

Financial report highlights need for Catholic colleges to raise funds

WASHINGTON – Catholic colleges can't afford to steer away from fundraising, according to a new report by a credit ratings service.

The report issued by Moody's Investors Service in late August said Catholic colleges, in comparison to their non-Catholic peer institutions, have larger enrollments and lower tuition rates but they also generally have low endowments which forces them to be highly tuition-dependent.

Moody's focused on 55 Catholic colleges that are included in the group's rating service in its "Spotlight on U.S. Catholic Higher Education Sector" report.

Richard Yanikoski, president of the Association of Catholic Colleges and Universities, said the report, available online at www.accunet.org, showed that Catholic colleges "offer a strong investment opportunity" and they do so "not just in spite of our mission but because of our mission."

He said the report highlights positive aspects of Catholic higher education including the fact that their annual net tuition is about \$2,400 less than it is at non-Catholic colleges. But even that good news also has a flip side, he noted; it means the Catholic institutions have "less money from each student to do the good work they need to do."

According to the report, the consistently lower tuition rates at Catholic colleges "reflect the Catholic higher education sector's mission of providing students affordable access to a college degree, including offering a lower sticker price for those middle-income students that cannot qualify for financial aid programs."

The report also gave Catholic colleges and universities credit for their ability to "manage operations conservatively to produce generally favorable operating performance and strong annual cash flow."

Where Catholic colleges and universities tend to come up short is in major gift

donations and overall endowments, a gap the report links to the history of many of these schools that were founded by religious orders. In their founding years and until recent decades Catholic colleges relied on the religious orders for resources, faculty members and school governance.

The report notes that only in the past 30 years have Catholic colleges and universities formed separate boards of lay trustees. "Prior to this change, there was comparatively little attention paid to promoting philanthropy as a key pillar of financial development, long a commonplace strategy at most private colleges and universities."

Mr. Yanikoski said the fact that Catholic colleges trail their counterparts in fundraising and philanthropic gifts is not news to Catholic college leaders but might be news to donors "and needs to be thoughtfully reflected on by those who could support Catholic higher education."

He said Catholic colleges are making efforts to catch up on years where they lagged behind in fundraising. "We're getting closer," he said, "but we're still not there."