

Sexual assault crisis could cost Baylor \$223 million, expert estimates

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WACO—The sexual assault crisis at Baylor University could cost the school up to \$223 million in expenses and lost revenue, a professional services firm that specializes in business valuation and litigation consulting estimates.

Bears for Leadership Reform hired HSSK to review and analyze available information related to the sexual violence scandal at Baylor. To date, Baylor's board of regents has not released information on the cost of the Pepper Hamilton law firm's investigation into sexual violence or information about settlements with victims or former employees.

"We invite and hope the Baylor board will come forward with true numbers so we all know where we stand," John Eddie Williams, Houston attorney and president of Bears for Leadership Reform, said during a Dec. 13 news conference.

Baylor issued a statement: "Beyond confirming Baylor University is and will continue to be strong and financially healthy, we will not respond to such speculation with any further comment."

Firm estimates costs

Jared Jordan, managing director of HSSK, estimated \$121.7 million in costs to Baylor and \$101.3 million in lost revenues through 2019.

HSSK estimated \$44.1 million in costs already incurred and \$77.6 million in

future costs. That includes \$24.6 million in settlements with former employees, with an estimated \$17 million to former Head Football Coach Art Briles and \$5 million to former President Ken Starr.

It also includes \$5 million for the Pepper Hamilton investigation; \$17 million in victim settlements; \$32.9 million in legal, consulting and public relations costs; \$700,000 to hire interim or new employees; \$11.5 million in Title IX compliance improvement; and \$30 million in potential fines or sanctions.

The firm based its estimates on public information, audited financial statements, IRS 990 forms and Equity in Athletics Data Analysis reports provided to the U.S. Department of Education, as well as information related to the child sex abuse investigation at Penn State University and settlements with sexual assault victims at other institutions.

Losses in private contributions estimated

In estimating lost revenue, the analysis compared projections based on Baylor's private contributions revenue during the previous 10 years and noted a decline of almost 15 percent for the academic year that ended May 31, 2016. HSSK projected no growth in 2017 and estimated private contributions revenue growing at the historical rate of 5.8 percent in 2018 and 2019.

Williams, who has made significant contributions to Baylor Law School and who pledged a major gift to Baylor for naming rights to the football field at McLane Stadium, emphasized he will honor his financial commitment to the university.

"Timing is what I'm struggling with," he said.

Noting an installment is due by the end of the month, Williams said he is considering putting the money in an escrow account in a Waco bank "until

we have transparency, accountability and reform.”

Quality of estimates subject to available information

The methods HSSK applied in its analysis “are commonly relied upon by experts in my field to estimate and quantify past and future economic harm resulting from specific events,” Jordan said.

“However, any analysis such as this one is subject to the availability, quality and reliability of the information that form the basis for the underlying estimates and projections,” he said.

HSSK worked on the project about three weeks, he noted, adding conclusions “will likely change as additional information becomes available or is analyzed.”

Williams challenged the board of regents to provide a full accounting of actual expenses incurred due to the sexual abuse crisis.

“The ball is in their court to provide true facts,” he said.

This article was updated about four hours after it originally was posted Dec. 13 to add a statement received from Baylor University, included as the fourth paragraph.