

DEAN'S ANNUAL REPORT 2016



HARVARD

Faculty of Arts and Sciences

“Drawing on deep wells of institutional strength, our faculty is building what’s next. They are leading in defining new ways of teaching, collaborating, and creating knowledge that will open new opportunities for us and our students.”

MICHAEL D. SMITH



Dear Colleagues,

It is my pleasure to present the *Dean's Annual Report* on the activities of the Faculty of Arts and Sciences (FAS) during Academic Year 2016 (July 2015 through June 2016).

In the pages that follow, you will see several powerful examples of a broad phenomenon. Drawing on deep wells of institutional strength, our faculty is building what's next. They are leading in defining new ways of teaching, collaborating, and creating knowledge that will open new opportunities for us and our students. By following the red thread of making as a way of understanding, our newest concentration in Theater, Dance & Media and the Department of Visual and Environmental Studies are surfacing connections across media and across programs. Through these efforts, faculty have created a much bigger tent for the shared project of thinking through the relationship of art-making to scholarship.

The growth of the Creative Writing program, reflected both in the number of creative senior theses and in an expanding faculty, is another example of the vitality and experimental possibility that faculty leadership is enabling in our programs.

These experiments are happening against a backdrop of increased focus within and across our academic divisions on faculty collaboration to advance broader themes. A focus for the coming year is to celebrate and further this faculty creativity and to lead in the search for answers in areas of global significance.

As a faculty, we continue to rise to meet the challenges of our time. In our "Faculty Trends" report, we see that as of September 2016, our faculty numbers are at an all-time high. The numbers of women and minority faculty continue to rise. And we are collectively working to ensure that we create and search in the broadest possible pools of candidates to ensure that we appoint truly outstanding faculty. But we know our work isn't done. We must remain vigilant to build on the gains we have made, strengthen the climate for all faculty, and foster community within and beyond departments. Our efforts to engage faculty broadly in the discussion of mentoring is one such effort.

Our “Financial Letter” reveals a piece of very welcome news. With 18 months still to go, we have surpassed the overall \$2.5 billion goal for the Campaign for Arts and Sciences. This is a significant achievement by any measure. We are enormously fortunate to be part of an institution that benefits from such generous alumni and donors who are committed to our teaching and research mission. On behalf of the faculty, I have written to our volunteer leaders to congratulate them on these results and to thank them for all their hard work in support of the FAS. All of you who have participated, speaking at events and meeting with our alumni and supporters, also deserve our heartfelt thanks. Many are working hard for our shared success in the Campaign, and those efforts are evident in this achievement.

The Campaign is an important piece, but only one part, of the overall financial picture of the FAS. The “Financial Letter” provides a look into the many factors shaping our large and decentralized budget, which funds the whole spectrum of activity of the faculty and students of Harvard College, the Graduate School of Arts and Sciences, and the Paulson School of Engineering and Applied Sciences. Though significant challenges remain ahead of us, the gains described herein would not have been possible without ongoing, careful management across our many departments and units. I am deeply grateful to the leadership of our departments and other units for their smart and careful priority setting, and their creativity in making space for innovation. Together, we will continue working to confront our shared challenges, and make the important investments necessary to advance our teaching and research mission.

I continue to be amazed by the seemingly limitless energy and ideas of our extraordinary faculty, staff, and students. I am proud of all we have been able to accomplish together, and look forward to all the advances sure to come in the new academic year.

Sincerely yours,



Michael D. Smith

Edgerley Family Dean of the Faculty of Arts and Sciences

John H. Finley, Jr. Professor of Engineering and Applied Sciences



IN DOING, INNOVATING EDUCATION

In the flourishing Department of Visual and Environmental Studies (VES) and the new Theater, Dance & Media (TDM) concentration, faculty and students are making a decidedly visible connection with knowledge.

Embracing the idea of “making things,” both arts curricula have found success, enhancing pathways that merge the intellectual with visually creative processes.

“What a promising moment it is for TDM and VES,” said Robin Kelsey, dean of Arts and Humanities. “People are sensing new synergies across media as students struggle with the meaning of embodied experience in the digital era.”

Last year, VES enjoyed a spike in enrollment as the number of concentrators rose to 72, a 67 percent increase from the prior year. This robust growth is a sign that the curriculum and faculty are connecting to the current student body “in a deep way,” said department chair Robb Moss.

“We teach art-making as a way to interrogate the world using visual and aural strategies. This means that, for example, painting, drawing, sculpture, animation, installation work, photography, filmmaking—and every combination in between—can be employed to not only know more about the world, but also learn more about oneself,” said Moss, noting that this year’s addition of a graduate degree in Film and Visual Studies only adds to the dynamic VES atmosphere.

In film alone, the strength of the program has made an imprint on the industry. During 2014, Damien Chazelle ’08 saw his feature film, *Whiplash*, win three Academy Awards, and three Best Documentary Feature nominees had studied in VES. One of the three was Joshua Oppenheimer, who last year earned a second best documentary nomination with *The Look of Silence*.

“This is a moment when the arts are rising. In addition to working with texts, students want to engage with the world through their disciplinary interests. Perhaps, this is a moment for many of us to think through the relationship of art-making to scholarship. If, as seems to be the case, many of our students across the University have taken art-making to heart, how do we, as a faculty, take this moment and help imagine what the future of scholarship and art-making might become?”

“We teach art-making as a way to interrogate the world using visual and aural strategies. This means that, for example, painting, drawing, sculpture, animation, installation work, photography, filmmaking—and every combination in between—can be employed to not only know more about the world, but also learn more about oneself.”

ROBB MOSS, DEPARTMENT CHAIR



Julia Cataldo AB '15, left, and Aysha Upchurch EdM '15 perform a dance performance at Farkas Hall to celebrate the formation of the new Theater, Dance & Media concentration.

A year into TDM, chair Martin Puchner expressed a similar sensibility about FAS's newest concentration. "Students want to get their hands dirty and build things. That's how they orient themselves in the world, how they relate to the world, and how they want to change the world," said the Byron and Anita Wien Professor of Drama and of English and Comparative Literature.

Highlighting his point, Puchner noted that TDM enrolled 13 concentrators in its debut [2015–16] year, with 20 more students electing it as a secondary field. On a micro level, he singled out TDM 120: "What's So Funny?," the improvisational comedy course taught in the spring that attracted 140 students for only 14 slots.

"Harvard's comedic energy goes back to the University's deep history with the Harvard Lampoon and Hasty Pudding Theatricals. It's always been extracurricular, but we've made it curricular," he said. "In today's media environment, comedy is exploding as an art form. It's a rapidly growing industry, and an increasingly important form of social commentary. For TDM, it relates to everything we do, from acting to directing to writing across different media."



Harvard Dance Director Jill Johnson (left) teaches “Masterwork: The Choreographic Process of William Forsythe.”



Alistair Debling '16 (right) shows his work, “War Room, 2016, multimedia installation,” during the “VES 2016 Senior Thesis Exhibition.”

Kelsey echoed Puchner’s thoughts. “When you move this kind of activity (improv) into the curriculum, you start asking a whole new set of questions,” he said. “How does humor define social boundaries? How does it make room for new forms of identity?”

Jill Johnson, dance director and senior lecturer, sees an equally energized dance component of TDM, where, she estimates, 45 percent of students shopping dance classes last year expressed an interest in TDM.

“They feel as if they are now visible, that what they are interested in is serious and academic,” Johnson said. “To see that shift for them is what’s been so meaningful.”

Diana Sorensen, who stepped down in June after 10 years as dean of Arts and Humanities, said crossing the boundary from extracurricular to classroom has already been a productive part of the “cross-fertilization” that happens in coursework and in many of the initiatives sponsored by the Office for the Arts.

Through this kind of hands-on academic study in TDM and VES, students learn a vocabulary that creates not only profound thinkers, but also a deep sense of unity.

“The experience of it and its publicness is one of the great things about art classes. When people see people making things—whatever solutions they might imagine, whatever problems might arise—it creates a feeling of community. There’s something about this that is kind of special,” said Moss.

Going forward, Kelsey said he hopes to build on the momentum in the visual arts “to start new conversations” relating to what the faculty and students in TDM can do together with the efforts of their peers in VES.

“All the different areas of artistic practice in FAS have a great deal to say to one another,” he said. “We have to make a very big tent.”

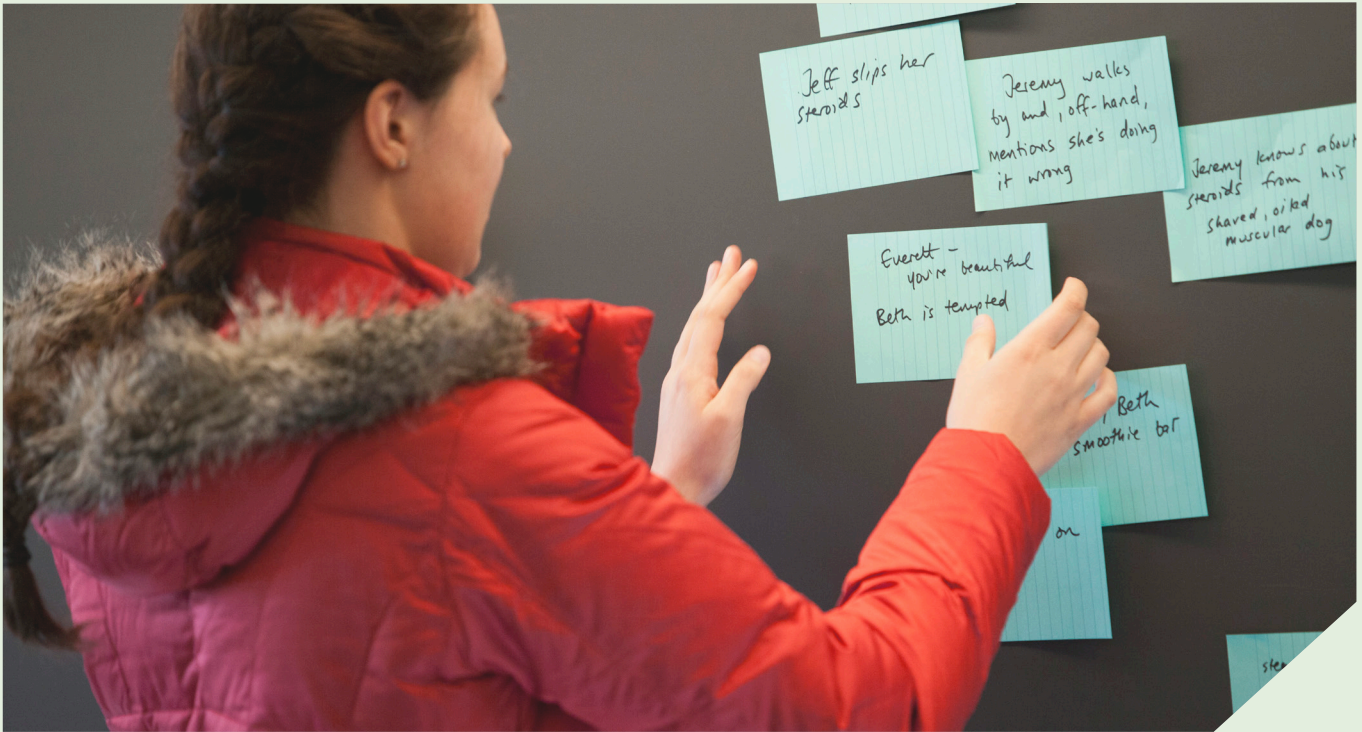


1: A close-up image of Matthew Plaks's VES thesis: a photography project that looks at community across America.

2: VES concentrator Brooke Griffin works on her thesis project in the Linden Street Studios.

3: Diane Paulus (center) looks at a student demonstration during their class about magic in theater.

4: VES concentrator Zena Mengesha works on her thesis project in the Linden Street Studios. Her VES thesis is a mixed media project about utopian worlds.



As part of Wintersession, students participated in “The Writers’ Room: Writing for Television,” an immersive program with two of television’s leading showrunners and writers, Robert Carlock ’95 (*30 Rock*, *Friends*, *Saturday Night Live*) and Greg Daniels ’85 (*The Office*, *Parks and Recreation*, *King of the Hill*, *The Simpsons*, *Saturday Night Live*, *Seinfeld*). Rachel Stromberg (pictured) shifts through story ideas posted on the blackboard in Lowell Lecture Hall at Harvard University.

Creative Writing

Bret Anthony Johnston isn’t using hyperbole when he calls Harvard’s Creative Writing program “the best, most successful in the world, by every measure.”

“When you put that high a caliber of a faculty member in a room with students who have an unrelenting capacity for work and a deep and innate curiosity, it’s really going to produce something special, and we see it in every genre we teach,” said the Paul and Catherine Battenwieser Director of Creative Writing and senior lecturer on English.

The past year was a particularly strong one for the burgeoning program. Most striking to Johnston is the statistic that 46 percent of senior theses in the Department of English concentrators were creative theses.

“It’s unprecedented and absolutely thrilling,” said Johnston, who anticipates that number to rise even higher this year. “Creative writing is becoming a more and more formidable part of the humanities.”

A faculty of nine taught 31 workshops last year, and those numbers increased to 11 and 35, respectively, for 2016–17. The Creative Writing program’s growing faculty added Paul Yoon and Laura van den Berg as Briggs-Copeland Lecturers in Fiction this year—award-winning novelists whom

Johnston described as “extraordinary writers and extraordinarily gifted and dedicated teachers.”

He expects even more growth with last spring’s announcement of two significant gifts—the Gore Vidal Presidential Fund and the Joseph Y. Bae and Janice Lee Arts Lecture-ship. It’s cause for celebration that is echoed by English department chair James Simpson.

“Our already powerful faculty has gained immeasurably in the last year from the addition of Claire Messud in fiction and Jill Abramson in journalism. We hope to build out from this exceptional team to incorporate high-profile writers who serve as dedicated, small-group teachers,” he said. “Above all, the program is flourishing because we hold to a pedagogic and disciplinary ethos: small classes and an unrelenting encouragement to meet the ever-impossible challenge of great writing.”

Student success stories are abundant. Hong Kong-born British poet Sarah Howe, who studied as a Radcliffe Fellow with American poet Jorie Graham, won the T.S. Eliot Prize for “Loop of Jade.”

“It’s very rarely gone to such a young author for her first book,” Johnston said.

Another student shared news that particularly moved Johnston: her debut novel had been bought by Simon & Schuster. In the postscript of her email, the student mentioned that the editor who had bought the book also had been one of Johnston’s students.

“I had told her that writing and reading would always be a part of her life,” Johnston said. “And what did she do? She went into publishing, and is able to surround herself with writers. She’s still shaping contemporary literature.”



Briggs-Copeland Lecturers in Fiction Paul Yoon and Laura van den Berg read at the Barker Center as part of the English series called “Writers in the Parlor.”



FACULTY TRENDS

Office for Faculty Affairs
Academic Year 2015–2016

Faculty Trends

As of September 2016, the Faculty of Arts and Sciences (FAS) includes 732 ladder faculty, an all-time high.¹ In Academic Year (AY) 2015–16, the FAS appointed 25 new ladder faculty, saw 22 ladder faculty depart, and promoted 16 tenure-track faculty to tenure.

The numbers of women and minority faculty continue to rise. Currently, the faculty is composed of 213 women (up from 208 last year) and 154 minorities (up from 150 last year). Women now represent 29%² of the faculty and close to half (43%) of the tenure-track faculty. Minorities represent 21%³ of the faculty and 27% of the tenure-track faculty.

The appointment of outstanding faculty is one of the FAS's highest priorities. We can only achieve this by creating, and searching in, the broadest possible pools of candidates. Our emphasis on this approach has led to significant progress in diversifying the faculty, although more work still needs to be done.

Figure 1: Ladder-Faculty Counts in the FAS, Fall 1996 to Fall 2016

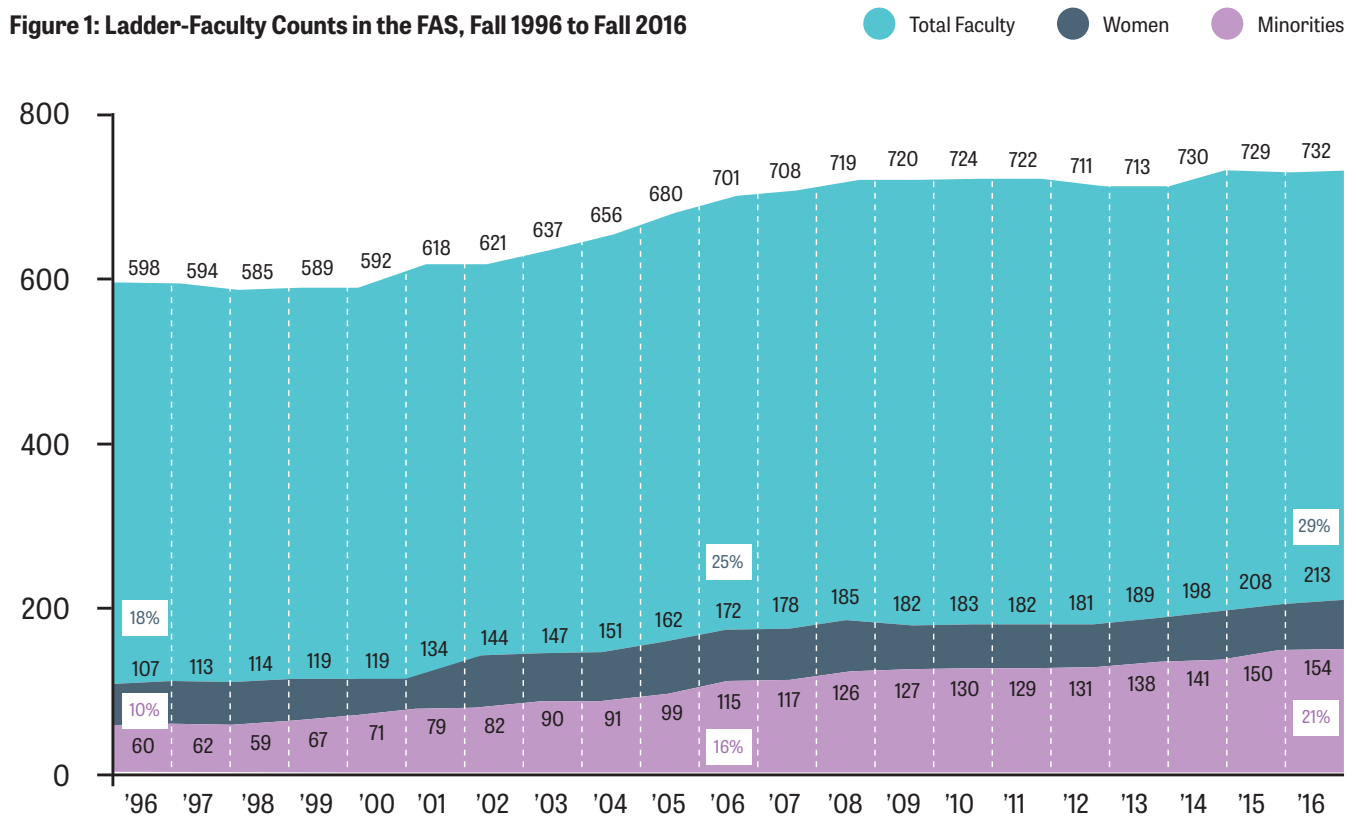


Figure 1: Ladder-Faculty Counts in the FAS, Fall 1996 to Fall 2016. The ladder-faculty ranks include Assistant Professor, Associate Professor, Professor, Professor in Residence, and University Professor. The minority category includes the following race and ethnicity designations: "Hispanic or Latino," "Black or African American," "Native Hawaiian or Other Pacific Islander," "Asian," "American Indian or Alaska Native," and "Two or More Races."

¹ The ladder-faculty ranks include Assistant Professor, Associate Professor, Professor, Professor in Residence, and University Professor.

² Specifically, 26% of senior ladder faculty (i.e., Professors, Professors in Residence, and University Professors) and 43% of tenure-track faculty (i.e., Assistant Professors and Associate Professors) are women.

³ Specifically, 20% of senior ladder faculty and 27% of tenure-track faculty are minorities.

Recruiting Women

In AY 2015–16, 14 of 37 (38% of) external ladder-faculty offers were made to women. This is a somewhat lower outcome than in the previous three years, when we achieved near gender parity in offers. We need to remain vigilant in this area. Later in this report, we discuss our recruitment strategies.

The table below shows the last three years of external offers by gender. Over the last three academic years, 63 of 139 (45% of) offers were made to women.

Table 1: External Ladder-Faculty Offers by Gender, AY 2013–14 to AY 2015–16

	2013–14	2014–15	2015–16	Total
Offers to women	29 (50%)	20 (45%)	14 (38%)	63 (45%)
Offers to men	29 (50%)	24 (55%)	23 (62%)	76 (55%)
Total	58	44	37	139

Table 1: External Ladder-Faculty Offers by Gender, AY 2013–14 to AY 2015–16. The ladder-faculty ranks include Assistant Professor, Associate Professor, Professor in Residence, Professor, and University Professor.

In regard to incoming faculty, 13 of 25 (52% of) new ladder faculty starting in Fall 2016 are women. The percentage of incoming women (52%) is higher than the percentage of offers to women (38%), due to the timing of start dates rather than the differences in acceptance rates.⁴ Several women accepted offers prior to 2015–16 but deferred their start date to Fall 2016.

The table below shows the last three years of incoming ladder faculty by gender. Over the last three years, 51 of 113 (45% of) incoming faculty were women.

Table 2: Incoming Ladder-Faculty by Gender, Fall 2014 to Fall 2016

Fall	2014	2015	2016	Total
Incoming women faculty	19 (43%)	19 (43%)	13 (52%)	51 (45%)
Incoming men faculty	25 (57%)	25 (57%)	12 (48%)	62 (55%)
Total	44	44	25	113

Table 2: Incoming Ladder-Faculty by Gender, Fall 2014 to Fall 2016. The ladder-faculty ranks include Assistant Professor, Associate Professor, Professor in Residence, Professor, and University Professor. Incoming faculty include new hires as well as ladder faculty from other Harvard Schools who are new to the FAS as voting members of the Faculty.

Recruiting Minorities

The FAS has made progress in recruiting minority candidates. In the last three years, 28% of external ladder-faculty offers were made to minorities, and 32% of new ladder-faculty appointments were minorities. These results are encouraging, given that minorities currently represent 21% of our 732 faculty.

In the last three years, faculty in the categories of “Hispanic or Latino,” “Black or African American,” “Native Hawaiian or Other Pacific Islander,” “American Indian or Alaska Native,” and “Two or More Races” collectively represented 9% of external ladder-faculty offers and 11% of new ladder-faculty appointments. Faculty in these categories currently represent 8% of our 732 faculty.

⁴ Over the last three years, the offer acceptance rate for women was 68%, and the acceptance rate for men was 75%. Ladder faculty from other Harvard Schools who join the FAS as voting members of the Faculty are not included in the offer statistics.

Recruiting Strategies

The FAS continues to pay close attention to recruitment practices. Mahzarin R. Banaji, Richard Clarke Cabot Professor of Social Ethics and the Senior Adviser to the Dean on Faculty Development, works with the divisional offices and the John A. Paulson School of Engineering and Applied Sciences (SEAS), department chairs and SEAS area deans, and search committee members to reinforce best practices in searches. We continue to update and distribute “Recommendations for Ensuring the Integrity of Faculty Searches,”⁵ authored by Professor Banaji and the FAS Office for Faculty Affairs (OFA), which draws on behavioral science research and departmental feedback in suggesting ways to minimize bias. “Recommendations” is sent to department chairs and area deans with every search authorization, and all search committee members are asked to use it as a guide.

In addition, the divisions and SEAS work very closely with the departments and areas throughout each search to ensure that they are creating deep candidate pools, that long and short lists are diverse, and that all processes are rigorous. Diversifying and strengthening our faculty remains a top priority for the FAS.

Retirement

The FAS Faculty Retirement Program continues to have an impact on faculty diversity. Last year, eight of nine faculty who retired were men, in clear contrast with the demographics of our incoming faculty. Of the 103 faculty who have signed a retirement agreement since the program launched in 2010, 90 are men (87.4%) and 13 are women (12.6%). In addition, four of the 103 faculty are minorities.

As faculty members continue to retire through the program, and as we continue to recruit and promote from more inclusive candidate pools, we expect to see greater diversity in the senior faculty.

Promotion

For years now, the FAS has been deeply committed to a tenure-track system in which qualified faculty members are reviewed for promotion at regular intervals and according to clearly stated criteria. Promotion rates remain strong. Last year, 16 of 21 faculty who stood for their tenure review were successfully promoted, including five of six women (83%) and 11 of 15 men (73%). Below, we provide a more detailed analysis of promotion rates.

Promotions to Associate Professor

Of the cohort of 225 Assistant Professors hired between Fall 2003 and Spring 2012,⁶ 84% were promoted to Associate Professor, including 85% of the men and 81% of the women. A Chi-square test for independence shows no statistical difference ($p=0.40$) between the percentage of men and women (85% vs. 81%) who were promoted to Associate Professor. Not all Assistant Professors in the cohort stood for their promotion review, as discussed below.

Among Assistant Professors who stood for their promotion review to Associate Professor, the success rate was 97% for women and 96% for men. However, a lower percentage of women (83%) stood for their review compared to men (88%); a Chi-square test for independence shows no statistical difference ($p=0.28$) between the percentage of men and women (88% vs. 83%) who stood for review.

Table 3: Assistant-to-Associate Professor Promotion Rates

	Percent who stood for review to Associate Professor		Associate review success rate (conditional on standing for review)		Associate promotion rate
Women	83%	×	97%	=	81%
Men	88%	×	96%	=	85%
Total	87%	×	96%	=	84%

Table 3: Assistant-to-Associate Professor Promotion Rates. Rates were calculated from outcomes for the 225 Assistant Professors hired between Fall 2003 and Spring 2012.

⁵ The latest version of this document can be found on the website for FAS faculty and researchers: http://facultyresources.fas.harvard.edu/files/facultyresources/files/recs_for_ensuring_integrity_of_faculty_searches_for_website.pdf?m=1463159374.

⁶ This is the largest cohort available to the FAS Office for Faculty Affairs. Our comprehensive data on associate promotions extends back to Assistant Professors hired in Fall 2003. We cannot extend beyond those hired in Spring 2012, because a sizable fraction have not yet completed their review.

Promotions to Tenure

Of the cohort of 247 Associate Professors starting their appointments between Fall 2003 and Spring 2013,⁷ 51% were promoted to tenure, including 54% of the men and 44% of the women. Although a Chi-square test for independence shows no statistical difference ($p=0.14$) between the percentage of men and women who were promoted to tenure, the difference is very concerning and continues a trend identified in last year's annual report.

Among faculty who stood for their tenure review, the success rate was 68% for women and 69% for men. However, a lower percentage of women (65%) stood for their review to tenured professor compared to men (78%). This difference is statistically significant via a Chi-square test for independence ($p=0.02$). Our historical analysis in last year's report showed that a smaller percentage of women remain on the tenure track through their tenure review, as compared to men, and that this fact is correlated with the outcome that women are not attaining tenure at the same rate as men. The majority of women who left the tenure track did so before their scheduled review year. Last year, three faculty departed without standing for review; two were women. In AY 2015–16, we made concerted efforts to change this trend, and we will extend these efforts in the coming year. In the next section, we outline our strategy from this past year and for the year to come.

Table 4: Associate-to-Tenured Professor Promotion Rates

	Percent who stood for review to Tenured Professor		Tenure review success rate (conditional on standing for review)		Tenure promotion rate
Women	65%	×	68%	=	44%
Men	78%	×	69%	=	54%
Total	73%	×	69%	=	51%

Table 4: Associate-to-Tenured Professor Promotion Rates. Rates were calculated from outcomes for the 247 Associate Professors who started their appointments between Fall 2003 and Spring 2013. Three Associate Professors whose reviews have not yet been completed were not included in the cohort.

Experience of Tenure-Track Faculty

In AY 2015–16, to address the attrition trend and climate concerns noted in the 2015 annual report, the FAS began a major push to improve the mentoring and professional development of tenure-track faculty. This effort is part of a broader goal to improve the climate for all faculty and to foster community.

First, in Fall 2015, the FAS informed departments and SEAS that mentoring would be a central focus of annual academic-planning discussions. For these discussions, each department was asked to reflect on the mentoring plans they developed in 2010. Throughout the fall, as these discussions took place, the Office for Faculty Affairs

separately conducted focus groups with tenure-track and recently tenured faculty to discuss their experiences on the tenure track. Every ladder-faculty member was also asked about mentoring in his or her activity report. From these reports, OFA culled best practices on mentoring. In addition, OFA researched the literature on mentoring.

Synthesizing information from these sources, OFA created and distributed to all FAS ladder faculty in Spring 2016 a *Guide to Faculty Mentoring in the Faculty of Arts and Sciences*. This booklet offers practical guidance to tenured faculty mentors, tenure-track mentees, and departments/areas on what mentoring involves and how to build productive

⁷ This is the largest cohort available to the FAS Office for Faculty Affairs. Our comprehensive data on tenure promotions extends back to Associate Professors starting in Fall 2003. We cannot extend beyond those starting in Spring 2013, because a sizable fraction have not yet completed their review.

mentoring relationships. In particular, the *Guide* advocates for the development of a mentoring network within and outside of Harvard; for a mentor match, where the mentee has input into who serves as mentor; for a mentoring committee or point person within the department/area to ensure accountability; and for a formal mentor outside of the department/area, facilitated by the divisional deans and the John A. Paulson Dean of SEAS. Faculty feedback on the *Guide* has been positive so far, and we hope that the practices outlined in the *Guide* will strengthen faculty culture and help to address attrition. The FAS plans to review at regular intervals whether this mentoring push has been effective.

Second, the FAS held several events in 2015–16 to support the independent professional development of tenure-track faculty. The Office for Faculty Affairs organized two workshops for tenure-track faculty: a September 2015 session on leadership strategies in academia, led by Harvard Business School professor Frances X. Frei, and an April 2016 workshop offering practical strategies on managing a research group. In addition, the Standing Committee on Women expanded its series of “mini-symposia,” previously held in the Science Division, to include tenure-track women in the Arts and Humanities and Social Sciences. These symposia are opportunities for women faculty to present their work, gain feedback from colleagues across the FAS, and develop their professional networks.

Finally, the FAS launched in Spring 2016 a new website for FAS faculty and researchers (<http://facultyresources.fas.harvard.edu>). This website significantly expands the information available to faculty and researchers on appointment and promotion, research, teaching, professional development, work/life balance, and other aspects of academic life.

Looking ahead to 2016–17, we will continue our efforts to improve the experience of tenure-track faculty.

First, we will ask every departing tenure-track faculty member to share their experiences in an exit interview with the Dean for Faculty Affairs and Planning. Through these and other conversations, we will continue to learn about our faculty’s needs and concerns. Second, based on feedback from tenure-track and recently tenured faculty about their experience on the tenure track, we will be offering new professional development opportunities for tenure-track faculty. Current plans include a seminar by leading experts in communication and possible formats for tenure-track faculty to discuss issues such as productivity, work/life balance, and time management. Third, we are undertaking an analysis of our appointment extension policies related to birth and adoption, to determine whether these policies correlate with different tenure outcomes for men and women.

These efforts support our broader goal of enhancing the experience of all faculty members and enabling them to make their best contributions to research, teaching, and our community. Recruitment and retention, with unflagging attention to diversity, help us to build a vibrant faculty. Mentoring and professional development not only strengthen individuals and the ties among them, but also foster a productive community. We continue to listen and respond to the needs of our faculty in order to help make Harvard an outstanding place for all faculty to do their best work.

Title IX

In 2015–16, the Office for Faculty Affairs, in collaboration with the Graduate School of Arts and Sciences, created a new position—Program Officer for Title IX and Professional Conduct—to lead the Title IX education and engagement program for faculty, researchers, teaching assistants, and graduate students.

Our goal was to engage faculty in small-group education sessions on sexual assault and sexual and gender-based harassment at Harvard. OFA partnered with department chairs to conduct these sessions at regularly scheduled departmental/SEAS faculty meetings to maximize attendance. To date, OFA has conducted over 15 sessions at department faculty meetings and more than 40 sessions overall, when including other constituents such as postdoctoral fellows, teaching assistants, and graduate students. We also conduct Title IX training at all faculty orientations, including the FAS New Faculty Institute (for ladder faculty), the “Navigating Harvard” orientation (for non-ladder faculty), the training for incoming department chairs and area deans, and orientations for new postdocs. This has been a productive way to socialize incoming members of the FAS community. In 2016–17, our goal is to continue to educate and engage our faculty and other constituents about these issues.

The response from faculty has been positive. Faculty conversations have focused primarily on the concrete steps they can take to improve the climate in their department or area and on how best to respond to disclosures of information that may violate the FAS’s sexual and gender-based harassment policy. Discussing these issues raises awareness of the resources that can provide support to those who have experienced assault and/or harassment and those who wish to report such incidents.

The Office for Faculty Affairs is also developing customized, online training modules to engage a broader audience. While we prefer to conduct in-person training for faculty, it is not feasible to reach everyone in this manner. Moreover, most commercial, online training programs are geared toward staff employees or students and do not necessarily account for scenarios involving faculty (e.g., a student may disclose a sexual harassment incident during office hours). We are developing online modules in-house specifically to gear content toward our faculty, teaching assistants, and researchers. These modules will balance compliance information (e.g., laws and policies) with practical guidance (e.g., what to do if a student discloses an incident, or how to create an inclusive climate).

The goal of our education program is to improve the climate and culture around this issue. During education sessions, faculty are asked to reflect on what values they aspire to uphold individually as leaders, mentors, and colleagues and collectively as a department or area. We also ask them to discuss how they can take an active role in preventing harassment and discrimination—not just by complying with policy, but also by fostering an environment where all members of the campus community can fully engage in learning, teaching, research, and discovery.



Dimitar Angelov
Beth Blum
Emily Breza
Fernando Camargo
Rachel Carmody
Stephen Chong
Patricio del Real
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Cynthia Dwork
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Jon Rogowski
Gina Schouten
Nora Schultz
Gabriela Soto Laveaga
Tomasz Strzalecki

Ashvin Vishwanath
Jocelyn Viterna
Christina Woo
Xi Yin
Saul Zaritt
Xiang Zhou

- Externally appointed to tenured professor, with appointments starting in AY 2016–2017
- Externally appointed to tenure-track positions, with appointments starting in AY 2016–2017
- Internally promoted to tenured professor during AY 2015–2016
- Appointed to Professor of the Practice during AY 2015–2016

As of time of publication

FINANCIAL REPORT

Office for Administration and Finance
Academic Year 2015–2016

Financial Report

We are pleased to present the FAS's financial results for Fiscal Year 2016, the fiscal year ending June 30, 2016. This report briefly explains how our financial resources supported our academic mission over the last year, and it provides a glimpse of the financial opportunities and challenges facing the FAS in Fiscal Year 2017.

We present our financial results in several views.

Modified GAAP: The “Modified GAAP” (Generally Accepted Accounting Principles) view describes the FAS's internal income statement in a way that is consistent with the University's external statements. In this view, depreciation—or the annual wear and tear on physical assets such as buildings and equipment—is included as an operating expense, while principal payments on internal debt are excluded.

Managerial View: The Managerial view focuses on our overall change in cash, where a surplus represents an increase in reserves and a deficit represents a decrease. The managerial view incorporates all cash expenses, whether generated through operations—the teaching and research activities at the FAS—or through capital expenditures (i.e., construction activities and the purchase of certain equipment).

Consolidated and Core Views: The FAS budget is both large (over \$1.3 billion) and highly decentralized, with significant spending occurring within the direct control of over 150 separate departments, centers, libraries, and museums. Within the Managerial view, the Consolidated Statement of Activity presents important categories of revenues and expenses of the FAS as a whole. This view

combines what is typically called the “Core” of the FAS (which comprises the faculty, the College, and the Graduate School of Arts and Sciences) together with the other major affiliates of the FAS (i.e., Athletics, the Division of Continuing Education, Dumbarton Oaks, the Harvard College Library, the Museums, and the John A. Paulson School of Engineering and Applied Sciences). Given that the Core constitutes about 72 percent of both the FAS Fiscal Year 2016 consolidated revenues and consolidated expenses, we also present a Fiscal Year 2016 Statement of Activity for just the Core.

Balance Sheet View: Finally, we include a Balance Sheet for the FAS, another statement that measures FAS's financial health. The Balance Sheet displays the FAS's assets, liabilities, and accumulated results of its operations over time as of the end of each of the last two fiscal years.

It is important to note that these results are not audited, nor should they be confused with the audited financial statements of Harvard University as a whole, which will be published in November 2016. However, we have worked with the University to ensure that our figures and theirs agree.

Overview and Outlook

This report will expand on the following highlights:

- The FAS completed Fiscal Year 2016 operations with a significantly smaller deficit than budgeted, measured in both Modified GAAP and Managerial results.
- Contributing to the improved results were: an endowment distribution increase of 6 percent, larger than the average in recent years; lower House Renewal spending during the program's planned year of Strategic Assessment; strong results from the ongoing Campaign for Arts and Sciences; growth in revenues from the Division of Continuing Education; and continued fiscal planning and prudence.
- A major focus was placed during Fiscal Year 2016 operations on conserving unrestricted cash and reserves. This focus will continue in Fiscal Year 2017 and until we are able to rebuild FAS cash reserves available to the FAS dean.
- The FAS's balance sheet reflects a decline in endowment value as the University's endowment investment earnings were negative for the year.

These results demonstrate significant progress toward the goal of eliminating the annual operating deficit created by the underperformance of the endowment in Fiscal Year 2012 and propagated to the FAS through a 2 percent endowment distribution increase in Fiscal Year 2014. As the FAS receives approximately 50 percent of its annual income from distributions on its endowment, its financial health and operating budget are highly dependent upon (and two years offset from) the endowment investment performance and are extraordinarily sensitive to even small fluctuations in its

distribution. The sharp decreases in endowment distribution in Fiscal Years 2010 and 2011 (down 8 percent and 12 percent, respectively), which were a result of the economic recession of 2008–2009, created shortfalls in the FAS budget that took three full fiscal years to close. Similarly, it took the FAS three years to absorb the low (2 percent) endowment distribution increase in Fiscal Year 2014, which was a result of the near-zero investment performance of the endowment in Fiscal Year 2012. The negative 2 percent endowment investment performance in this fiscal year will again result in a deficit in the FAS starting in Fiscal Year 2018, when the endowment distribution will remain flat.

Even while focused on addressing deficit spending caused by these financial shocks, the FAS has continued to invest strategically in its research and teaching mission. Investments in Fiscal Year 2016 are described later in this report. Almost all of these recent strategic investments were funded in whole or in part by FAS unrestricted cash reserves and unrestricted giving. While through careful fiscal planning and prudent spending the FAS has been able to regain a near-balanced budget within a few years, it has not been able to replenish its spent reserves. The FAS reserves are finite, and with such short periods of time between recent financial shocks, the FAS reserves are now fully depleted for all practical purposes. How we think about recovering from this year's endowment losses and continuing to invest in our research and teaching mission will be a critical topic of discussion as we head into the budgeting season for Fiscal Year 2018.

Fiscal Year 2016 Results

The FAS completed Fiscal Year 2016 with a deficit in its unrestricted core operations and on an all-funds basis, in both the Modified GAAP and Management views. However, in each case, the actual deficit was smaller than earlier estimates and less than 1 percent of FAS's total expenditures. By most measures, the results were also significantly improved over Fiscal Year 2015. Major drivers of the improvement include an endowment distribution increase of 6 percent, larger than the average in recent years; lower House Renewal spending during the planned year of Strategic Assessment of the program; the ongoing Campaign for Arts and Sciences; growth in revenues from the Division of Continuing Education; and continued fiscal planning and prudence.

In the Modified GAAP view, the Consolidated, all-funds deficit was reduced from \$39.5 million in Fiscal Year 2015 to \$23.0 million in Fiscal Year 2016, an improvement of \$16.5 million or 42 percent. The deficit had been projected to grow to \$54.4 million, so the actual result of \$23.0 million is an improvement of \$31.4 million or nearly 58 percent.

In the Management view, the Consolidated, all-funds result for Fiscal Year 2016 was a deficit of \$12.9 million, a slight increase over the Fiscal Year 2015 deficit of \$11.7 million. (This consolidated result masks different results in the FAS and SEAS: The FAS went from a small deficit of \$2.3 million to a small surplus of \$5.9 million, whereas the SEAS deficit grew from \$9.4 million to \$19.5 million.)

The Consolidated, all-funds result for the Core alone deteriorated from a modest surplus of \$8.4 million in Fiscal Year 2015 to a small deficit of \$2.5 million in Fiscal Year 2016. However, a significant improvement was seen in Core unrestricted results: the deficit of \$17.8 million compared favorably to deficits of \$29.4 million in Fiscal Year 2015 and \$55.1 million in Fiscal Year 2014. Core unrestricted results are closely watched as they are what fill or drain the FAS cash reserves; and while the draw has gone down over the past three years, the FAS cash reserves will not be replenished without turning this annual Core unrestricted deficit into a surplus.

Comparing actual results to the budgeted forecast for Fiscal Year 2016 reveals improvements across the board. The actual Consolidated, all-funds deficit of \$12.9 million compares to a predicted deficit of \$28.3 million. The Core unrestricted deficit of \$17.8 million is a significant improvement over the budgeted \$34.2 million shortfall.

Revenues. On a Consolidated basis, FAS total revenues grew by \$66.5 million or 5 percent over Fiscal Year 2015 levels. Revenue sources that increased over the prior year included: Net Tuition (+9.5 percent, driven by a 3.5 percent increase in the tuition package for undergraduates and graduate students, and significantly increased enrollment in the Division of Continuing Education; Endowment Distribution (+6.7 percent, reflecting a 6.0 percent formula distribution plus decapitalizations to fund certain capital spending); Grants and Contracts (+1.4 percent); Transfers from the University (+16.1 percent); and Other Income (+11.0 percent, including a new license agreement). While still strong, Current Use Gifts declined by 14.3 percent in Fiscal Year 2016 from an even higher level in the prior year.

The Fiscal Year 2016 actual revenue results were slightly higher than the budget predicted, by \$13.0 million or 0.9 percent.

Revenues highlights – The Campaign for Arts and Sciences

On September 1, the University [announced](#) the most recent results of the Harvard Campaign supporting the University's fundamental commitment to discovery and to the education of leaders to make a positive difference in the world. As of June 30, 2016, the Campaign for Arts and Sciences exceeded its top-level goal of \$2.5 billion with 18 months still remaining in the Campaign. This impressive achievement reflects the engagement of tens of thousands of donors. Over 66,000 households have contributed almost 225,000 gifts to the Campaign for Arts and Sciences, and 53 percent of College alumni have participated in the Harvard Campaign. This broad base of support is the foundation for all levels of giving within the Campaign.

The Campaign for Arts and Sciences also reflects notable leadership gifts. Kenneth Griffin '89, founder and chief executive officer of Citadel, made the largest gift in Harvard College history. The \$150 million gift is principally focused on supporting Harvard's financial aid program, which Griffin described as "an investment in the next generation of leaders as we continue to break down barriers to an outstanding education." John A. Paulson, MBA '80, founder and president of Paulson & Co., made the largest gift in the University's history, a \$400 million endowment to support the [School of Engineering and Applied Sciences](#) (SEAS). To honor his generosity, the School was renamed the Harvard John A. Paulson School of Engineering and Applied Sciences.

Fundraising totals are a mix of pledges and cash received. Pledges, or gift agreements that will be fulfilled over some period of time, are ordinarily paid off over five years, but it can sometimes take decades or longer if the pledge is a bequest or a life income agreement. Even once paid off, many gifts are restricted to particular purposes or to uses only in small sections of the FAS. To address the severe need for unrestricted cash, the Campaign for Arts and Sciences has emphasized giving to the Dean's Leadership Fund, which recognizes large unrestricted gifts to the FAS. The donors of these gifts trust us to spend their gifts as we see fit, and we are incredibly grateful for their trust in us.

Gifts to the Dean's Leadership Fund have helped in numerous ways. For example, with these funds, the FAS was able to create and launch the [Dean's Competitive Fund for Promising Scholarship](#). With an annual budget of \$2.5 million, a small faculty committee will meet once per semester to make awards of between \$5,000 and \$50,000 directly to our faculty to support their scholarship.

Expenses. FAS total expenses grew by \$51.5 million or 4.0 percent over Fiscal Year 2015 levels. The major expense categories are detailed below.

Salaries, Wages, and Benefits: Salaries, wages, and benefits increased by \$32.4 million or 5.2 percent over Fiscal Year 2015 levels. Approximately half of this increase was linked to the annual merit increases for FAS faculty, exempt and union employees, which averaged 3 percent. \$2.4 million of the increase resulted from the transfers of organizations and their people into the FAS: the Edmond J. Safra Center for Ethics (formerly located within Harvard Law School); and

the Bureau of Study Counsel (formerly located within the central university). \$4.8 million reflects new hires in the Division of Continuing Education, which is in a planned period of strategic growth. The remainder of the increase was the result of other personnel transactions, including new faculty hires, modest staff position growth, filling of vacant positions, and reclassifications and equity adjustments.

We continue to monitor personnel costs closely and look for opportunities for efficiency. Faculty and staff compensation (salaries, wages, and benefits) represents the largest component of the FAS budget. On June 30, FAS staff stood at a count of 2,617 Full-Time Equivalents (FTE) compared to 2,586 FTE at the end of Fiscal Year 2015, a net increase of 31 positions. Position growth was concentrated in the College (+22) and DCE (+13). In the College, nine new positions align with strategic growth plans, including staffing for Title IX coordinators reflecting the College's efforts to address sexual assault on campus, and 13 reflect the move of the entire Bureau of Study Counsel into the FAS/College from University Health Services. DCE's increase represents continued strategic investments according to a multiyear plan. These areas of growth were offset by small declines or stable levels in other units. For the third year in a row, there was little to no growth in administrative departments other than some administrative consolidations from other units.

Supplies and Equipment: Supplies and equipment costs increased by \$1.0 million or 1.4 percent over the Fiscal Year 2015 level. Examples of expenditures in this category include: laboratory supplies and materials; cost of collections in the libraries and museums; non-capitalized equipment; and general office and computer supplies.

Operation and Maintenance of the Physical Plant: The costs to operate the FAS's large physical plant, comprised of over 10 million square feet in 267 buildings, increased by \$7 million or 4.3 percent in Fiscal Year 2016. Building operations and maintenance represent a large portion of the FAS budget and receive close management attention. In the continuing program to enhance facilities management and enhance efficiencies, substantial progress was made in integrating and coordinating the FAS, Athletics, SEAS, and Library building operating teams. As a result of these efforts and others, actual costs were 4 percent or \$5.3 million below budget in Fiscal Year 2016.

In addition to improving management systems and enhancing building operations, the FAS Office of Physical Resources and Planning (OPRP) staff is dedicated to the proper stewardship and operations of FAS facilities through continuing investment in life-safety and renewal. In Fiscal Year 2016, the FAS invested \$164.8 million in capital and \$46.1 million in operations for renewal of its facilities. This investment, which represents a renewal level of 3.8 percent, was significantly above the general guideline for renewal investment, which is 2.5 percent of Current Replacement Value (CRV). It is notable that the FAS achieved this level of capital renewal even during the year of Strategic Assessment of the House Renewal program, in which spending for that project was significantly reduced. Investments were made to renew fire alarm systems in student dormitories, and new fire sprinklers were added in sections of the chemistry labs. The emergency generator exhaust systems were upgraded to meet current codes in five buildings. Renewal work was completed on numerous building envelopes (notably on Barker Center and University Hall), on HVAC and electrical systems, and on elevators. Large investments in maintenance were made in Currier House and New Quincy, upperclass student residences that are not part of the current phases of the House Renewal program. In Athletics, the 40-year-old, single electrical transformer serving seven athletic facilities was

replaced with three new transformers in a configuration that upgrades the equipment and distributes the electrical loads, eliminating the current risk of a single point of failure. Finally, FAS established a security station in the Science Center that centralizes campus-wide building access monitoring and control.

Transfers to the University, including the University Assessment and transfers for Academic Programs, increased by \$1.9 million or 3.1 percent.

Services Purchased, a category that has seen significant increases in recent years with the transfer of FAS Information Technology and Library staff and services to the University, showed more controlled growth of \$3.4 million or 2.2 percent in Fiscal Year 2016.

Other Expenses: Other expenses declined slightly by \$0.6 million or 0.9 percent in Fiscal Year 2016. This category is comprised of many different expense types, including travel and events, telephone and photocopying, subscriptions, insurance, and postage.

While year-over-year growth in expenses was slightly over the recent pattern for the reasons described above, relative to the budget Fiscal Year 2016 actual expenses experienced a small decrease of 1.8 percent or \$25 million.

Targeted Investments Included in the Fiscal Year 2016 Result

Even while focused on addressing deficit spending and conserving cash, the FAS continued to invest strategically in its research and teaching mission in Fiscal Year 2016. Key examples of investments this past year are described below.

Graduate Student Benefits and Support. Stipends for Graduate School of Arts and Sciences (GSAS) PhD students increased by 3 percent for the sixth year in a row. This increase affected students in their first four years of study and those on dissertation completion fellowships. Most PhD students within the GSAS receive a financial aid package guaranteed for at least five years, which funds tuition, fees, health insurance, and other benefits, and can amount to more than \$250,000 during the course of a graduate student's career. Also during Fiscal Year 2016, GSAS doubled the stipend offered to graduate students who are expecting or adopting a child, from \$3,100 to \$6,200, and increased the amount of

time off that new parents can elect to take from 6 to 12 weeks. GSAS also added flexibility by allowing parents to take these 12 weeks spread across a year in any fashion that meets the students' needs. Finally, GSAS made transportation more affordable by increasing the student subsidy for the MBTA Pass Program from 11 to 50 percent.

Research Computing. Outside of the national supercomputing centers, Harvard Research Computing has one of the largest and most capable academic computing facilities in the United States. The budget for research computing is approximately \$10 million a year, including power, cooling, rent charges for space, and compensation costs for the data science personnel who work directly with faculty. The FAS has committed to spend \$1.7M in FY 16 to expand Harvard's portion of the Massachusetts Green High Performance Computing Center (MGHPCC) by one-third.

Science Fellows. The FAS established the John Harvard Distinguished Science Fellows (JHDSF) program this year with partial year spending of \$55,000, which will ramp up to \$350,000. Building on the success of the Bauer Fellows program in the Life Sciences, the JHDSF, overseen by Professor Andrew Murray, seeks to create a new vibrant community of young scientists from both the life and physical sciences. The fellowships provide flexible resources to meet the specific needs of each scholar and enable them to conduct groundbreaking research in their respective fields. Depending on the research interests of each fellow, they may be housed in a specific department or together as a group, coming together on a regular basis to share ideas and experiences. Across the program, individual faculty from departments that align with the research interests of the fellows provide mentoring and guidance.

Classroom Investments. New teaching methods and technologies require classroom modifications. The program to renew and upgrade our classroom teaching spaces and instructional technology continued in Fiscal Year 2016 with investments totaling \$2.6 million for significant upgrades in Harvard Hall 202, the Museum of Comparative Zoology, and five of the Science Center classrooms.

Student Information System (SIS). In Fiscal Year 2016, the new **my.harvard** student information system was deployed in the FAS as part of the first wave of Harvard schools. The new system replaced approximately 40 outdated and unconnected systems, and it supplanted the paper study card process with an online course registration process. The project team from FAS, the Registrar's Office, and Harvard University Information Technology (HUIT) worked throughout the year to refine functionality and deploy new features to support faculty, advisers, staff, and students. Starting in June, FAS alumni were able to request unofficial transcripts online through my.harvard, and parents or other authorized payers began using the new online bill presentment and payment system. In Fiscal Year 2016, the FAS contributed \$5.5 million of the total FAS contribution of \$23 million; the last payment on this new system will occur in Fiscal Year 2017.

The Derek Bok Center for Teaching and Learning. The Bok Center celebrated its 40th anniversary with a two-day symposium in May that highlighted the Center's three current areas of focus: Cultivation, Discovery, and Research. New expenditures in Fiscal Year 2016 (totaling \$365,000) supported each of these areas:

- **Cultivation:** In addition to expanding the range of workshops, courses, and programming designed to cultivate

excellence in teaching among faculty and graduate students, the Bok Center created a new initiative for applied theatre as a mechanism for addressing challenging topics surrounding diversity and inclusive teaching.

- **Discovery:** To enhance discovery and exploration, the Bok Center launched the Learning Lab, a space designed to house and incubate faculty-driven projects related to teaching and learning. The Bok Center updated its aging media, video, and computer equipment, and created a new program that mentors graduate students to develop new modes of communication and engagement in the classroom.
- **Research:** The Educational Research and Assessment group undertook major evaluation projects that included assessment of House Renewal, the Athletics program, blended courses in the College, and a new blended degree curriculum, and also expanded its data analysis capacity by hiring a new quantitative research analyst.

Visual and Environmental Studies (VES). Continued investment in the department's filmmaking equipment included the first-ever support for the Film and Visual Studies PhD program's "making" endeavors. The additional investment (\$50,000) supported film production courses, such as "Sensory Ethnography," as well as upgrades to the latest in lighting and sound equipment, video-editing infrastructure, and large inventories of a diverse selection of filmmaking equipment.

College Investments. In Fiscal Year 2016, as the College expanded programming in support of its social transformation mission, the FAS made numerous new investments totaling over \$765,000 in student life. Specific enhancements included expanded social programming for first-year students and upperclass students in the Houses, experimentation with social events both on and off campus, and the wildly successful pilot of Classroom to Table, a fund that enables students to invite faculty to meals at local restaurants. During the past academic year (September 2015 through May 2016), the Classroom to Table initiative funded 993 meals, during which 690 faculty dined and conversed with 2,540 students at a total cost of \$125,000.

In support of Title IX efforts to combat sexual assault and discrimination, the College hired a full-time coordinator and produced a customized online training module for students, along with other outreach and education materials, within a budget of \$125,000.

Other Capital Investments

Beyond the ongoing commitment to safety and facility renewal described above, there were several major investments in facilities in support of our academic and research programs. In particular, the renovation of 20 Garden Street provided a home for the new Center of Mathematical Sciences and Applications and for the Black Hole Initiative. The renovations were completed in time for a campus visit by Stephen Hawking. In addition, projects were completed to develop new offices and meeting areas for three new faculty members and their students in Human Evolutionary Biology (HEB) and for the Harvard University Center for the Environment (HUCE). This work included new infrastructure in the Museum of Comparative Zoology (MCZ) facility, providing four new accessible restrooms and centralized cooling capability to support future space renewal. Similarly, the Archaeology area of the Anthropology Department in the Peabody Museum was renovated to provide five faculty offices, two seminar rooms, a microscopy room, a geographic analysis lab (GIS), and a new project room. Additionally, we renovated space for the new Advanced Imaging Center in the Northwest Building; made improvements for the library, meeting space, and public access in Shaler Hall at the Harvard Forest; provided newly renovated spaces for the Education Innovation Laboratory (EdLabs) and for the Office for International Affairs; and renewed common space for the Philosophy Department in Emerson Hall.

We are pleased that an exciting donor-supported project to fully renovate and revise the common area, entrance, and library on the first floor of the Science Center successfully began over the summer with completion anticipated in late spring next year. Likewise, the donor-supported renovation of Lavietes Pavilion to enhance the College's men's and women's basketball program, as well as the spectator experience, is well underway.

House Renewal. Fiscal Year 2016 saw continued progress in the FAS's massive undertaking to renew the undergraduate residential houses. Following two successful test projects, Dunster House, the first project encompassing a full house, received its Certificate of Occupancy early in 2015 and was ready for move-in before the end of August 2015. As with the

two previous projects, Dunster House was completed on time and on budget. Also in Fiscal Year 2016, design and planning concluded for Winthrop House, and construction began immediately after Commencement. The Winthrop House renovation will include two historic wood-frame houses and a new building, [Beren Hall](#), funded by a generous gift from Robert M. Beren, enabling more students to be accommodated in the renovated House as well as providing space to bring the House up to the recommended number of academic and social amenities that were not currently present in Winthrop. The Winthrop House project will conclude in late summer 2017. Finally, the FAS completed a systematic review of all aspects of the first three projects in Fiscal Year 2016, and it continued the design and construction planning for the next scheduled project, Lowell House.

In 2009, FAS and the University together devised a multiyear funding plan for House Renewal. This plan included the use of FAS endowment funds, philanthropy, reserves, both incremental and non-incremental long-term debt, and cash from operations. The past year's [Strategic Assessment](#) identified a number of challenges and opportunities related to the original funding model, which will lead to changes in the mix and timing of funding sources and a reconsideration of the pacing of the remaining projects.

Within the Fiscal Year 2016 results, the FAS invested \$63 million in project construction and planning, as reflected in fixed assets, and it spent \$12 million on operations. As of June 30, 2016, the Corporation has authorized the FAS to spend \$648 million in total on House Renewal.

Balance Sheet View

As set forth in the Consolidated Balance Sheet, total net assets for the FAS fell by \$862 million or 5 percent during Fiscal Year 2016, from \$18.8 billion at the close of Fiscal Year 2015 to \$17.9 billion at the close of Fiscal Year 2016. In contrast, between Fiscal Year 2014 and Fiscal Year 2015, the FAS's net assets rose by 3.9 percent or \$711.7 million.

Factors contributing to the Fiscal Year 2016 decrease include: losses in investment returns in Fiscal Year 2016, reflected in a 5.4 percent reduction (-\$866.3 million) in Long-term investments (primarily endowment) after withdrawals for operations and decapitalizations; and a 4.7 percent decrease (-\$42.5 million) in pledges receivable. The latter represents a modest loss from the prior-year high-water mark in the Campaign for Arts and Sciences. The largest positive factor was an increase of 2 percent or \$39.7 million in Fixed assets, net of accumulated depreciation.

At June 30, the FAS's Long-term investments (primarily endowment) stood at \$15.2 billion, down 5.4 percent or \$866.3 million from \$16.1 billion a year ago. In contrast, this figure was \$16.6 billion at the close of Fiscal Year 2008, before dipping to a low of \$11.6 billion at the end of Fiscal Year 2009. At \$15.2 billion, the FAS's endowment position in nominal dollars at June 30, 2016, was approximately 92 percent of what it was on June 30, 2008. The loss of real value over that time is even greater, despite a relatively low interest environment. Adjusting for higher education inflation, the endowment would need to be \$19.3 billion today, significantly more than the actual value of \$15.2 billion, to have the same buying power today as in Fiscal Year 2008.

The Outlook: Fiscal Year 2017 and Beyond

The FAS budget for Fiscal Year 2017 incorporates a 4 percent increase in endowment distribution revenues. The University's guidance was that these revenues be split into two portions: 3 percent for ongoing expenses and an additional 1 percent for one-time uses. At the time of our budget submission, we projected a Modified GAAP deficit of \$23 million, an all-funds cash surplus of \$21 million, and an unrestricted cash deficit of \$6.2 million (excluding SEAS). To the extent possible, we will endeavor to improve on these results over the course of the year, as we have done in each of the last several years. With the challenge of a flat endowment distribution in Fiscal Year 2018, continued focus on conserving cash and limiting routine expense growth will be necessary, especially since, as described above, the FAS has exhausted its most flexible reserves.

The financial performance and investments described in this report reflect the leadership, creativity, and hard work of colleagues throughout the FAS and business partners elsewhere at Harvard. Though continued discipline will be required to build upon these gains, your efforts have positioned the FAS to confront the continuing fiscal challenges facing our academic mission.