

Endowments of Some Colleges Questioned

By Carina Zaragoza

The leaders of the Senate Finance Committee wrote to 136 colleges around the country regarding the colleges' endowment funds. Senators Max Baucus (D-MT) and Charles Grassley (R-IA) asked colleges with endowments of \$500 million or more a series of questions about their endowments and spending on student aid. Their letter was made public in a press release dated Thursday, January 24, 2008.

Specifically, the senators are seeking to delve deep into the spending practices and governance of the colleges with the largest endowments. They are seeking data and analysis on how these colleges set tuition costs, administer financial aid, and manage their endowments.

Among the data sought by the senators:

- the number of students for the past 10 years — both undergraduate and graduate
- the total cost of attendance for the past 10 years
- the total amount of tuition assistance given out for the past 10 years
- the year-by-year growth of endowments for the past 10 years
- how endowments are managed and the cost of this management

The inquiry was initiated by the Senate Finance Committee after a study was made on the endowments of colleges and universities nationwide. The study included twice as many colleges as were sent letters from the senators and was conducted by the National Association of College and University Business Officers. Among the findings, the association concluded that endowments grew at double-digit rates while spending averaged just 4.6% in 2007. Many of the findings point to meager endowment spending but significant increases.

As necessary as such an inquiry may seem, some have criticized the senators' approach. More than 4,000 institutions are being left out of the investigation. Becky Timmons of the American Council on Education points out the skewed findings that will result from such an analysis. The senators have chosen to gather data from a few wealthy colleges rather than look at the entire spectrum of institutions and their endowments.

The senators have given the colleges 30 days to respond.

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