conducting implicit bias trainings for admissions officers, maintaining clear guidelines on the use of race in the admissions process, which were developed during this litigation, and monitoring and making admissions officers aware of any significant race-related statistical disparities in the rating process," she continued. “That being said, the Court will not dismantle a very fine admissions program that passes constitutional muster, solely because it could do better. There is always the specter of perfect, but strict scrutiny does not require it.”

Since Harvard and SFFA made their opening arguments before Burroughs last October, public discussion of the massive trove of admissions statistics released in the case has been fierce. In September, a much-circulated paper co-authored by economist Peter Arcidiacono, one of the experts who provided evidence for SFFA, found that 43 percent of white students admitted to Harvard are so-called ALDCs: recruited athletes, legacies, children of faculty, or those on the dean’s interest list (many of whom are children or relatives of donors to the University). Among admitted minority students, that number was less than 16 percent. “Removing preferences for athletes and legacies would significantly alter the racial distribution of admitted students, with the share of white admits falling and all other groups rising or remaining unchanged,” the study concluded.

Burroughs’s decision accepted Harvard’s argument for why it needs to give preference to ALDC candidates. Eliminating athlete preferences, she wrote, would make Harvard “far less competitive in Ivy League intercollegiate sports,” while eliminating tips for faculty children, legacies, and students connected to top donors would “adversely affect Harvard’s ability to attract top quality faculty and staff and achieve the desired benefits from relationships with its alumni and other individuals who have made significant contributions to Harvard.” For now, those preferences remain intact.

The full court decision can be read at: bit.ly/2nI4ktz. ~ Marina N. Bolotnikova

A Middling Year

Harvard management company (HMC) reported a 6.5 per cent return on endowment assets for the fiscal year ended June 30, 2019. The endowment’s value on that date was $40.9 billion: up $1.7 billion (4.3 per cent) from $39.2 billion a year earlier. In a year of more modest results for most university endowments (see below), HMC’s rate of return, which is net of all investment expenses, trailed the 10.0 per cent it realized in fiscal 2018.

In his brief statement accompanying the announcement on September 27, N.P. Narvekar, the management company’s CEO, said, “We are now halfway through our five-year transition of both the structure of HMC and the University’s investment portfolio. I am encouraged by the progress our team has made to date, but we are mindful that there is much left to accomplish in the years ahead to resolve legacy issues and position the endowment for long-term success.”

Detailed results await publication of Harvard’s annual financial report (after this issue went to press), but Narvekar’s optimism may reflect his outlook for the HMC investments shifted from past real-estate and natural-resources holdings toward new private-equity and other assets—leavened by continued poor performance in, or further write-downs of, some of the remaining natural-resources investments such as timberlands. It was also a difficult year for investors in emerging markets. Including endowment and other assets, HMC had $4.8 billion invested in...
Yesterday’s News
From the pages of the Harvard Alumni Bulletin and Harvard Magazine

1914 Lionel de Jersey Harvard ’15, the only member of the founder’s family ever to attend the College, speaks at exercises held at the Harvard statue on November 25 commemorating the 310th anniversary of his ancestor’s birth.

1924 In the largest presidential straw vote taken at Harvard to date, faculty and students give Calvin Coolidge a landslide victory over John Davis (Democrat) and Robert La Follette (Progressive).

1934 The “dial method of signaling” for telephones has arrived, and the old exchanges University and Porter have been replaced by Kirkland, Trowbridge, and Eliot. Unfortunately, note the editors, that requires dialing “Eli” to speak with Harvard parties on the Eliot exchange.

1944 Enrollment figures for the term beginning November 1 are roughly 1,800 for civilians and about 5,500 for military men.

1954 After 311 years of being run by hand, the principal bell in Memorial Church that calls students to prayers and class will soon be operated electronically. The editors report that there will be no detectable difference for listeners.

1969 The Faculty of Arts and Sciences approves a spring-term experiment in coeducational living in which 150 volunteers from Adams, Winthrop, and Lowell will move north to the Quad, and an equal number of Radcliffe students will take their places in the Houses.

1974 FBI agents recover almost half the ancient Greek and Roman coins stolen from the Fogg Art Museum the previous year. The approximately 3,100 coins are found buried in a bowling-ball bag in a rural wooded area in Lincoln, Rhode Island. In a second find, 843 coins are discovered in a Montreal bank’s safe-deposit vault.

1999 WHRB has begun broadcasting over the Internet, which will make its forthcoming January reading- and exam-period Orgy® offerings available to listeners far from Cambridge.

2009 The editors report that 17 of Harvard’s 114 varsity football players are wearing new helmets intended to help insulate their brains from sudden movements during impact that can result in concussions.

Endowment managers and deans face two challenges in the current environment. First, for institutions like Harvard that aim to distribute investment earnings equivalent to roughly 5 percent of the market value of the endowment each year, a 5 percent to 6 percent investment return yields little, if any, net growth in the value of the underlying principal (excluding gifts received). Were such results to persist, the real value of the endowment, and thus the academic expenses it could support, would be eroded by inflation. The Higher Education Price Index for fiscal 2019 was 2.6 percent. Thus, investment returns of 6.5 percent, and distributions equal to 5 percent of market value, mean the endowment’s future purchasing power is reduced by more than 1 percent.

Second, Harvard and similar institutions therefore typically aim for long-term endowment investment returns of about 8 percent, allowing for the

natural resources and emerging markets at the end of fiscal 2018.

Until the University issues its report, the factors contributing to the 4.3 percent rise in the endowment’s value cannot be known precisely. But a rule-of-thumb estimate suggests that beginning from the $39.2-billion value at July 1, 2018:

• the investment return during fiscal 2019 boosted the endowment by roughly $2.6 billion;
• the distribution of funds to pay for University operations (the largest source of revenue for the schools and administration, about 35 percent of income in recent years) decreased the endowment by roughly $1.9 billion; and
• gifts for endowment increased its value by perhaps $1 billion—a large sum, but plausible given pledges outstanding from The Harvard Campaign and continued, apparently robust, philanthropic support.

Compared to the very strong results in fiscal 2018, other institutions reported a much tamer performance in the most recent period. Among the perennial leaders in endowment returns, MIT earned 8.8 percent on investments in fiscal 2019 (down from 13.5 percent the prior year), the University of Virginia, 5.8 percent (vs. 11.4 percent); and Yale, which escrows nearly all stocks and bonds (strong performers during the past fiscal year), 5.7 percent (down from 12.3 percent). Stanford reported a 6.5 percent return (down from 11.3 percent).

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expected toward the end of October. Of the University’s annual financial report, announcement of results appears at mag.com/endowment of return already appears daunting. At a time when realizing planned-for rates of return will be difficult, a reduction in the investment return guidance on how the tax will work, at last estimate (not updated for U.S. Treasury guidance), the University faced a tax bill of $40 million or more—effectively, a reduction in the investment returns available to distribute to the schools, at a time when realizing planned-for rates of return already appears daunting.

A detailed report on HMC’s initial announcement of results appears at harvardmag.com/endowment-19. Check back at www.harvardmagazine.com for analysis of the University’s annual financial report, expected toward the end of October. ~J.S.R.

News Briefs

How Harvard Handles Harassment

In the wake of the charges of persistent sexual harassment brought against Jorge Domínguez, former Madero professor for the study of Mexico and Harvard’s first vice provost for international affairs, a committee will review factors that inhibit reporting of such misconduct and deter an effective response. President Lawrence S. Bacow announced the committee on September 6, appointing Susan Hockfield, MIT president emerita; Kenji Yoshino, Warren professor of constitutional law at New York University and a past president of Harvard’s Board of Overseers; and Vicki Magley, professor of psychology at the University of Connecticut, whose research focuses on individual and organizational coping with sexual harassment and interventions to address workplace incivility. Bacow asked them to examine:

• What characteristics of organization or culture might have inhibited those who had suffered (or were aware of) misconduct from reporting it?

• When misconduct was reported, were there characteristics of our organization or culture that inhibited an effective response?

• How do we vet candidates for leadership positions to assure that we are aware of any allegations of misconduct, including sexual harassment, and how might we do this?

They will conduct interviews and review materials and policies this fall, as they “examine factors that may undermine our University’s ability to prevent or address incidents of sexual harassment,” Bacow wrote. But they will not “re-investigate the allegations, nor [review] the investigation of those allegations. In addition, we are not asking the committee to review the behavior or decisions of individual members of the Harvard community in regard to the Domínguez matter.” The committee will issue a report to the University community.

Additional details appear at harvardmag.com/harassment-reporting-issues-19. The decision to remove Domínguez’s emeritus status and Harvard privileges was reported in May at harvardmag.com/domínguez-19.

Epstein Exposure

In a September 12 message to the community, President Lawrence S. Bacow revealed that Jeffrey Epstein—accused of being a serial sexual predator who continued to prey systematically on underage women even after a 2008 plea arrangement for sex offenses, and who died in prison, reportedly by suicide, while awaiting trial on further charges—had cumulatively donated $8.9 million to Harvard. The gifts include $6.5 million in 2003 to support a research program on evolutionary dynamics (previously disclosed); and $2.4 million in miscellaneous other current-use gifts. As of the date of his note, Bacow wrote, Harvard had found no gifts after Epstein’s guilty plea—and “[W]e specifically rejected a gift from Epstein following his conviction in 2008.” The University continues to examine its records, he wrote; it is also investigating further Epstein’s appointment as a visiting fellow in psychology in 2005. The unspent balance of $86,000 from the gifts will be directed to organizations that “support victims of human trafficking and sexual assault”—an unusual step reflecting Epstein’s “repulsive and reprehensible” crimes. Bacow has convened a working group to examine how the University vets donors, and on September 20, general counsel Diane E. Lopez wrote to the community, asking for help (anonymously, if preferred) in identifying information on Jeffrey Epstein’s donations or other interactions” across the decentralized University. Separately, The Harvard Crimson reported that while Epstein helped arrange the major gift that paid for construction of Harvard Hillel’s building, completed in 1994, he did not himself donate the funds.

Explore More

The Harvard ArtLab, a flexible space in Allston dedicated to artistic collaboration across disciplines, opened in late September. Flutist and professor of the practice of music Claire Chase called it a place “to gather and make noise together and ideate and argue and create a community.” Read more at harvardmag.com/artlab-opens-19.

Sports in the Spotlight

Faculty of Arts and Sciences (FAS) dean Claudine Gay has chartered a comprehensive review of Harvard athletics, aiming to “engage our community to learn about our student-athlete experience, the culture.

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