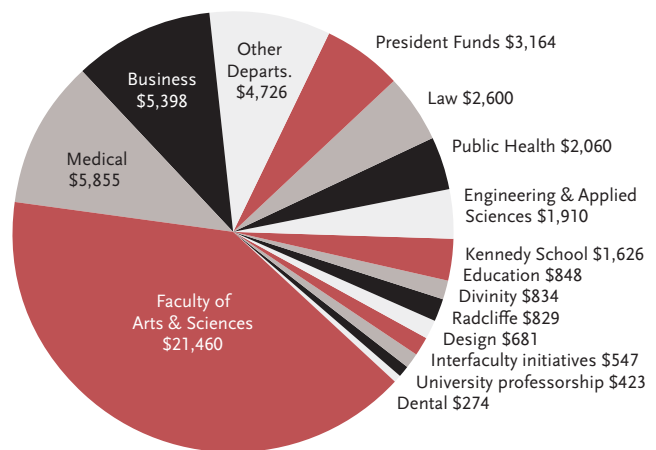
hundreds of professorships across a wide range of academic fields. Each year, a portion of the endowment is paid out as an annual distribution to support the University’s operations. The University strives to maximize its responsible draw each year, while balancing both present and future needs.

Guided by the principle of intergenerational equity, Harvard’s endowment is meticulously managed to ensure that future generations benefit just as much as the current one.

Gifts for the endowment were \$368 million in fiscal year 2024; over the past ten years, gifts to the endowment have ranged from a high of \$646 million to a low of \$338 million.

MARKET VALUE OF THE ENDOWMENT AS OF JUNE 30, 2024

In millions of dollars



TOTAL MARKET VALUE \$53,235

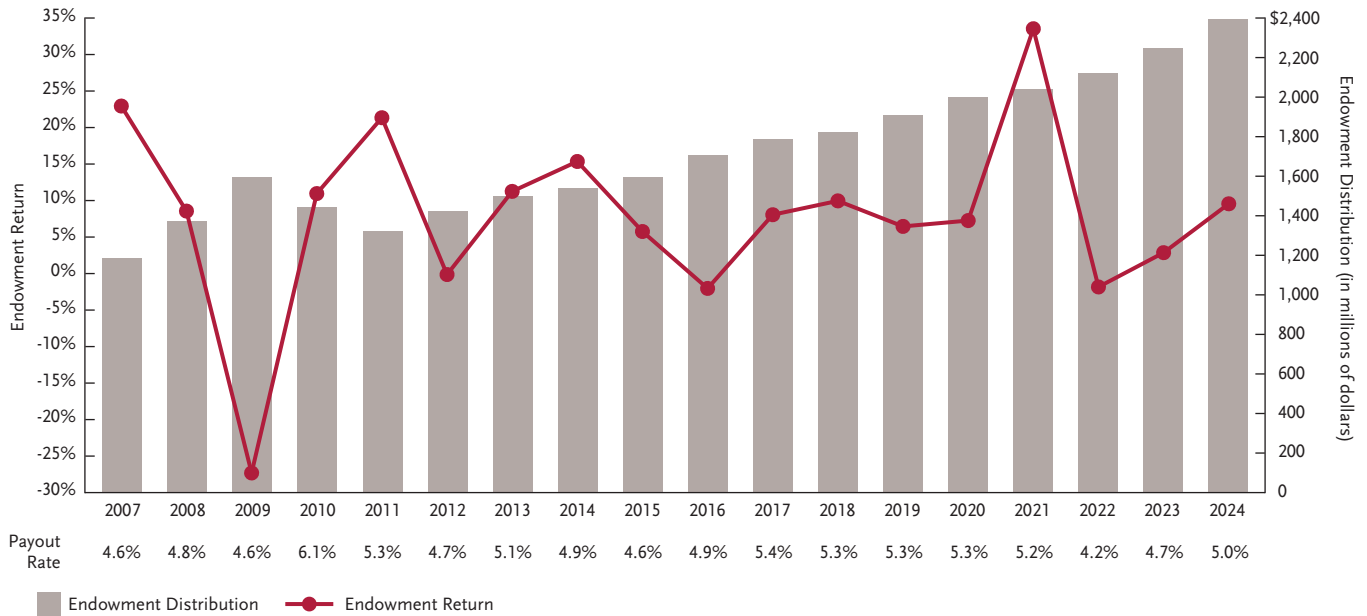
Endowment returns made available for operations

The University’s endowment spending practices balance two competing goals: the need to provide a stable and sufficient distribution to fund the operating budget, and the obligation both legally and to our donors to maintain the long-term value of the endowment. There is a common misconception that endowments, including Harvard’s, can be easily accessed like checking accounts, available for any purpose at any time as long as funds exist. In reality, Harvard’s flexibility in spending from the endowment is limited by donor conditions and the principle that endowed funds are designed to last forever, crucial for serving future generations of students and advancing new knowledge.

Harvard is obligated to preserve the endowment’s purchasing power by spending only a sustainable portion of its value each year. Spending significantly more than that over time would favor the present at the expense of future generations, undermining the endowment’s fundamental purpose of maintaining intergenerational equity. Generally, the annual

endowment payout range is 5.0 to 5.5% of its market value, though the actual payout rate can vary each year based on endowment returns. This critical source of funding distributed \$2.4 billion in the fiscal year ending June 30, 2024—representing 37% of Harvard’s total operating revenue—and is the single largest source of revenue supporting the University.

ENDOWMENT RETURNS MADE AVAILABLE FOR OPERATIONS BY YEAR



Endowment payout

While the endowment is a critical source of funding, 70% of the annual distribution is directed by donor terms to specific programs, departments, or purposes. Funds without donor restriction offer more flexibility, although they are often restricted at a high level such as to a particular school. These less restricted funds are essential for general mission support and transformative, strategic initiatives. In this way, the endowment bridges the gap between revenue from tuition and research grants and the critical costs associated with the University’s teaching and research activities.

ENDOWMENT SPENDING FLEXIBILITY

