

# Christian higher education not spared from recession's impact

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God makes rain fall on the just and the unjust, Jesus said. Similarly, recession makes market prices fall, affecting endowments of Christian higher education and secular universities alike.

United States and Canadian schools suffered an average 23 percent drop in the market value of their endowments from the 2008 to 2009 fiscal years, according to the [National Association of College and University Business Officers](#) and Commonfund Institute. While some schools report recent improvement, recovery has been slow.

Ivy League schools suffered. Harvard University's endowment fell 29.8 percent, Yale's dropped 28.6 percent and Stanford's declined 26.7 percent from 2008 to 2009.

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State universities felt the recession's impact. The University of Texas System sustained a 24.8 percent drop in endowment value, and the value of the Texas A&M University System and Foundation's endowment fell 23.7 percent.

Likewise, Christian colleges and universities in general—and Baptist schools in particular—did not escape losses. [Baylor University's](#) endowment declined 17.7 percent, Mercer University's dropped 22.9 percent and Ouachita Baptist University's fell 15.2 percent.

"It's been a rollercoaster ride for university endowments," said Lanny Hall, president of [Hardin-Simmons University](#) in Abilene. He noted his school's

endowment dropped 22.4 percent in the fiscal year ending May 31, 2009.

Even so, some schools weathered the storm well.

“Despite the decrease in the overall value of our endowment, it still left us with the second-best performance in the nation for endowments over \$500 million,” said Lori Fogleman, director of media communications at Baylor University. “However, market conditions have strengthened recently and stabilized Baylor’s endowment.”

Paul Armes, president of [Wayland Baptist University](#) in Plainview, noted his school also experienced some gains recently. “We are fortunate in that our endowment is diversified enough that we don’t typically experience huge pendulum swings of income. For example, mineral and farm income has actually increased recently,” he said.

While the recession hurt university endowments, enrollment figures have varied. Baylor University’s undergraduate enrollment in fall 2007 totaled 11,792; by fall 2009, it had increased to 12,046.

In contrast, [Howard Payne University’s](#) undergraduate enrollment declined slightly during that same period—from 1,165 in fall 2007 to 1,049 in fall 2009. But that may be improving, noted Brad Johnson, senior vice president for institutional advancement at Howard Payne in Brownwood.

“Our new student enrollment, while down last year, appears to be the best we have had in 10 years,” Johnson said.

With unemployment up and workers retooling for a changing job market, some schools have seen increased enrollment—particularly in specialized programs.

“The economy has actually contributed to higher enrollments for Mercer,” said Larry Brumley, senior vice president and chief of staff at [Mercer](#)

[University](#). “We have a number of graduate and professional programs that have benefited from students returning to school to upgrade their credentials. As for traditional undergraduates, we had our largest freshman class last fall in four years.”

Rather than seeing students drop out due to financial hardship, some schools have experienced improved retention rates during the recession.

“Counter-intuitively, (Mercer’s) freshman-to-sophomore retention rate last year—85 percent—was the highest in the university’s history,” Brumley said.

In the last couple of years, Hardin-Simmons University reported its second-highest retention rate in the school’s history, at 71 percent, Hall noted.

But Baylor saw “a slight decrease in retention last year, which we believe was the result of the economy,” Fogleman reported.

Armes at Wayland Baptist University agreed. “Retention has been more of a challenge over the last couple of years because of the recession,” he said. “While we have not lost many students in the middle of a semester, more are contemplating staying home for a semester or two to save money.”

Many schools insist market losses in endowment value have not compromised their ability to offer scholarship assistance.

“Although we reduced our endowment distribution payout in 2009, we made a conscious decision to allocate additional institutional budget dollars to student scholarships to make up for the reduction in endowment distributions,” said Steve Theodore, chief operating officer at the [University of Mary Hardin-Baylor](#) in Belton.

Institutional scholarships Hardin-Simmons University awarded increased from about \$10.4 million in the 2008-2009 fiscal year to almost \$13 million

in the fiscal year that ended May 31, Hall reported.

Baylor University increased its scholarships to students over the last several years—including a 15.9 percent increase this year to support merit and need-based scholarships, Fogleman noted.

But some universities report losses in endowment value have hampered their ability to offer scholarships to students.

“It has definitely had an impact,” Johnson said concerning Howard Payne University. “In many cases, we are simply not able to offer as much, or we have had to offer the aid to fewer students.”

[Ouachita Baptist University](#), which had in recent years drawn 5 percent from its endowment, decided to use only interest and dividends in the last fiscal year—essentially cutting in half the amount available, said Brett Powell, vice president for administrative services.

“A significant part of that goes to student scholarship. So, we have had to cut scholarships some,” he said.

While Baptist schools generally have increased tuition in recent years, many insist they have kept those increases as small as possible to help struggling families.

For instance, estimated total annual cost for full-time students at the University of Mary Hardin-Baylor increased less than \$1,650 from 2007-2008 to 2009-2010.

“Although we have increased our tuition over the last couple of years, UMHB has done so in a conservative and disciplined manner,” Theodore said. “Our goal was to continue to meet our growing needs while at the same time to minimize the impact to our students and their families.”

Some schools acted to help students and their parents long before the

recession hit. Hardin-Simmons University implemented a guaranteed tuition rate 19 years ago, promising each entering class that its tuition rate will not increase as long as the student remains enrolled full-time in consecutive fall and spring semesters and makes satisfactory progress toward a degree.

While tight family budgets may lead some students—and their parents—to choose a state university or community college over a private Christian school, some Baptist university administrators urge a close examination of total costs, not just tuition.

“If you compare our costs with the major public institutions in the state, a student will often, after all is said and done, spend less to attend one of our institutions than they would have if they had chosen a public institution,” Johnson of Howard Payne said.

“Students and families often see the tuition differential and forget about the higher fees and room-and-board costs required when attending a public institution. In addition to the added value that comes from a Christian higher education experience, students and families should consider if they are looking at an ‘apples-to-apples’ comparison of the educational costs.”