Universities and Colleges as Socially Responsible Investors

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Abstract

We analyze the socially responsible investing (SRI) practices of US colleges and universities. While SRI may appear inconsistent with the fiduciary duty of university trustees, certain practices may be appropriate if they align with the mission and enhance the "brand." Alternatively, SRI may reflect agency costs. We find evidence consistent with both hypotheses. SRI is predominantly a private school phenomenon. Among private schools, there are important differences in the policies of independent and church-affiliated schools. Whereas independent schools are likely to adopt screens related to environment, social, and governance (ESG) concerns and to avoid others, church-affiliated schools are likely to also adopt policies that align with their religious philosophies. Independent schools recognized as "thought leaders" generally do not seek differentiation through their SRI policies and, if they do, are unlikely to sacrifice investment returns for SRI objectives. In contrast, less selective independent and church-affiliated schools indicate willingness to sacrifice returns, suggesting that they see the cost of SRI policies as investment in their brand/mission. Consistent with the agency cost hypothesis, governance attributes of investment committees bear significantly on policy choices. For independent schools, larger committees and those where representation of investment professionals is low are more likely to screen, allow sustainability considerations to influence investment choices, and vote proxies along SRI lines. "Social boards," those with more alumni and less investments expertise, appear more oriented toward generating donations and less focused on investment policy. At church-affiliated schools, where investment committees are likely to share a common religious background, there is evidence of homogeneous thinking. For these schools, larger committees work against SRI activism, as does having more investment expertise on the committee.

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1. Introduction

While much has been written about institutional "socially responsible investing" (SRI), surprisingly little research has been devoted to the SRI practices of university and college endowments. Universities and colleges (referred to herein collectively as "universities" or "schools") represent an important investment clientele. In 2014, aggregate endowments totaled more than $400 billion. In our sample, endowment spending represents an average of 11.5% of annual spending. Brown, Dimmock, Kang, and Weisbenner (2014) report that the growth rate of the average endowment has far outpaced the growth rate of university expenditures.

SRI is an investment approach that takes account of both financial and nonfinancial performance criteria. SRI investors may consider a company's governance and labor practices, its environmental impact and commitment to sustainability, its geopolitical focus, and its product market orientation, such as tobacco, weapons, or contraceptive production. SRI can take either of two forms -- an institution may express disapproval either by "voting with its feet" or by direct efforts to influence corporate behavior. The particular form that is most common among universities is "negative screening." That is, while not seeking directly to influence corporate affairs, based on our sample, approximately 11.9% of public and 31.5% of private universities choose to exclude specific types of investments from their portfolios. About 9.2% adopt policies to positively tilt their portfolios towards investments based on sustainability considerations and about 12.6% seek to influence corporate management through their proxy voting policies.

SRI is a commonly-followed practice for individuals when making their own portfolio decisions. Acting on their own behalf, they internalize the investment performance tradeoffs associated with under-diversification. SRI appears paradoxical, however, for universities in that trustees (or regents,

etc.) have fiduciary obligations to manage the endowment prudently, in a manner consistent with the school's mission and with donor intent. The puzzle arises because mission statements and gift agreements generally do not address SRI and because modern portfolio theory implies that decisions to eliminate certain investments from the portfolio or over-weight others are expected to come at a cost by altering the risk/return trade-off relative to efficient diversification. As discussed below, the opportunity costs of reduced diversification can be material. Whether the trade-off is worthwhile can depend on the mission/objectives of university, on the impact of the SRI policy on student and faculty recruitment, and on gift-giving by donors. Because investment decisions are made by a board investment committee (IC), SRI policy may also depend on the "tastes" of committee/board members, which raises the specter of agency costs.

We consider two possible explanations for schools adopting SRI policies. The first is the *brand enhancement hypothesis*. Under this hypothesis, investment policy could be a means of promoting competitive advantage that the school has carved out and seeks to sustain.

While SRI screening may contribute to brand enhancement, it is commonly recognized that institutional policies of screening certain stocks are unlikely to materially influence corporate behavior.[1] Nonetheless, some elite schools promote their images as "thought leaders" in higher education and seek to be at the forefront of shaping public opinion on certain social issues. Lerner, Schoar, and Wang (2008) point out that the Ivy League has historically been a focal point for public opinion on both higher education and endowment investment.[2] In the 1970s, Yale hosted a debate regarding the "moral obligation" of universities in the emerging SRI arena. Similarly, church-affiliated schools may want to

[1] Teoh, Welch and Wazzan (1999), for example, show that divestment from South Africa by universities and state pension funds had no discernable effect on valuation of divested companies and there were no impacts on South Africa's currency, stock market, or economy. Apparently, there were other investors ready to step in. By the same reasoning, Welch (2014) argues that Stanford's recent decision to sell its coal stocks will not help the environment.

[2] As an example, Yale's chief investment officer, David Swensen, was an early advocate for a portfolio diversification approach that includes a large allocation to alternative asset classes such as venture capital, which are not highly correlated with the US public equity market. See Swensen (2009). Goetzmann and Oster (2012) illustrate that the decrease in investments in US equities by university endowments started with Yale in the early 1990s, spread to Princeton in the mid-1990s, to Harvard in the early 2000s, and then more broadly.

advance the moral and ethical principles of the religion and some schools may want to cater to students (and possibly faculty and staff) who have interests in promoting social responsibility. For these schools, brand enhancement can be reflected in investment policies such as excluding investment in manufacturers of contraceptives or fossil fuels. Universities that seek to attract politically active liberal or conservative students may adopt SRI policies designed to appeal to those groups. Accordingly, we test how policy choices are related to selectivity, church affiliation, and campus political environment.

We also consider a second explanation for SRI policy choices, the *agency cost hypothesis*. In higher education, an agent who sets policy and makes investment decisions may have a personal interest in promoting certain social causes. Theory tells us that agency costs are likely to be greater the less effective is monitoring (Jensen and Meckling, 1976).[3] Monitoring may be particularly ineffective for non-profit and charitable organizations where generally only the state attorney general and donors have legal standing to enforce adherence to the institutional mission and the terms of gift agreements.[4] Below we test this hypothesis by examining how SRI policy choices relate to aspects the governance structure of the IC that are expected to be associated with agency costs; namely, committee size, and representation of trustees, investment professionals, and alumni on the IC.

Because these attributes of IC members are not mutually exclusive, we employ a novel measure of board composition to help identify the separate effects. Specifically, we recognize that some IC members are likely to be selected primarily for their investment expertise whereas others are selected as a means of engaging donors.[5] ICs that are skewed toward donors can be expected to be more social in nature and less focused on investment discipline. To identify "social boards" we measure the

[3] Brown, Dimmock, Kang, and Weisbenner (2014) study university responses to financial shocks to their endowments and find evidence of conflict, asymmetric response, and agency problems. Universities respond to positive shocks by "hoarding" endowment (maintaining their established payouts) but to negative shocks by reducing spending.

[4] See the commentary to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As of 2012, the Act had been adopted in all 50 states and the District of Columbia. The UPMIFA replaced the 1972 Uniform Management of Institutional Funds Act.

[5] Under the UPMIFA, no special skill or investment expertise should be expected of a trustee who is chosen for the ability to raise or donate money unless the trustee's background or knowledge evidences some special ability.

difference between the percentage of alumni on the IC and the percentage of investment professionals. At the extreme, an IC comprised entirely of alumni who are not investment professionals suggests that those members are more likely to have been recruited because they are donors or potential donors, implying that board membership is a "social" experience for them. At the other extreme, an IC comprised entirely of investment professionals without alumni ties (a "professional board") is unlikely to be a social experience, but rather a more traditional, professional experience. Social boards could result in more aggressive SRI policies if the members tend to share common values for activism; alternatively, they could be less likely to adopt SRI policies, as they are more concerned with socializing and networking, and less concerned with management of the endowment or SRI activism. Thus, social boards could be more likely to hold conventional portfolios rather than portfolios tilted toward SRI.

Both hypotheses are predicated on the proposition derived from finance theory that, in an efficient market, restricting investment choices comes at the cost of lower risk-adjusted performance due to under-diversification. However, some empirical literature suggests that investors who adopt SRI strategies may sometimes be able to match or even improve upon the risk-adjusted returns of conventionally diversified portfolios.[6] The potential for *ex ante* improvements in performance hinges on market inefficiency, such as unpriced benefits of good governance or "socially responsible" behavior.[7]

Using survey data, merged with information from other sources, we analyze university choices to employ SRI screens in their investment selection and to adopt other activist SRI practices. We model these choices as functions of governance (IC size and composition), school selectivity, church affiliation, campus political environment, and institutional type and other controls. Among other variables, the public/private status, endowment size, school age, and regional characteristics are included.

[6] Derwall, Guenster, Bauer, and Koedijk (2005), Statman and Glushkov (2009), and Kempf and Osthaff (2007) all find that certain SRI strategies yielded non-negative or positive alphas over certain historical periods.
[7] Edmans (2011) finds positive abnormal performance for a portfolio of stocks selected based on high employee satisfaction and concludes that the market had mispriced the value of a satisfied workforce.

We find that SRI investing is overwhelmingly a private school phenomenon in that private schools are much more likely to adopt SRI practices than are public schools. Accordingly, our hypothesis testing is focused on private schools, both independent and church-affiliated.

We find evidence supporting aspects of the brand enhancement hypothesis, including that the SRI policies of independent private schools are much different from those of church-affiliated schools. In particular, church-affiliated schools are more likely to adopt SRI policies covering a broad range of moral and ethical positions related to contraception and vices, as well as environmental, social, and governance (ESG) policies.[8] In contrast, independent private school SRI policies are focused more narrowly on ESG concerns. Adoption of SRI polices is related to the campus environment, including its liberal or conservative orientation. Perhaps contrary to the notion of SRI thought leadership, highly selective schools, including a subcategory of elite independent schools in the Northeast and Mid-Atlantic (identified by Bamberger and Carleton (1999) as the "Overlap Plus" group), are not unusual in their propensities to adopt SRI policies. Highly selective and elite schools are, however, significantly different from les selective schools in their unwillingness to trade off financial performance for SRI objectives.

Controlling for school attributes, we find evidence consistent with the agency cost hypothesis in that SRI activism is significantly influenced by IC size and composition. Generally, SRI activism is greater the larger the ICs of independent private schools. At church-affiliated schools, committees with high percentages of trustee members are more likely to engage in various categories of SRI activism. For both types, representation on the IC by investment professionals acts as a countervailing force against SRI activism. Finally, we find that social boards are less likely to engage in SRI, especially at less selective schools. Alumni may align with investment professionals in opposition to devoting resources to objectives other than financial returns or social boards may simply be more social, and less focused on investment policy.

[8] ESG screens are a subset of SRI screens, not including screens based on reproductive issues such as birth control, or vices such as alcohol.

The findings contribute to our understanding of agency relationships in institutions other than publicly traded corporations. We introduce the concept of a "social board," which may prove to be a useful way to quantify the monitoring incentives of board members. We also provide the first empirical evidence on the use of SRI investing as "mission investing" for brand enhancement purposes. Finally, the paper provides original evidence on cross-sectional patterns in the attitudes of investors toward accepting lower risk-adjusted investment performance in pursuit of SRI objectives

In section 2, we provide background on important features of university endowments, including the governance mechanisms adopted to oversee and implement investment policies, the fiduciary responsibilities of boards and ICs, and the history of university involvement in SRI. We also briefly review the theory on investment performance and under-diversification and the evidence on SRI performance. In section 3, we describe the data and the variables used in the analysis and present descriptive statistics. Section 4 contains the empirical analysis and tests of the hypotheses. We conclude in section 5 with a discussion of the results and their implications.

2. Institutional background on university endowments

In the US, public and private universities are charitable organizations structured as nonprofit corporations, charitable trusts, or governmental subdivisions or agencies.[9] Generally, these institutions have formally stated missions or charters that define their educational objectives in broad terms. Because the investment decisions of the IC must be consistent with the university's mission, we review example mission statements for public, independent, and church-affiliated schools.

The mission statement of Penn State University, is representative of a state-chartered institution and reads, in part,

[9] More recently, a number of for-profit universities have been established. Though the mission statements of these universities may have some similarities to those of non-profits, it clear that their ultimate objective is to produce returns for investors and that the shareholders are empowered to monitor and enforce adherence to the objective. For-profit universities are not included in our study.

> Penn State is a multi-campus public research university that educates students from Pennsylvania, the nation and the world, and improves the well-being and health of individuals and communities through integrated programs of teaching, research, and service…. Although the University is privately chartered by the Commonwealth, it was from the outset considered an "instrumentality of the state," that is, it carries out many of the functions of a public institution and promotes the general welfare of the citizenry….[10]

As an example of an independent private university, the mission of Columbia University provides,

> Columbia University is one of the world's most important centers of research and at the same time a distinctive and distinguished learning environment for undergraduates and graduate students in many scholarly and professional fields. The University recognizes the importance of its location in New York City and seeks to link its research and teaching to the vast resources of a great metropolis. It seeks to attract a diverse and international faculty and student body, to support research and teaching on global issues, and to create academic relationships with many countries and regions. It expects all areas of the university to advance knowledge and learning at the highest level and to convey the products of its efforts to the world.[11]

Georgetown University's mission illustrates the influence of religion:

> Georgetown [University] is committed to the Jesuit traditions of an integrated education and of productive research in the liberal arts, including fine arts, humanities, languages, sciences, and social sciences. The College seeks to expand the imagination, foster the life of the spirit, cultivate lifelong learning, encourage service to God and humanity, and promote respect for diversity in an age of global community.[12]

2.1 Board investment committees and fiduciary responsibility

For non-profit educational institutions, responsibility for advancing the mission and maintaining adherence to its principles is vested in the board of trustees.[13] Normally, the trustees operate through a structure of board committees that focus on specific areas of responsibility. Generally, the investment committee of the board is responsible for selecting and monitoring the asset managers who directly invest portions of the university's investment pool, and for deciding the general principles of investment management, such as asset allocation, policies related to proxy voting, and SRI policies. Often ICs can act

[10] http://www.psu.edu/this-is-penn-state/leadership-and-mission/mission-and-character
[11] http://www.columbia.edu/content/mission-statement.html.
[12] http://college.georgetown.edu/about/mission-statement-and-history/
[13] Hansmann (1990) and Winston (1999), among others, note that the theory of the non-profit sector, particularly higher education, is not well developed. In contrast to for-profit corporations, universities do not have an obvious well-defined objective function. Accordingly, the board is entrusted to seek an appropriate balance among objectives that may often conflict, such as providing quality education to both present and future students.

with autonomy, while, in other cases, the IC may formally be advisory to the full board. Even in the latter case, however, board ratification tends to be *pro forma*. The board may also direct the IC to assess the merits of potential changes in investment policy, but, here, again, it is common for the board to defer to the recommendation of the IC.

As the IC is an extension of the board, it has fiduciary responsibility for investment decisions, including such things as loyalty to the mission, commitment to principles of sound investing, and adherence to the specific provisions of gift agreements. In our sample, for all types of schools (public, independent private and church-affiliated private) the overwhelming majority of IC members are trustees who have fiduciary responsibility. Some committees also may include members of the school's investment staff, faculty members, student representatives, or others.

IC members are selected for a variety of reasons. Most importantly, they may be selected because of professional expertise related to investing, experience and expertise related to investing in alternative assets (private equity, hedge funds, etc.), because they are alumni who have continuing interest in the school, or because they are significant donors or potential donors.[14] Lerner, Schoar, and Wang (2008), report that top-performing endowments typically have ICs with members drawn from the ranks of the alumni and that the committees normally focus their attention on setting broad policy and serving as an informed sounding board.

As trustees have fiduciary obligations to invest prudently and in a manner supportive of the mission, SRI poses a challenge. Restricting or skewing investment choices based on SRI considerations results in *de facto* underdiversification and can only be reconciled with the trustees' duty of loyalty to the mission if the policy is seen as exploiting mispricing or advancing the mission in other ways. For example, the reference in Penn State's mission to improving "the well-being and health of individuals

[14] Based on a survey by the TIAA-CREF Institute that yielded 256 usable responses on IC attributes, Brown, Dimmock, Kang, Richardson, and Weisbenner (2011) report an average committee size of 12.6, including 8.2 voting members. In our sample of 921 total institutions (including 1658 institution-year observations on committee size), the average number of voting members is 8.1.

and communities through integrated programs" might be argued to support divestiture of tobacco stocks or fossil fuel stocks. The commitment in Columbia University's mission to "support research and teaching on global issues" could justify taking investment positions on geopolitical issues. The commitment in Georgetown's mission to "encourage service to God and humanity" could support restrictions on investing in companies engaged in contraceptive production.

In practice, there appears to be little legal concern with IC members merely "taking into account" environmental and social issues in their specific stock selections. Perhaps, for example, it is okay to focus fossil fuel investments on producers with strong commitments to sustainability in their other actions. However, when it comes to negative screens such as removing all fossil fuel companies from the portfolio, there is more of an issue. As Richardson (2012) points out, beyond pursuit of the organization's mission, it is not the responsibility of key executives or board members to use their authority to influence environmental policy. If lawmakers want to discourage fossil fuel production, they could regulate fossil fuel companies directly rather than expecting social investors to "fill the gap."

Richardson's strong position does not mean that taking SRI positions is always inappropriate for universities. As noted, the history of SRI demonstrates that some university boards see value in being recognized as vanguards of social change (South Africa and apartheid, Darfur and human rights, etc.). Given that divestiture implies a loss of efficiency in the investment portfolio, it appears that either the IC must think there is some market inefficiency (mispricing) correlated with SRI choices or that the choice fits with the school's competitive positioning. The IC could, for example, expect that the decision to divest may generate more gifts or enable the school to attract better students and faculty.

2.2 History of university involvement in SRI

Contrary to widely held perceptions, institutional SRI activism is not a recent phenomenon. Early actions by religious organizations set the stage. Biehl, Hoepner, and Liu (2012) identify a number of

examples, including, from the 1920s, a Methodist Church policy to avoid investment in alcohol and gambling and a Quaker policy to avoid investments in weapons manufacturing.

Church-affiliated schools historically have been early actors in adopting policies that screen out investments in a manner consistent with religious principles. These screens include companies that produce alcohol, pornography, and gambling for some evangelical schools and environment, animal rights, labor conditions, weapons, sin stocks, contraceptive devices, and abortion, among others, for Catholic schools. Statman (2005) examines the relation between religious principles and SRI choices, arguing that the origins of SRI are in religion. Guiso, Sapienza, and Zingales (2003) note that hardly any aspect of a society's life is unaffected by religion, and find that religious beliefs are associated with economic attitudes that are conducive to higher per capita income and economic growth. Hence, church affiliation is expected to be an important determinant of variation in university policies regarding SRI.

Biehl, et al. (2012) note that the social movement in the 1960s generated robust discussion in university endowment management regarding the role of ethical investing. Anti-apartheid, labor issues, and civil rights policies were at the core of activism during this period. Simon, Powers, and Gunnemann (1972) describe a debate on "the ethical investing proposition" that took place at Yale in 1970, which represented an initial step toward establishing non-financial investment criteria for fiduciaries.[15] The debate culminated in published suggestions for university trustees and administrators regarding how to evaluate SRI policies in light of the board's fiduciary responsibilities. The authors also describe some of the early steps of (east coast) universities to influence corporate and public policy on social issues through divestment or by other means.[16]

[15] Generally, the authors accept the principle that that the objective of investing is financial returns. They discourage divestiture as an ineffective way to bring about change and propose that trustees proactively seek to change corporate behavior through activist means, but only if doing so would not be harmful to investment returns. Malkiel (1973) offers a critique of the Simon et al. recommendations and points out that it is not possible to maximize both financial and social objectives unless they are not in conflict. See also Sparkes (2002).

[16] Demand for displaying "social responsibility" in university investment caused debate at Princeton, Cornell, Union Theological Seminary, and Wesleyan (over South Africa), at Mount Holyoke and the University of Pennsylvania

Engagement in the formulation of SRI policy is not limited to university trustees or the IC but also can be influenced by students and faculty.[17] Consider, for example, a 1968 petition signed by 1,200 students at Cornell University, which declared that the school "should not profit from the human degradation and misery brought about by the illegal apartheid system of South Africa," and demanded that the Cornell Board of Trustees immediately sell all investments in banks that loaned money to the Republic of South Africa. This petition was followed by a faculty resolution that was both less of a demand and less specific: The Board rejected the petition, citing the insignificant fraction of a company's total financial assets that would be affected by such a screen; the need for flexibility in the management of an endowment fund; the difficulty of securing adequate information that would permit judgment about the policies of investee companies; and the legal responsibilities of trustees as fiduciaries.

Simon, et al. (1972) report that Yale's trustees offered a different type of explanation when they abstained from proxy voting in the 1970 "Campaign GM" controversy (involving issues including ecological concerns, governance, minority hiring, etc.). Yale stated, "…the Fellows do not, and should not, have the power to take corporate positions on issues of a political or social nature which do not directly affect the University in its relations to the local community." They emphasized the university as a forum for diversity of views. On the same issues, Harvard decided to vote with GM management, stating that the "Board of Directors and not the stockholders of a corporation constitutes the proper body for the determination of difficult questions of allocation of resources." These statements provide useful perspective on the evolution of thinking regarding university involvement in SRI.

Initially, university SRI policy was mainly limited to divesting certain companies and following the "Wall Street Rule" of either voting with management or selling their positions. But, even early on, a few universities began voting against management on social and environmental issues. The nature of

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(over Campaign GM), at Dartmouth and Union College (over Eastman Kodak minority hiring) and at Harvard (over a similar issue at Middle South Utilities) (Simon, et al. 1972, p 1).

[17] See an account in Humphreys, Solomon, Electris, and Ferrara (2012) of student involvement in university divestiture campaigns.

the social issues that are the focus of universities' concerns has evolved to a more expansive practice, deliberately seeking out and investing in companies that abide by certain corporate social responsibility guidelines. In recent years environmental concerns have become predominant, with several prominent campuses debating whether their endowments should divest of fossil fuels, for example, or tilt investments toward companies with positive ESG standards. A recent example is Harvard's agreement to adopt a set of socially and environmentally responsible investment practices advanced by the United Nations (The Principles of Responsible Investment or PRI).[18]

2.3 Theory of underdiversification, fiduciary duty, and evidence on SRI performance

In managing the university's investment pool, the IC has a duty to act prudently. The standard of care with regard to investments has evolved in conjunction with the general evolution of thinking and practice regarding fiduciary responsibility, most notably pension and trust investment practices. Prior to 1972, fiduciaries of charitable institutions, including universities, operated without reliable guidance as to standards of investment management or endowment spending policies. The Uniform Management of Institutional Funds Act of 1972 (UMIFA) enabled university ICs to focus on total return by reducing investments in income-producing securities and devoting additional resources to capital appreciation.

In 1994 the Uniform Prudent Investor Act (UPIA) introduced modern portfolio theory to charitable organizations organized as trusts, but not formally to charitable corporations. Under the UPIA, those universities that managed portions of their investment funds through trust structures had a duty to base their investments on the principles of portfolio theory. The act provided that the fiduciary's central consideration must be on the trade-off between risk and return, and that there are no categorical restrictions on types of investments. Generally, the legislation lagged behind practice as many schools had already recognized the principle of diversification. The UPMIFA, in 2006, formally

[18] In making the announcement, the then-President and CEO of Harvard Management Co. stated that joining PRI is "consistent with our focus on maximizing returns." As reported in *Pensions & Investments*, April 14, 2014, pg. 8.

adopted the diversification principle of the UPIA and applied the standard to all types of charitable organizations including public and private universities.

The UPMIFA and the UPIA pose significant obstacles to universities and trustees wishing to pursue SRI. If the capital markets are efficient, then any restriction on the investment opportunity set or any over or under-weighting relative to market weights is inefficient in that it adversely affects the risk-return trade-off. There is no specific provision for making trade-offs between financial performance and other objectives, such as SRI. On the other hand, portfolio theory also poses challenges not just for SRI, but for active investing and for overweighting such asset classes as alternatives.

Thus, one justification for underdiversification is that markets are not perfectly efficient, diversification is not costless, and investors are not on an equal footing. So, for example, Stanford might overweight venture capital because they have access to venture capitalists with strong track records and ration investment opportunities, and universities generally might justify investments in actively managed funds based on the view that they are well-positioned to capitalize on mispricing.

Although over some historical periods, selected SRI strategies performed as well as the overall market in terms of realized returns, Sharpe ratios, or alpha, it would be difficult to justify a specific sustained policy based on the argument that investment performance is not being sacrificed. If investors collectively and consistently overweight SRI assets, other things equal, SRI portfolios will be overvalued and can be expected to underperform. However, this is an equilibrium result based on the assumption of persistent systematic over- and under-weighting (Merton, 1987). There are also dynamic considerations. For example, if corporate SRI practices result in better operating performance that is not recognized by investors, then portfolios of SRI stocks can be expected to out-perform for as long as the effect on operating performance is not capitalized.[19] Moreover, if investor attitudes toward SRI are not stationary, then a widespread shift of preferences, such as the current move toward divestiture of fossil

[19] If firms with better standards for ethical conduct have higher earnings (Gompers, Ishii, and Metric, 2003), this should be reflected in higher stock prices, and not higher long-run returns.

fuel producers, could drive down prices in the divested industry and result in superior performance for those that had divested early and moved into other assets.

Empirical evidence on SRI investment performance is mixed.[20] Some researchers find that returns on SRI indexes or funds are comparable to market-wide returns. However, such comparisons do not take account of the effect of screening on underdiversification, such as would be reflected in portfolio tracking error.[21] Long-term studies of SRI investing are difficult to undertake because public attitudes are not stationary. The so called "sin stocks" may offer the best approximation of equilibrium performance as they have been out of fashion for many years. Accordingly, Hong and Kacperczyk (2009) examine the performance of firms operating in three "sin" industries (alcohol, tobacco, and gambling) over the period from 1976 through 2006 and, consistent with Merton (1987), find annualized abnormal returns of about 3%. Portfolios that exclude sin stocks forego this abnormal return. Edmans (2011), supporting the notion that investors may fail to perceive the effects of SRI policies on firm operating performance, finds positive returns to investing in companies with high employee satisfaction. Edmans traces the superior market performance to temporary mispricing of the expected impact of employee satisfaction. A number of studies over relatively short periods find evidence of positive abnormal performance to various ESG strategies. Some of these acknowledge that the overperformance is likely to be transitory and not a prediction of future performance. Moreover, they do not take account of the impact on diversification or the administrative costs.

Given capital markets theory and empirical evidence, it appears difficult for a board or IC to legitimately claim that its pursuit of SRI is consistent with the objective of maximizing risk-adjusted returns, as Harvard recently claimed when it adopted the UN's Principles of Responsible Investing.

[20] Geczy, Stambaugh and Levin (2003) find that an SRI constraint reduces the Sharpe ratio by a few basis points a month. Other studies report that there is not much of a loss due to lack of diversification but that results depend on time period and the nature and scope of the constraint, etc.

[21] Grossman and Sharpe (1986) find a South Africa free portfolio, relative to the market, had a tracking error of 2.52% relative to the NYSE index during the period 1960-1983.

However, if the IC or university asset managers are particularly good at identifying mispricing related to SRI, it may be able to do so. Otherwise, the commitment to SRI would need to be more realistically based on willingness to trade off financial performance for SRI objectives.

Fiduciary duty regarding trading off of financial and SRI objectives has been, and remains, a subject of debate. Langbein and Posner (1980) take a strong position on trustee responsibility generally, arguing and presenting statutory and case law evidence supporting the proposition that the trustees' duty is to financial performance in the sole interest of beneficiaries. They note, however, that a distinguishing feature of charitable trusts and corporations (including universities) is that, in contrast to a defined benefit pension fund, for example, the beneficiaries are hard to identify, and that this may open the door to some SRI practices. While, in some cases the university mission may be broad enough to encompass certain types of SRI, they note that such policies as geopolitical screening (e.g., not investing in companies involved with Darfur) would be hard to justify. They also note that, if schools face competitive pressures, something like the business judgment rule might justify a variety of SRI policies. They caution that existing donors could potentially object that the pursuit of SRI objectives is inconsistent with the gift agreement, but that prospective donors might be influenced either positively or negatively by a school's SRI policies.

More recently, Gary (2011) distinguishes between "social investing" and "mission investing," with the latter meaning that the investment serves to advance the institution's mission in ways that are not directly or immediately reflected in financial performance. She argues that social investing, such as investing based on what the trustees think would be "good for the world" might represent a breach of fiduciary duty, but that mission investing could be consistent. Investments that contribute to the economic health of the local community, for example, might, depending on the school mission, be appropriate. Both Langbein and Posner and Gary note that any commitment to SRI or mission investing

must still take account of the effects on portfolio diversification and well as the increased administrative costs that arise from undertaking an activist strategy of any type.

3. Data and summary statistics

We use the NACUBO-Commonfund Study of Endowments (NCSE) for 2009 and 2010 as our source for information on university SRI practices. These are the first years for which the NCSE included a series of survey questions related to SRI policies. The SRI section of the survey was consistent over these two years, but has changed materially more recently. The NCES represents the most comprehensive and largest survey on university investment management, representing 844 institutions in 2009, with $306.4 billion of investment pool assets, and 851 institutions in 2010, with $346.3 billion in pool assets.[22] Of this sample, 816 provided data on IC size in 2009 and 818 in 2010. For institutions that reported in both years, committee size was generally the same for both. Accordingly, for the few observations where IC size information was missing in one year, we assumed the size was the same in the other. By this approach, we have a total of 826 observations in 2009 and 831 in 2010, for a total of 1657. From the total sample, we excluded observations other than universities and colleges (e.g., community colleges, law schools, and medical schools), as well as institutions with investment pools less than $10 million. The resulting sample comprises 1373 observations, including 1340 with data on IC size. In the full sample, 566 institutions provided usable responses in 2009 to the question of whether they screened investments for SRI objectives or not, and 829 in 2010. We merged the NCES data with information from *US News & World Report*, various college websites, and the Integrated Postsecondary Education Data System (IPEDS).

3.1 Public versus private universities

As an initial step, we sort by public vs. private institution to compare their practices. Over two-thirds of the responses are from private schools. Table 1 shows summary statistics and definitions for

[22] The survey is administered on line and is normally completed by a person who has the authority to act on behalf of the institution, often the Controller, Director of Finance, Chief Investment Officer, or Director of Accounting.

the key variables used in the analysis. Data sources are shown in the table legend. Panel A of the table reports school attributes. Institutional type is identified as one of four categories based on *US News* classifications: National University, Other University, Liberal Arts College, and Other College.[23]

There are easily recognizable differences between public and private institutions. It is evident that, on average, private schools are classified by *US News* as more selective than public schools. In addition to the *US News* selectivity classifications, we also report information for the group of elite universities known as the Overlap Plus group.[24] This group includes all of the Ivy League plus MIT and a number of elite private liberal arts colleges that are recognized to compete with the Ivies for students. As evidence of their perceived competition for the best students, schools in this group were all implicated in the 1980s Department of Justice antitrust suit against private schools for conspiring on tuition and financial aid awards.[25]

Over half of the private school responses are from church-affiliated schools. Historically, most private schools originated as church-affiliated, but many have evolved to become self-sufficient independent schools. We rely on the *US News* classification to distinguish between independent and church-affiliated schools.[26] All of the church-affiliated schools in the NCES sample are associated with Christian denominations. In addition to identifying schools as church-affiliated, we also examine two religious subcategories that have well-established philosophical positions related to some SRI objectives. Specifically, we identify Catholic schools (19% of private school responses) and Christian Fundamentalist

[23] Other Universities are referred to by *US News* as "regional" and Other Colleges are referred to as "colleges" but not indicated to be liberal arts colleges.

[24] Bamberger and Carleton (1999) identify the initial Overlap group as the Ivies (Brown University, Columbia University, Cornell University, Dartmouth College, Harvard College, Princeton University, the University of Pennsylvania, and Yale University) plus MIT. They note that overtime, participants in the Overlap meetings grew to include Amherst College, Barnard College, Bowdoin College, Bryn Mawr University, Colby College, Middlebury College, Mount Holyoke College, Smith College, Trinity College, Tufts University, Vassar College, Wellesley College, Wesleyan University, and Williams College. The Overlap Plus group includes all of these schools.

[25] *U.S. v. Brown University, et al.*, 805 F. Supp 288 (E.D. Pa 1992).

[26] Some schools classified by US News as church-affiliated no longer receive direct financial support from the sponsoring church and are financially independent, but continue to have a significant religious orientation and church-based governance.

(Baptist) schools (2%).[27] The other observations (the omitted category) are distributed across the spectrum of Protestant religions.

Campus environment includes variables to capture aspects of the culture on campus, including the rural versus urban or suburban setting. We classify a campus as rural based on *US News*. Because there is a political aspect of many of the SRI policies employed by universities, we constructed variables to indicate whether a campus is publicized in the press as being Conservative (20 schools) or Liberal (18 schools).[28] We also rely on *US News* for the classification of schools as women's colleges (only private institutions) or historically black, which we include as controls but are reticent to interpret because of the small numbers of observations.[29]

On average, private schools are less than one-fifth as large as public schools in terms of full-time equivalent students (FTE Students). Yet the average Market Value of Pool (including endowment and non-endowment funds) is about 30% larger for private schools. As a result, Endowment per Student (measured as investment pool per FTE student) is considerably larger ($91,000 vs. $13,000). Private schools are also about 15 years older, on average. The geographic distributions of private and public

[27] Statman (2005) observes that in their individual investment choices, Evangelical (Fundamentalist) Christians are more likely than Catholics or Protestants to avoid companies associated with adult entertainment, abortion products, gambling, and alcohol production and Catholics and Protestants are more concerned about companies' environmental records. See Rennie (1994) for identification of fundamentalist sects in the US.

[28] There is no definitive source of information on the political climates of campuses. Searches for the terms such as "liberal campus" and "conservative campus" find several websites, including, for example, *ABC News*, and *Huffington Post*, which provide their own lists of the notably liberal or most conservative campuses. Typically, these lists are limited to about 10 or 15 schools and there is considerable commonality among them. We classify schools based on the union of the lists from these websites. Liberal campuses include: American University, Brandeis University, Grinnell College, Hampshire College, Hendrix College, Ithaca College, Macalester College, Mills College, New York University, Oberlin College, Sarah Lawrence College, Smith College, SUNY Purchase, Swarthmore College, UC Berkeley, Vassar College, Warren Wilson College, and Wesleyan University. Conservative campuses include: Aquinas College, Auburn University, Baylor University, Biola University, Catholic University of America, Clemson University, College of the Ozarks, Franciscan University of Steubenville, Grove City College, Hampden-Sydney College, Harding University, Kansas State University, Regent University, Samford University, Southern Methodist University, Texas A and M University, University of Mississippi, Washington and Lee University, Wheaton College, and Wisconsin Lutheran College.

[29] A few women's schools have transitioned to co-ed. If this change is recent so that alumni representation on the IC is likely to be mainly female and the campuses are still predominantly female and we classify them as women's colleges.

schools are different in that there are disproportionately more private schools in the New England and Mid-Atlantic regions, and fewer in the Southwest, Mountain, and Southeast regions.[30]

Panel B of Table 1 provides statistics on governance attributes of the ICs. Public and private schools are similar in terms of the numbers of voting members on the committees but the compositions of the ICs are different.[31] Private schools have a higher average percentage of trustee representation (IC Trustee Percent), a slightly higher percentage of investment professionals (IC Professional Percent), and a higher percentage with experience investing in alternatives (IC Alternatives Percent), but a lower percentage of alumni (IC Alumni Percent). We do not us IC Alumni Percent directly in the empirical analysis because it is not mutually exclusive with the other variables and is highly correlated with them. Instead, as noted earlier, we define a measure of the social nature of the committee (Social Board), which we measure as IC Alumni Percent minus IC Professional Percent. At the extremes, a board composed of all professionals and no alumni would have a value of -100% and a board composed of no professionals and all alumni, would have a value of +100%. The value of Social Board would be 0 if all the members are alumni and are professionals or if the percentages are otherwise equal. As shown, the ICs of public schools are more likely to lean toward being social. In the sample, the actual values of this variable span the entire range from -100 to 100.

The main dependent variables in the analysis are the SRI policy choices. As shown in Panel C, the SRI policies for public and private schools are quite different. Private schools are more involved in SRI and screen on more categories. The first entry in Panel C is a binary (yes=1; no=0) response to the question: "Do you screen all or part of the portfolio?"[32] As shown, 31.5% of private school respondents

[30] We use a standard classification of states into regions: New England (CT, MA, ME, NH, RI, VT), Mid-Atlantic (DC, DE, MD, NJ, NY, PA), Appalachian (KY, NC, TN, VA, WV), Southeast (AL, AR, FL, GA, LA, MS, SC), Southwest (AZ, NM, OK, TX), Midwest (IL, IN, MI, OH, WI), Heartland (IA, KS, MN, MO, ND, NE, SD) Mountain (CO, ID, MT, NV, UT, WY), Pacific (AK, CA, HI, OR, WA).

[31] The NCES does not provide information on overall committee size or non-voting members.

[32] Schools that invest in commingled funds cannot generally impose screens on that portion of their investments.

to this question report that they do screen, while only 11.9% of public schools do.[33] During our sample period, the NCES collected separate information on 15 specific screening items. Summing the responses to these, the average number of screened categories is much smaller for public than for private schools. We group the screened categories into three groups: ESG Screens, Sin Stock Screens, and Reproductive Screens. We first show the eight ESG screening categories (Animal Treatment, Environment, Weapons/Defense, Fair Labor Practices, Geopolitical, Corporate Governance, Corporate Philanthropy, and Community Reinvestment Act compliance (CRA)). The variable, ESG Screens is the sum of "yes" responses (checked boxes) on these screens over all observations that provide valid responses to the question of whether the institution screens. A "no" response is inferred if the respondent does not indicate "yes". In the empirical analysis, we focus on this aggregate variable rather than the individual screens. The average number of ESG screens is much higher for private than for public schools. In the grouping of Sin Stock Screens, we include Alcohol, Gambling, Pornography, and Tobacco. In the grouping of Reproduction Screens, we include Abortion, Birth Control, and Stem Cell Research.[34]

Finally, under the heading of Other Actions in Panel C, we show responses to three survey questions (where for each question, 1=yes; 0=no): 1) "Do you vote your proxies consistent with your SRI screening criteria?" 2) "Does sustainability influence decision making for your investments?" 3) "Do you accept a percentage of underperformance in order to pursue your SRI goals?" As shown, compared to public schools, private schools are more likely to actively vote their proxies consistently with SRI (rather than leaving the decisions to fund managers or simply voting with management), more likely to take sustainability into account in their investment decisions, and more likely to be willing to sacrifice return

[33] The respondent could also answer that they screen when required to do so, but none of these respondents indicated that they actually do screen on *any* category, and in reality, all respondents screen when they are required to do so by a gift agreement. Accordingly, we classify these responses as "no". A few respondents indicated that they did not know and others did not answer the question. We treat either as being a non-response so that the observation numbers and percentages in the table are only for valid "yes" or "no" responses.

[34] The classification of responses into the three groups is based on our inferences from the empirical SRI literature. Empirical results of responses for individual screens are reported in Appendices A-1 through A-3.

on investment (ROI) for SRI objectives. Limiting the sample to only those schools that indicate that they do screen, the percentages that are willing to trade-off ROI for SRI objectives are similar for public and private schools, although only 26 public schools screen.

Table 1 makes clear that the SRI policies are very different for public and private universities. SRI activism is much more of a private school phenomenon. We focus the analysis accordingly.

3.2 Private school selectivity

Table 2 provides summary statistics (mean and median) for private schools, sorted by the *US News* selectivity and for the Overlap Plus group. The brand enhancement hypothesis suggests that selectivity may be a component of the choice. Previous research indicates that selectivity is associated with investment performance and IC attributes. Lerner, Schoar, and Wang (2008) point out that while selectively does not affect investment performance directly, it may proxy for the skill of the university administration, wealth and connections of the alumni network, and prestige of the university brand.

As shown in Panel A, among private schools, national universities and liberal arts colleges tend to be more selective that regional universities and other colleges. Selectivity also is negatively related to church affiliation. Rural campuses, liberal campuses, and campuses without gender or racial foci tend to be more selective. Selectivity is also strongly related to school size, size of the investment pool, and school wealth as reflected in the value of the investment pool per FTE student. Older schools and schools in the Northeast, and the Pacific also tend to be more selective.

Focusing on the Governance Attributes in Panel B, the ICs of more selective private schools tend to have more voting members and higher percentages of investment professionals, individuals with alternatives experience, and alumni on the IC. In Panel C, it is noteworthy that the bivariate relationships between selectivity and SRI policy choices are often nonlinear. The probability that a school screens based on SRI is high for high- and low-selectivity schools. ESG screening is high for more selective schools and for low-selectivity schools, whereas propensities to screen sin stocks and stocks related to

reproductive issues are low at more selective schools and high at low-selectivity schools. Highly selective schools also tend to be pro-active in proxy voting, but tend not to allow sustainability to affect investment selection. Among the strongest patterns in Table 2 is that selectivity is negatively related to the willingness of a school to sacrifice ROI for SRI objectives. For example, only about 8% of the Overlap Plus group that impose screens are willing to do so at the cost of reduced investment performance, suggesting, perhaps, that the others believe they can maximize returns and screen at the same time.

3.3 Independent versus church-affiliated private schools

There are material differences in the attributes and SRI policies of independent and church-affiliated private schools. In Table 3, we compare independent and church-affiliated schools directly and report p-values of significance tests for differences in means and medians. Compared to independent schools, church-affiliated schools are significantly less likely to be national universities and more likely to be classified as other colleges. The Overlap Plus group includes no church-affiliated schools and church-affiliated schools tend to have lower selectivity classifications. The campuses of church-affiliated schools are more likely to be rural and conservative, less likely to be liberal, and more likely to be conservative. They are also less likely to be historically black and somewhat less likely to be schools for women. Church-affiliated schools are smaller, with smaller investment pools, and are less wealthy per FTE student. They also tend to be younger. Church affiliations are most likely in the Appalachian, Southwest, Midwest, and Heartland regions, and less likely in New England and the Mid-Atlantic.

The ICs of church-affiliated schools are smaller, on average and, in percentage terms, have significantly less trustee representation and less professional representation. These schools also are significantly more “social” on average.

The screening polies are also quite different. As anticipated, church-affiliated schools adopt a significantly larger number of negative screens. They screen more than independent schools on ESG, Sin Stocks, and Reproduction. Among the ESG categories, independent schools screen more on only

geopolitical issues. On other SRI issues, church-affiliated schools are more likely to consider sustainability in their investment decisions, vote proactively on SRI issues, and be willing to trade off investment performance. Conditional on adopting negative screens, church affiliated schools are more likely to respond that they will sacrifice investment performance for SRI objectives.

The above data indicate that both school attributes and governance can potentially explain SRI policy variations, especially for private schools. Below, we provide a more systematic analysis of the hypotheses presented above.

4. Empirical analysis

We test the brand enhancement and agency cost hypotheses by examining the empirical importance of school attributes and IC composition on aspects of SRI policy, including screening practices, the role of sustainability in investment selection, SRI activism in proxy voting, and willingness to trade off investment performance and SRI objectives.

One challenge in working with the NCES data is that responses to important variables are occasionally missing. For an observation to be included in the analysis we require that IC size be reported for the school in at least one year. Of those survey responses with usable information on IC size, 1.2% are missing the Trustee Percentage on the committee, 4.6% are missing Professional Percentage, 9.5% are missing Alumni Percentage, and 11.5% are missing a value for Social Board.[35] Because these percentages are small, we impute the values and retain the variables in the analysis.[36]

[35] The percentage of IC members with alternatives experience is missing for 19.6% of the observations and is excluded as an independent variable in the multivariate analysis.

[36] Imputation is done using the *mi* procedure of STATA. The procedure uses regression analysis to estimate the expected value and standard error of missing responses and uses bootstrap simulation to generate hypothetical full-data observations in a manner designed to produce consistent and unbiased estimates on imputed variable coefficients.

Small numbers of observations have missing information for some school attributes.[37] Rather than dropping these, we include missing value indicators in the analysis. Coefficients on the indicators are suppressed in the reported results.

Some of the variables in the analysis are endogenous. In particular, the IC composition variables are likely to depend on school attributes, as are *US News* selectivity groupings.[38] Because the models include several endogenous regressors and our sample period is only two years, we are unable to sufficiently identify the system so that an instrumental variables approach can be used. Moreover, there is a great deal of year-to-year persistence in committee composition, selectivity classifications, and SRI policy choices. We do not contend that the current-year IC is responsible for the SRI policies that are in place (except through acquiescence to previously adopted policies), however, based on the data, we do expect IC size and composition to be quite stable over time.

Because of the inability to formally test endogeneity, we adopt an approach that is common in some disciplines, of testing whether the endogenous regressors ("mediator" variables) add significantly to the overall explanatory power of the models. We are particularly interested in the contributions of IC composition variables because, after controlling for school attributes, which are expected to reflect branding considerations, IC composition variables are expected to reflect agency costs. Baron and Kenny (1986) propose a three-step test of a mediation relationship: (1) confirm that the independent variables are significant predictors of the dependent variable, (2) confirm that the independent variables are significant predictors of the mediator variables, and (3) confirm that the mediator variables are significant predictors of the dependent variable, controlling for the independent variables. In subsequent analysis, we report results for steps (2) and (3) and briefly discuss the step (1) results. All

[37] NCES does not report the size of the investment pool for 5 schools, which we dropped from the analysis. Of the remaining observations, *US News* does not indicate a selectivity group for 28, and we could not determine school size (FTE Students) or Endowment per Student for 12 observations.

[38] Formally, *US News* classifies schools into selectivity groups based on acceptance rate, high school class standing of students, and standardized test scores. While none of these is included in our analysis, selectivity can be expected to be influenced by such things as the size of the school's endowment.

models include regional and year fixed effects and standard errors are estimated with clustering by school.

4.1 Investment committee composition

Table 4 displays the results of regressing IC composition variables on school attributes. Based on the Table 1 evidence and evidence presented below, SRI activism is predominantly a private school phenomenon. Hence, Table 4 is based on the private school observations. We find that school attributes have limited ability to explain IC Size in terms of voting members, but we do find that larger committees are associated with larger investment pools and older schools. Brand enhancement variables that are expected to influence SRI policy, (selectivity, religion, and campus environment variables) are not significantly related to IC size, indicating that endogeneity of IC attributes should not limit our ability to assess the brand enhancement and agency cost hypotheses.

The other models in the table explain IC representation percentages with IC Size included as an explanatory variable. Controlling for school attributes, larger ICs have lower percentages of both investment professionals and members with alternatives experience. We find that the ICs of more selective schools have significantly higher percentages of investment professionals and members with alternatives experience, and that the ICs of Overlap Plus schools have lower percentages of trustees and higher percentages of alumni and members with alternatives experience, suggesting that the membership on the IC of an elite schools may also be used as a means of engaging alumni.

The Religion variables have little effect on IC composition and are mainly important for explaining the presence of alumni on the committee. Under the heading of Campus Environment, the ICs of rural schools have higher alumni percentages and higher percentages with alternatives experience. The ICs of both women's schools and historically black schools have lower percentage of alumni, resulting in the committees being described as significantly less social. We do not include the

Liberal and Conservative variables in the Table 4 models because it is not apparent that they should affect IC composition.

Among the Other Attributes, the ICs of larger schools (FTE Students) have lower representation of individuals with alternatives experience; the ICs of schools with large investment pools have lower representation of members of all backgrounds; and the ICs of wealthy schools (per FTE student) have greater representation of professionals, individuals with alternatives experience, and alumni.

Overall, the evidence supports the second condition for treating IC composition variables as mediating. School attributes are sometimes significant in explaining IC composition and the models explain material fractions of the cross-sectional variation.

4.2 Does the school screen based on SRI considerations?

In Table 5, we study responses to the question of whether the university screens based on SRI considerations. Our objectives are threefold: to assess whether public and private school data can be pooled without the need to fully interact; to assess whether independent and church-affiliated private school data can be pooled; and to test the branding and agency cost hypotheses with regard to the general practice of screening. Model 1 shows pooled results for all universities with binary-variable intercept shifts for private schools and for church-affiliated schools. Models 2 and 3, respectively, show results for public and private schools. Models 4 and 5 are based on only private schools and compare independent with church-affiliated schools.

From Models 1 through 3, most of the explanatory power of the models is associated with private schools. Other than campus political climate and school wealth (endowment per student), there is little ability to explain public school screening choices. Most brand enhancement variables are not significant, consistent with the reality that, with a few notable exceptions, public schools generally compete by offering low tuition to in-state students and that endowment policy choices are not very

visible to constituents.[39] None of the IC composition variables is statistically significant in Model 2, suggesting that agency considerations do not materially influence SRI policy choices of public schools.

In Model 3, we find that SRI screening probability is higher when the IC has a high percentage of trustees, a low percentage of investment professionals, and is less "social." While the selectivity variables are not significant in this model, this result appears to be related to the nonlinearity finding we identified in Table 2. When we include the square of Selectivity (not reported), both Selectivity and its square are statistically significant with a minimum at 3.66, so that the strongest marginal effect is among the less selective schools. Also consistent with brand enhancement, from Model 3, screening probability is stronger for Catholic and Christian Fundamentalist schools, and for Conservative campuses. Among the controls, wealth schools (Endowment per Student) are more likely to screen. We conclude from Models 1 through 3 that SRI activism is mainly of interest to private schools and focus the analysis accordingly.

From Models 4 and 5, both independent and church-affiliated schools engage in screening and there are important differences in the determinants of the choice to screen. Accordingly, we examine SRI policies separately for independent and church-affiliated schools. Focusing first on school attributes and the brand enhancement hypothesis, if Overlap Plus schools and more highly selective schools seek to be thought leaders and to encourage SRI investing, we would expect these variables to be positively associated with screening. However, controlling for other school attributes the Selectivity and Overlap Plus variables are not significantly related to screening and the Overlap Plus sign is opposite of what was expected if those schools seek to act as thought leaders on SRI issues. It is apparent that the lack of significance on Selectivity in these models arises from differences in motivations for screening across the

[39] One noteworthy exception is the University of California, where the combined assets of its endowment and defined benefit pension fund exceed $91 billion. Despite pressure from students to divest its investments in various fossil fuels, the UC Regents, in a meeting on September 17, 2014, announced their decision to decline to do so. The regents cited their concern that the loss of income from these investments could conflict with its responsibility to manage investments to support pensions, faculty chairs, and scholarships (Los Angeles Times, available at http://www.latimes.com/local/education/la-me-ln-uc-divest-20140917-story.html.

three SRI groups (Reproductive, Sin Stock, and ESG) and the previously noted non-linearities. Selective schools, for example are likely to screen on certain ESG issues but not on Reproductive or Sin Stock issues whereas less selective schools screen more broadly. One interpretation is that it is mainly the less selective schools that seek to build their brands and attract students by SRI screening.[40] The less selective schools may determine that branding to develop a niche is preferred to branding for broad appeal.

Compared to other Protestant schools, Catholic schools and Christian Fundamentalist schools are much more likely to screen. From Model 3, the difference between church-affiliated schools (other than Catholic and Christian Fundamentalist) is not significant. These results are consistent with the strong positions of certain religions toward such matters as abortion and stem cell research.

We find that rural campuses are more likely to screen, as are independent schools with liberal campuses and church-affiliated schools with conservative campuses. The political orientation results are consistent with branding or the effects of campus activism. The significant results for rural campuses could be student-driven, as rural campuses are more likely to be residential, students are more likely to be full-time, and activities are more likely to be campus-centric.

Though the results are only marginally significant, screening is positively related to the size of the investment pool -- a possible scale effect related to the cost of implementing a policy of screening. On the other hand, the dollar-valued opportunity cost of the risk-return trade-off associated with screening is greater for larger investment pools. Screening is also positively related to school wealth

[40] The SRI policy choices of two schools in the Claremont consortium provide an illustrative contrast. The boards of both recently considered policies of fossil fuel divestment. Pitzer College, founded in 1963, had an investment pool of $119 million as of 2010, and is ranked in the top 50 colleges by *US New* was featured in the *Chronicle of Higher Education* recently (April 25, 2014) because of a decision to divest their endowment of investments in fossil-fuel producers, so that the endowment will be "…99% free of fossil-fuel investments by the end of 2014." In contrast, Pomona College, which was founded in 1887, had an investment pool of $1.70 billion in 2010, and is consistently ranked among the top 10 colleges, rejected the policy. In announcing the decision, Pomona's President, quoted a consultant's report that such a commitment would "result in a total decrease in the endowment's performance over a 10 year period of about $485 million."

(Endowment per Student) indicating that screening is a normal good. Perhaps, wealthier schools can more easily afford the opportunity loss associated with screening.

Though we do not report the regional fixed effects, we do find, especially for independent schools, that there are significant regional differences in screening. Specifically, independent schools in the Northeast are more likely to screen than are schools in most other regions. This could be indicative of the view that schools in the Northeast (including Overlap Plus schools and others) aspire to be thought leaders on a variety of social and economic issues.

Turning to agency related considerations, controlling for school attributes, we find evidence of a significant and economically important moderating effect associated with IC composition. Excluding the governance variables from Models 4 and 5, the r^2s drop materially, to 0.486 and 0.464. The models provide evidence that IC characteristics are important determinants of screening policy for both independent and church-affiliated schools. We regard the evidence to be reflective of agency costs and monitoring. Consistent with other evidence that agency problems are positively related to board size, screening is positively related to IC size for independent schools.[41] However, we find the opposite result for church-affiliated schools. Possibly this is because the propensity to screen is already so high for church-affiliated schools that a larger committee just increases the probability of divergent opinions that move the school in the direction of not screening.

The IC composition results are more consistent across the two groups, though significance levels are sometimes low. ICs with high percentages of trustees are more likely to screen, significantly so in Model 3 and weakly significantly so for church-affiliated schools. Possibly, committees with high trustee percentages are prone to "groupthink," especially when the trustees have similar religious backgrounds.

[41] Jensen (1993) argues that as board size increases, substantive discussion gives way to politeness. He contends that larger boards can become symbolic, sources of social interaction, and disconnected from the managerial process.

Alternatively, they may be more confident than other IC members that they understand the values of the church and how to reflect them in the school's SRI policies.[42]

Consistent with the view that investment professionals provide monitoring and help to discipline investment management, ICs with high percentages of professionals are less likely to screen. The results are significant in Model 3 and approach significance in Models 4 and 5. Since investment professionals are likely to understand portfolio theory and to recognize the economic costs of underdiversification, the professionals on the committee may play an important role in monitoring and controlling agency costs.

We also find that the Social Board measure is negatively related to screening. Alumni may be resistant to committing school resources to advancement of social policies, which would be a monitoring effect. However, (more likely, we believe) it could indicate that social boards are simply less focused on investment policies of any kind and may be more interested in social interactions than in trying to fine-tune the school's investment policies. In this and other models we test whether the social board effect is different for more selective schools compared to others. We do so by interacting Social Board with an indicator if the school is classified as Most or More Selective. In Table 5 this interaction is not significant.

Overall, with regard to the willingness of a school to screen based on SRI, we conclude that the evidence is consistent with both the branding and agency cost hypotheses. Screening is aligned with the general position of the school on SRI issues, but, controlling for these, IC composition also plays an important role in the choice.

4.3 Intensity of screening by SRI grouping

[42] Fracassi and Tate (2012) suggest that similarities of background and experience among board members and managers can increase the extent to which policies are influenced by groupthink and that this can arise without conscious disregard for fiduciary responsibility.

Table 6 shows separate regression results of independent and church-affiliated private schools for the three SRI screen groupings of ERG, Sin Stock, and Reproductive Screens. The most noteworthy finding is that the screening choices of independent schools are mainly related to the ESG group. The screening probabilities and r^2s for the Sin Stock and Reproductive groups are quite low. In contrast, for church-affiliated schools, the r2s for the three groups are all in excess of 0.4.

Focusing first on school attributes and the brand enhancement hypothesis, none of the selectivity-related estimates is significant at a high level. However, when we introduce a quadratic selectivity term (not reported) the selectivity terms are significant in both ESG models and indicate that it is the less selective independent schools that use SRI to enhance their brands. Among church-affiliated schools, controlling for other school attributes, the extent of screening in the Reproductive and Sin Stock groups is marginally significant and negatively related to the school selectivity. For independent schools, ESG screening is (marginally) negatively related to being in the Overlap Plus group. These results extend those in Table 5 in that relationships of screening choices to selectivity variables are generally weak and that the schools more likely to be considered thought leaders are less inclined to screen.

Among church-affiliated schools, results vary by sect. Catholic schools screen more intensively in all SRI groups than do Protestant sects, and Christian Fundamentalists screen more intensively on Sin Stock and Reproductive issues but not on ESG issues. These results align with religious tenants and are consistent with previously cited literature.

Rural campuses screen all SRI groups more intensively, especially among church-affiliated schools. Conservative campuses of church-affiliated schools also screen more intensively, whereas for independent schools, there is weak evidence that liberal campuses screen the ESG group more intensively. As in Table 5, the intensity of screening is generally positively related to the size of the investment pool, and, at church-affiliated schools, positively related to school wealth.

Turning to agency cost issues, controlling for school attributes, IC Size of independent schools is negatively related to the intensity of Sin Stock screening and positively related to ESG screening, whereas for church-affiliated schools the IC Size relationships are negative. Extending the results in Table 5, at church-affiliated schools, the IC trustee percentage is positively related to screening intensity for all groups and the percentage of investment professionals is negatively related. Also, as in Table 5, the Social Board variable is negatively related to screening intensity for all three SRI groups. Here, however, when Social Board is interacted with a binary indicator for More and Most Selective schools, it is apparent that the propensity of Social Boards to refrain from SRI activism is concentrated among schools of low selectivity. That is, on net (summing the coefficients on Social Board and Social Board*Selective), Social Board is not related to screening at the more selective schools, except, possibly, to ESG screening, where the net coefficient remains quite negative.

In sum, the evidence in Table 6 supports both the branding and agency cost hypotheses. Screening of all groups is more prevalent at church-affiliated schools and independent schools focus mainly on ESG Screens. Especially at church-affiliated schools, IC composition variables are significantly related to screening intensity. Similarly to Table 5, the trustee percentage on the IC are associated with higher levels of screening, professional committees screen less, and ICs that are relatively social screen less at the less selective schools but not at the more selective ones. Here, again, the evidence supports treatment of the IC composition variables as mediating. Including the IC composition variables generally adds about 50% to the r2s and Wald tests of the hypothesis that the coefficients on IC variables are all zero is consistently rejected at the 0.05 level or beyond.

4.4 Other aspects of SRI activism

The focus of analysis to this point has been on negative screens. Table 7, addresses two positive aspects of SRI activism: the influence of sustainability on investment decisions and proxy voting policy.

Overall, the results are consistent with the evidence on negative screens but there are some important differences.

Sustainability

Among independent schools, there is no significant evidence that highly selective or elite schools seek to be thought leaders in SRI policy choices. Rather, politically active campus environments are positively related to the emphasis on sustainability. Among church-affiliated schools, Catholic and Christian Fundamentalist schools, and schools with large investment pools pay more attention to sustainability. The evidence is broadly consistent with the branding hypothesis, especially for church-affiliated schools

IC composition is also important. Consistent with agency costs related to committee size, larger ICs of independent schools are more likely to take account of sustainability. Consistent with monitoring, representation of investment professionals on the IC is negatively related to the focus on sustainability at both types of private schools. The Social Board variable is also negatively related to the focus on sustainability.

Proxy voting

Consistent with the branding hypothesis, Independent private schools are more likely to vote proxies along SRI lines, especially at less selective schools, at rural and more highly political campuses, and at schools with larger investment pools and larger endowments per student. Selectivity is significantly negatively related to SRI-based proxy voting. Among church-affiliated schools, Catholic schools, conservative campuses, and schools with larger investment pools are more likely to vote consistently with SRI.

Here again, consistent with the agency cost hypothesis, at independent schools, larger ICs are more likely to vote along SRI lines and less likely if the percentage of investment professionals is high. At both types of private schools, SRI voting is less likely when the value of Social Board is high.

4.5 Willingness to sacrifice investment performance for SRI objectives

In Table 8, for the subset of schools that screen, we examine willingness to trade off investment performance for SRI objectives. Respondents are asked, "Do you accept a percentage of underperformance in order to pursue your SRI goals?" There are only 207 valid private school observations that both screen and respond to the question, including only 75 that indicate that they do so. Because of the small sample, we cannot separately analyze independent and church-affiliated schools. Instead, we pool the observations and include a church-affiliation indicator variable. The dependent variable in the model equals one if the institution will sacrifice return and equals zero if it screens but will not sacrifice.

Extending the earlier analysis, where more selective schools are less likely to screen or engage in other means of SRI activism, here the evidence indicates that selective schools that do screen are less likely to be willing to forego financial returns in pursuit of SRI objectives. The sign on Overlap Plus is also negative, but not significant, indicating that these elite schools that do screen are similar to other selective schools in their unwillingness to sacrifice financial returns. It appears that these and other selective schools believe they can pursue SRI objectives without sacrificing investment performance. Thus, the less selective schools appear to be the ones more willing to view underperformance as a branding investment.

Also extending prior results, the negative coefficients for Catholic and Christian Fundamentalist schools indicate that, compared to schools with other Protestant affiliations, they are willing to sacrifice investment performance. There are no significant differences between independent schools and non-non-Fundamentalist church-affiliated schools with regard to willingness to sacrifice investment return. Thus, Christian Fundamentalist schools appear to be more likely to regard SRI investing as a way to advance the church's mission. Schools with rural, liberal, and (marginally) conservative campuses also

indicate greater willingness to trade-off, which could either represent branding related to campus climate or responsiveness to campus pressures.

In contrast to the positive earlier results related to investment pool size and school wealth, there is no significant evidence that willingness to forego investment performance is related to investment scale or wealth.

Larger ICs, ICs with high percentages of investment professionals, and those with higher values of the Social Board variable (except at the more selective schools) are more willing to trade-off. The committee size result is consistent with agency cost, whereas the sign on investment professionals is the opposite of what was expected.

The evidence adds to our earlier findings that SRI investment policy is driven by branding considerations and also influenced by agency effects on the IC, as larger committees are more likely to indicate willingness to trade-off return for SRI investment. Overall, the Social Board variable is consistently signed throughout the regressions. It appears that at less selective schools the propensity to screen or engage in other forms of SRI activism is negatively related to the Social Board variable, but if these schools do screen, they are more willing to trade-off financial returns.

4.6 Robustness, endogeneity, and causality

Some of the r^2s in our analysis are quite high for cross-sectional analysis, raising the possibility that some results may not be valid due to over-fitting. To address this concern we have estimated a number of more parsimonious specifications, dropping the control variables less central to our analysis. Our main results are robust to these re-specifications.

The main concerns related to endogeneity relate to the IC size and composition (governance) variables. We could find significant relationships between the IC size and composition variables because of an omitted variable that is causal to both or because of reverse causality. To address the first concern, we include a number of controls in the model and, as discussed, we use a moderating variables

approach to assess the importance of the IC size and composition variables. We have considered the omitted variables concern but have been unable to find a reasonable conjecture of an omitted factor that would be expected to affect both the IC variables and the dependent variables. Moreover, the directional results of our analysis related to the IC variables generally comport with evidence on board size and composition effects in corporate settings.

As to the concern with reverse causality, the argument would be that members select onto the IC significantly because of the school's extant or planned SRI policy choices. Of course many factors such as expertise, prestige, desire to support the institution, and interest in the social network, are likely to influence an individual's decision to serve on an IC committee. Among the factors, it seems unlikely that the school's SRI past or planned policy choices would be an important consideration.

5. Conclusions and discussion

This study contributes to an emerging strand of financial economics research devoted to analyzing university and college endowments.[43] Since the 2007 financial crisis, academic interest in endowment investment and management practices has been on the rise, as has interest in how moral and ethical considerations affect investment selection. Without empirical documentation and analysis, it is not possible to generalize about the ways universities have engaged in making social, moral, and political statements through their investment policies. Other than surveys of practice, few studies consider how moral attitudes affect investment policy choices of universities, and these studies tend to be qualitative in nature.[44] Our paper provides a first empirical analysis of SRI activism by universities.

We analyze the socially responsible investing (SRI) practices of US colleges and universities. In an efficient market, because SRI implies underdiversification, it seems inconsistent with the fiduciary duty

[43] A survey article by Cejnek, Franz, Randl, and Stoughton (2014) identifies four main classifications of studies of university endowments focused on: governance structure and investment policy, asset allocation, performance and spending policies. They point out that despite the voluminous body of research on corporate governance, we know little about the relationship between university governance and investment policies.

[44] Humphreys, et al. (2012) report on survey-based statistics from a study sponsored by the IRRC Institute that is focused on one category of college endowment investing—ESG investing.

of university trustees. Certain practices, however, may be appropriate if the policy choices are aligned with the university's mission and serve to enhance the university's "brand." Alternatively, if trustees invest according to their own tastes, SRI investing may reflect agency cost. We find evidence consistent with both the brand enhancement hypothesis and the agency cost hypothesis.

Using data from the NACUBO Commonfund Endowment Survey, merged with information from other sources, we analyze university choices to employ SRI screens on their investment selections and to adopt other SRI activist practices. We model these choices as functions of governance (investment committee (IC) size and composition) and branding considerations (school selectivity, church affiliation, campus political orientation). The evidence indicates that SRI is predominantly a private school phenomenon. Public universities, where effective monitoring of trustees is arguably weakest, tend not to engage in SRI. Among private schools, there are important differences in the SRI policies of independent and church-affiliated schools.

There is significant evidence that SRI activism (screening and other practices) is related to the school's branding along such dimensions as selectivity, church affiliation, and the liberal or conservative leaning of the campus. Church-affiliated schools screen broadly on environmental, social, and governance (ESG) issues and also are likely to adopt policies that align with their religious philosophies, including "sin stock" screens (e.g. alcohol and tobacco) and reproductive issue screens (e.g., contraception and stem cell research). In contrast, independent schools focus mainly on ESG screening and on tilting their portfolios toward companies committed to sustainability and governance practices that are perceived to be "good" (e.g. geopolitical issues, environment, and shareholder rights).

In the context of the brand enhancement hypothesis, we consider school selectivity as a factor influencing adoption of SRI policies. SRI-related brand enhancement policies are more prevalent among the schools that face the greatest challenges attracting students. Independent schools with established brands as "thought leaders" (highly selective schools) generally do not seek differentiation through SRI

policies and, if they do, they are less likely to be willing to sacrifice investment returns for SRI objectives. In contrast, less selective independent and church-affiliated schools indicate willingness to sacrifice returns, suggesting that they regard the costs of their SRI policies as investments in their brand/mission.

Consistent with the agency cost hypothesis, governance attributes of investment committees bear significantly on SRI policy choices. For independent schools, larger committees and those where representation of investment professionals is low are more likely to screen, more likely to allow sustainability considerations to influence investment choices, and more likely to vote proxies along SRI lines. "Social boards," defined as those with more alumni and less expertise, appear more oriented toward generating donations and less focused on activist investment policies. At church-affiliated schools, investment committees are likely to share a common religious background and to have similar values. At these schools, committees with high percentages of trustees are more likely to engage in various forms of SRI activism and to be willing to sacrifice investment returns for SRI objectives. The evidence suggests that trustees of church-affiliated schools are more comfortable balancing the conflicting financial return and SRI objectives or that their personal preferences are less likely to be challenged by others on the IC, who are likely to share similar religious backgrounds. For church-affiliated schools, SRI activism is negatively related to committee size, possibly because larger committees increase the probability of diversity of views and the involvement of committee members who view their fiduciary responsibilities narrowly, in terms of investment performance. Especially at church-affiliated schools, representation on the IC by investment professionals acts as a countervailing force against SRI activism. It appears that investment professionals are more likely to recognize the financial costs of SRI and to be able to articulate the conflicts between financial and SRI objectives.

Finally, among less selective schools, more social boards are less likely to engage in SRI. This may indicate that alumni tend to align with investment professionals in their opposition to devoting school resources to objectives other than financial returns or it may indicate, as the name suggests, that social

boards of less selective schools are simply more social, and less focused on the nuances of investment policy – not just SRI policies but also other investment policies, such as asset allocation. Since selectivity is highly correlated with the size of the investment pool, this finding supports the notion that social boards of schools with smaller endowments are more likely to be truly social and that members may be selected more for their giving propensities than their investments expertise.

Using a moderating variables approach, the evidence indicates that IC composition importantly affects SRI activism choices. School attributes also significantly affect aspects of IC composition, but when both school attributes and IC composition variables are used to explain SRI policy, the overall explanatory power is much greater. Moreover, the IC composition variables are generally quite significant, and we consistently reject the null hypothesis that the coefficients on IC variables are all zero. The evidence adds to our understanding of the determinants of SRI activism and the influence of agency costs on decisions in non-publicly traded corporations.

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Table 1

Descriptive Statistics for Public and Private Universities and Colleges

The table reports summary statistics for 455 school-year observations of public schools and 918 school-year observations of private schools. The sample is taken from the NACUBO-Commonfund Endowment Study (NCES) for the years 2009 and 2010, supplemented with information from *US News* and IPEDS. The sample is based on survey responses from 4-year colleges and universities. Respondents are classified as National or Regional Universities or Liberal Arts or Other Colleges, based on *US News.* Selectivity is based on US News classifications (1=least to 5=most selective) and Overlap Plus is an indicator for a group of elite independent private schools in the Northeast and Mid-Atlantic that have been identified as competing for students (Bamberger and Carleton, 1999). Schools are classified as Church-Affiliated based on *US News*, and as Catholic, Christian Fundamentalist, or Other Protestant (the omitted category) based on descriptions provided by the schools. Campuses are classified as Rural or Non-rural (the omitted category) based on *US News*, and as Liberal or Conservative based on Internet searches for list of the most liberal or most conservative campuses. Women's schools and Historically Black schools are identified by *US News* and school websites. FTE Students is based on undergraduate enrollment per *US News*, supplemented with data from IPEDS and the NCES. Market Value of Pool (in $ millions) is as reported in NCES responses. Endowment per Student (in $ thousands) is computed as the Market Value of Pool divided by FTE Students. Year Founded is as reported by *US News* or from the school website. Investment committee (IC) attributes and SRI policies are from the NCES. IC Comm Members is total number of voting members of the IC. IC Trustee Percent and IC Alumni Percent are the percentages of voting members who are trustees and alumni, respectively. IC Professional Percent and IC Alternatives Percent are the percentages of voting members of the IC who are, respectively, "investment professionals" and members who have specific experience in "alternatives strategies." Social Board is the difference between the percentage of alumni and the percentage of investment professionals on the IC. Social Board*Selective is an interaction between Social Board and Highly Selective, an indicator variable which equals 1 if the school is ranked as either Most Selective or More Selective by *US News*, 0 otherwise. SRI Screening =1 if the school responds yes to the question, "Do you have social investing screening requirements for your portfolio?" If a school adopts a specific SRI Policy (ESG, Sin Stocks, or Reproductive Screens), the response is recorded as 1, 0 otherwise. Sustainability (=1 if yes, 0 otherwise) if the school responds yes to the question, "Does sustainability influence decision making for your investments?" Vote SRI (=1 if yes, 0 otherwise) if the school responds yes to the question," Do you vote your proxies consistent with your SRI screening criteria?" The final SRI variables are based on responses to the question, "Do you accept a percentage of underperformance in order to pursue your SRI goals?" Trade SRI for ROI = 1 if the response is yes, 0 otherwise. Cond: Neg Screen and Trade-off=1 if, conditional on the school indicating that they do screen, the school indicates that they will sacrifice return.

Table 1 (Cont.)

Descriptive Statistics for Public and Private Universities and Colleges (Cont.)

	Public Institutions			Private Institutions		
	Mean	**Median**	**Obs.**	**Mean**	**Median**	**Obs.**
Panel A: School Attributes						
Institution Type						
National University	0.2835	0.0	455	0.0686	0.0	918
Regional University	0.6901	1.0	455	0.4107	0.0	918
Liberal Arts College	0.0022	0.0	455	0.4107	0.0	918
Other College	0.0242	0.0	455	0.1100	0.0	918
Selectivity						
Overlap Plus	0.0000	0.0	455	0.0490	0.0	918
Most Selective	0.0396	0.0	455	0.1242	0.0	918
More Selective	0.2725	0.0	455	0.3050	0.0	918
Selective	0.5516	1.0	455	0.4641	0.0	918
Less Selective	0.1121	0.0	455	0.0686	0.0	918
Least Selective	0.0132	0.0	455	0.0153	0.0	918
Religion						
Church Affiliated				0.5534	1.0	918
Catholic				0.1885	0.0	918
Christian Fundamentalist				0.0196	0.0	918
Campus Environment						
Rural Campus	0.1692	0.0	455	0.1808	0.0	918
Liberal	0.0088	0.0	455	0.0338	0.0	918
Conservative	0.0198	0.0	455	0.0294	0.0	918
Women	0.0000	0.0	455	0.0730	0.0	918
Historically Black	0.0264	0.0	455	0.0131	0.0	918
Other Attributes						
FTE Students	23438	17540	455	4436	2454	908
Market Value of Pool (MM)	351.28	95.92	454	489.80	81.77	913
Endowment per Student (M)	13.25	6.30	455	92.81	32.25	882
Year Founded	1889.4	1888	455	1875.0	1875	917
Region						
New England	0.0374	0.0	455	0.1176	0.0	918
Mid-Atlantic	0.1187	0.0	455	0.2603	0.0	918
Appalachian	0.1648	0.0	455	0.1035	0.0	918
Southeast	0.1560	0.0	455	0.0763	0.0	918
Southwest	0.0725	0.0	455	0.0490	0.0	918
Midwest	0.1604	0.0	455	0.1797	0.0	918
Heartland	0.0923	0.0	455	0.1068	0.0	918
Mountain	0.0659	0.0	455	0.0153	0.0	918
Pacific	0.1319	0.0	455	0.0915	0.0	918

Table 1 (Cont.)

Descriptive Statistics for Public and Private Universities and Colleges (Cont.)

Panel B: Governance Attributes						
Investment Comm (IC) Members	8.57	8.0	446	8.25	8.0	894
IC Trustee Percent	78.0	100.0	433	85.8	100.0	890
IC Professional Percent	49.2	46.2	426	53.6	50.0	852
IC Alternatives Percent	27.7	23.1	354	35.1	30.0	724
IC Alumni Percent	61.8	66.7	398	52.9	50.0	816
Social Board	13.3	14.3	387	-1.1	0.0	800
Social Board*Selective	3.5	0.0	387	0.0241	0.0	800
Panel C: SRI Policies						
Screen based on SRI	0.1189	0.0	370	0.3149	0.0	759
Number of Categories Screened	0.1796	0.0	373	1.2128	0.0	766
Negative Screens						
Sum of ESG Screens	0.0949	0.0	369	0.3979	0.0	759
Animal Treatment	0.0000	0.0	369	0.0171	0.0	759
Environment	0.0081	0.0	369	0.0593	0.0	759
Weapons/Defense	0.0136	0.0	369	0.0962	0.0	759
Fair Labor Practices	0.0027	0.0	369	0.0659	0.0	759
Geopolitical	0.0705	0.0	369	0.1199	0.0	759
Corporate Governance	0.0000	0.0	369	0.0250	0.0	759
Corporate Philanthropy	0.0000	0.0	369	0.0092	0.0	759
Community Reinvestment Act	0.0000	0.0	369	0.0053	0.0	759
Sum of Sin Stock Screens	0.0867	0.0	369	0.5599	0.0	759
Alcohol	0.0136	0.0	369	0.1252	0.0	759
Gambling	0.0108	0.0	369	0.1238	0.0	759
Pornography	0.0000	0.0	369	0.1318	0.0	759
Tobacco	0.0623	0.0	369	0.1792	0.0	759
Sum of Reproduction Screens	0.0000	0.0	369	0.2661	0.0	759
Abortion	0.0000	0.0	369	0.1304	0.0	759
Birth Control	0.0000	0.0	369	0.0685	0.0	759
Stem Cell Research	0.0000	0.0	369	0.0672	0.0	759
Other Actions						
Sustainability	0.0356	0.0	365	0.1200	0.0	725
Vote SRI	0.0370	0.0	351	0.1734	0.0	669
Trade SRI for ROI	0.0170	0.0	353	0.0959	0.0	699
Cond: Neg. Screen will Trade-off	0.2308	0.0	26	0.3729	0.0	177

Table 2

Descriptive Statistics for Private Schools by Selectivity and for the Overlap Plus Group

The table reports summary statistics for 898 school-year observations of private schools with selectivity classifications and for 45 school-year observations of the Overlap Plus group. Selectivity is based on US News classifications (1=most to 5=least selective) and Overlap Plus is an indicator for a group of elite independent private schools in the Northeast and Mid-Atlantic that have been identified as competing for students (Bamberger and Carleton, 1999). Variable definitions are provided in Table 1.

	Overlap Plus		**Most Selective**		**More Selective**		**Selective**		**Less Selective**		**Least Selective**	
Number of Observations	45		114		281		427		62		14	
	Mean	**Median**	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**
Panel A: School Attributes												
Institution Type												
National University	0.3778	0.0	0.4123	0.0	0.0498	0.0	0.0047	0.0	0.0000	0.0	0.0000	0.0
Regional University	0.0444	0.0	0.0877	0.0	0.2776	0.0	0.5644	1.0	0.5161	1.0	0.2857	0.0
Liberal Arts College	0.5778	1.0	0.4912	0.0	0.6263	1.0	0.2810	0.0	0.2097	0.0	0.4286	0.0
Other College	0.0000	0.0	0.0088	0.0	0.0463	0.0	0.1499	0.0	0.2742	0.0	0.2857	0.0
Selectivity												
Overlap Plus			0.3246	0.0	0.0285	0.0	0.0000	0.0	0.0000	0.0	0.0000	0.0
Religion												
Church Affiliated	0.0000	0.0	0.1404	0.0	0.5196	1.0	0.6838	1.0	0.5645	1.0	0.7857	1.0
Catholic	0.0000	0.0	0.0526	0.0	0.1352	0.0	0.2459	0.0	0.2581	0.0	0.4286	0.0
Christian Fundamentalist	0.0000	0.0	0.0000	0.0	0.0178	0.0	0.0211	0.0	0.0645	0.0	0.0000	0.0
Campus Environment												
Rural Campus	0.2667	0.0	0.2281	0.0	0.1744	0.0	0.1663	0.0	0.1774	0.0	0.3571	0.0
Liberal	0.1333	0.0	0.1404	0.0	0.0249	0.0	0.0141	0.0	0.0000	0.0	0.0000	0.0
Conservative	0.0000	0.0	0.0175	0.0	0.0356	0.0	0.0351	0.0	0.0000	0.0	0.0000	0.0
Women	0.2222	0.0	0.0526	0.0	0.0498	0.0	0.0679	0.0	0.1935	0.0	0.2857	0.0
Historically Black	0.0000	0.0	0.0000	0.0	0.0071	0.0	0.0094	0.0	0.0000	0.0	0.2857	0.0
Other Attributes												
FTE Students	7196	3028	7827	4276	4888	2255	3357	2590	3375	2207	2529	2206
Market Value of Pool (MM)	4110.82	1266.44	2909.14	1231.42	287.66	179.25	72.38	53.03	36.44	23.53	26.31	28.50
Endowment per Student (M)	508.43	300.79	393.64	277.64	87.84	56.22	30.46	19.65	16.49	11.75	14.30	13.35
Year Founded	1809.6	1821.0	1840.1	1846.0	1864.7	1861.0	1885.8	1889.0	1893.1	1887.0	1904.6	1906.0
Region												
New England	0.6889	1.0	0.2544	0.0	0.1103	0.0	0.0773	0.0	0.1452	0.0	0.1429	0.0
Mid-Atlantic	0.3111	0.0	0.3246	0.0	0.2135	0.0	0.2670	0.0	0.2903	0.0	0.4286	0.0
Appalachian	0.0000	0.0	0.0877	0.0	0.0569	0.0	0.1241	0.0	0.1935	0.0	0.1429	0.0
Southeast	0.0000	0.0	0.0175	0.0	0.0890	0.0	0.0796	0.0	0.0968	0.0	0.2143	0.0
Southwest	0.0000	0.0	0.0175	0.0	0.0498	0.0	0.0515	0.0	0.0645	0.0	0.0714	0.0
Midwest	0.0000	0.0	0.0877	0.0	0.2562	0.0	0.1733	0.0	0.1452	0.0	0.0000	0.0
Heartland	0.0000	0.0	0.0702	0.0	0.1103	0.0	0.1241	0.0	0.0645	0.0	0.0000	0.0
Mountain	0.0000	0.0	0.0175	0.0	0.0142	0.0	0.0141	0.0	0.0000	0.0	0.0000	0.0
Pacific	0.0000	0.0	0.1228	0.0	0.0996	0.0	0.0890	0.0	0.0000	0.0	0.0000	0.0

Table 2 (Cont.)

Descriptive Statistics for Private Schools by Selectivity and for the Overlap Plus Group (Cont.)

Panel B: Governance Attributes												
No. of Members	10.1	10.0	9.7	9.0	8.9	9.0	7.5	7.0	8.2	7.5	6.8	6.5
IC Trustee Percent	74.9	72.7	85.3	100.0	84.9	100.0	85.9	100.0	89.3	100.0	91.1	100.0
IC Professional Percent	84.6	91.7	84.0	90.9	57.8	57.1	46.4	41.7	39.4	31.0	40.5	27.3
IC Alternatives Percent	65.9	60.0	61.0	60.0	38.0	33.3	29.0	25.0	22.7	16.7	20.5	25.0
IC Alumni Percent	75.9	80.0	74.0	77.8	61.9	63.6	47.5	44.4	23.6	12.5	19.9	14.3
Social Board	-7.6	-8.3	-8.2	-4.2	3.0	0.0	0.4	0.0	-15.0	-5.0	-22.9	-16.7
Panel C: SRI Policies												
Screen based on SRI	0.6000	1.0	0.5542	1.0	0.2579	0.0	0.2926	0.0	0.3542	0.0	0.6364	1.0
Negative Screens												
Sum of ESG Screens	0.5333	1.0	0.5542	0.0	0.3258	0.0	0.3644	0.0	0.6250	0.0	1.4545	0.0
Animal Treatment	0.0000	0.0	0.0241	0.0	0.0000	0.0	0.0239	0.0	0.0417	0.0	0.0000	0.0
Environment	0.0333	0.0	0.0361	0.0	0.0633	0.0	0.0479	0.0	0.1458	0.0	0.2727	0.0
Weapons/Defense	0.0000	0.0	0.0361	0.0	0.0588	0.0	0.1197	0.0	0.1458	0.0	0.3636	0.0
Fair Labor Practices	0.0000	0.0	0.0241	0.0	0.0498	0.0	0.0718	0.0	0.1250	0.0	0.3636	0.0
Geopolitical	0.5000	0.5	0.4217	0.0	0.1267	0.0	0.0612	0.0	0.0833	0.0	0.0909	0.0
Corporate Governance	0.0000	0.0	0.0120	0.0	0.0226	0.0	0.0239	0.0	0.0417	0.0	0.1818	0.0
Corporate Philanthropy	0.0000	0.0	0.0000	0.0	0.0045	0.0	0.0053	0.0	0.0417	0.0	0.1818	0.0
Community Reinvestment Act	0.0000	0.0	0.0000	0.0	0.0000	0.0	0.0106	0.0	0.0000	0.0	0.0000	0.0
Sum of Sin Stock Screens	0.2333	0.0	0.3012	0.0	0.3394	0.0	0.6782	0.0	0.9375	0.0	1.5455	1.0
Alcohol	0.0000	0.0	0.0241	0.0	0.0679	0.0	0.1702	0.0	0.1875	0.0	0.2727	0.0
Gambling	0.0000	0.0	0.0241	0.0	0.0724	0.0	0.1543	0.0	0.2708	0.0	0.2727	0.0
Pornography	0.0000	0.0	0.0482	0.0	0.0724	0.0	0.1676	0.0	0.1875	0.0	0.5455	1.0
Tobacco	0.2333	0.0	0.2048	0.0	0.1267	0.0	0.1862	0.0	0.2917	0.0	0.4545	0.0
Sum of Reproduction Screens	0.0000	0.0	0.1446	0.0	0.1765	0.0	0.3085	0.0	0.4375	0.0	1.1818	1.0
Abortion	0.0000	0.0	0.0482	0.0	0.1041	0.0	0.1463	0.0	0.2083	0.0	0.5455	1.0
Birth Control	0.0000	0.0	0.0482	0.0	0.0452	0.0	0.0745	0.0	0.1250	0.0	0.3636	0.0
Stem Cell Research	0.0000	0.0	0.0482	0.0	0.0271	0.0	0.0878	0.0	0.1042	0.0	0.2727	0.0
Other Actions												
Sustainability	0.0769	0.0	0.1316	0.0	0.1204	0.0	0.0930	0.0	0.2340	0.0	0.4545	0.0
Vote SRI	0.3913	0.0	0.3226	0.0	0.1238	0.0	0.1691	0.0	0.2195	0.0	0.4286	0.0
Trade SRI for ROI	0.0385	0.0	0.0588	0.0	0.0284	0.0	0.1339	0.0	0.1429	0.0	0.5000	0.5
Cond: Neg. Screen will Trade-off	0.0714	0.0	0.1333	0.0	0.1277	0.0	0.5476	1.0	0.5476	1.0	1.0000	1.0

Table 3

Descriptive Statistics for Independent and Church-Affiliated Private Schools

The table reports summary statistics for 410 school-year observations of independent private schools and 508 of church-affiliated schools. Differences in means and medians are tested and p-values are reported. Variable definitions are provided in Table 1. Significance: ***=0.01, **=0.05, *=0.10, ŧ=0.10 (one-tail).

	Independent Private Schools				Church-Affiliated Schools				Differences	
	Mean	Median	Std Dev	Obs.	Mean	Median	Std Dev	Obs.	Mean p-value	Median p-value
Panel A: School Attributes										
Institution Type										
National University	0.1341	0.0	0.3412	410	0.0157	0.0	0.1246	508	0.000 ***	0.000 ***
Regional University	0.3951	0.0	0.4895	410	0.4232	0.0	0.4946	508	0.390	0.389
Liberal Arts College	0.4073	0.0	0.4919	410	0.4134	0.0	0.4929	508	0.853	0.853
Other College	0.0634	0.0	0.2440	410	0.1476	0.0	0.3551	508	0.000 ***	0.000 ***
Selectivity										
Overlap Plus	0.1098	0.0	0.3130	410	0.0000	0.0	0.0000	508	0.000 ***	0.000 ***
Most Selective	0.2390	0.0	0.4270	410	0.0315	0.0	0.1748	508	0.000 ***	0.000 ***
More Selective	0.3268	0.0	0.4696	410	0.2874	0.0	0.4530	508	0.199 ŧ	0.197 ŧ
Selective	0.3268	0.0	0.4696	410	0.5748	1.0	0.4949	508	0.000 ***	0.000 ***
Less Selective	0.0683	0.0	0.2526	410	0.0689	0.0	0.2535	508	0.971	0.971
Least Selective	0.0073	0.0	0.0853	410	0.0217	0.0	0.1457	508	0.064 *	0.078 *
Religion										
Church Affiliated					1.0000	1.0000	0.0000	508		
Catholic					0.3406	0.0000	0.4744	508		
Christian Fundamentalist					0.0354	0.0000	0.1851	508		
Campus Environment										
Rural Campus	0.1463	0.0	0.3539	410	0.2087	0.0	0.4068	508	0.013 **	0.015 **
Liberal	0.0561	0.0	0.2304	410	0.0157	0.0	0.1246	508	0.002 ***	0.001 ***
Conservative	0.0049	0.0	0.0698	410	0.0492	0.0	0.2165	508	0.000 ***	0.000 ***
Women	0.0878	0.0	0.2834	410	0.0610	0.0	0.2396	508	0.128 ŧ	0.121 ŧ
Historically Black	0.0220	0.0	0.1467	410	0.0059	0.0	0.0767	508	0.046 **	0.033 **
Other Attributes										
FTE Students	5721.7	2879.0	7769.5	407	3391.5	2335.0	3259.4	501	0.000 ***	0.005 ***
Market Value of Pool (MM)	879.39	164.61	2688.47	407	177.66	61.89	531.41	508	0.000 ***	0.000 ***
Endowment per Student (M)	147.2	41.6	252.1	389	48.9	26.6	70.1	493	0.000 ***	0.000 ***
Year Founded	1869.0	1872.0	51.6	405	1879.8	1877.0	40.1	508	0.001 ***	0.342

Table 3 (Cont.)

Descriptive Statistics for Independent and Church-Affiliated Private Schools (Cont.)

Region										
New England	0.2024	0.0	0.4023	410	0.0492	0.0	0.2165	508	0.000 ***	0.000 ***
Mid-Atlantic	0.3537	0.0	0.4787	410	0.1850	0.0	0.3887	508	0.000 ***	0.000 ***
Appalachian	0.0561	0.0	0.2304	410	0.1417	0.0	0.3491	508	0.000 ***	0.000 ***
Southeast	0.0659	0.0	0.2483	410	0.0846	0.0	0.2786	508	0.281	0.286
Southwest	0.0122	0.0	0.1099	410	0.0787	0.0	0.2696	508	0.000 ***	0.000 ***
Midwest	0.1366	0.0	0.3438	410	0.2146	0.0	0.4109	508	0.002 ***	0.002 ***
Heartland	0.0463	0.0	0.2105	410	0.1555	0.0	0.3627	508	0.000 ***	0.000 ***
Mountain	0.0244	0.0	0.1544	410	0.0079	0.0	0.0885	508	0.055 *	0.042 **
Pacific	0.1024	0.0	0.3036	410	0.0827	0.0	0.2757	508	0.307	0.302
Panel B: Governance Attributes										
No. of Members	8.78	8.00	3.78	397	7.83	7.00	2.85	497	0.000 ***	0.004 ***
IC Trustee Percent	87.64	100.00	19.42	395	84.34	100.00	25.01	497	0.027 **	0.024 **
IC Professional Percent	60.33	60.00	29.15	375	48.30	44.40	28.99	477	0.000 ***	0.000 ***
IC Alternatives Percent	40.96	33.30	29.58	329	30.22	25.00	25.52	395	0.000 ***	0.001 ***
IC Alumni Percent	54.78	56.30	31.21	364	51.40	50.00	31.46	452	0.126 ǂ	0.109 ǂ
Social Board	-5.42	0.00	36.43	356	2.36	0.00	35.77	444	0.003 ***	0.015 **
Social and Selective	-2.59	0.00	24.28	356	2.12	0.00	20.78	444	0.004	0.413

Table 3 (Cont.)

Descriptive Statistics for Independent and Church-Affiliated Private Schools (Cont.)

Panel C: SRI Policies										
Screen based on SRI	0.2421	0.0	0.4291	318	0.3673	0.0	0.4826	441	0.000 ***	0.000 ***
Number of Categories Screened	0.3994	0.0	1.1249	323	1.8059	0.0	3.1094	443	0.000 ***	0.000 ***
Negative Screens										
Sum of ESG Screens	0.2264	0.0	0.6145	318	0.5215	1.0	1.3160	441	0.000 ***	0.554 ***
Animal Treatment	0.0031	0.0	0.0561	318	0.0272	0.0	0.1629	441	0.004 ***	0.012 **
Environment	0.0252	0.0	0.1568	318	0.0839	0.0	0.2776	441	0.000 ***	0.001 ***
Weapons/Defense	0.0252	0.0	0.1568	318	0.1474	0.0	0.3549	441	0.000 ***	0.000 ***
Fair Labor Practices	0.0157	0.0	0.1246	318	0.1020	0.0	0.3030	441	0.000 ***	0.000 ***
Geopolitical	0.1509	0.0	0.3586	318	0.0975	0.0	0.2970	441	0.030 **	0.025 **
Corporate Governance	0.0031	0.0	0.0561	318	0.0408	0.0	0.1981	441	0.000 ***	0.001 ***
Corporate Philanthropy	0.0031	0.0	0.0561	318	0.0136	0.0	0.1160	441	0.100 *	0.137 †
Community Reinvestment Act	0.0000	0.0	0.0000	318	0.0091	0.0	0.0949	441	0.045 **	0.089 *
Sum of Sin Stock Screens	0.1572	0.0	0.6053	318	0.8503	0.0	1.4971	441	0.000 ***	0.000 ***
Alcohol	0.0220	0.0	0.1470	318	0.1995	0.0	0.4001	441	0.000 ***	0.000 ***
Gambling	0.0314	0.0	0.1748	318	0.1905	0.0	0.3931	441	0.000 ***	0.000 ***
Pornography	0.0157	0.0	0.1246	318	0.2154	0.0	0.4116	441	0.000 ***	0.000 ***
Tobacco	0.0881	0.0	0.2838	318	0.2449	0.0	0.4305	441	0.000 ***	0.000 ***
Sum of Reproduction Screens	0.0220	0.0	0.2013	318	0.4422	1.0	0.9303	441	0.000 ***	0.000 ***
Abortion	0.0157	0.0	0.1246	318	0.2132	0.0	0.4100	441	0.000 ***	0.000 ***
Birth Control	0.0031	0.0	0.0561	318	0.1156	0.0	0.3202	441	0.000 ***	0.000 ***
Stem Cell Research	0.0031	0.0	0.0561	318	0.1134	0.0	0.3174	441	0.000 ***	0.000 ***
Other Screens	0.0723	0.0	0.2594	318	0.0612	0.0	0.2400	441	0.549	0.543
Other Actions										
Sustainability	0.0874	0.0	0.2828	309	0.1442	0.0	0.3517	416	0.016 **	0.020 **
Vote SRI	0.1250	0.0	0.3313	288	0.2100	0.0	0.4078	381	0.003 ***	0.004 ***
Trade SRI for ROI	0.0300	0.0	0.1709	300	0.1454	0.0	0.3529	399	0.000 ***	0.000 ***
Cond: Neg. Screen will Trade-off	0.1525	0.0	0.3626	59	0.4831	0.0	0.5018	118	0.000 ***	0.000 ***

Table 4

Investment Committee Composition

The table reports regression results for Investment Committee (IC) composition attributes of private schools. Composition percentages are of voting members and are not mutually exclusive. Data on IC composition is from the Nacubo CommonFund Endowment Study for 2009 and 2010. When IC percentage information is missing, it is imputed using the mi procedure of STATA. Social Board is calculated as Alumni Percentage of IC minus Professional Percentage of IC. Variable definitions are provided in Table 1. The models include missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficients on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. Significance: ***=0.01, **=0.05, *=0.10, +=0.10 (one-tail).

	Number of Voting IC Members		Trustee Percentage of IC		Investment Professional Percentage of IC		Percentage of IC with Alternatives Experience		Alumni Percentage of IC		Social Board (Alumni minus Professional)	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance												
IC Size			-0.1645	0.572	-0.8593	0.033 **	-0.6571	0.053 *	0.4750	0.399	0.8969	0.303
Selectivity												
Selectivity (inverse sign)	0.3186	0.350	-0.6823	0.784	6.7964	0.059 *	3.7144	0.078 *	3.0944	0.385	-3.0904	0.633
Overlap Plus	-0.3854	0.709	-28.6105	0.001 ***	-14.1098	0.157 +	11.4693	0.012 **	20.0890	0.058 *	22.8438	0.193 +
Religion												
Church Affiliated	-0.4833	0.571	-3.5772	0.336	-0.9559	0.868	-2.7407	0.375	1.3133	0.800	-1.7975	0.832
Catholic	-0.7064	0.280	-3.2192	0.576	8.6819	0.263	0.5134	0.901	13.9056	0.029 **	3.9703	0.674
Christian Fundamentalist	1.4834	0.176 +	6.9703	0.358	0.1164	0.989	2.9202	0.557	-6.7638	0.347	-17.6382	0.138 +
Institution Type												
National University	-0.6089	0.542	13.0280	0.026 **	14.8686	0.140 +	34.4195	0.000 ***	4.8343	0.398	-1.8026	0.899
Liberal Arts College	0.9475	0.144 +	-4.3139	0.367	-3.9609	0.477	0.9449	0.792	1.8120	0.749	10.1480	0.151 +
Other College	-0.6295	0.462	2.8903	0.607	11.7627	0.268	4.3010	0.172 +	18.9316	0.034 **	8.2360	0.371
Campus Environment												
Rural Campus	-1.0850	0.295	-1.5114	0.706	5.9366	0.317	6.9498	0.003 ***	14.1101	0.016 **	-0.4864	0.950
Women	0.8491	0.209	1.3621	0.778	7.1723	0.386	1.8657	0.594	-19.5945	0.004 ***	-25.7070	0.026 **
Historically Black	-1.9584	0.300	0.2701	0.979	-9.2843	0.299	-4.0250	0.644	-20.0820	0.004 ***	-14.2033	0.134 +
Other Attributes												
FTE Students	0.0001	0.387	-0.0001	0.726	0.0009	0.148 +	-0.0005	0.021 **	-0.0003	0.282	-0.0013	0.235
Market Value of Pool (MM)	0.0002	0.064 *	-0.0047	0.000 ***	-0.0025	0.158 +	-0.0022	0.000 ***	-0.0023	0.036 **	0.0008	0.722
Endowment per Student (M)	-0.0056	0.095 *	0.0238	0.230	0.0910	0.001 ***	0.0404	0.000 ***	0.0409	0.057 *	-0.0478	0.251
Year Founded	-0.0225	0.028 **	-0.0868	0.027 **	-0.0310	0.588	0.0265	0.430	-0.1830	0.001 ***	-0.1397	0.046 **
Constant	49.3669	0.012 ***	265.7818	0.000 ***	84.0523	0.457	-31.6980	0.618	363.7808	0.001 ***	260.5827	0.060 *
Model r-square		0.175		0.176		0.424		0.355		0.452		0.301

Table 5

Investment Screening Based on SRI Considerations

The table tests responses to the question, "Do you have social investing screening requirements for your portfolio?" Model 1 is based on all responses, models 2 and 3 separate the sample into public and private schools, and models 4 and 5 separate the private school sample into independent and church-affiliated schools. Variable definitions are provided in Table 1. The models include missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficients on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. Significance: ***=0.01, **=0.05, *=0.10, ŧ=0.10 (one-tail).

	Model 1		Model 2		Model 3		Model 4		Model 5	
	All Responses		Public Schools		Private Schools		Independent Private Schools		Church-Affiliated Schools	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance										
Investment Comm (IC) Size	0.004026	0.717	-0.001599	0.163 ŧ	0.016425	0.392	0.087861	0.000 ***	-0.039268	0.000 ***
IC Trustee Percent	0.000593	0.319	-0.000002	0.991	0.001924	0.040 **	0.001333	0.238	0.001363	0.135 ŧ
IC Professional Percent	-0.001929	0.171 ŧ	-0.000126	0.662	-0.003767	0.041 **	-0.002824	0.122 ŧ	-0.003329	0.182 ŧ
Social Board	-0.003078	0.007 ***	0.000046	0.853	-0.004517	0.005 ***	-0.002903	0.012 **	-0.004772	0.012 **
Social Board*Selective	0.000176	0.909	0.000185	0.571	-0.001377	0.564	0.001166	0.420	-0.002146	0.225
Selectivity										
Selectivity	-0.004425	0.899	0.002744	0.739	-0.023103	0.731	0.040503	0.437	-0.061997	0.303
Overlap Plus	-0.373139	0.057 *			-0.359416	0.127 ŧ	-0.200063	0.214		
Religion										
Church Affiliated	-0.058309	0.494			-0.049256	0.543				
Catholic	0.598911	0.000 ***			0.632365	0.000 ***			0.732165	0.000 ***
Christian Fundamentalist	0.506614	0.010 ***			0.466209	0.030 **			0.546387	0.014 **
Campus Environment										
Rural Campus	0.044154	0.363	0.009297	0.272	0.196516	0.061 *	0.351361	0.000 ***	0.202404	0.053 *
Liberal	0.048607	0.803	0.117947	0.164 ŧ	0.090067	0.676	0.452763	0.023 **	-0.365970	0.009 ***
Conservative	0.838979	0.000 ***	-0.049681	0.048 **	0.844173	0.000 ***	-0.133823	0.421	0.823209	0.000 ***
Women	0.076360	0.475			0.038505	0.735	0.026035	0.752	0.183974	0.217
Historically Black	0.017508	0.799	-0.011389	0.435	0.138915	0.132 ŧ	0.540637	0.000 ***	-0.355896	0.242
Institution Type										
Private School	-0.011111	0.893	-0.014667	0.407						
National University	-0.027821	0.562	0.013244	0.653	-0.162449	0.150 ŧ	-0.112900	0.062 *	-2.026585	0.112 ŧ
Liberal Arts College	0.016988	0.815	-0.110196	0.177 ŧ	0.079274	0.389	-0.044713	0.483	0.245176	0.056 *
Other College	-0.052624	0.607			0.022897	0.862	0.293580	0.000 ***	-0.023704	0.880
Other Attributes										
FTE Students	0.000001	0.492	0.000000	0.304	0.000010	0.358	0.000010	0.010 ***	-0.000010	0.539
Market Value of Pool (MM)	-0.000016	0.799	0.000014	0.628	0.000039	0.597	0.000036	0.193 ŧ	0.000550	0.089 *
Endowment per Student (M)	0.002230	0.003 ***	0.002092	0.042 **	0.002228	0.005 ***	0.000766	0.032 **	0.002353	0.015 **
Year Founded	0.000070	0.922	-0.000226	0.106 ŧ	0.000386	0.689	0.000089	0.882	0.000478	0.600
Constant	0.108589	0.936	0.457771	0.082 *	-0.586472	0.757	-0.931748	0.446	-0.644960	0.726
Model r-square		0.581		0.069		0.612		0.791		0.757

Table 6

Screening Policies of Independent Private Schools and Church-Affiliated Schools by SRI Group

The table tests responses to the question, "Which of the following screens do you [the responding school] impose?" The 15 specifically surveyed SRI screening choices are grouped into Reproductive Issues (Abortion, Birth Control, and Stem Cell Research), Sin Stock Issues (Alcohol, Gambling, Pornography, and Tobacco), and Environmental, Social, and Governance (ESG) Issues (Animal Treatment, Environment, Weapons/Defense, Fair Labor Practices, Geopolitical Concerns, Corporate Governance, Corporate Philanthropy, and Community Reinvestment Act). The dependent variable in each group is the number of individual choices in the group that are screened. Responses are studied separately for independent private schools and church-affiliated schools. Variable definitions are provided in Table 1. The models include missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficients on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. Significance: ***=0.01, **=0.05, *=0.10, +=0.10 (one-tail).

	Reproductive Issues				Sin Stock Issues				ESG Issues			
	Independent		Church-Affiliated		Independent		Church-Affiliated		Independent		Church-Affiliated	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance												
Investment Comm (IC) Size	-0.000647	0.584	-0.072099	0.001 ***	-0.009253	0.055 *	-0.054801	0.109 +	0.088235	0.000 ***	-0.023701	0.469
IC Trustee Percent	0.000008	0.868	0.003634	0.018 **	0.000020	0.967	0.004173	0.070 *	0.001685	0.214	0.004692	0.029 **
IC Professional Percent	0.000228	0.334	-0.008015	0.019 **	0.001961	0.163 +	-0.007768	0.069 *	-0.002502	0.184 +	-0.020521	0.017 **
Social Board	0.000153	0.512	-0.011993	0.000 ***	0.000416	0.592	-0.016048	0.000 ***	-0.002102	0.124 +	-0.018215	0.006 ***
Social Board*Selective	0.000318	0.518	0.014959	0.000 ***	0.001450	0.384	0.017619	0.003 ***	0.001467	0.419	0.004103	0.495
Selectivity												
Selectivity	-0.008543	0.664	-0.169137	0.115 +	-0.025009	0.614	-0.189713	0.169 +	0.031119	0.647	-0.094331	0.671
Overlap Plus	0.006380	0.680			-0.071383	0.588			-0.272597	0.169 +		
Religion												
Church Affiliated												
Catholic			1.692755	0.000 ***			1.561238	0.003 ***			2.107015	0.000 ***
Christian Fundamentalist			1.180051	0.022 **			1.683372	0.042 **			0.373044	0.429
Campus Environment												
Rural Campus	0.008201	0.573	0.360708	0.021 **	0.047764	0.508	0.511589	0.016 **	0.398115	0.000 ***	0.576444	0.075 *
Liberal	-0.008720	0.486	-0.837815	0.007 ***	-0.036916	0.582	-1.238472	0.076 *	0.569868	0.157 +	-0.947953	0.129 +
Conservative	0.016839	0.467	0.965571	0.000 ***	0.062808	0.520	2.977499	0.000 ***	-0.042867	0.801	-0.973511	0.004 ***
Women	0.006315	0.627	-0.841710	0.034 **	0.092083	0.220	-1.034404	0.092 *	-0.001113	0.986	-1.166730	0.088 *
Historically Black	0.021545	0.458	-1.186805	0.023 **	0.193272	0.129 +	-1.138536	0.027 **	0.535367	0.000 ***	-1.431760	0.095 *
Institution Type												
National University	0.008215	0.471	-3.967046	0.156 +	-0.000770	0.983	-3.356527	0.352	-0.104217	0.113 +	-7.907481	0.114 +
Liberal Arts College	0.007688	0.727	0.344875	0.077 *	0.056980	0.272	0.198171	0.361	-0.055874	0.461	0.748138	0.051 *
Other College	0.015521	0.535	0.079324	0.762	0.143082	0.231	0.233938	0.517	0.243609	0.000 ***	0.832666	0.157
Other Attributes												
FTE Students	0.000000	0.779	-0.000045	0.261	0.000003	0.370	-0.000099	0.125 +	0.000008	0.031 **	-0.000011	0.853
Market Value of Pool (MM)	0.000003	0.438	0.001380	0.036 **	0.000057	0.009 ***	0.001220	0.161 +	0.000060	0.062 *	0.002180	0.067 *
Endowment per Student (M)	0.000012	0.871	0.001976	0.176 +	0.000002	0.996	0.002221	0.233	0.000502	0.224	0.002371	0.428
Year Founded	0.000088	0.509	-0.000523	0.736	0.000855	0.059 *	0.002787	0.250	0.000390	0.566	0.004165	0.156 +
Constant	-0.153085	0.495	1.926533	0.551	-1.501195	0.124 +	-5.152979	0.300	-1.427355	0.250	-8.239690	0.172 +
Model r-square		0.018		0.638		0.061		0.611		0.692		0.486

Table 7

Other Activist SRI Policies

The table tests responses to the questions, "Does sustainability influence decision making for your investments?" and "Do you vote your proxies consistent with your SRI screening criteria?" Responses are studied separately for independent private schools and church-affiliated schools. Variable definitions are provided in Table 1. The models include missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficients on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. Significance: ***=0.01, **=0.05, *=0.10, ŧ=0.10 (one-tail).

	Sustainability Influence				**Proxy Voting**			
	Independent		**Church-Affiliated**		**Independent**		**Church-Affiliated**	
	Coef.	**p-value**	**Coef.**	**p-value**	**Coef.**	**p-value**	**Coef.**	**p-value**
Governance								
Investment Comm (IC) Size	0.086731	0.000 ***	-0.001307	0.903	0.061882	0.000 ***	-0.015832	0.155 ŧ
IC Trustee Percent	-0.000042	0.960	0.001253	0.052 *	-0.000238	0.561	0.001422	0.071 *
IC Professional Percent	-0.003746	0.004 ***	-0.001924	0.015 **	-0.004076	0.003 ***	-0.000729	0.677
Social Board	-0.003174	0.000 ***	-0.001550	0.017 **	-0.003109	0.000 ***	-0.004264	0.004 ***
Social Board*Selective	-0.000283	0.829	-0.002287	0.032 **	0.000524	0.663	-0.002946	0.138 ŧ
Selectivity								
Selectivity	-0.043056	0.342	-0.028019	0.421	-0.174286	0.000 ***	-0.016108	0.820
Overlap Plus	-0.030244	0.763			0.062737	0.606		
Religion								
Church Affiliated								
Catholic			0.179894	0.022 **			0.312494	0.088 *
Christian Fundamentalist			0.407963	0.031 **			0.095281	0.572
Campus Environment								
Rural Campus	0.267261	0.000 ***	0.062980	0.289	0.192519	0.000 ***	0.249329	0.001 ***
Liberal	0.410382	0.013 **	-0.012730	0.925	0.497521	0.002 ***	-0.218586	0.500
Conservative	0.135208	0.222	-0.116931	0.201	0.240678	0.031 **	0.299240	0.081 *
Women	-0.101886	0.052 ***	-0.126529	0.179 ŧ	-0.091514	0.134 ŧ	-0.100611	0.662
Historically Black	0.330874	0.001 ***	-0.209604	0.075 *	0.251119	0.013 **	-0.301694	0.234
Institution Type								
National University	0.010238	0.842	-0.987559	0.097 *	0.048104	0.263	-1.655207	0.167 ŧ
Liberal Arts College	-0.047629	0.259	0.049516	0.072 *	-0.018956	0.717	0.017124	0.822
Other College	0.256610	0.000 ***	0.072775	0.147 ŧ	0.195945	0.002 ***	0.044555	0.706
Other Attributes								
FTE Students	0.000006	0.057 *	2.01E-06	0.732	0.000009	0.021 **	-0.000035	0.063 *
Market Value of Pool (MM)	-0.000024	0.535	0.000381	0.022 **	0.000038	0.077 *	0.000710	0.018 **
Endowment per Student (M)	0.000321	0.340	-0.000618	0.251	0.000943	0.001 ***	-0.001052	0.362
Year Founded	-0.000470	0.298	-0.000084	0.793	0.000406	0.304	0.000508	0.488
Constant	0.602439	0.470	0.914120	0.201	-0.451291	0.575	-0.804711	0.598
Model r-square		0.755		0.470		0.7764		0.511

Table 8

School Screens Based on SRI and will Sacrifice Investment Return

The table tests responses to the question, "Do you accept a percentage of underperformance in order to pursue your SRI goals?" (yes=1; no=0). The analysis is based on 207 private school observations where respondents indicated that they do screen based on SRI and where they also provided valid responses to the question of their willingness to sacrifice returns. Because the number of observations is small, responses from independent and church-affiliated schools are combined and an indicator variable is included for church-affiliation. Variable definitions are provided in Table 1. The model includes missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficients on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. Significance: ***=0.01, **=0.05, *=0.10, ŧ=0.10 (one-tail).

	Private Schools		
	Coef.	**p-value**	
Governance			
Investment Comm (IC) Size	0.039318	0.098	*
IC Trustee Percent	-0.001432	0.736	
IC Professional Percent	0.009878	0.052	*
Social board	0.006564	0.021	**
Social board*Selective	-0.006972	0.016	**
Selectivity			
Selectivity	-0.418006	0.000	***
Overlap Plus	-0.121844	0.463	
Religion			
Church Affiliated	0.170332	0.353	
Catholic	-0.033121	0.834	
Christian Fundamentalist	0.481100	0.014	**
Campus Environment			
Rural Campus	0.214575	0.197	ŧ
Liberal	0.344678	0.091	*
Conservative	0.394550	0.127	ŧ
Women	-0.497235	0.170	ŧ
Historically Black	-0.334553	0.025	**
Institution Type			
National University	-0.705075	0.163	ŧ
Liberal Arts College	0.451907	0.011	**
Other College	-0.295522	0.117	ŧ
Other Attributes			
FTE Students	0.000048	0.071	*
Market Value of Pool (MM)	0.000026	0.592	
Endowment per Student (M)	-0.000226	0.620	
Year Founded	0.004745	0.003	***
Constant	-8.058177	0.009	***
Model r-square		0.834	

Appendix 1

Private School Screening on Reproductive Issues

The table tests responses to the question, "Which of the following screens do you [the responding school] impose?" regarding the Reproductive Issues of Abortion, Birth Control, and Stem Cell Research. The first dependent variable is the summed total for the group. The others are the individual choices in the group. Variable definitions are provided in Table 1. The model included missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficinets on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school. e-tail).

	Sum of Reproductive Issues		Abortion		Birth Control		Stem Cell Research	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance								
Investment Comm (IC) Size	-0.047516	0.004	-0.017375	0.008	-0.019173	0.001	-0.010969	0.076
IC Trustee Percent	0.002439	0.099	0.000757	0.270	0.000959	0.071	0.000722	0.137
IC Professional Percent	-0.005798	0.053	-0.003827	0.023	-0.001863	0.076	-0.000108	0.897
Social board	-0.005569	0.010	-0.003694	0.002	-0.001478	0.055	-0.000397	0.449
Social board*Selective	0.007993	0.000	0.004589	0.000	0.002718	0.000	0.000686	0.422
Selectivity								
Selectivity	-0.056228	0.458	-0.060311	0.240	0.023550	0.477	-0.019467	0.491
Overlap Plus	-0.688420	0.012	-0.232372	0.083	-0.480207	0.000	0.024159	0.857
Religion								
Church Affiliated	-0.089802	0.434	0.022557	0.657	-0.050789	0.227	-0.061570	0.126
Catholic	1.248868	0.000	0.549197	0.000	0.432688	0.000	0.266983	0.013
Christian Fundamentalist	1.092949	0.010	0.435842	0.052	0.279319	0.011	0.377789	0.017
Campus Environment								
Rural Campus	0.094071	0.384	0.047842	0.451	0.044413	0.264	0.001816	0.956
Liberal	-0.318353	0.155	-0.171594	0.062	-0.114802	0.219	-0.031957	0.625
Conservatinve	0.890342	0.000	0.815435	0.000	-0.122376	0.030	0.197283	0.036
Women	-0.279393	0.119	0.029858	0.755	-0.130457	0.047	-0.178794	0.011
Historically Black	-0.306682	0.018	-0.019910	0.785	-0.102002	0.045	-0.184770	0.000
Institution Type								
National University	-0.072045	0.716	0.033876	0.672	-0.061473	0.350	-0.044448	0.530
Liberal Arts College	0.113461	0.409	0.095000	0.229	0.065328	0.160	-0.046867	0.199
Other College	-0.020511	0.921	0.010169	0.920	0.019006	0.793	-0.049686	0.357
Other Attributes								
FTE Students	-0.000005	0.722	-0.000002	0.736	0.000000	0.940	-0.000002	0.604
Market Value of Pool (MM)	0.000119	0.310	0.000043	0.393	0.000050	0.198	0.000026	0.431
Endowment per Student (M)	0.002232	0.000	0.001157	0.000	0.000535	0.029	0.000540	0.008
Year Founded	0.000374	0.770	-0.000135	0.832	0.000356	0.406	0.000154	0.688
Constant	0.296650	0.912	0.810099	0.539	-0.188756	0.834	-0.324692	0.688
Model r-square		0.580		0.693		0.520		0.385

Appendix 2

Private School Screening on Sin Stock Issues

The table tests responses to the question, "Which of the following screens do you [the responding school] impose?" regarding Sin Stock Issues (Alcohol, Gambling, Pornography, and Tobacco). The first dependent variable is the summed total for the group. The others are the individual choices in the group. Variable definitions are provided in Table 1. The model included missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficinets on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school.

	Sum of Sin Stock Issues		Alcohol		Gambling		Pornography		Tobacco	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance										
Investment Comm (IC) Size	-0.036587	0.162	-0.010329	0.104	-0.005326	0.498	-0.009746	0.143	-0.011187	0.143
IC Trustee Percent	0.002445	0.194	0.000665	0.158	0.000814	0.123	0.000833	0.121	0.000134	0.864
IC Professional Percent	-0.005647	0.111	-0.000132	0.876	-0.001089	0.305	0.000216	0.834	-0.004642	0.017
Social board	-0.007111	0.005	-0.000700	0.182	-0.001583	0.038	-0.001687	0.033	-0.003141	0.015
Social board*Selective	0.009427	0.000	0.001448	0.056	0.001753	0.027	0.001797	0.048	0.004428	0.000
Selectivity										
Selectivity	-0.114065	0.201	-0.016337	0.537	-0.016209	0.612	-0.136229	0.010	0.054711	0.307
Overlap Plus	0.321470	0.542	0.166699	0.053	-0.141441	0.529	0.305188	0.007	-0.008976	0.970
Religion										
Church Affiliated	-0.052195	0.742	-0.044627	0.274	-0.010815	0.818	-0.000369	0.994	0.003616	0.944
Catholic	1.169927	0.004	0.230650	0.034	0.209186	0.071	0.242156	0.024	0.487935	0.000
Christian Fundamentalist	1.618751	0.032	0.404449	0.028	0.390208	0.035	0.450236	0.017	0.373858	0.074
Campus Environment										
Rural Campus	0.188989	0.158	0.030935	0.396	0.055487	0.180	-0.014972	0.699	0.117539	0.070
Liberal	-0.324664	0.188	-0.063364	0.277	-0.071260	0.261	-0.094033	0.213	-0.096007	0.323
Conservatinve	2.942873	0.000	0.729004	0.000	0.698213	0.000	0.753336	0.000	0.762320	0.000
Women	-0.424441	0.096	-0.193129	0.005	-0.126338	0.135	-0.068741	0.408	-0.036232	0.741
Historically Black	-0.445327	0.008	-0.164742	0.001	-0.122383	0.023	-0.157603	0.001	-0.000599	0.993
Institution Type										
National University	-0.060409	0.840	-0.052591	0.506	-0.019008	0.819	-0.012415	0.902	0.023605	0.716
Liberal Arts College	-0.041639	0.773	-0.031689	0.361	-0.044711	0.232	-0.062391	0.198	0.097152	0.219
Other College	0.059432	0.818	-0.041296	0.438	0.063405	0.429	-0.122551	0.090	0.159874	0.141
Other Attributes										
FTE Students	-0.000017	0.358	-0.000004	0.367	-0.000005	0.299	-0.000009	0.158	0.000002	0.750
Market Value of Pool (MM)	0.000132	0.234	0.000018	0.519	0.000012	0.676	0.000025	0.567	0.000078	0.006
Endowment per Student (M)	0.002613	0.000	0.000444	0.020	0.000551	0.009	0.000921	0.002	0.000697	0.027
Year Founded	0.001599	0.312	0.000480	0.198	0.000611	0.129	-0.000102	0.846	0.000609	0.287
Constant	-2.549630	0.448	-0.925843	0.241	-0.839780	0.328	0.383742	0.727	-1.167749	0.315
Model r-square		0.559		0.514		0.501		0.559		0.560

Appendix 3

Private School Screening on Environmental, Social, and Governance (ESG) Issues

The table tests responses to the question, "Which of the following screens do you [the responding school] impose?" for Environmental, Social, and Governance (ESG) Issues (Animal Treatment, Environment, Weapons/Defense, Fair Labor Practices, Geopolitical Concerrns, Corporate Governance, Corporate Philanthropy, and Community Reinvestment Act). The first dependent variable is the summed total for the group. The others are the individual choices in the group. Variable definitions are provided in Table 1. The model included missing value indicators for missing observations of Selectivity, FTE Students, and Endowment per Student. Coefficinets on missing value indicators are not reported. All models are estimated with Year and Region fixed effects. Standard errors are clustered by school.

	Sum of ESG Issues		Animal		Environment		Weapons		Labor Practices		Geopolitical		Corp. Gov.		Corp. Phil.		CRA	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
Governance																		
Investment Comm (IC) Size	0.006602	0.797	-0.005142	0.106	0.003707	0.510	-0.008648	0.225	-0.005497	0.515	0.028024	0.118	-0.005485	0.467	-0.000267	0.233	-0.000091	0.342
IC Trustee Percent	0.002715	0.245	0.000666	0.033	-0.000304	0.667	0.000172	0.817	0.000135	0.855	0.001095	0.158	0.000917	0.084	0.000034	0.192	0.000002	0.943
IC Professional Percent	-0.015126	0.017	-0.000229	0.665	-0.004821	0.009	-0.004488	0.014	-0.004034	0.045	-0.002466	0.062	0.001030	0.232	-0.000076	0.193	-0.000041	0.389
Social board	-0.011600	0.005	-0.000481	0.194	-0.003071	0.006	-0.002971	0.017	0.001222	-0.005	-0.002124	0.055	0.000082	0.856	-0.000053	0.250	-0.000006	0.840
Social board*Selective	0.002024	0.533	0.000709	0.131	0.000512	0.568	0.003572	0.000	0.001620	0.086	-0.002744	0.110	-0.001676	0.058	0.000034	0.417	-0.000003	0.856
Selectivity																		
Selectivity	0.027807	0.862	-0.018738	0.312	-0.005753	0.894	0.097521	0.045	-0.034414	0.405	-0.040218	0.381	0.029065	0.304	-0.000879	0.710	0.001223	0.220
Overlap Plus	0.195046	0.805	0.100005	0.066	-0.028114	0.898	0.064634	0.782	0.002157	0.993	-0.090678	0.592	0.147333	0.101	-0.000922	0.919	0.000629	0.691
Religion																		
Church Affiliated	-0.175925	0.327	-0.041903	0.083	0.030033	0.482	0.010726	0.828	-0.026612	0.593	-0.116220	0.065	-0.032487	0.433	-0.000274	0.847	0.000811	0.318
Catholic	1.702368	0.000	0.169101	0.006	0.236068	0.008	0.530999	0.000	0.372706	0.004	0.210837	0.011	0.176891	0.131	0.003848	0.262	0.001918	0.275
Christian Fundamentalist	0.195608	0.579	0.077572	0.047	0.056398	0.387	0.061268	0.509	0.046625	0.592	-0.053511	0.655	0.007429	0.888	-0.000698	0.709	0.000525	0.548
Campus Environment																		
Rural Campus	0.429920	0.034	-0.010105	0.680	0.054418	0.282	0.079399	0.181	0.096289	0.096	0.148433	0.084	0.056870	0.051	0.003592	0.164	0.001025	0.390
Liberal	-0.025753	0.959	-0.039145	0.308	-0.013833	0.860	-0.096255	0.310	0.021977	0.851	-0.016114	0.937	0.069183	0.306	0.048245	0.322	0.000189	0.782
Conservatinve	-0.854975	0.008	-0.144295	0.023	-0.189460	0.030	-0.100245	0.222	-0.230569	0.001	-0.172194	0.100	-0.011515	0.850	-0.003815	0.290	-0.002882	0.246
Women	-0.660327	0.042	-0.136521	0.009	-0.046881	0.650	0.069234	0.457	-0.230273	0.027	-0.238383	0.008	-0.075428	0.297	-0.001883	0.552	-0.000193	0.863
Historically Black	-0.164283	0.482	-0.147153	0.011	0.041352	0.622	0.080953	0.214	-0.075612	0.183	-0.072979	0.388	0.011604	0.864	-0.000702	0.820	-0.001745	0.285
Institution Type																		
National University	-0.267650	0.226	-0.050901	0.253	0.037202	0.424	0.031720	0.598	-0.009507	0.894	-0.206277	0.057	-0.067367	0.209	-0.001312	0.645	-0.001208	0.376
Liberal Arts College	0.303523	0.266	-0.024123	0.272	0.140218	0.072	0.126014	0.086	0.086209	0.282	-0.015771	0.800	-0.007263	0.815	0.000798	0.758	-0.002560	0.205
Other College	0.364815	0.305	-0.026906	0.362	0.129384	0.152	0.116179	0.282	0.119656	0.255	0.075417	0.353	-0.045327	0.392	-0.001535	0.464	-0.002054	0.282
Other Attributes																		
FTE Students	0.000021	0.308	-0.000002	0.522	0.000005	0.181	0.000004	0.363	0.000002	0.724	0.000013	0.064	-0.000002	0.735	0.000000	0.566	0.000000	0.626
Market Value of Pool (MM)	0.000134	0.359	0.000008	0.620	0.000036	0.263	0.000027	0.425	0.000038	0.319	0.000007	0.905	0.000017	0.399	0.000002	0.242	0.000000	0.420
Endowment per Student (M)	0.003700	0.010	0.000371	0.034	0.000430	0.139	0.000503	0.148	0.000734	0.004	0.001941	0.004	-0.000282	0.235	0.000002	0.923	0.000002	0.583
Year Founded	0.003004	0.127	0.000121	0.592	0.000872	0.069	0.000692	0.210	0.000728	0.158	0.000274	0.669	0.000317	0.367	0.000003	0.857	-0.000002	0.804
Constant	-5.581701	0.163	-0.250270	0.606	-1.337098	0.156	-1.540025	0.170	-0.996649	0.337	-0.623320	0.616	-0.837537	0.266	0.000273	0.992	0.002926	0.839
Model r-square		0.437		0.232		0.438		0.579		0.400		0.414		0.285		0.015		0.005