economic problems, climate change, infectious diseases and healthcare disparities, inequality, and religious and cultural strife. In conducting research, devising policy solutions, and education, she said, universities are uniquely placed to “take the long view” of immediate problems, placing them in historical context and maintaining a perspective on the horizon beyond. People within the University, she said, have the obligation “not just to serve but to doubt,” particularly at a time when “our work here has never mattered more.”

Turning to current circumstances, Faust noted that the endowment’s value had declined sharply (see “$11 Billion Less,” page 50). Given typical distributions of about 5 percent of the assets’ value annually, she noted that the decline would imply a loss of $500 million in such income—devastating for a University that derives more than a third of its operating revenue from that source. Instead, Harvard aims to spend about 6 percent this year, and then a progressively lessening percentage in future years, to keep the decline in operating revenues from being too abrupt or jarring. Nonetheless, that means that after a period of rapid growth, the University now faces a structural revenue gap, Faust said—because it tied income too closely to volatile markets and learned “costly lessons about risk” as a result.

Looking ahead (and outlining some of the information to be disclosed in Harvard’s annual financial report in October; check www.harvardmagazine.com for updates), Faust said that net income from tuition (after financial aid) declined in fiscal year 2009; that current-use giving had risen, but that gift income overall, as reported, had declined by nearly 10 percent; and that sponsored-research funding had risen by a relatively robust 7 percent. The latter boost may not be permanent, she warned, given the two-year surge of funding associated with the federal government’s stimulus program.

How would Harvard adapt? Faust reiterated principal elements in the financial plan (see “Finding a New Footing,” September-October, page 44): distributions from the endowment will decline 8 percent in the current fiscal year, and “at least” that much more next year. She said that the schools’ responses to new budgetary realities varied with their circumstances, but did not

### Yesterday’s News

From the pages of the Harvard Alumni Bulletin and Harvard Magazine

1914 A $50,000 budget deficit (due partly to construction expenses) for the 1913-14 fiscal year prompts a proposal to raise College tuition from $150 to $200, the first increase since 1870.

1924 The editors note that although a violent reaction against the lecture system is occurring nationwide, Harvard intends to retain the tried and true teaching method. The editors suggest that “the best method of instruction is neither lecture system nor the discussion method, but a combination of the two.”

1934 The Harvard Psychological Laboratory announces, after a pioneer investigation of the field, that radio has a somewhat dulling effect on the higher mental processes of its listeners.

1939 The Student Employment Office has added baby-tending to its regular list of jobs. Those undergraduates who wish to sign up must first pass a course in essential techniques, offered by the superintendent of Stillman Infirmary, and will then earn 20 cents an hour, plus carfare.

1964 Radcliffe students may now go from Lamont Library’s rear entrance to the classrooms on the sixth floor but not into the rest of the building.

1969 Harvard deans agree it would be wrong to speak for their schools on public issues, yet some demand the right to act as individuals and protest the war in Vietnam. Dean of the Medical School Robert H. Ebert is one of 600 medical men involved in a streetcorner campaign of talking to passers-by about the war and handing out cards of protest to be signed and sent to President Nixon.

1974 Associate professor of the history of science Barbara Gutmann Rosenkrantz ’44 becomes the first woman appointed master of a House—Currier. Her husband is named co-master.

1989 The University plans to begin a trademark licensing program, controlling the use of the Harvard name on “insignia goods,” such as clothing, mugs, glasses, watches, and pens. Royalties from the program will be directed to a fund for student aid.