

LIBERTY UNIVERSITY: A HIGHER EDUCATION PHENOMENON

Liberty University is nothing less than a marvel. There are few stories like it in the entire history of higher education. They are teaching lessons to my institutions on a daily basis.

– A senior higher education association official based in Washington, D.C.



Despite enrolling about three times as many headcount students as the next largest university in Virginia, Liberty University remains a mystery to many Virginians. Even those who know something of Liberty often think of it in terms of its genesis as Lynchburg Baptist College in 1971. They do not picture it as an institution that this year enrolled more than 100,000 students, or one that boasts an endowment of \$1.093 billion. Nor do they visualize Liberty's 7,000-acre campus, which features 357 buildings, \$956 million of ongoing or planned construction, and accredited law and osteopathic medicine schools.

Liberty's burst into prominence has many roots, but realistically can be dated to the appointment of Jerry Falwell Jr. as its president in 2007.¹ Since then, its enrollment has grown 184 percent and includes approximately 95,000 online and almost 15,000 residential students (see Graph 1). Falwell's vision for Liberty is surprising to those not familiar either with him or the university's history. He forthrightly asserts that Liberty's goal is to become the Evangelical Protestant equivalent of the University of Notre Dame for Roman Catholics and Brigham Young University for Mormons. This means having an academically selective student body; nationally ranked academic programs in virtually every major academic discipline;

¹ President Falwell earned a B.A. degree in religious studies from Liberty University in 1984 and a J.D. from the University of Virginia School of Law in 1987.

Division I athletic teams, including a nationally prominent football team that competes successfully against some of the NCAA's best; an inviting residential campus with state-of-the-art facilities; a campus atmosphere and ethic that promote high levels of student participation; and an endowment that rivals the best independent institutions and will buffer Liberty from future vicissitudes in the higher education marketplace.

The university is planning for the day when its current prominence in online education will dissipate due to increased competition from other institutions and new technologies. If and when that day arrives, Falwell wants Liberty to fit securely into the niche of a medium-sized, selective, well-endowed, high-quality Christian academic community that graduates Christ-centered students and supports research, public service and exploration that support these students and others connected to the university.

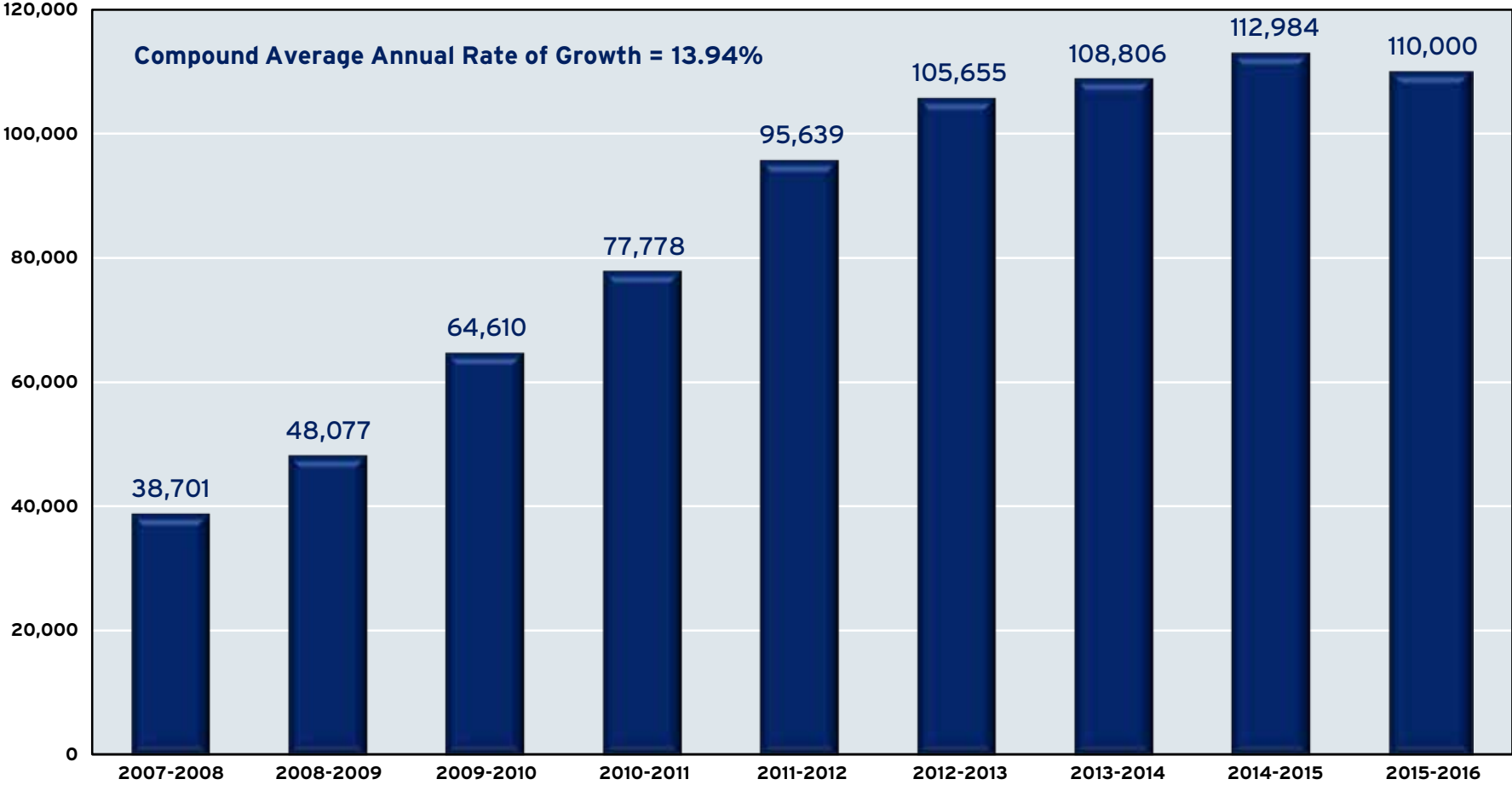
Even so, Falwell forthrightly states, "We're not a church, we're not a business, we're a university." He makes a firm distinction between Liberty and a class of institutions he refers to as Bible colleges. In this category, he includes schools such as Florida's Pensacola Christian College, Ohio's Cedarville University, Oklahoma's Oral Roberts University and South Carolina's Bob Jones University. He points out that these institutions have more limited missions than Liberty and impose much stricter belief and behavioral requirements on their students and faculty than does Liberty. Thus, he would position Liberty somewhere in the middle of a higher education religious/moral continuum that might have Cedarville, Oral Roberts and Bob Jones at one end and essentially secular public universities at the other end.

As Graph 2 reveals, in terms of student curricular choices, Liberty is not just a Bible college. In 2014-15, almost one in every five students earned a degree in business, almost 14 percent in psychology and 11.3 percent in education. Philosophy and religious studies plus theology and religious education together accounted for only slightly less than one in five degrees granted by the university. Liberty also offers a small, but growing set of engineering programs that are accredited by the Accrediting Body for Engineering and Technology (ABET).



GRAPH 1

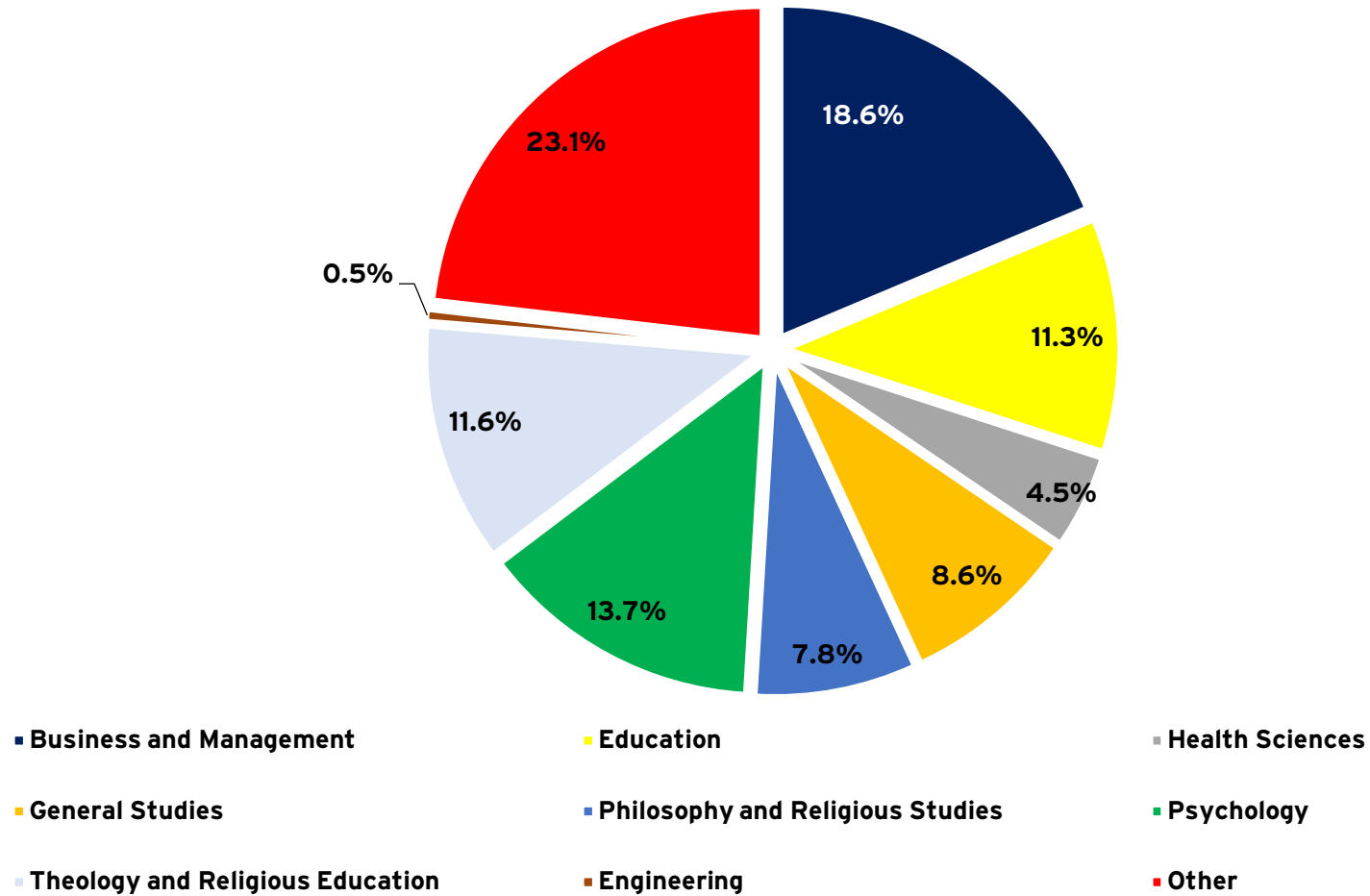
LIBERTY UNIVERSITY ENROLLMENT, 2007-08 TO 2015-16



Source: Liberty University

GRAPH 2

DEGREES GRANTED (ASSOCIATE, BACHELOR'S, MASTER'S, DOCTORAL) BY LIBERTY UNIVERSITY, 2014-15



Source: National Center for Education Statistics, <http://nces.ed.gov/collegenavigator>

A Bit Of History

Lynchburg Baptist College opened its doors to 154 students in 1971 after Rev. Jerry Falwell Sr. persuaded his Thomas Road Baptist Church congregation in Lynchburg to establish a college based on Christian values. This college would have the express purpose of educating students to “go out in all walks of life to impact this world for God.”

From the very beginning, Falwell made it clear that the intention was not to be strictly a Bible college such as Pensacola Christian College, but rather a world-class institution with all of the amenities of a secular university. It is he who first enunciated the goal of developing an institution that would be the academic equivalent of Notre Dame and Brigham Young.

After Falwell’s death in 2007, his son Jerry Falwell Jr. was appointed by the university’s Board of Trustees to be president of the institution. Falwell is an impressive individual who clearly is passionate about Liberty and very knowledgeable about every aspect of its operations. Interestingly, while his administrative style sometimes involves going around the administrative hierarchy that he himself has carefully developed, he has not acquired the reputation of being a micromanager because he is results oriented and continues to focus on strategic issues.

A friendly and charismatic individual, Falwell is refreshingly open and informative when answering questions about Liberty, and this attitude has carried over to those who report to him. Liberty is eager to tell its story, which it believes is a good one, yet one not necessarily well understood.

In 1980, the university initially gained accreditation from the Southern Association of Colleges and Schools (SACS), widely reputed to be the most demanding of all the regional accrediting agencies. Currently, Liberty is classified as a Level I institution, acknowledging the breadth of its offerings from the associate degree level through the doctorate. The university endured a lengthy and sometimes frustrating process as it moved to satisfy SACS requirements. It would be fair to say that for some period of time, SACS apparently remained unconvinced that Liberty could offer its online programs at a level of quality that would merit

accreditation. This process appears to have reflected SACS’ own leisurely, gradual evolution toward acceptance of the broader use of technology as a major supportive element in the teaching-learning process, concerns about faculty quality and library resources, and some doubts that Liberty had the financial resources to support a large online operation. It will suffice to observe that had Liberty sought accreditation for its online offerings from a different regional accrediting body, approval probably would have been forthcoming more rapidly.

Initially, Liberty offered distance learning courses to students via videotapes that were sent to students. Between 2003 and 2005, the university changed its platform for delivery to Blackboard, a well-known learning management system (LMS), and began to use high-speed internet to deliver academic content completely online. Falwell candidly notes that Liberty’s faculty initially did not support online education proposals and programs – a circumstance common at other institutions. After receiving some resistance from faculty, several associate deans for online education were appointed to move the online projects forward despite faculty opposition.

An important and not to be ignored key to gaining faculty cooperation and muting faculty disapproval was the nontenured status of all faculty at Liberty, excepting those in the law school. Faculty members at Liberty are appointed on one-year contracts. Tenure is not granted. Thus, at the end of the day, the choice for faculty was simple: either help the university move forward in the area of distance education, or find another job at a different institution. In discussing the absence of tenure at Liberty, Falwell opines that although there was a philosophical basis to the university’s decision not to grant tenure to faculty, “This also was a sound business decision.”

Today, the National Center for Education Statistics

Liberty University does grant tenure to faculty in its School of Law. Without that provision, the American Bar Association likely would not have granted accreditation to the Liberty Law School. Liberty has successfully resisted the blandishments of accrediting agencies in all other disciplines.

(NCES) reports that 85 percent of Liberty’s undergraduate students and 97 percent of its graduate students take at least one course online. The average age of online students is 36.6 – making them older than is true for most other large online education providers.

The university seems content to serve online students within the borders of the United States. When asked about expansion to other countries, senior Liberty staff said there were no plans to do so. They state that the university would find it difficult to deal with the financial, legal and lingual differences that would develop if students in other countries were served. Further, it would be difficult for faculty to serve and occasionally meet with online students in other countries. While this is not a completely persuasive explanation, it underlines the extent to which Liberty is a goal-oriented institution that focuses upon the pursuit of well-identified and widely accepted goals. Thus, when the university develops a new program (it currently offers more than 500 majors and options), or begins to address a new market, it is unified and confident that its current structure, resources and procedures augur for success. While Liberty has taken some huge risks over time (such as plunging into online learning), it is judicious about assuming unnecessary additional risks. The university believes it knows what works and proceeds along that path. It is difficult to quarrel with the results.

The Liberty University Student Body

Liberty University’s leadership team is data oriented. They study the successes and failures of competitor institutions and use this knowledge to adjust and improve their own efforts. Who are Liberty’s competitors in terms of its residential student body? Not the institutions that some might guess. In 2015, the top three schools to which students who eventually enrolled at Liberty also sent their SAT and ACT scores were James Madison University, George Mason University and Virginia Tech. Interestingly, only two religious institutions were included among the top 20 competitors, which essentially is a list of large state universities in Virginia and neighboring states such as North Carolina.

Very few institutions of higher education simultaneously grow in size and quality. Liberty has found the way to do so. Even while it has burgeoned in size, the quality of students attending classes on its home campus in Lynchburg has increased. The mean high school grade point average of its entering freshman class in fall 2015 was 3.46, up from 3.25 in 2009. During the same period, the mean SAT score of the entering freshman class climbed from 1009 to 1063.

Consistent with the goal of establishing Liberty as a selective, high-quality institution that will be mentioned in the same breath as Notre Dame or Brigham Young, the university is committed to continued increases in student quality. In fall 2015, it enrolled 35 National Merit Scholarship winners and has developed an active scholarship program designed to attract highly talented students.

The university’s marketing efforts now focus primarily on the quality of incoming students rather than the quantity of students. Liberty, after all, does not lack for headcount students.

The University’s Pricing And Financial Aid Model

Based upon survey responses, Liberty believes that the two most significant factors in students choosing the university as their online education provider are its competitive prices and its Christian orientation. **A survey revealed that 83 percent of the university’s online students have a faith-based, religious connection to the university and chose Liberty because it is faith-based.** Most often these faith-based students come from an Evangelical Protestant background, but they also include both individuals from other Protestant denominations and Roman Catholics for whom God is an important part of their lives. This spurs them to choose an education provider that, among other things, they feel will treat them equitably in an online educational universe where promises sometimes are made to be broken.

Liberty’s strategy with respect to the cost of attending the university is simple – it seeks to be much less expensive than the typical independent institution and within striking distance of its major state university competitors. Table 1 reveals that this has resulted in a parsimonious 0.7 percent total increase in undergraduate tuition and fees between 2012-13 and 2015-16 and only an 11.5 percent total increase in the annual cost of undergraduate residential attendance over the same time period.

TABLE 1

UNDERGRADUATE TUITION AND FEES AND NET PRICE AT LIBERTY UNIVERSITY, 2012-13 TO 2015-16

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|----------|----------|----------|----------|
| Undergraduate Tuition and Fees | \$19,968 | \$18,274 | \$21,000 | \$20,109 |
| Total On-Campus Expenses | \$32,018 | \$33,238 | \$34,000 | \$35,809 |
| Undergraduate Net Price After Financial Aid | \$23,191 | \$23,367 | N.A. | N.A. |

Source: National Center for Education Statistics, <http://nces.ed.gov/collegenavigator/?q=Liberty+University&s=VA&id=232557>

Over time, Liberty has become more cost competitive with institutions both in the public and independent sectors of higher education. What counts in this regard is the net price that students pay after their receipt of financial aid. Graph 3 illustrates that where in-state residential students are concerned, Liberty remains more expensive in net terms than its major public-sector competitors, but compares favorably with regard to out-of-state students. Within the realm of independent institutions, Liberty is highly competitive in terms of its net price.

Liberty’s online courses are considerably less expensive – typically \$1,365 per three-hour course for a part-time student. Hence, one could take 10 online courses (a full year’s load for an undergraduate student that usually would lead to graduation in four years) for a total price of \$13,650, well below the approximate \$20,000 sticker price that full-time residential students pay for tuition.

Liberty University’s price for online instruction is \$390 per credit hour or \$1,170 per typical three-hour course for full-time students and \$455 per credit hour, or \$1,365 per course, for part-time students. Old Dominion University, the largest four-year public provider of distance learning in Virginia, charges \$325 per credit hour, or \$975 per online course (\$1,065 for out-of-state students). Southern New Hampshire University, one of the largest national online providers, charges \$960 per undergraduate course and \$1,881 per graduate course.

An important key to Liberty’s facility for attracting tens of thousands of students is the ability of those students to receive federal student financial aid. The Washington Post (July 15, 2015) reported that in the late 1990s, Liberty students received less than \$20 million in total federal student financial aid, but by 2015, this had grown to \$800 million. This aid included both grants and loans and was awarded to needy students who qualified under federal financial aid standards.

Much of the federal financial aid goes to graduate students. The same Washington Post article also revealed that such graduate aid amounted to more than \$351 million in the 2013-14 academic year.

An important reason why such a high percentage (96 percent) of Liberty students receive financial aid is that the university itself provides substantial financial support to its students. In 2015-16, this amounted to \$235 million.

Federal financial aid to Liberty students accelerated after 2009, when the American Recovery and Reinvestment Act increased Pell Grant funding by \$15 billion nationally. National Center for Education Statistics (NCES) data reveal that in 2013-14, 23,465 undergraduate students at Liberty received \$85.59 million in Pell Grant assistance – an average of \$3,648 per student recipient – very similar to the average grant received by recipients at other institutions. Federal student loans to 31,298 undergraduate students added \$8,030 per student to this total. Approximately 50 percent of the university’s undergraduate students received a Pell Grant and almost two-thirds received a federal student loan.

These data underline that the Liberty student body by and large is not one composed of individuals who are well heeled financially. Measured student financial need is great. NCES reports that in 2014-15, 96 percent of Liberty's first-time freshmen received some sort of institutional financial aid. This means that access to federal student aid is absolutely essential – both to the students (and their families) and to the university. It is accurate to say that the U.S. government has financed a non-negligible portion of Liberty's expansion. Though indirect, there has been a rich flow of funds from American taxpayers to the university's financial bottom line.

We hasten to note that Liberty is hardly the Lone Ranger in this regard; similar circumstances exist for many other institutions of higher education. Federal student financial aid is a vitally important indirect source of institutional financial sustenance at virtually all levels of higher education.

Even though Liberty students typically incur substantial federal loan debt during their time at the university, their default rate on federal loans (8.5 percent for the most recent student cohort) was well below the national average (11.8 percent), as well as less than that for student borrowers from public institutions (11.7 percent) and the Virginia average (8.7 percent).²

Discussions with Liberty personnel revealed that they believe they face what economists term a “price elastic” demand for the university's educational services. This means that Liberty's students are rather price sensitive. What is important in this regard is the university's relative price – how this price compares to those at other institutions. In this regard, Liberty's modest recent price increases have improved its cost competitiveness.

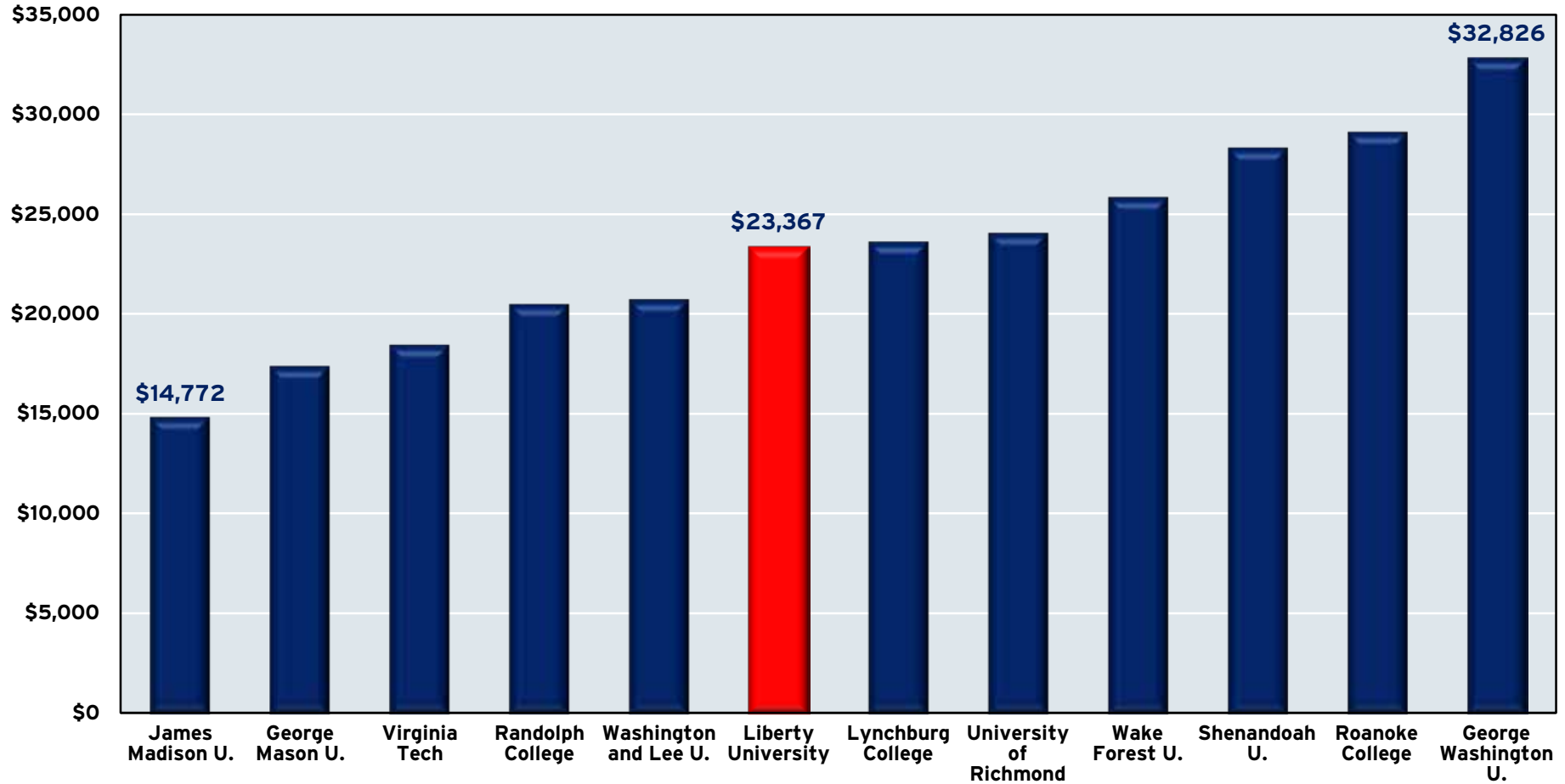
In the final analysis, four major factors underpin the university's skyrocketing enrollment: (1) its cost competitiveness; (2) the ability of its student body to receive federal financial aid support; (3) its religious and moral attractiveness to many students; and (4) the quality of its educational product. These factors work together and are mutually reinforcing.

² <http://nces.ed.gov/collegenavigator>



GRAPH 3

NET FIRST-TIME UNDERGRADUATE COST OF ATTENDANCE AFTER FINANCIAL AID: SELECTED INSTITUTIONS, 2013-14



Source: College Navigator, National Center for Education Statistics

Academic Programs

Liberty University offers a somewhat astonishing 547 programs of study that range from undergraduate and graduate certificate programs to the doctoral level. Included among these are 355 residential and 267 online programs, with some programs available both on campus and online. In addition to typical degree programs, Liberty offers a variety of vocationally oriented associate degrees, including those that prepare students to be airline flight attendants and aviation maintenance technicians. In 2013, the university opened a College of Osteopathic Medicine.

Liberty's offerings also include some Spanish language degree programs via online classes, an online program via homeschooling, an Online Academy, a dual-enrollment program for high school students wanting to earn college credit while still in high school, and a free American History Orientation course on the massive open online course (MOOC) platform.

Liberty frequently has allowed innovative faculty and staff to “try things out” (the words of a staff member) to see what works. The university’s organizational structure and traditions have proven to be more conducive to rapid deployment of innovations than typically has been the case at older, more traditional institutions.

Faculty, Students And Expectations

FACULTY

Liberty University employs more than 2,500 faculty members, of whom more than 1,700 are full time. This results in a combined residential undergraduate, graduate and online student/faculty ratio of 18:1. Eighty percent of the faculty members (including those who teach online) hold a terminal degree in their discipline. The quality of the credentials of Liberty's faculty was an important factor in SACS' decision to extend accreditation to the university, including its extensive online programs. Many online institutions struggle to appoint credentialed faculty who truly are committed to their online teaching activities. This is an area where

Liberty appears to excel, not the least because its faculty subscribe to a common vision and set of Christian beliefs. These serve as mortar that binds together the institution and its faculty.

At this point in its history, Liberty is not a research-intensive institution. Teaching and counseling students is considered to be the most important activity of faculty members. **Some professors do generate significant scholarly productivity, but this is not their primary task. As a consequence, it remains to be seen if Liberty will be able to crack the upper reaches of national university rankings (and those within individual academic disciplines). For better or worse, the coin of the realm in academic rankings is a considerable cohort of faculty members who consistently publish in top-flight refereed outlets, garner externally funded research grants and obtain external consultancies. The waves generated by the scholarship of faculty remain far more important in prestige contests than their teaching abilities.**

A primary reason that current academic ranking systems typically assign little or no importance to the quality of teaching and learning is because that quality would be difficult to measure, even if there were agreement on how to define it. Instead, the ranking systems that identify the Notre Dames and Brigham Youngs of the world focus on institutional financial characteristics, the quality of facilities, the measured quality of the student body, faculty salaries, subsequent student employment and incomes, and faculty scholarly accomplishments. Liberty's current institutional model enables it to address most of these criteria, but would appear to fall short where faculty scholarly productivity, funded research and faculty external reputation are concerned. Many (perhaps most) citizens would applaud Liberty for its emphasis on teaching and serving students rather than on research, some of which might be considered to have marginal value to society. Nonetheless, that is not how the ranking and prestige game is played.

All those who accept a faculty position at Liberty must sign a doctrinal statement that affirms both their belief in God and in Jesus Christ as their savior. This may deter some people from competing for faculty positions at the university, but does lend cohesion and principle to the faculty members who ultimately are appointed. Faculty members are not required to attend worship services or to do anything visibly religious beyond professing their beliefs via the doctrinal statement.

Liberty does not report its faculty salaries to the American Association of University Professors (AAUP). Graph 4 lists the average faculty salaries by rank as reported by American School Search for 2015-16. It should be noted that American School Search, an online resource for prospective students and their parents, reports faculty salaries generally ranging higher than those transmitted to the AAUP. Thus, more attention should be given to Liberty's relative positioning with respect to other institutions than to the absolute salary levels. Graph 5 provides data for specific institutions. Except for James Madison University, Liberty is not paying its full professors as much as its large state university competitors.

Are these faculty salary deficits problematic for Liberty? Not necessarily. The institution does not appear to have difficulty attracting and retaining qualified faculty and nearly all of its academic programs have attained the highest possible disciplinary accreditations. However, should Liberty decide to invest more heavily in doctoral programs and research, then the differentials identified in Graphs 2 and 3 would become highly relevant, as would the absence of longer-term faculty contracts or tenure, and the university's strong institutional commitment to teaching.

Since February 2016, Liberty has been designated a Carnegie Doctoral University R3, which is indicative of "modest research activity." Previously, it was considered to be a master's degree-level institution. Ours is not to advocate changes in the university's mission, but rather to point out that further evolution in the area of doctoral programs will bring with it a set of challenges that presumptively might alter the nature of the institution as it currently stands.

STUDENTS

Liberty University's student body is racially and ethnically less diverse than the overall roster of college students in the United States. Fifteen percent of Liberty undergraduates are African-Americans, 2 percent Hispanic and 1 percent Asian. Fifty-nine percent are women. Residential or online, students are not required to sign a doctrinal statement similar to faculty, but instead must acknowledge and follow the behavioral precepts outlined in the university's codes of conduct. These include adherence to ethical academic principles and standards of personal behavior. For residential students, there is a dress code and more specific

rules that ban certain media, such as X-rated movies. All students "are asked to display mature Christian behavior in social interaction," including at athletic events. When students conspicuously fail to meet the standards found in the "Liberty Way," they are not automatically expelled, but instead are taken under counseling. President Falwell believes that peer pressure often turns out to be the most effective way to inspire desired changes in behavior.

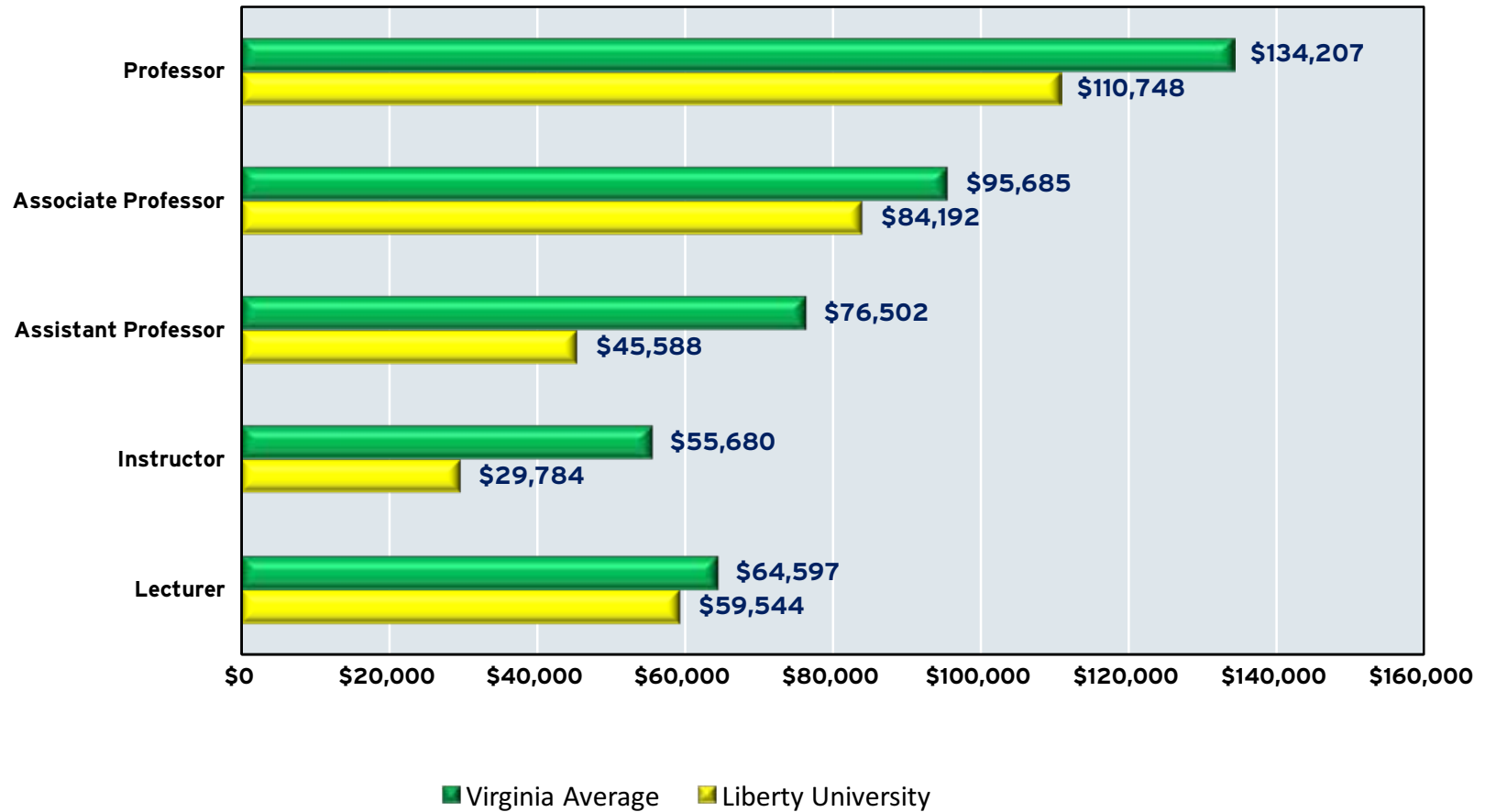
All unmarried Liberty students who attend classes on the Lynchburg campus and are under age 21 are required to live on campus. There are spiritual coaches and prayer groups within the residence halls. All residential students and students who commute to the home campus are required to attend convocations on Monday, Wednesday and Friday during the academic year. The subject matter often is religious, but convocations also include addresses on a wide variety of economic, social and political topics by an absolutely impressive list of elected officials, candidates for office and people successful in their fields. Virtually every major presidential candidate comes to Lynchburg to be seen and heard, including Sen. Bernie Sanders in September 2015 and Donald Trump in January 2016. Sanders' appearance was notable because Liberty traditionally has tipped strongly in the direction of the Republican Party. Indeed, Falwell endorsed Trump for president. (The university does not endorse candidates.)

Student behavioral requirements are less stringent in the case of online students (who in any case typically are much older than on-campus students) and the university makes no attempt to monitor the personal behavior of its off-the-main-campus students. Nevertheless, the Liberty University Online codes of honor leave no doubt what the purpose of the institution is: "... man's ultimate purpose is to glorify God" and, "The Academy exists to help each student realize his full potential by guiding him in developing spiritually and morally."

Available evidence suggests that student satisfaction with Liberty is rather high. The retention rate for resident undergraduate students from year to year hit 85.3 percent in 2015-16, a number that most colleges and universities would covet. Fall to spring undergraduate retention in spring 2016 was 94.2 percent, a historical high for the university.

GRAPH 4

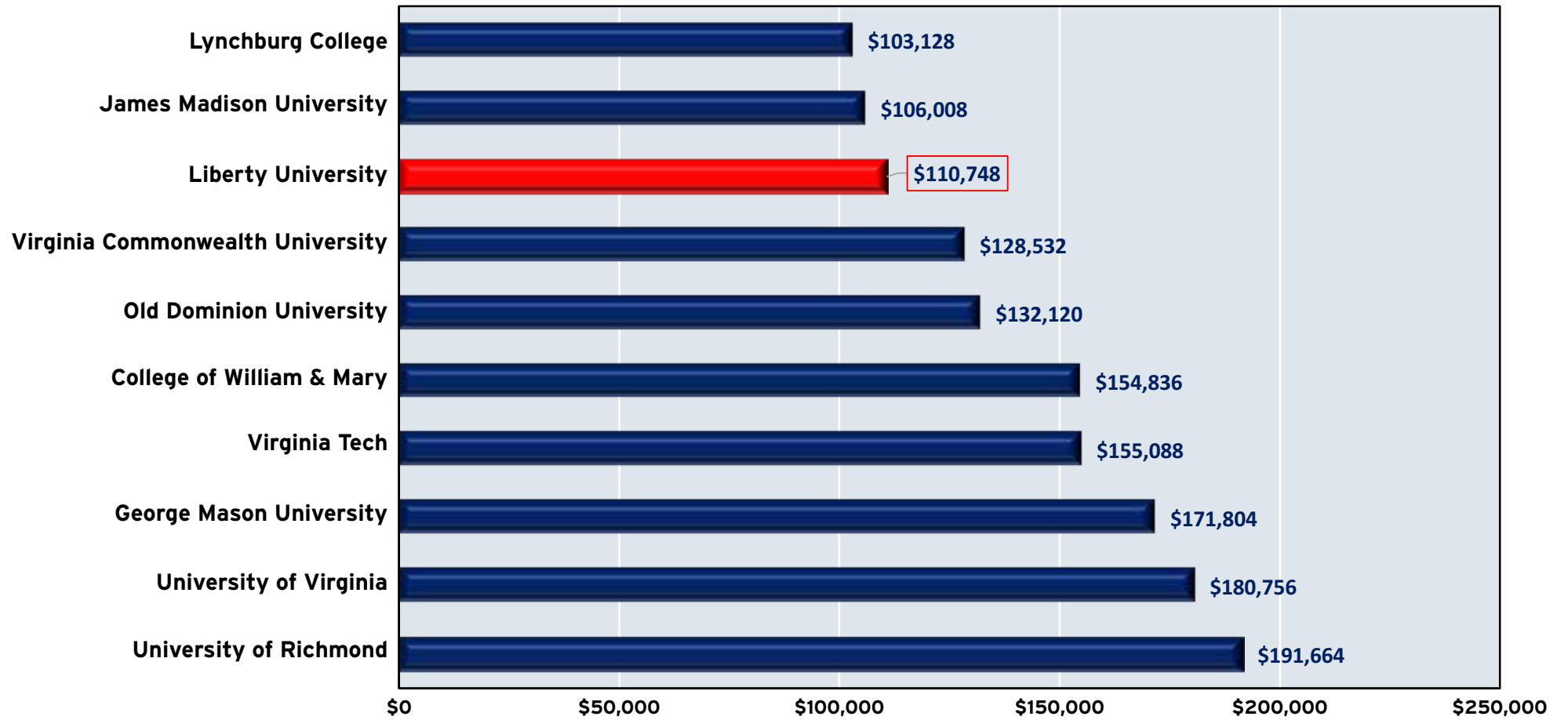
AVERAGE FACULTY SALARIES BY RANK, LIBERTY UNIVERSITY AND VIRGINIA AVERAGE, 2015-16



Source: American School Search, www.american-school-search.com

GRAPH 5

AVERAGE FULL PROFESSOR SALARIES AT SELECTED VIRGINIA INSTITUTIONS, 2015-16



Source: American School Search, www.american-school-search.com

Intercollegiate Athletics

An important part of the Liberty University dream is that the institution will field nationally successful Division I intercollegiate athletic teams in every major sport. This vision certainly includes football, where the Flames anticipate being invited to join the NCAA's Division I Football Bowl Series (FBS) Division. This would involve Liberty leaving the Big South Conference and likely competing as an independent for some period of time. It also implies expansion of the university's Williams Stadium, which though renovated in 2010, has a seating capacity of only 19,200. Already under construction is an indoor football practice facility that will have a major positive impact on the university's ability to recruit quality football players.

Liberty opened its 2016 football season with a game at Virginia Tech and also played on the road at Southern Methodist University. This was not accidental scheduling – a big-time, highly visible, successful football team is an important part of Liberty's self-image for its future. Notably, in the university's boardroom, one can find on a wall a copy of a 2012 letter to Falwell from Father Theodore M. Hesburgh, the well-known president emeritus of the University of Notre Dame. Hesburgh, who knows more than a little bit about playing top-flight football outside a major conference as well as using football success to promote a university, commented that Liberty was on “the trajectory to success.”

Measures Of Financial Success

It is one thing to increase enrollment via expansive new programs; it is quite another to do so in a financially sound, profitable manner. Graph 6 reveals that Liberty University's revenues in 2016 were 15 times as high as they were in 2000.

One of the most remarkable aspects of Liberty's ascent has been its simultaneous ability to grow its revenues and to control its costs. Graph 7, which reports the university's net financial assets, demonstrates that its business model has been implemented in a very successful fashion. **Since 2007, when Falwell assumed leadership, the university's net financial assets (endowment plus retained earnings) have increased in value from \$150,756,140 to \$1,811,000,000 – a 1,101 percent increase. Liberty's net asset growth primarily reflects retained earnings generated by its productive business model.**

The 2016 value of the university's endowment is a healthy \$1.093 billion. While Liberty has received some gifts that have added to its endowment, the predominant source of endowment growth has been the institution's positive annual cash flows. The two primary purposes of the endowment are to sustain the university into perpetuity and to provide scholarship aid to students.

The salient point, however, is this: In addition to attractive, well-regarded, accredited academic programs, Liberty has developed a very successful business model that generates impressively large cash flows. These cash flows emanate primarily from the institution's online offerings. As such, they are subject to the vagaries of a rapidly evolving higher education marketplace.

New online competitors have been appearing across the spectrum – some that undercut Liberty in price, others that cream skim the upper portions of the market and still others that roughly imitate many of the things Liberty is doing. The online education market space is becoming crowded

and beckoning constantly are new technologies, innovative methods of delivery and new software packages that purport to enhance learning.

All of this makes Liberty's future in the online education arena somewhat uncertain, a reality that occupies an important part of Falwell's thinking as he contemplates the university's future. He believes that Liberty's online enrollments, which declined a bit in 2015-16, gradually will recede to much lower levels. Hence, he seeks to prepare Liberty for the day when it will be a well-

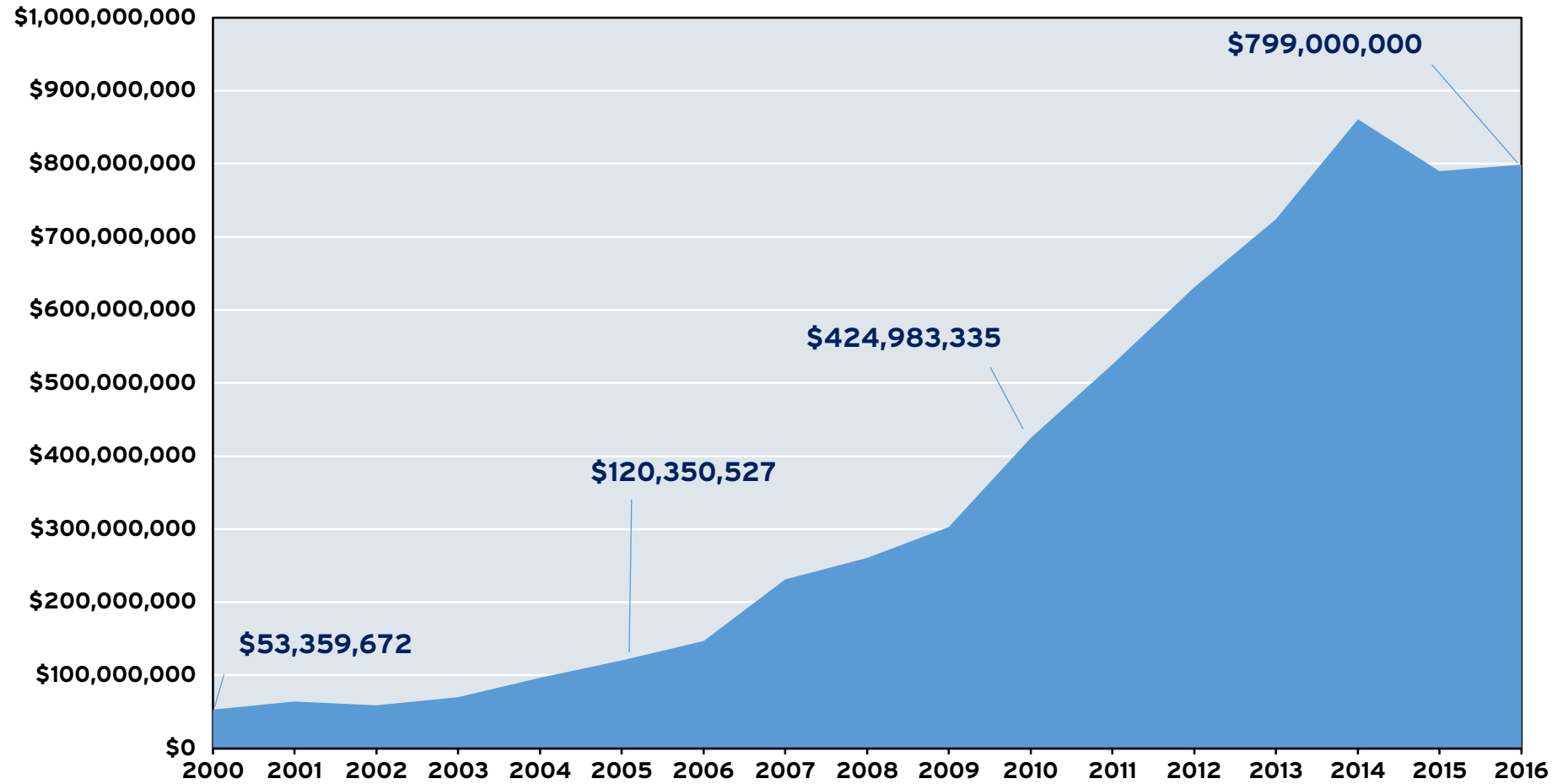
endowed, high-quality institution with 15,000 residential students and considerably fewer online offerings. And, yes, spoken about in the same breath as Notre Dame and Brigham Young.

Falwell wants to have an endowment of \$3 billion or more when that day arrives. If the university can maintain its current annual cash flows, it could achieve this goal by 2022. This prognosis, however, presumes a great degree of stability in the online education marketplace that may not be merited. Hence, 2025 or later may be a less risky projection.



GRAPH 6

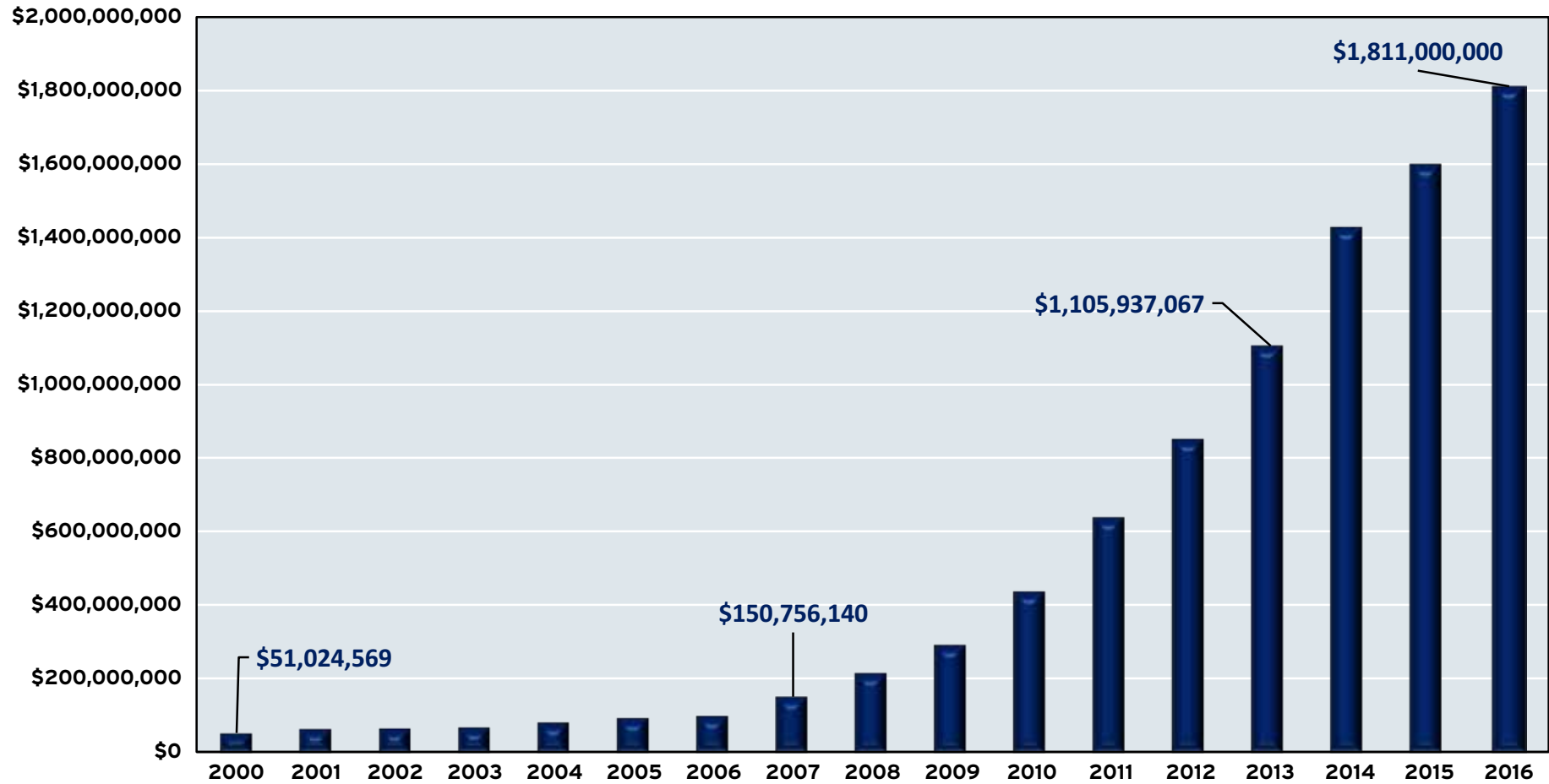
LIBERTY UNIVERSITY'S ANNUAL REVENUES, 2000-2016



Source: Liberty University

GRAPH 7

THE VALUE OF LIBERTY UNIVERSITY'S NET FINANCIAL ASSETS, 2000-2016



Source: Liberty University

The Lynchburg Connection

The Lynchburg metro area boasts more than 250,000 residents. Liberty University, with approximately 8,800 employees, is the largest employer in the region, followed by Centra Health with approximately 6,500 employees. Liberty has become Lynchburg's most important economic engine. A 2014 economic impact study of the university performed by Mangum Economics asserted that one of every five jobs in the city of Lynchburg is due to Liberty, which generated \$1.1 billion in local economic activity and \$9.2 million in additional tax revenues for the city.³

The university's relationships with the city of Lynchburg are friendly and cooperative, but perhaps this was not always so. In recent years, it has been virtually impossible for anyone in Lynchburg not to understand that Liberty has been providing badly needed economic energy to an otherwise somewhat torpid local economy. This has encouraged elected officials and government employees to treat the university's requests with greater dispatch and concern. This is a story common to many cities that host a rapidly growing college or university.

Liberty recently found an additional way to stimulate the local economy when it purchased 75 percent of the nearby River Ridge Mall. New restaurants, retail stores and entertainment venues are planned, with some possibly incorporated in an open-air concept. The mall represents part of a deliberate diversification of Liberty's investment portfolio and represents its third investment in a local shopping center.

Final Thoughts

The analysis in this chapter has not touched on the Moral Majority, conservative politics, lawsuits against the Affordable Care Act, guns on campus or any of the other hot-button issues that some people associate with Liberty University. Instead, the focus has been upon the institution as an academic and economic phenomenon. One should not allow what one observer termed "the issues" to divert one's attention from the amazing transformation that has occurred at Liberty in recent years.

President Falwell clearly notes, "From the beginning, our goal was not to create another Bible college. Our vision is to create academic excellence, world-class facilities, NCAA Division I athletics and abundant student activities, and to provide all of this within a distinctively Christian environment." A fair reading of the evidence leads one to observe that Liberty is well along the path to achieving those goals.

There is more work to be done before the university can reach its goals, and no doubt it will be challenged significantly by the rapidly changing higher education environment. Nevertheless, few institutions have demonstrated more ability to assess higher education trends and the emerging needs of students. Thus far, and without question, it has been an impressive ride.

³ www.newsadvance.com/news/local/study-lu-has-billion-in-local-economy-impact/article_eb414992-8fbd-11e4-b121-176903d07d6e