

Greensboro College fails a stability test

■ President Lawrence Czarda says the private school is not in any danger of closing.

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GREENSBORO — Greensboro College is among 180 private schools that failed the federal government's financial stability test.

The college scored a 1.2, according to the U.S. Department of Education.

The highest that a college can score is 3; the lowest is minus-1.

Another local school, Guilford College, which

scored a 1.4 last year, rebounded this year with a score of 2.5.

The scores are based on the colleges' standing in the 2009-10 fiscal year.

The U.S. Department of Education uses the colleges' financial statements to determine scores, which affect whether and how the colleges participate in federal financial aid programs.

Schools that score above 1.4 are deemed stable.

Greensboro College's score last year was 0.7, said President Lawrence Czarda, who started the job in April 2010.

Schools that score below 1 must post a letter of credit for the federal aid that students receive.

Greensboro College's score reflects the time when the college was in the midst of its financial woes, Czarda said. Two years ago, the college was mired in debt, which resulted in layoffs and faculty salary cuts.

Czarda laughed when asked whether the college was in danger of closing. "Oh, not at all," he said. "Not in any way, shape or form."

Walter Newton, first vice chairman of the board of trustees, said the college's focus on managing its finances and enrollment shows in its improved score this year. "It's not where we want to be, but it's moving in the right direction," Newton said.

A decline in the college's real estate value and its endowment influenced the score, Czarda said.

The value of most property the college owns has remained stable or increased, he said. But some parcels have decreased in value — namely The Inn housing complex on West Market Street. The college has been trying to sell it to reduce debt.

Greensboro College's endowment fell 17 percent from fiscal year 2008 to fiscal year 2009, according to information from the college, and the value did not change significantly from 2009 to 2010. A decline in endowment was cited as the reason why many colleges failed the test last year.

Guilford College President Kent Chabotar, who sits on the board of the National Association of Independent Colleges and Universities, said while the endowment recovery improved some scores, improvement was not as dramatic as he expected.

The federal government's test has come under fire from private college leaders across the country, who say it is an unfair and unbalanced measure of a college's financial health.

A task force, which Chabotar leads, has cited concerns with the test, including how endowment losses are figured into the score. That task force will discuss some recommendations for changes at a meeting of the national association next month, Chabotar said.

Czarda said Greensboro College is rebounding financially despite the score. Enrollment and fundraising numbers are rising, he said.

Enrollment is up 10 percent from last fall, and the number of students living on campus is up 9 percent, according to the college.

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