Harvard Business School’s continued excellence requires ongoing investment—in people, programs, and ideas. Philanthropy is essential to the School’s financial health, providing the security and flexibility that will position HBS for distinction in its second century.

The School’s economic model is closely aligned with its mission of educating leaders who make a difference in the world. Through careful stewardship and management, a portfolio of programs and activities—including MBA, Executive Education, and HBS Online, as well as Harvard Business Publishing—generates revenues to support faculty research and course development.

Philanthropy is another crucial component of this equation. The School relies on philanthropic revenue from past and current giving to fund over a quarter of its annual operating expenses. The HBS endowment, built over decades with gifts from alumni and friends, provides important support in the form of an annual distribution—typically earmarked for a specific purpose by the donors. Current use gifts to the HBS Fund provide a steady influx of resources that can be spent immediately on core priorities or used to seed-fund especially promising initiatives.

HBS employs disciplined budgeting processes—including forecasting and multi-year financial planning—to monitor expense growth and to focus new investment in areas of strategic importance. The School’s operating surplus ($104M in FY19) bolsters Harvard’s overall financial results (and bond ratings), strengthens the School’s reserves, helps finance ongoing campus renewal and expansion projects, and, at times, adds to the HBS endowment. Learn more at www.hbs.edu/annualreport.
Why Give Annually?
Gifts to the HBS Fund can be put to use immediately and for a broad range of purposes. These include core programs and activities at the School, such as student financial aid, deepened global understanding, and path-breaking faculty research projects. They also include innovative initiatives, such as experimentation in the MBA and other educational programs and HBS-Harvard collaborations.

When you make a gift to the HBS Fund—in any amount—you decide where your gift goes, or can tell the School to direct it to where it is most needed.

Support of Key Priorities
The School depends on a mix of philanthropic support each year to fund key priorities.

- HBS Fund and other unrestricted revenue
- Restricted endowment payout and restricted current-use gifts

FACULTY RESEARCH ($24M)
(includes direct costs only)

10% of Harvard University’s endowment

HBS Endowment

JUNIOR FACULTY ($26M)

58%

MBA FINANCIAL AID ($39M)

10%

All data pertain to FY19.

The Role of the HBS Endowment
The HBS endowment is an aggregation of funds established by individual donors, corporations, foundations, and alumni groups. The total of the HBS endowment and current use funds stood at $4 billion on June 30, 2019. The majority of endowed funds are earmarked for donor-specified purposes. In FY19, the endowment distribution was $162 million, of which only $26 million could be spent for unrestricted purposes at the Dean’s discretion.

Harvard University determines the annual payout rate based on the endowment’s prior year-end market value. These funds can be withdrawn and used to support activities in accordance with the donor’s intentions and the terms of each gift.