

This is a printer friendly version of an article from the **The Greenville News**
To print this article open the file menu and choose Print.

[Back](#)

Lawmakers look at growing university endowments

Published: Monday, February 18, 2008 - 2:00 am

By Anna Simon
CLEMSON BUREAU
asimon@greenvillenews.com

Even as parents dig deeper into their pockets for college tuition, Washington lawmakers are eyeing the growth of college endowments here and elsewhere.

Furman University is one of 136 institutions with endowments in excess of \$500 million that received letters late last month from U.S. Senate Finance Committee leaders Sens. Max Baucus and Chuck Grassley asking about endowment growth and spending on student aid.

"It's a fact-finding letter. Were happy to answer the questions," said Mary Lou Merkt, Furman vice president for business affairs.

Furman is the only South Carolina institution on the senators' list. All others fell below the \$500 million threshold.

Advertisement

Furman's \$544.6 million endowment is the largest of any South Carolina school, and grew by 13.7 percent in 2007, according to a National Association of College and University Business Officers survey.

The total includes a combination of earnings plus new money raised, Merkt said.

Furman's endowment has "a huge positive impact" in holding a line on tuition, Merkt said.

"Spending from our endowment contributes over 10 percent of Furman's budget. That seems low, I know, and in effect, it is," Merkt said. "Furman's endowment of \$540 million, when converted on a per-student basis, is one of

the lowest in our peer group."

Without the endowment revenue, Furman's tuition would be at least \$2,600 higher per year, an 8 percent increase, she said.

"Additionally, we awarded financial aid packages for the 2007-08 academic year of more than 38 percent of tuition. Without our endowment, these awards would have been impossible," Merkt said.

Furman "doesn't wish to take a position at this point" on the issues being debated on Capitol Hill, Merkt said.

Some Washington lawmakers want schools to spend more endowment dollars rather than tapping parents' pocketbooks.

Portions of a College Opportunity and Affordability Act approved by the House Thursday require colleges and universities to report annually on endowment spending toward college cost containment, and federal examination of endowment balances, growth and spending over the last 10 years.

"It's always good to have transparency and to be asking the question, 'What are you doing with that money?' " said U.S. Rep. Bob Inglis, R-Greenville, who voted for the bill.

Although he supports the call for college endowment accountability, 3rd District U.S. Rep. Gresham Barrett, R-Westminster, said he voted against the bill because it raises spending by \$700 million and adds 48 programs to a list of programs "we can't fully fund now."

Russ Meekins, chief financial officer of USC Foundations, said universities need to spend some endowment interest on today's students, and also need to put some away for future generations, balancing the needs of both.

"You don't want to kill the golden goose," said Meekins, who likens endowment assets to a savings account and the interest to a checking account.

While current endowment returns have caught Washington's eye, Tony Pals, spokesman for the National Association of Independent Colleges and Universities, which includes Furman, predicts leaner years ahead based on economic forecasts.

Endowments don't always make money. Some years they lose money, and any spending mandates could be devastating, Pals said.

In the Upstate, Clemson University's endowment grew by 25 percent from \$343.7 million in 2006 to \$430 million in 2007, according to the national survey.

University of South Carolina figures aren't yet finalized. Jerry Odom, executive director of USC's University Foundations, anticipates growth in the low 20 percentile range from last year's \$385 million, a figure that includes all USC campuses.

Average endowment growth nationally was 18.4 percent among the nearly 800 schools surveyed.

Other Upstate schools showing high-growth endowments include Wofford College's 27.5 percent increase to \$168 million and Converse College's 21.1 percent increase to \$64.6 million, according to the business officers' survey.
