

Dear members of the HDS community:

I hope you're staying safe and healthy and that this note finds you well. I'm writing in the wake of President Larry Bacow's note to the Harvard community earlier today in which he addressed the University's very challenging financial situation.

As President Bacow acknowledged, COVID-19, an unprecedented public health crisis, has engendered an unprecedented economic crisis as well. Schools throughout the University are already feeling the impact.

Harvard Divinity School has managed its finances with exceptional prudence for more than a decade. As a result, the School is in a stronger position now than it was during the last economic crisis. That said, HDS is not insulated and inevitably difficult choices lie ahead. We rely on the endowment for over 60 percent of our revenue, and in the current economic environment its returns and usage will be constrained.

I know that this is a stressful time. Much is unclear about the future, just as we crave certainty and reassurance. What I can promise you is that, in the weeks and months ahead, HDS will keep at the forefront of its decision-making process its teaching and research mission and will try to respond to the challenges facing us with integrity.

Thank you, more than ever, for all you do for Harvard Divinity School.

David N. Hempton,

Dean of the Faculty of Divinity

Alonzo L. McDonald Family Professor of Evangelical Theological Studies

John Lord O'Brian Professor of Divinity



**HARVARD**  
UNIVERSITY

Dear Members of the Harvard Community,

Let us start with our thanks for your flexibility, your patience, and your goodwill.

The coronavirus has touched every aspect of our lives. Most of us are now working from home, separated from friends and colleagues. Parents are struggling to look after—and, in some cases, educate—their children as they fulfill their professional responsibilities. Some of us are caring for particularly vulnerable individuals or coping with separation from loved ones.

Family gatherings, community celebrations, and religious services have either been canceled, postponed, or conducted online. Faculty and students have had to master the art of remote teaching and learning in record time, often under trying circumstances. Scholars have had to reorient their work given that many no longer have access to the resources necessary to do their research. Staff have had to respond quickly to myriad changes necessitated by moving students off campus, shifting to remote teaching, and planning for even more change in the future. The traditional rites of spring on campus have been delayed or canceled.

Through disorienting, even dizzying, change, we have been heartened by the way that you have responded with grit and determination, as well as a deep concern for others. Researchers and clinicians at Harvard are working day and night to discover new ways to diagnose and treat people with COVID-19 and to search for an eventual vaccine. Students, faculty, and staff are finding creative ways to stay connected and to help others less fortunate. And we are partnering with officials in Cambridge and Boston to support frontline health care workers and to help those in greatest need in our communities. Time and again, you have displayed resilience and deep commitment to one another. Even amid uncertainty, we are confident that Harvard is in a strong position to weather this crisis.

But to say that we will weather the crisis is not the same as saying we will be unaffected by it. We must recognize the economic impact the pandemic is having on the nation, the region, and the University. Since the financial crisis of 2008, Harvard has taken many steps to improve our ability to withstand financial shocks. We have strengthened our balance sheet, built reserves, and trimmed risk in our investment portfolios, and each School has developed plans to respond to a downturn in the economy. We are certainly better positioned to respond to current circumstances thanks to the hard work of our deans, their staffs, and our finance team.

Yet Harvard, like other universities around the world, will not be spared the economic consequences of the pandemic. Our major sources of revenue—tuition, the endowment, executive and continuing education, philanthropy, and research support—are threatened, and we expect to see increased demand for financial aid as the economic fallout from the pandemic hits family budgets. We have expended substantial unbudgeted resources to assist students moving off campus, and we have extended support to our workers who have seen their jobs displaced. We also have tried to be good neighbors in responding to requests for assistance from the Commonwealth as well as Cambridge and Boston. Although we entered this crisis in a position of relative financial strength, our resources are already stretched. If we are to preserve our core mission of teaching and scholarship, we face difficult, even painful, decisions in the days ahead.

While the extent and nature of the economic impact are not yet fully known, planning for a range of scenarios is under way. There is no doubt that we will need to do more than simply tighten our belts. We write now to share a framework for how the University will approach the financial decisions that lie ahead, and some initial steps we are taking.

First, we will continue to prioritize the health and safety of our students, faculty, and staff in every decision we make. Many of you are concerned about plans for the fall. We are analyzing multiple scenarios, but, in the end, we will be guided by public health considerations—just as we were in deciding on March 10 to send students home and then to implement plans for remote work.

Second, we will do everything we can to maintain the excellence of Harvard’s educational and research mission. As an institution, we exist to educate students and create new knowledge that makes a difference in the world. Nothing is more important than preserving this mission, and every decision we make must be in service to this mission.

Third, Harvard is its people—our students, faculty, and staff. In many cases, we have guaranteed that the University will provide the financial resources necessary so our students can attend Harvard regardless of their own financial circumstances. We must honor these commitments. We also have responsibilities to our faculty and staff, but we will need to engage in shared sacrifice as we work through very real financial challenges.

While many decisions and choices will come into sharper focus in the future, it is already clear that we need to take some actions immediately to align our spending with the decline in our revenue.

- We are announcing an immediate salary freeze for all exempt employees and a hiring freeze, both of which are University-wide.
- Similarly, discretionary spending will be either canceled or deferred.
- The provost and the executive vice president, in consultation with the deans and the vice presidents, will ensure appropriate processes are in place for considering exceptions to the salary and hiring freezes, and limits on discretionary spending.
- We also will be reviewing all capital projects to determine which ones should be deferred.

Going forward, we must be creative in envisioning new ways to deliver on our mission. We must look for more cost-efficient ways to deliver our essential services. This may entail Schools or administrative units working together to avoid duplication of effort. We will need everyone’s best thinking on how we can thrive in an environment where resources are likely to be constrained for some time to come. We will be setting up a website to solicit your ideas, and we welcome your best thinking.

All of us at Harvard will, in some way, be affected by the economic impact of the pandemic, and we will each have to respond to new economic realities in the coming weeks and months. Accordingly, each of us has agreed to take a 25 percent reduction in our salary. Other senior leadership of the University—including all School deans, vice presidents, and vice provosts—are responding by either reducing their salaries or contributing to a new fund that we are

establishing in partnership with the Harvard University Employees Credit Union. Details of the fund, which will provide financial support to employees facing economic hardship because of the coronavirus, will be announced in the coming weeks.

We suspect that many of you are concerned about further cost reductions that might be needed in the coming months, including layoffs or furloughs. We are still working to gain a more complete picture of the financial conditions of the University, and we will be scrutinizing the FY21 budget to determine what other steps are necessary to respond to the financial impact of the pandemic on our operations. We will communicate with you when more information is available.

Some of you may be wondering why we can't just dip into the endowment to support us through these difficult times. We do intend to distribute as much from the endowment as we responsibly can, but there are limitations to the endowment's capacity.

Because of the recent declines in the markets, the endowment, while still large, is not as large as it was previously. As it shrinks, it has less capacity to support our existing operations, especially as other shortfalls in revenue sources loom.

The endowment is highly restricted. The vast majority of it is dedicated to specific purposes by donors. We cannot legally take a restricted fund and simply repurpose it for another use to make up for shortfalls elsewhere in our budget.

The endowment has been accumulated over our long history. We hold it in trust for the benefit of the current generation as well as future generations of students, faculty, and staff. Harvard has endured other financial challenges in the past, and each generation has made sacrifices to ensure that future generations would have the resources to thrive academically and otherwise. We have a moral responsibility to those who will come after us, and we must act decisively and selflessly to preserve all that makes the University special.

We recognize the strain and the disruption that COVID-19 has caused for every member of our community. This institution has been tested in ways none of us could have anticipated, and challenges will continue to confront us in the days ahead. But we are confident that, together as a community, we will adapt to meet these new challenges as they arise. If we respond with creativity, we can emerge stronger as an institution whose mission has never been more vital.

Let us close as we began—with our thanks for your flexibility, your patience, and your goodwill. Together, we will find our way through this crisis.

Sincerely,

Larry Bacow  
President

Alan M. Garber  
Provost

Katie Lapp  
Executive Vice President

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