

**Veritas?**

**October 2024**

# Disclaimer

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**This presentation has been prepared using the following sources of data:**

**Harvard's Historical Fact Book Archive: 2002 to present (though 2013-2017 are missing)**

**Harvard's Annual Financial Reports: 2005 to present**

**Harvard's Annual Faculty Reports: 2006 to present**

**Harvard's FAS Course Catalogs: 1980 to present**

**Harvard's departmental websites**

**Harvard's admissions website**

**Archived images of Harvard's admissions website from the 'Internet Archive'**

**Harvard Office of the Registrar for student handbooks**

**Harvard online course catalog**

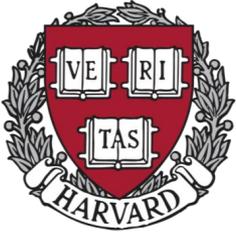
**The Crimson**

**Press**

**The conclusions that we have drawn are based on our best ability to analyze the available data. Harvard has changed its reporting methodology in certain years making certain data challenging to analyze.**

# Harvard – An Overview

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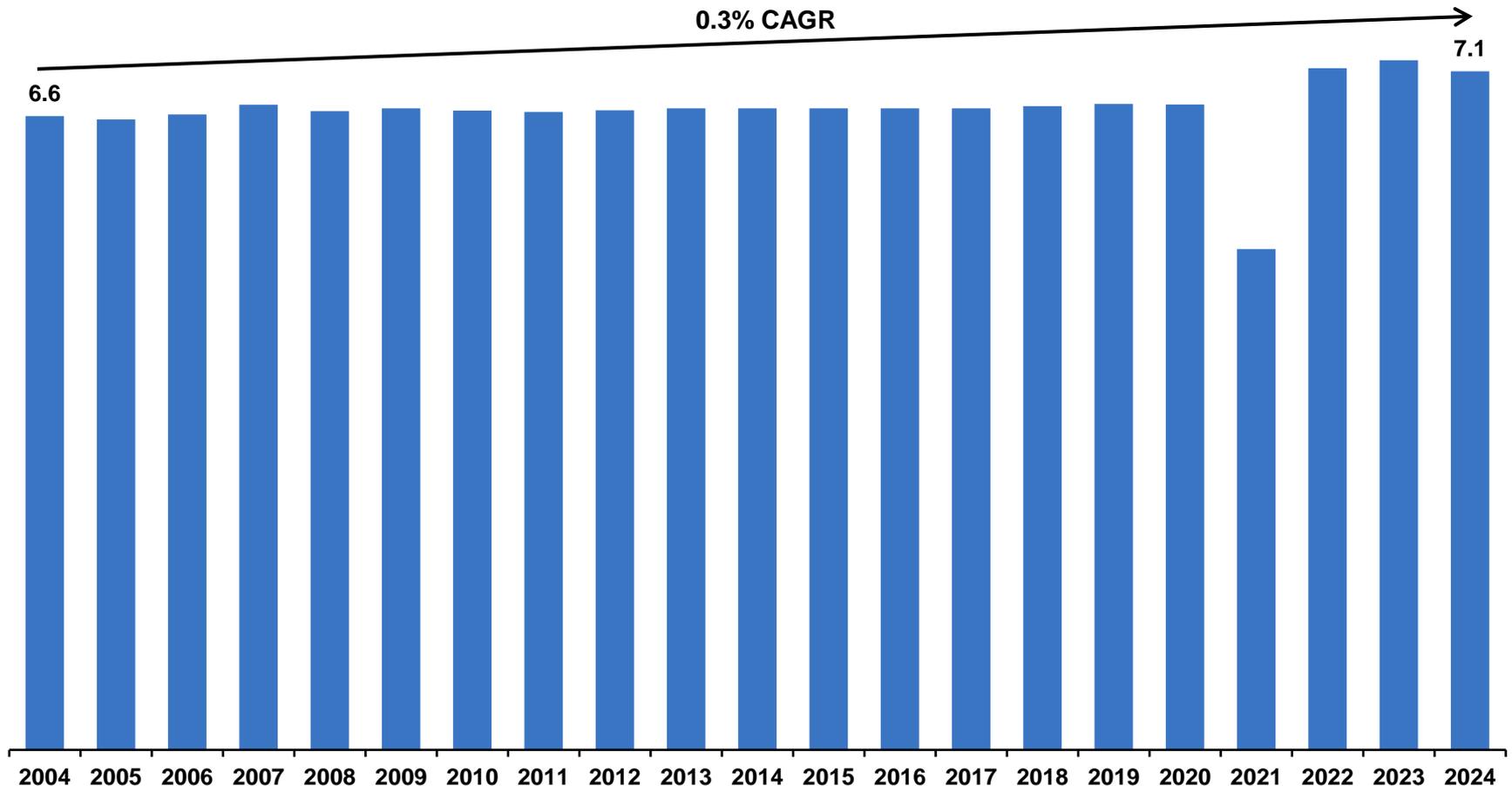
- ▶ **One of the world's leading educational institutions**
- ▶ **Harvard College Total Enrollment: 7,063**
- ▶ **Faculty and Staff: 19,777**
- ▶ **Endowment Assets: ~\$51 billion**
- ▶ **Total revenue: \$6.1 billion**
- ▶ **Total operating expenses: \$5.9 billion**
- ▶ **Total debt: \$6.25bn**

**The business of Harvard College is to provide an education to undergraduate students**

# Harvard College's Enrollment Has Been Flat

Over the last twenty years, Harvard College's undergraduate enrollment has been roughly flat

Harvard College Enrollment – 2004 to 2024 (Thousands)

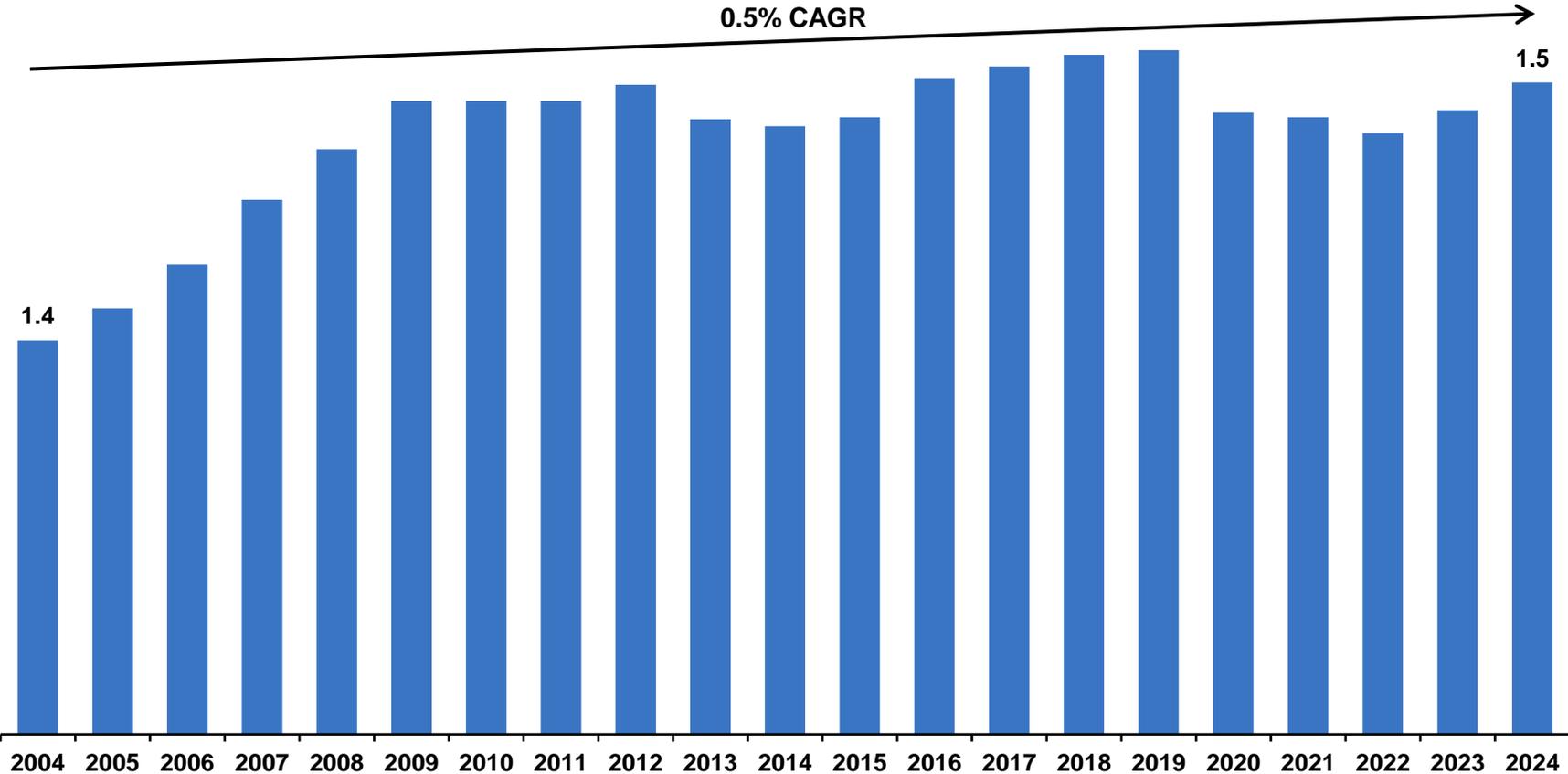


Source: Harvard Fact Books. Note: Harvard Fact Books for 2012 through 2016 are unavailable so are interpolated for visual purposes

# Harvard's Faculty Growth Has Been Modest

Over the last twenty years, Harvard faculty has grown at 0.5% annually. Since 2011, it has not grown at all

Harvard University Faculty – 2004 to 2024 (Thousands)

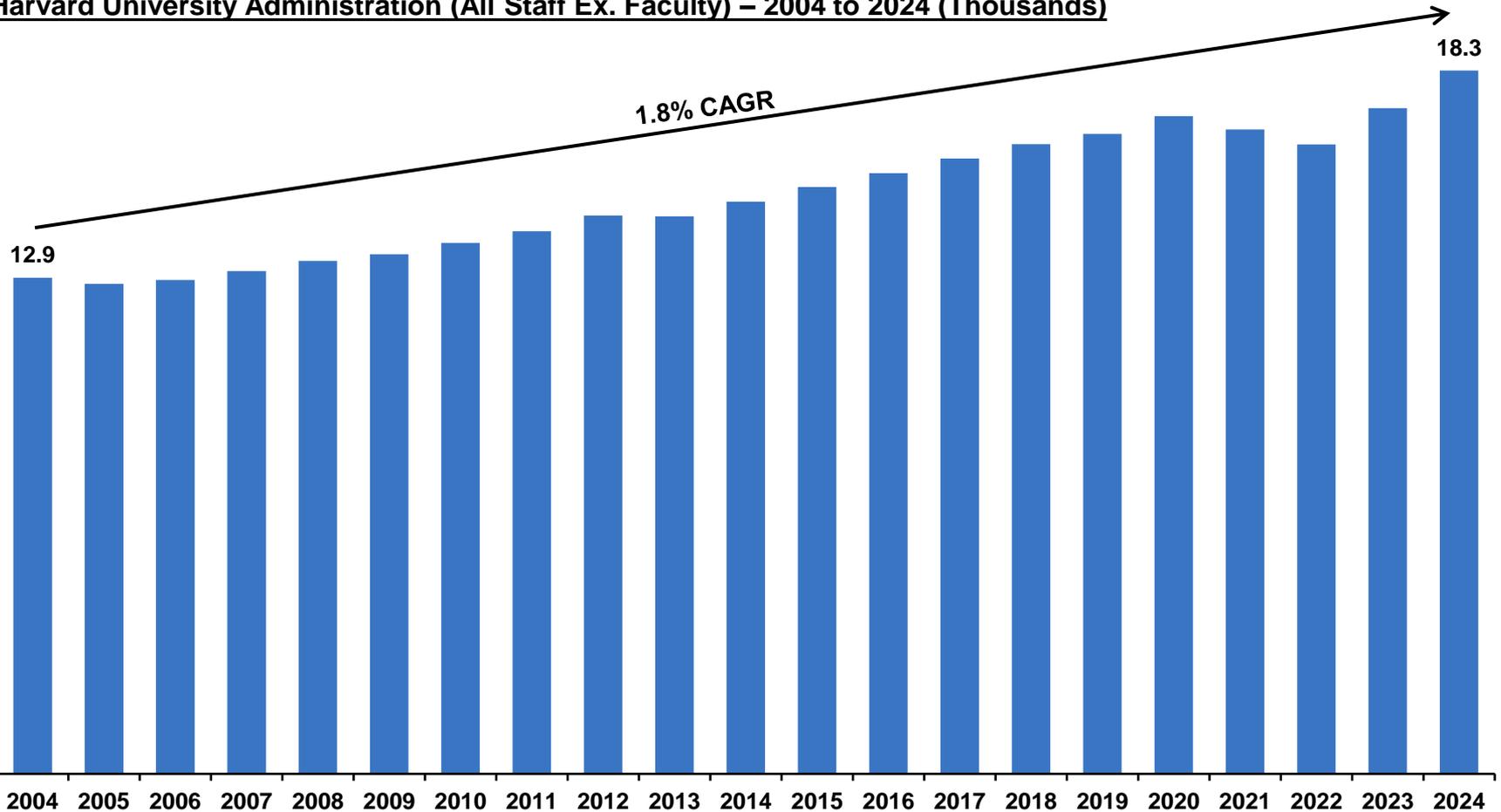


Source: Harvard Fact Books. Note: Harvard Fact Books for 2012 through 2016 are unavailable so are interpolated for visual purposes. 2010 is based on Faculty Reports

# Yet Harvard's Administration Has Grown Meaningfully

Over the last twenty years, Harvard University's administration has grown by more than 40%

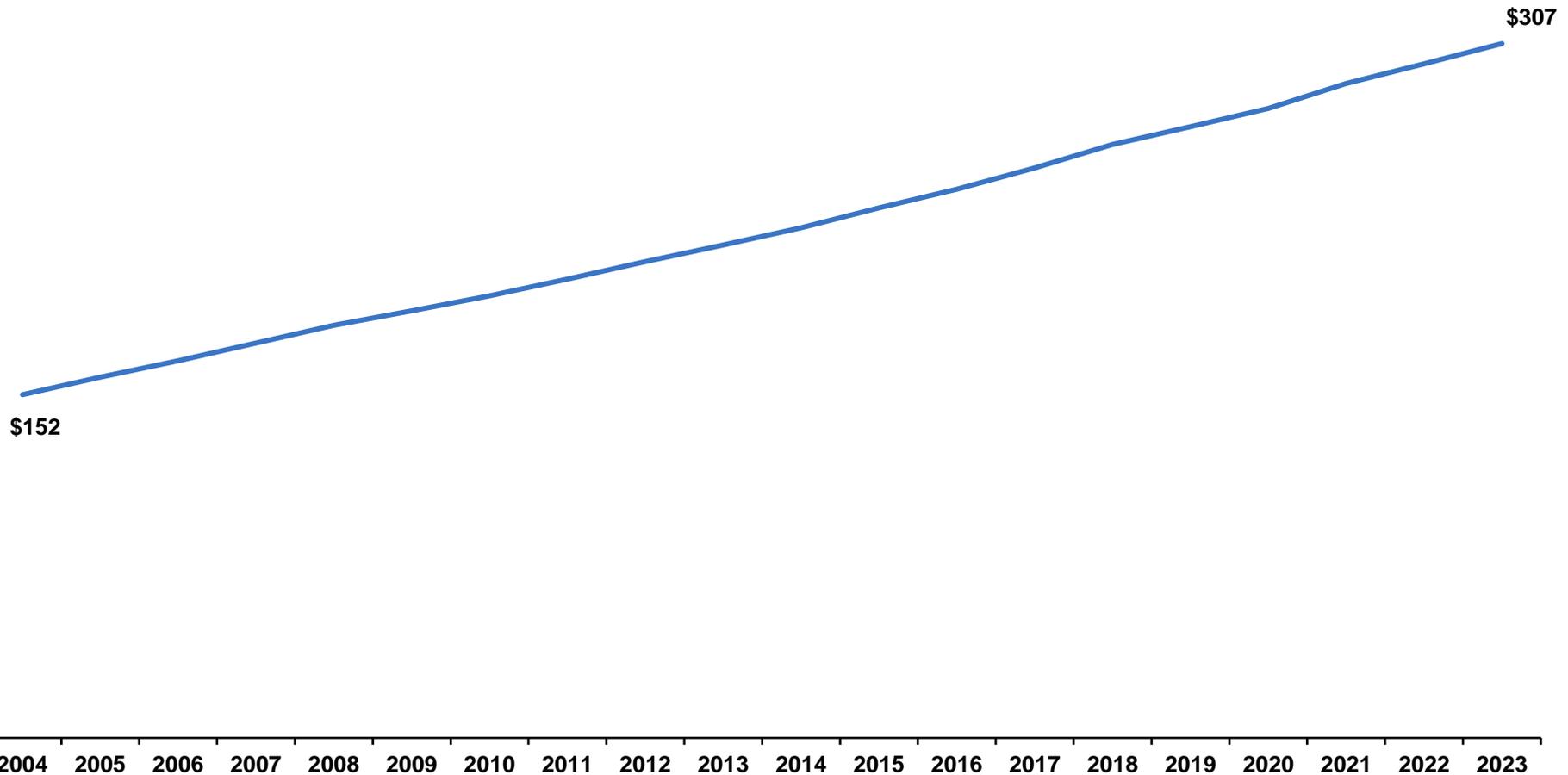
Harvard University Administration (All Staff Ex. Faculty) – 2004 to 2024 (Thousands)



# The Cost to Attend Harvard College Has Increased Substantially

Over the last twenty years, the annual cost to attend Harvard has doubled, growing at 4% per annum, far outpacing inflation

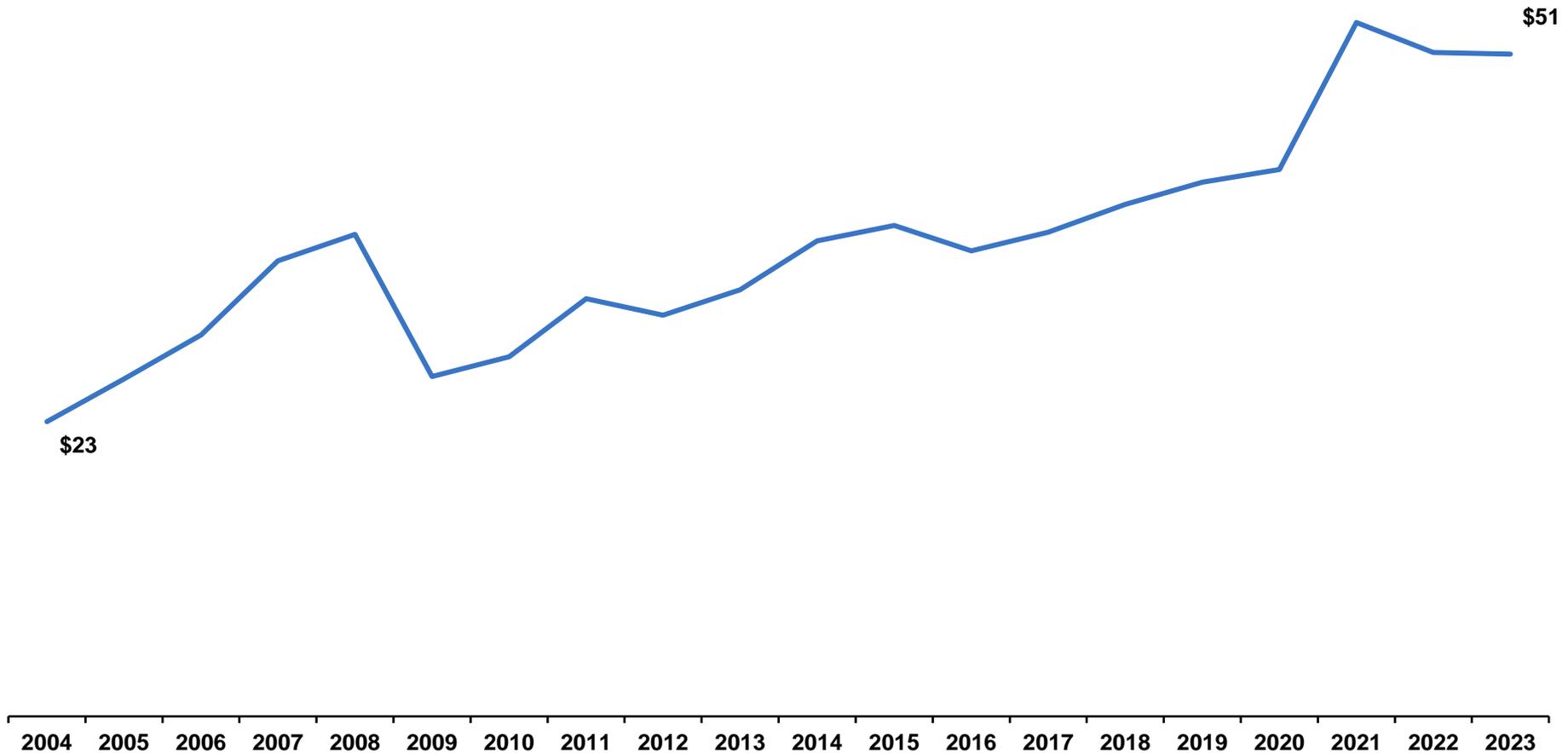
Four-Year All-in Tuition to Attend Harvard College – 2004 to 2023 (\$k)



# Harvard's Endowment Has Grown to a Record Size Despite Subpar Performance

Over the last twenty years, Harvard endowment's net assets have more than doubled to \$51bn, growing at 4.4% annually net of distributions

Harvard Endowment Assets – 2004 to 2023 (\$bn)



**Harvard College is a business that has grown by increasing price, and not by serving more customers**

# Harvard – Revenue Composition

Revenue has grown at a 5% CAGR over the past twenty years. Notably, 40% of Harvard's income comes from its endowment and General Operating Account while 8% comes from gifts

## Harvard University – Revenue Detail

	2003	2008	2013	2018	2023	% Growth Δ in bps '03-'23
Endowment Distributions	767	1,201	1,499	1,822	2,245	6%
General Operating Account Distributions		268	134	176	173	
<b>Total Distributions</b>	<b>\$767</b>	<b>\$1,469</b>	<b>\$1,634</b>	<b>\$1,998</b>	<b>\$2,418</b>	
Undergraduate Income		232	269	327	410	
Graduate Programs		357	456	586	687	
Board & Lodging		131	161	190	221	
Continuing Education		214	291	458	544	
Scholarships		(252)	(363)	(439)	(531)	
<b>Total Student income</b>	<b>519</b>	<b>682</b>	<b>815</b>	<b>1,122</b>	<b>1,332</b>	<b>5%</b>
Government Grants	420	535	653	625	676	2%
Non-Government Grants	124	133	191	289	350	5%
Gifts	148	237	339	467	486	6%
Other	495	426	583	715	836	3%
<b>Total Revenue</b>	<b>\$2,473</b>	<b>\$3,482</b>	<b>\$4,215</b>	<b>\$5,215</b>	<b>\$6,097</b>	<b>5%</b>
% Government	17%	15%	16%	12%	11%	(591)
% Gifts	6%	7%	8%	9%	8%	197
% Endowment	31%	34%	36%	35%	37%	581
% Endowment & General Operating Account		42%	39%	38%	40%	

# Harvard – Profitability

Harvard does not generate positive cash flow. Its operating margin would be negative 40% without the distributions from its endowment and the General Operating Account (“GOA”)

## Harvard University – Profitability Detail

	2003	2008	2013	2018	2023	% Growth Δ in bps '03-'23
<b>Revenue</b>	<b>\$2,473</b>	<b>\$3,482</b>	<b>\$4,215</b>	<b>\$5,215</b>	<b>\$6,097</b>	<b>5%</b>
Less: Salaries & Benefits	(1,260)	(1,661)	(2,060)	(2,513)	(3,049)	5%
Less: Scholarships, net	(80)	(111)	(136)	(152)	(181)	4%
Less: Equipment & Supplies	(199)	(235)	(234)	(268)	(283)	2%
Less: Occupancy	(184)	(278)	(331)	(410)	(394)	4%
Less: Other	(485)	(788)	(926)	(1,129)	(1,363)	5%
<b>EBITDA</b>	<b>\$265</b>	<b>\$410</b>	<b>\$527</b>	<b>\$742</b>	<b>\$826</b>	<b>6%</b>
<b>% Margin</b>	<b>10.7%</b>	<b>11.8%</b>	<b>12.5%</b>	<b>14.2%</b>	<b>13.6%</b>	
Less: Distributions		(1,469)	(1,634)	(1,998)	(2,418)	
<b>Operating EBITDA</b>		<b>(\$1,059)</b>	<b>(\$1,107)</b>	<b>(\$1,256)</b>	<b>(\$1,592)</b>	
<b>% Margin (Ex. Endowment and GOA)</b>		<b>(52.6%)</b>	<b>(42.9%)</b>	<b>(39.0%)</b>	<b>(43.3%)</b>	
<b>EBITDA</b>		<b>\$410</b>	<b>\$527</b>	<b>\$742</b>	<b>\$826</b>	
Less: Capex		(680)	(464)	(938)	(578)	
Less: Cash interest		(145)	(280)	(215)	(236)	
<b>EBITDA - Capex - Interest</b>		<b>(\$415)</b>	<b>(\$217)</b>	<b>(\$411)</b>	<b>\$12</b>	
<b>% Margin</b>		<b>(11.9%)</b>	<b>(5.2%)</b>	<b>(7.9%)</b>	<b>0.2%</b>	

# Table Stakes for a Quality College Education

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- 1 Exposure to diverse viewpoints and ideas**
- 2 Free speech and free expression**
- 3 Academic rigor**
- 4 Safe and non-threatening learning environment**

# 1 Harvard's Faculty Lacks Diverse Viewpoints

In an anonymous survey, 77.1% of Harvard's faculty identify as liberal or very liberal and only 2.9% of Harvard's faculty identify as conservative or very conservative

The Harvard Crimson

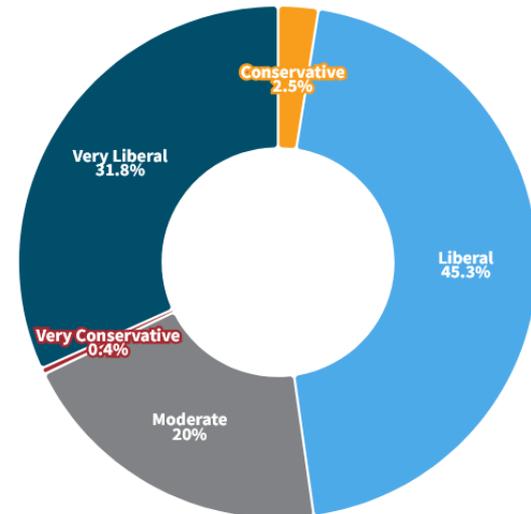
## More Than Three-Quarters of Surveyed Harvard Faculty Identify As Liberal

*This third installment of The Crimson's survey of the Faculty of Arts and Sciences explores respondents' political views on a range of issues, including academic freedom, race-conscious admissions policies, and more.*

BY RAHEM D. HAMID AND ELIAS J. SCHISGALL

May 22, 2023

How would you characterize your political leanings?



Source: The Crimson's 2023 Faculty Survey • By Rahem D. Hamid—Crimson Designer

**Privately, faculty complain of the need to self-sensor**

2

## Harvard's Record of Protecting Free Speech is "Abysmal" According to FIRE

Harvard ranks 251st out of 257 colleges in the 2025 college free speech rankings published by the Foundation for Individual Rights and Expression

### Category

### Harvard's 2025 Result

Overall Score

Zero

Comfort Expressing Ideas

235<sup>th</sup> out of 257

Administrative Support

250<sup>th</sup> out of 257

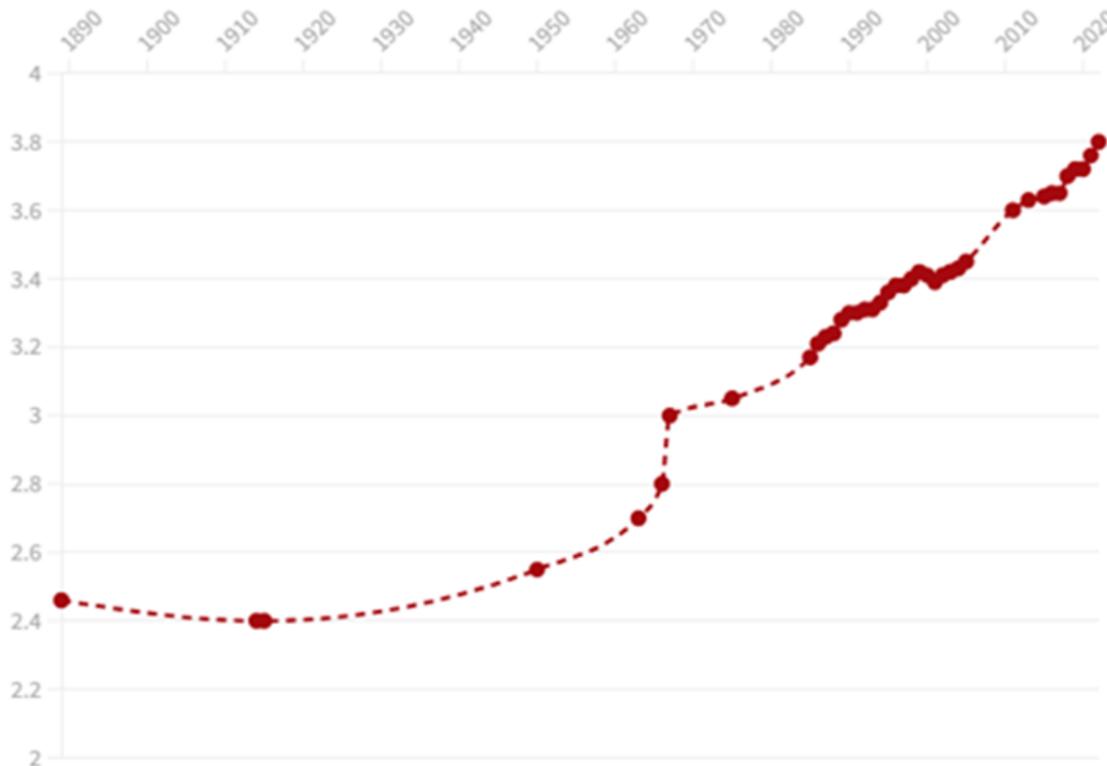
Speech Climate

Abysmal

### 3 Academic Rigor is Lacking

Harvard's average GPA has increased from ~2.6 in 1960 to ~3.8 today

Harvard Average GPA – 1889 to 2002



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## Harvard Students Report Feeling Unsafe

Harvard no longer provides a safe and non-threatening learning environment free from discrimination

**On campus, Jewish and Muslim students fear for their safety**

*Jewish Students Describe Facing Antisemitism on Campus to Members of Congress*

**Palestinian and Muslim students file complaint against Harvard claiming discrimination**

A civil rights group said Harvard failed to protect more than a dozen students from "rampant harassment and racist attacks."

# The Quality of a Harvard Education Has Deteriorated

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## Ideal

## Reality at Harvard Today

✓ Exposure to diverse viewpoints and ideas

✗ Harvard's faculty lacks diverse viewpoints

✓ Free speech and free expression

✗ Harvard ranks 251st out of 257 colleges on free speech

✓ Academic rigor

✗ Harvard has rampant grade inflation

✓ Safe and non-threatening learning environment

✗ Harvard has not created a consistently safe learning environment

**What are the causes of Harvard's failings?**

**Let's examine Harvard's mission**

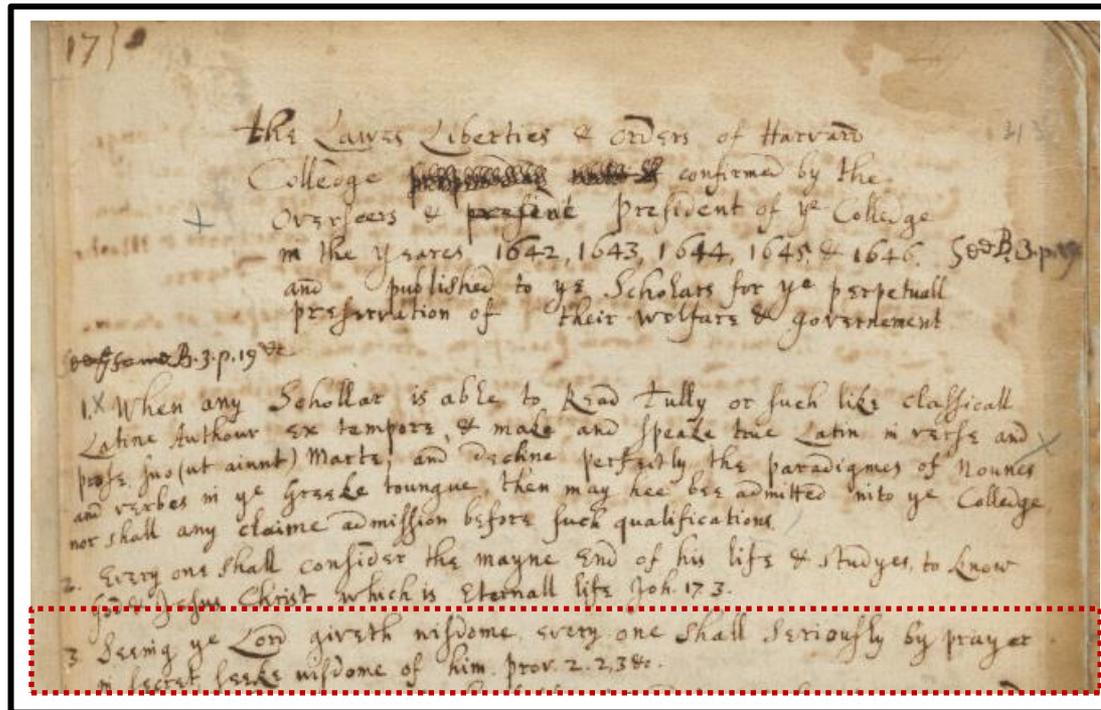
# The Seal of Harvard College (1643)

In 1643, Harvard's first mission was set as simply Veritas, or the "Truth"



# The Laws & Liberties of Harvard College (1646)

In 1646, the Laws, Liberties & Orders of Harvard College encouraged Harvard students to “seek wisdom”



**Seeing the Lord giveth wisdom, everyone shall seriously by prayer in secret, seek wisdom of [H]im. Proverbs 2:2-3 etc. (1)**

Source: Harvard Library. [https://iif.lib.harvard.edu/manifests/view/drs:46053466\\$53i](https://iif.lib.harvard.edu/manifests/view/drs:46053466$53i)

(1) “My son, if you receive my words, And treasure my commands within you, So that you incline your ear to wisdom, and apply your heart to understanding, Yes, if you cry out for discernment, And lift up your voice for understanding, If you seek her as for silver, And search for her as for hidden treasures; Then you will understand the fear of the LORD, And find the knowledge of God. For the Lord gives wisdom; From His mouth come knowledge and understanding; He stores up sound wisdom for the upright; He is a shield to those who walk uprightly;” – Proverbs 2:1-7

# The Charter of Harvard Corporation (1650)

The Charter of 1650 established the Harvard Corporation and stipulated that it provide for “good literature, arts, and sciences” to educate the youth in “knowledge and godliness”



*“The advancement of all good literature, arts, and sciences... and all other necessary provisions that may conduce to the education of the... youth of this country in knowledge and godliness”*

# Harvard's Mission Statement (Prior to 2020)

Over time, Harvard established a mission statement. Prior to 2020, Harvard's mission statement referenced the Charter of 1650 and celebrated truth (e.g., “rejoice in discovery and in critical thought”)

## The Mission of Harvard College

**Harvard College adheres to the purposes for which the Charter of 1650 was granted:** “The advancement of all good literature, arts, and sciences; the advancement and education of youth in all manner of good literature, arts, and sciences; and all other necessary provisions that may conduce to the education of the ... youth of this country.” In brief: Harvard strives to create knowledge, to open the minds of students to that knowledge, and to enable students to take best advantage of their educational opportunities.

To these ends, **the College encourages students to respect ideas and their free expression, and to rejoice in discovery and in critical thought; to pursue excellence in a spirit of productive cooperation; and to assume responsibility for the consequences of personal actions.** Harvard seeks to identify and to remove restraints on students' full participation, so that individuals may explore their capabilities and interests and may develop their full intellectual and human potential. Education at Harvard should liberate students to explore, to create, to challenge, and to lead. The support the College provides to students is a foundation upon which self-reliance and habits of lifelong learning are built: Harvard expects that the scholarship and collegiality it fosters in its students will lead them in their later lives to advance knowledge, to promote understanding, and to serve society.

*2019-2020 Harvard College Handbook for Students (emphasis added)*

**But Harvard's mission changed in 2020**

# Harvard's Mission Statement (2020 – Current)

In 2020, Harvard's mission statement was changed to focus on “new ideas”, diversity, “evolving identities” and “intellectual and social transformation”

References to the Charter of 1650 were removed

## The Mission of Harvard College

The mission of Harvard College is to educate the citizens and citizen-leaders for our society. We do this through our commitment to the transformative power of a liberal arts and sciences education.

**Beginning in the classroom with exposure to new ideas, new ways of understanding, and new ways of knowing, students embark on a journey of intellectual transformation. Through a diverse living environment, where students live with people who are studying different topics, come from different walks of life, and have evolving identities, intellectual transformation is deepened, and conditions for social transformation are created.** From this we hope that students will begin to fashion their lives by gaining a sense of what they want to do with their gifts and talents, assessing their values and interests, and learning how they can best serve the world.

*2024-2025 Harvard College Handbook for Students (emphasis added)*

# The Evolution of Harvard's Mission Statement

Harvard's mission statement has shifted from the Truth towards social transformation relativism – a philosophy wherein a diversity of new ideas is preferred to absolute truth

Seal	Laws & Liberties	Charter	Mission Statement	Mission Statement
1643	1646	1650	Pre-2020	Now
Veritas or "Truth"	Know God and seek wisdom	Good literature, arts, and sciences to educate the youth in "knowledge and godliness"	Reference to the Charter of 1650  Rejoice in discovery and in critical thought	No reference to the Charter of 1650  "good" replaced by "new"  emphasis now on "new ideas", diversity, "evolving identities" and "intellectual and social transformation"

**What happens when “new ideas” aimed at “social transformation” are unconcerned with the Truth?**

# On October 8, 2023, Harvard Student Groups Released a Statement After the Hamas Attack

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On the morning after the October 7<sup>th</sup> attack, while the terrorist acts were still underway in Israel, 34 Harvard student organizations issued a statement holding Israel “entirely responsible” for the attack

“We, the undersigned student organizations, hold the Israeli regime **entirely responsible** for all unfolding violence”

*Joint Statement by Harvard Palestine Solidarity Groups on the Situation in Palestine*

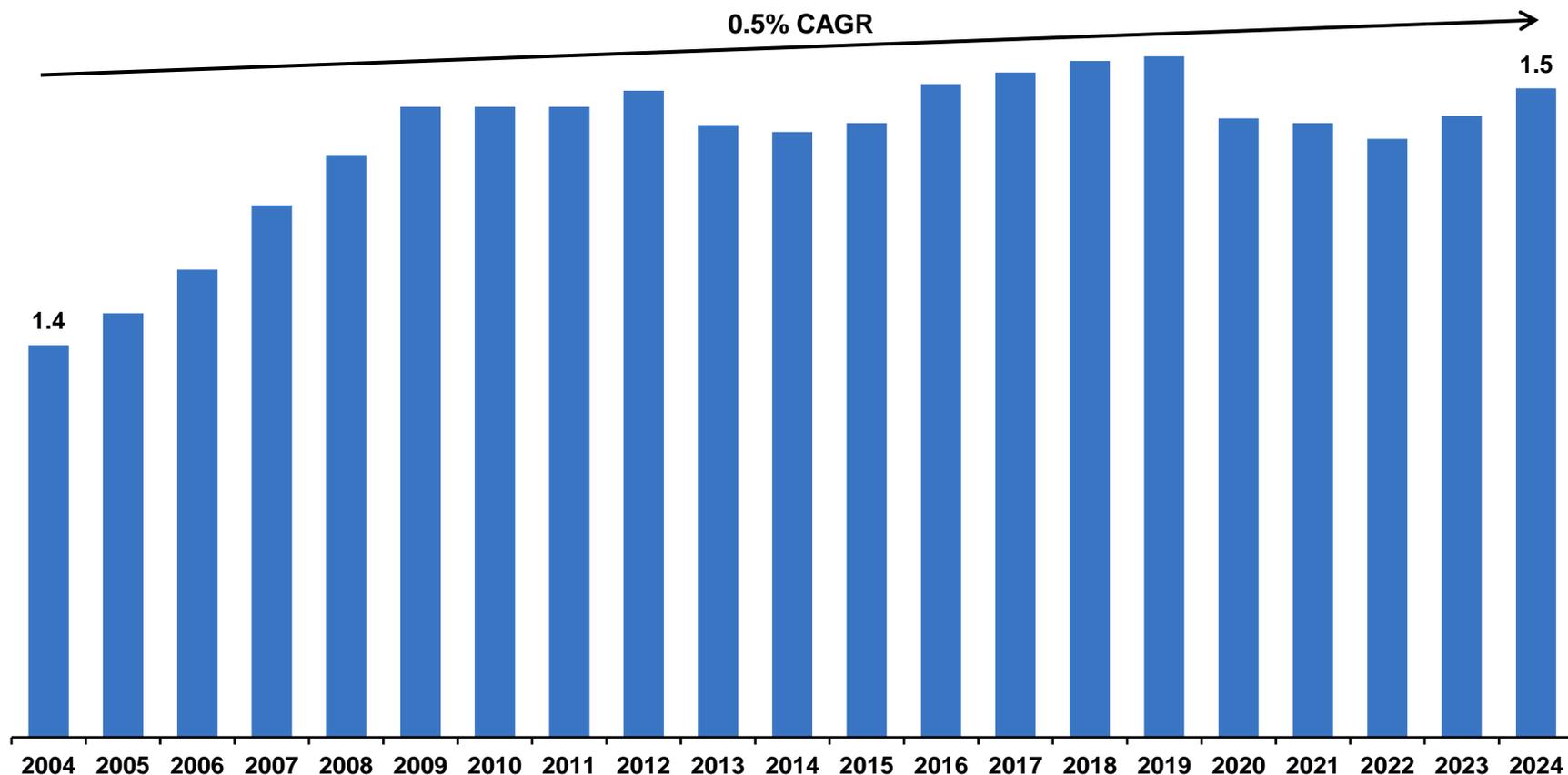
**For a university, faculty allocation is a critical component of capital allocation**

# **Harvard's Faculty Allocation**

# As a reminder, Harvard's Faculty Growth Has Been Modest

Over the last twenty years, Harvard faculty has grown at 0.5% annually. Since 2011, it has not grown at all

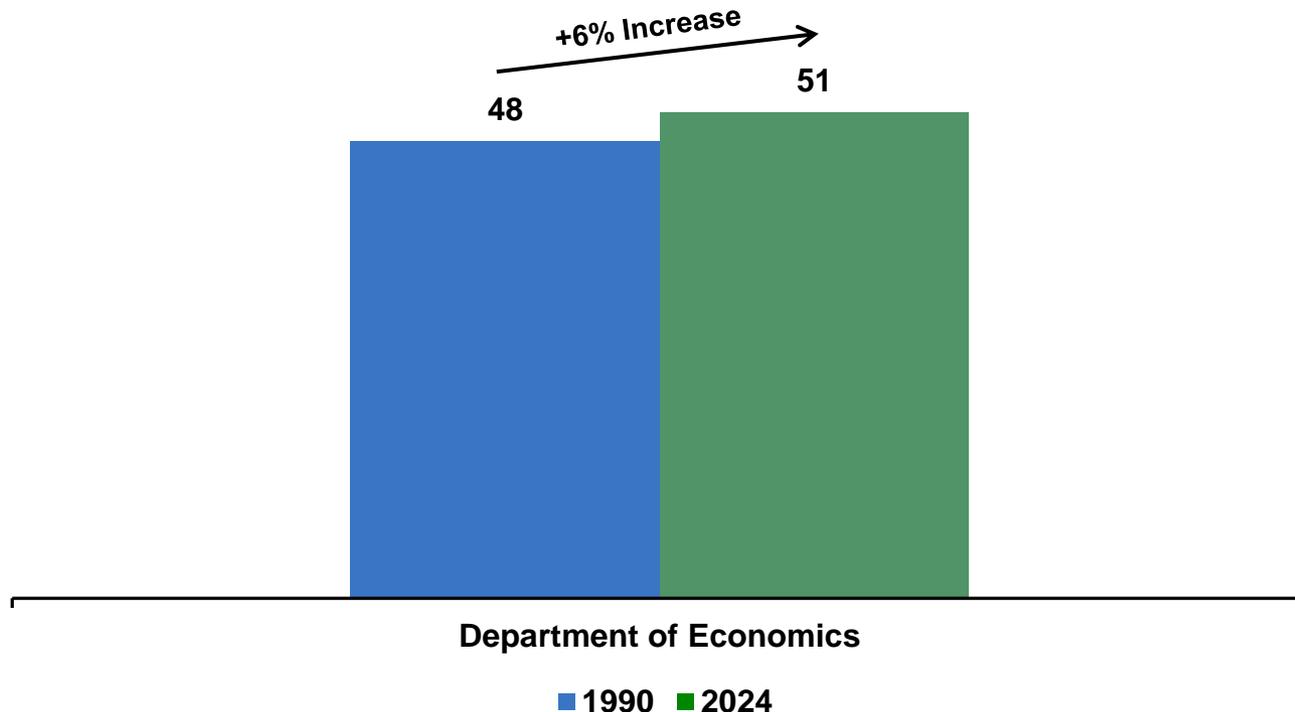
Harvard University Faculty – 2004 to 2024 (Thousands)



# The Economics Department's Ladder Faculty Has Grown Modestly

The number of Ladder Faculty in the Economics department increased from 48 in 1990 to 51 in 2024

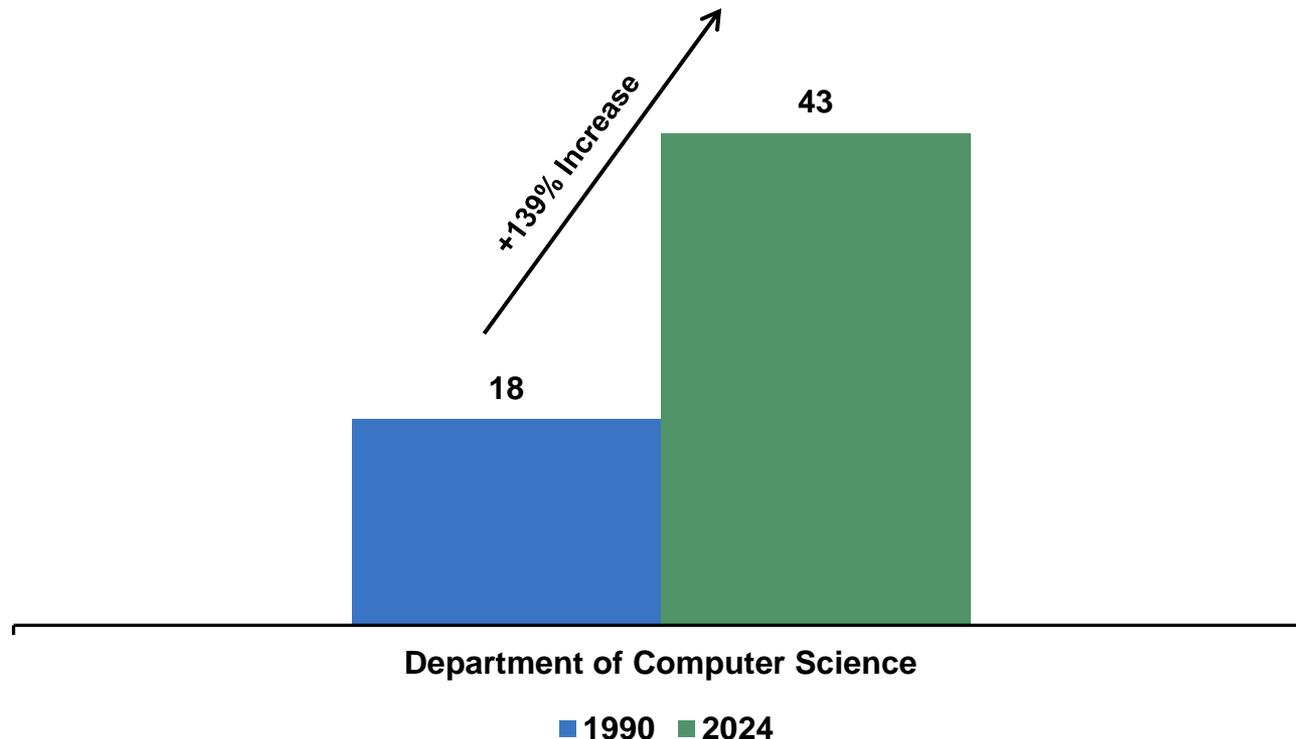
Harvard College: Ladder Faculty by Department (1990 vs. 2024)



# The Computer Science Department's Ladder Faculty Has Grown Faster Due to Higher Demand

The number of Ladder Faculty in the Computer Science department increased from 18 in 1990 to 43 in 2024

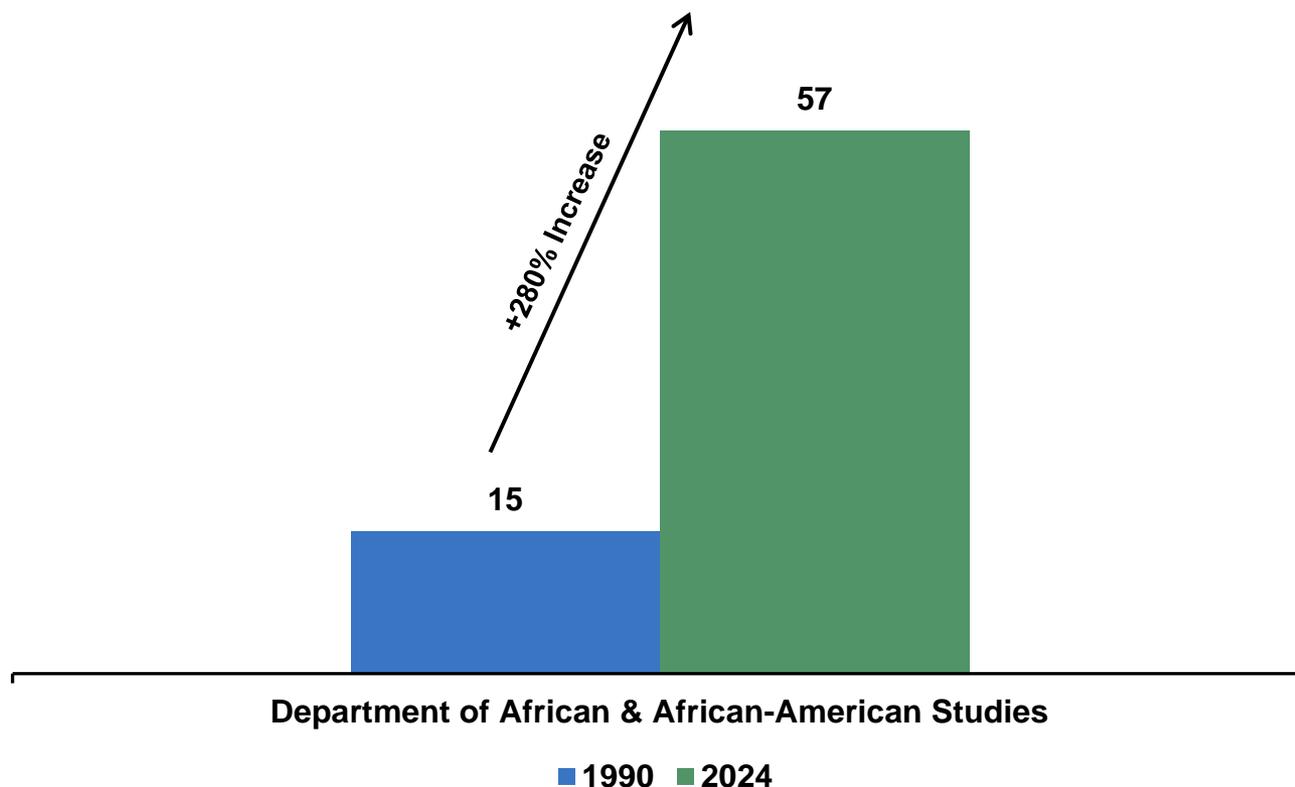
Harvard College: Ladder Faculty by Department (1990 vs. 2024)



# The African & African-American Studies Department's Ladder Faculty Has Grown Even Faster

The number of Ladder Faculty in the African & African-American Studies department increased from 15 in 1990 to 57 in 2024, larger than Economics and Computer Science

Harvard College: Ladder Faculty by Department (1990 vs. 2024)

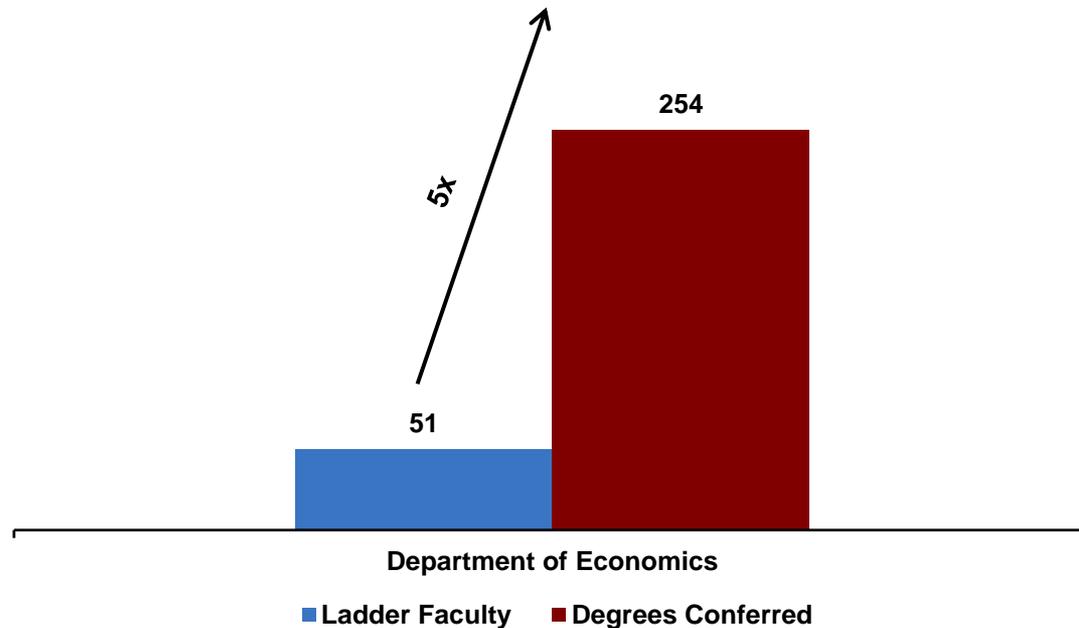


**One would assume that Harvard's faculty allocation would be designed to meet consumer (i.e. student) demand**

# The Economics Department Has Five Times the Number of Degree Recipients as its Ladder Faculty

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Harvard College: Ladder Faculty by Department (2024) and Degrees Conferred (AY2023)



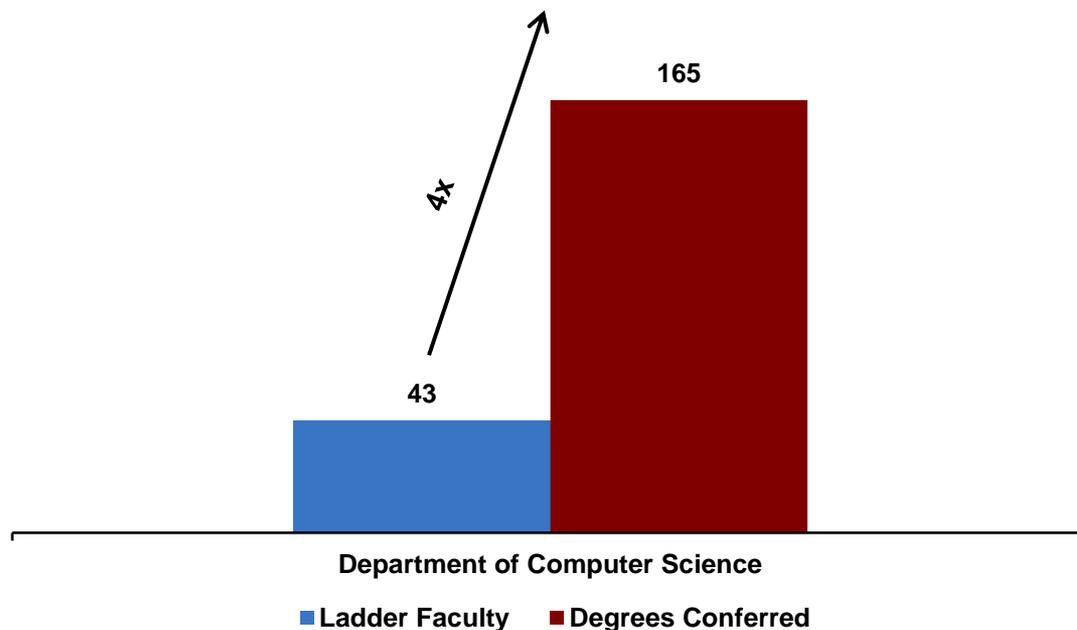
Source: Harvard Library and departmental websites.

(1) Harvard stopped listing faculty members in its 2016 coursebook. Therefore, the 2024 numbers in the chart above have been counted from current Harvard departmental websites Harvard Fact Book. <https://oira.harvard.edu/factbook/fact-book-degrees/>

# The Computer Science Department Has Nearly Four times the Number of Degree Recipients as its Ladder Faculty

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Harvard College: Ladder Faculty by Department (2024) and Degrees Conferred (AY2023)



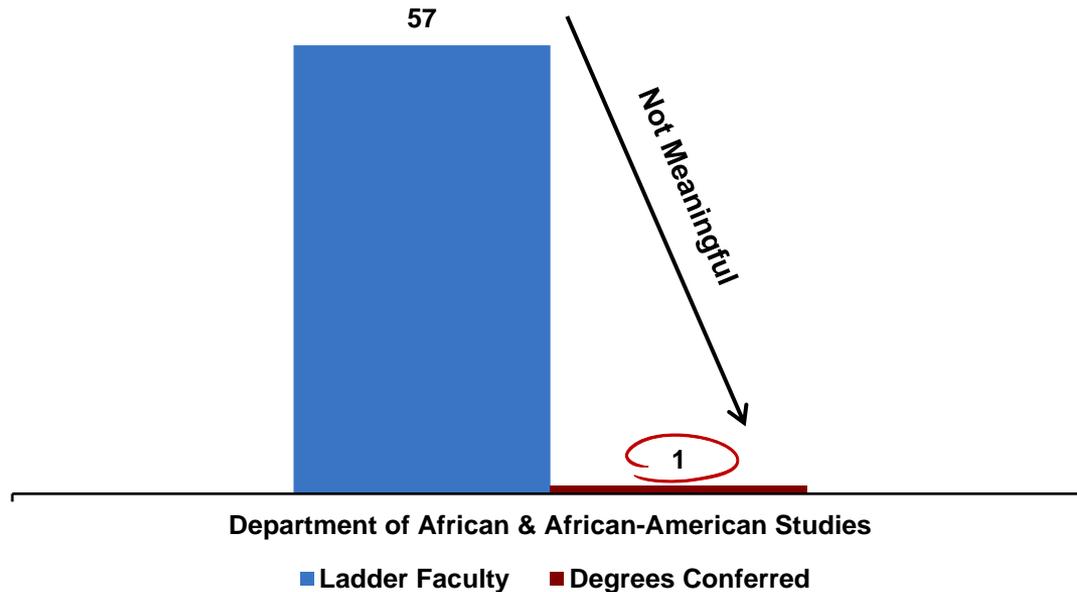
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# Yet the Department of African & African American Studies Conferred Only One Degree Recipient for its 57 Ladder Faculty

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Harvard College: Ladder Faculty by Department (2024) and Degrees Conferred (AY2023)



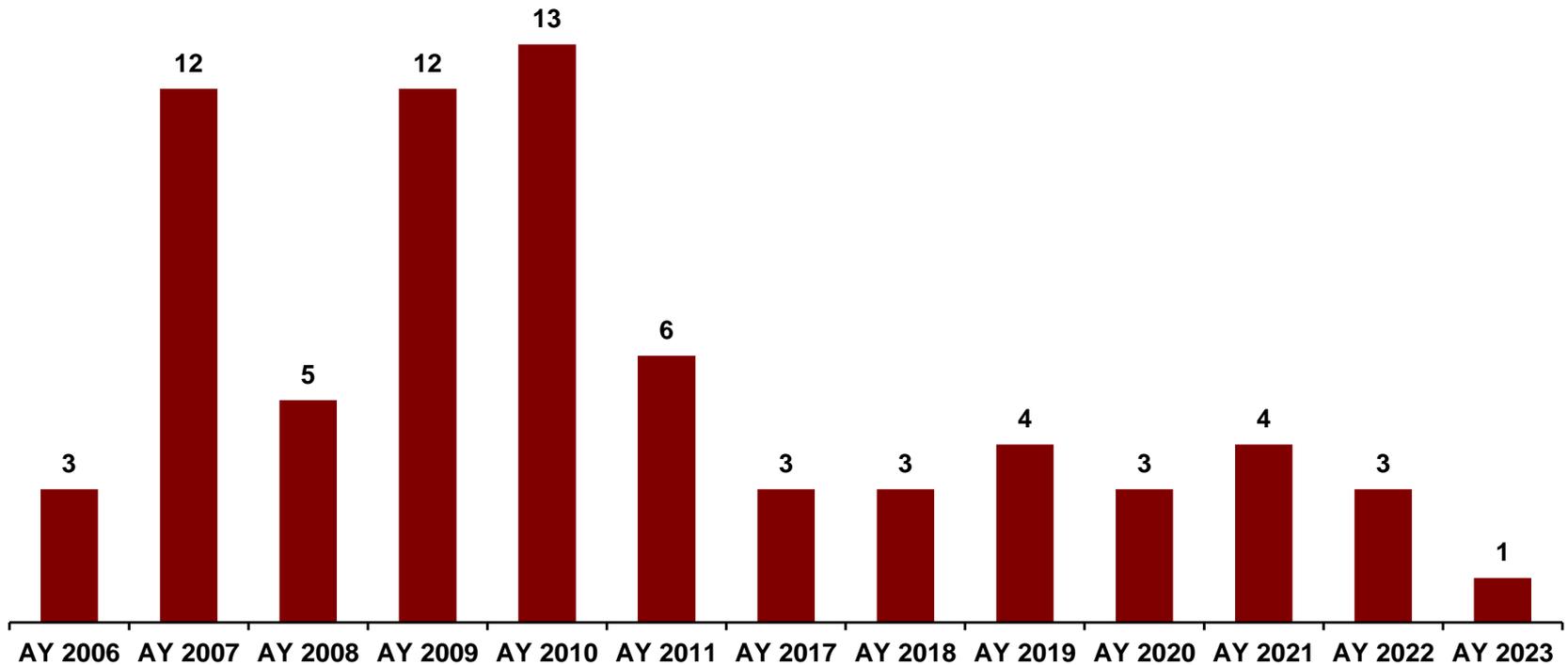
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# African & African American Studies Degree Recipients Have Declined Substantially Despite Doubling of Faculty

Despite the doubling of faculty resources to African & African American Studies since 2005, degrees have declined substantially

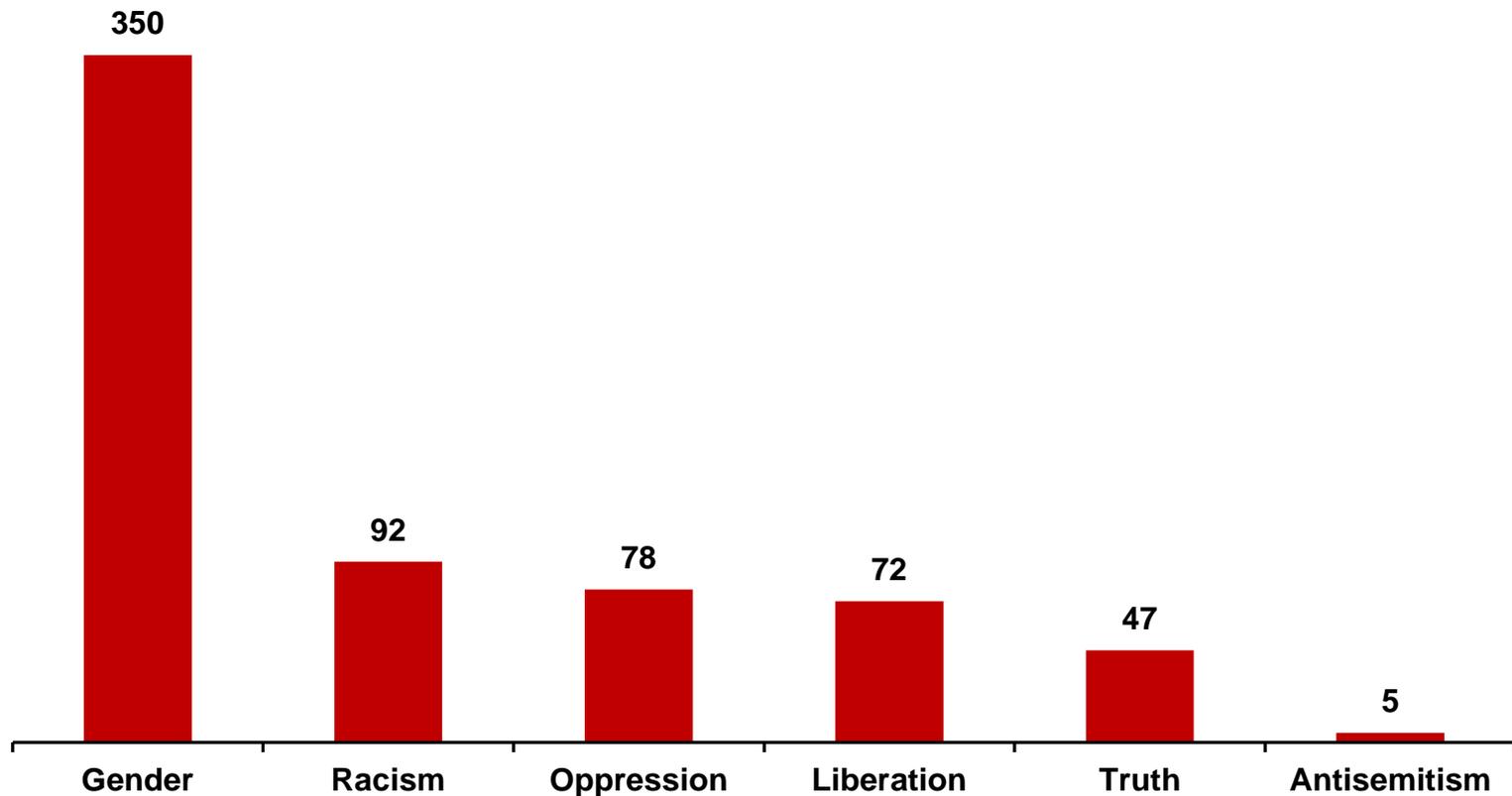
Harvard College: African & African American Studies Degrees Conferred – AY 2006 to 2023



**Harvard's social agenda is made evidenced by its course catalog**

# Harvard's Course Catalog Reflects its Changing Mission

A search of Harvard's 2024-2025 course catalog reveals the University and its faculty's focus



**Harvard has taken some positive steps**

# Alan Garber Appointed President

On August 2, 2024, Harvard appointed President Garber, whose acceptance message highlighted the value of knowledge

“From the moment I arrived at Harvard as an undergraduate, I have been inspired by the people who make this institution what it is. **We believe in the value of knowledge, the power of teaching and research, and the ways that what we do here can benefit society.** Those commitments matter today more than ever. Our work now is to focus on them with renewed vigor, rededicating ourselves to academic excellence. That excellence is made possible by the free exchange of ideas, open inquiry, creativity, empathy, and constructive dialogue among people with diverse backgrounds and views. This is a challenging time, one of strong passions and strained bonds among us. But I know that we are capable of finding our way forward together because we share a devotion to learning and because we recognize our pluralism as a source of our strength.”

*Alan Garber Acceptance Message*



# President Garber Has Taken Positive Steps

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- ✓ **Harvard reinstated its standardized test requirement for new applicants**
- ✓ **FAS, a subset of Harvard University, will no longer explicitly require a diversity and inclusion statement as part of its hiring process**
- ✓ **So far, in the 2024-2025 academic year, Harvard's campus remains tranquil, and the University is enforcing its rules**

# There is Continuing Pressure on Harvard to Change

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- ▶ **Harvard is ultimately reliant on donations to cover current operating expenses and grow its endowment**
  - Recent donations are down substantially
- ▶ **Harvard is facing legal, legislative, and political pressure**
  - Harvard is under congressional investigation
  - Harvard is subject to several lawsuits including related to Title VI violations
  - Universities are facing scrutiny for taking foreign donations
  - Private university tax benefits are under scrutiny
- ▶ **Facing reduced donations and given the illiquidity of its endowment, Harvard raised \$1.65 billion in a bond offering in March 2024**

***Financial and legal pressure is the greatest lever for change, as Harvard's governance structure is impenetrable by outsiders***

**Is Harvard a Buy, Sell, or Hold?**

# Harvard is a “Hold”

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## ▶ Harvard still has positive attributes

- A strong brand
- Nearly 400-year history
- Influential and resourceful alumni
- ~\$51 billion endowment
- Large real estate and other holdings

## ▶ It has many challenges

- The quality of education at Harvard has deteriorated while its cost has increased
  - More than \$300k is a high price to pay for a subpar education
- New competitors are emerging
- Many talented young people are forgoing a traditional university education
- Harvard has misallocated resources
- Top faculty are considering other options including in the private sector
- The Harvard brand has been tarnished due to recent events, as evidenced by a 17% decline for early admission applications last year while other Ivy leagues saw an increase
- The endowment has been a chronic underperformer



*"I got out of Harvard!"*