

Dear HSPH Community,

As you know, the U.S. and many other countries are experiencing a very serious financial crisis that has raised concerns and uncertainty for all of us. For the past three weeks, we have witnessed unprecedented fluctuations in the markets with daily economic reports that call into question the financial stability of our economy. I would like to take this opportunity to share with you how the School has prepared strategically for economic downturns and describe information resources available at Harvard that may be helpful as you consider what this situation means for you.

First, I should point out that the University is addressing this matter with the utmost seriousness. President Faust convened an emergency phone conversation with all of the deans and the University's top financial team on September 29 in an effort to understand the potential impact of the changing financial landscape on Harvard. Since then the University's new Executive Vice President, Ed Forst, has met with administrative and financial deans from all of the Schools to begin to develop strategies for managing during these difficult and uncertain financial times – including both strong financial oversight and the identification of opportunities for investment that would be prudent to consider even in these circumstances.

#### The School's Present Status

Many of you attended our State of the School Address earlier this month when we reviewed the School's academic achievements and reported a sound financial position based on many years of strong financial results. This historical performance combined with conservative fiscal management has enabled the School to establish monetary reserves that can help to support us in difficult financial times. Through financial planning efforts, we have developed a contingency model that allows us rapidly to assess what actions may need to be taken in response to reductions in revenue sources.

At a minimum, we knew that the budget of the National Institutes of Health, one of the School's largest sources of funding, which had doubled during the period from 1998 to 2003, would flatten or decline. This has indeed been the case. Nevertheless, with approximately 70% of our revenue coming from multi-year grants, this revenue source should continue to provide some level of stability for the next few years. Yet you all have experienced the need to submit more grant applications to maintain your grant funding, and we acknowledge the level of excellence and hard work that this requires on your part to be as successful as we are. We look forward to working with all of you to do everything we can to support your grant activities.

Two other components of the School's support are endowment income and gifts. The School's endowment provides 13% of total School revenues, a modest amount compared to other Harvard schools. Donors continue to see the value of our research and education programs and its application to solve real-world problems. In fiscal year 2008, HSPH received \$13 million in new gifts and pledges. While these are important sources of support for the School, they represent a relatively small portion of our total revenue on an annual basis.

#### Focusing on the Future

Now more than ever, we must be vigilant in monitoring our finances and ensuring we are efficient and cost conscious. Areas for consideration for potential cost savings include a careful examination of all job postings, outsourced services and travel. We will also evaluate our lease renewals and realize opportunities to consolidate our dispersed locations. As the financial situation unfolds, we will need to look at these and perhaps other expenditures more critically.

I also want to acknowledge that there is a personal dimension to the current economic crisis. We are particularly concerned about student support and recognize that students and their families may be worried about their ability to continue their education. As we have said on many occasions, one of the School's top priorities is to attract the world's brightest students and future leaders. In recent years, we

have worked successfully to increase financial aid to our students, and we know we still have far to go. Students at HSPH are encouraged to contact the School's Student Financial Services Office (617-432-1867, [osfs@hsph.harvard.edu](mailto:osfs@hsph.harvard.edu)) and Career Services Office (617-432-1034, [careers@hsph.harvard.edu](mailto:careers@hsph.harvard.edu)) with questions. Please note that Harvard participates in the Federal Direct Loan Program, so those of you who are eligible for federal funding may continue to access that source.

Below please find an outline of additional information resources for employees that may help answer questions and address concerns:

- The HSPH Human Resources Office is organizing a lecture series on financial management education, covering subjects such as personal investing, debt management, tax preparation, and retirement planning. More information about this series will be forthcoming.
- Harvard's Human Resources Office has launched a PIN-enabled web site at <http://harvie.harvard.edu/working/economy/helpyouneed/> that describes the broad array of resources that are available to Harvard employees, such as the Harvard Credit Union and Employee Assistance Program.
- A financial chat series for employees has launched. Login to <http://harvie.harvard.edu/chats/upcomingchats.shtml> to see the schedule for upcoming chats with topics including flexible spending accounts and retirement benefits.
- A webcast of the special discussion on "Understanding the Crisis in the Markets: A Panel of Harvard Experts" that took place Thursday, September 25, at Sanders Theatre has been archived on HarvIE. <http://video2.harvard.edu:8080/ramgen/AAD-PAN/FinMktsPanel.rm>

As the economic situation unfolds, we will keep you apprised of our efforts. Our core mission remains solid – offering an excellent education and conducting outstanding research. We have confidence in the strength of our resources – our exceptional faculty, students, and staff, as well as our solid financial health – and will work with you to weather these difficult times and continue to achieve this mission. We welcome any suggestions you may have on how we can be more helpful during these challenging times.

Yours sincerely,

Barry R. Bloom  
Dean