murder was not just a capital offense but also unpardonable.
In 1976, the U.S. Supreme Court turned away from Blackstone, ruling that it was
unconstitutional to require a person found guilty of murder to die. Instead, the Court
insisted that not all murders deserve the death penalty, only those that meet Court-
approved guidelines.
Today, the Court is reaping what it sowed. The death penalty is unevenly and dispro-
portionately imposed. One would think that

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Heresy

The fall’s fiscal news—weak investment performance and leadership changes at Har-
vard Management Company; the cautions in the University’s annual report (respectively,
prompts a look at a heretical thought about Harvard’s business model. For some years,
the treasurer and the vice president for fi-

ance have been pointing with concern to the wobbliness of its three principal legs.
Research funding (about 17 percent of operating revenue). Given federal budget deficits,
maintaining even level real support for basic research appears challenging.
Tuition and fees (about 21 percent of operating revenue). With families hard-pressed
since the Great Recession, and a firm

commitment to admitting students of lesser means, net tuition growth after financial aid
in degree programs should be modest.

Distributions from the endowment (about 36 percent of operating revenue). During the
past decade, Harvard’s investment returns have been volatile, below planned levels,
and even negative in three recent fiscal years (2009, 2012, 2016)—so reliance on that largest
source of funds is increasingly problematic.
One obvious solution is philanthropy. The Harvard Campaign has secured more than 57
billion in gifts and pledges; seems certain to

yield more before mid 2018; and has, critically,
boosted current-use giving to more than $400
million per year: 9 percent of operating rev-

ue—available now, and much of it unre-

stricted. But sustaining support at this level may be more a wish than a strategy, and some
of the gifts (for new buildings, for example)

increase operating costs.
A finer-grained look at Harvard’s accounts suggests revisiting the one revenue source
under University control: tuition. Funds from continuing and executive education
(about 8 percent of revenue) have been growing

at an annual rate exceeding 7 percent this
decade, and faculties welcome more. Har-

vard Business School’s executive-education catalog runs to more than 50 pages, and it has
invested heavily in new facilities in Allston
and in teaching abroad to accelerate enroll-

ment (some of which has evaporated during past recessions). The Faculty of Arts and Sci-
ences’ Extension School is on a roll, too. But

those are the easy pickings.
The politically incorrect subject is under-

graduate tuition ($43,280 of this year’s $63,025
term bill), which has been compounding at a
3 percent to 4 percent rate recently. Attacking
universities for their tuition bills is a staple
of political discourse, and Harvard, with its
$35.7 billion endowment, makes an irresist-
able target—particularly among people who
don’t delve into how research, libraries, and
other essentials are supported.

In this environment, administrators and
the Corporation have not seemed eager to
stick their necks out. But a bloodless analysis
might lead toward the unthinkable. Demand
for admission is at a record level (39,041 ap-
clicants to the class of 2020), and acceptances
are minute (5.2 percent of candidates got of-
fers). The College’s financial-aid spending has grown minimally during the past five
years, suggesting that students’ need is being at least relatively better met—and the cam-
paign has endowed more of that cost. Criti-
cally, the financial-aid formula is highly progres-
sive: families with incomes below $65,000 pay
nothing, and those with higher incomes (up
to $150,000) pay a graduated amount, rising to
10 percent of income—so for those families,

setting a higher sticker price does not mean
more money out of pocket. The College is up-
grading the Houses, investing in fields from
performing arts to engineering and applied
sciences, tweaking the curriculum, etc. Thus
it can talk about enriching an experience for
which demand is already off the charts. If it
can charge eager, upper-income applicants
more tuition, the result, after added aid costs,

would be a larger flow of unrestricted funds
to invest in research and teaching.
Politically, this is a pipe dream. But finan-
cially—and in terms of explaining the value
of a residential undergraduate education at a world-leading university—the case for
raising tuition to a level more commensurate with ‘peers’ assumes a more than theoretical
allure.

~John S. Rosenberg, Editor