



President's Report

Dear Alumnae and Friends:

I am pleased to submit this State of the College report along with our Honor Roll of Donors for the academic year 2007–08. We have faced

many challenges and changes since I joined the College last year, yet we also have transitioned successfully into a coeducational institution that preserves the academic excitement, the honor code, and the cherished values for which the College has long been known.

As I travel to meet alumnae and other supporters around the country and also welcome many of you when you return to campus, I have gained a much greater understanding of this institution, its alumnae and its rich history as Randolph-Macon Woman's College. We are proud of our heritage and know that much of the future success of Randolph College rests on the reputation, leadership, endowment and support of alumnae of Randolph-Macon Woman's College. We are finding ways to focus on the future while honoring and remembering the past. I am grateful for the passion felt for this College by so many of you. An overarching institutional goal is to strengthen relationships with alumnae and other supporters so that you continue to feel connected to the College and keenly interested in its success.

I am optimistic and excited about the future of Randolph College, and many among our alumnae, faculty, staff and students share that enthusiasm. However, we must temper that optimism because we continue to face challenges in the near term, including enrollment and the recent financial meltdown.

PROGRESS ON MANY FRONTS

While we had to make a number of difficult decisions last year in order to strengthen our financial outlook, it is important to highlight the many positive accomplishments

during the academic year 2007–08 that have moved the College forward. These include:

- Completing the first year of our transition to coeducation and building the foundation for future years
- Presenting a strong case to the Southern Association of Colleges and Schools (SACS), which convinced them to remove us from financial warning
- Successfully concluding the lawsuits about coeducation and art
- Selling one of our four paintings, *Troubador* by the Mexican artist Rufino Tamayo, at a record price
- Granting tenure to 11 talented faculty members
- Agreeing with the faculty on a vision, mission and core characteristics statement for the College
- Establishing a voice for Randolph College and producing many strong communication pieces, including white papers entitled *Endowment and Our Art* and *Seeking Balance*; a publication focusing on students entitled *Randolph College In Profile*; and timely e-newsletters
- Successfully hosting what we hope will become an annual symposium showcasing the work of our students and faculty
- Planning, securing funding for, and beginning construction of a new field and track
- Developing a 10-year Facilities Master Plan concept, which was ultimately approved unanimously by our Board of Trustees in October 2008
- Reconnecting with alumnae with visits to 15 alumnae chapters around the country

- Receiving \$10.1 million in total giving, the fourth largest amount in our history, including just over \$2 million for the Annual Fund
- Attracting four very capable people to our senior team: Vice President for Academic Affairs and Dean of the College Dennis Stevens, Dean of Admissions and Student Financial Services John White, Director of Athletics Tina Hill, and Director of College Relations Rob Tucker. All have brought energy and fresh ideas to the College.

ENROLLMENT CHALLENGES

Enrollment continues to be our biggest concern and highest priority. The College’s goal is to increase enrollment to 1,100 students over the next decade, while continuing to keep the tuition discount rate at an acceptable level and increasing the academic qualifications of entering students.

The College’s enrollment hit its high point in 1966 and has been declining in phases over the last 40 years. In academic year 2007–08, the College’s first coeducational class was within the range of the previous 10 years and included one-third men, but our total enrollment declined, due principally to transfers. Enrollment was lower again this year, we believe due to the intense controversy, litigation, and negative publicity endured by the College. We now have fewer than 600 students enrolled, from a high of nearly 900 students in 1966.

The news is not all bad, and we are encouraged by many results we are seeing. The College has been able to increase net fee revenue per enrolling student faster than anticipated for each of its first two coeducational classes. Tuition discounting for first-years has now been reduced to levels that are more in line with our peers. New student academic qualifications have remained strong, and the academic credentials of the new male students are approximately the same as the new female students.



Creating a campus environment that enhances enrollment is a second overarching institutional goal for the College this year. Staff, faculty, and students are engaged together to make that happen, and the refreshingly positive atmosphere on campus is helping.

The new Dean of Admissions and Student Financial Services has made changes to our enrollment strategy, has restructured our Admissions Office, and is working aggressively to ensure that enrollment increases in fall 2009. Positive changes include strengthening enrollment staff through new hires and training; increasing recruitment focus on geographic and demographic areas with the greatest potential for enrollment yield; improving the quality of the student tour-guide program; requiring application fees to help identify serious applicants; and hiring a strong external consultant to enhance the College’s enrollment and financial aid efforts.

Inquiries for fall 2009 enrollment have already exceeded last year’s total inquiries for fall 2008, but the College’s experience underscores the importance of working hard to focus our resources most productively and efficiently throughout the recruitment process.

The recruitment process is bolstered by results of the National Survey of Student Engagement. The College’s first-years and seniors participated in this national survey during the spring of 2008. Compared with students nationally, Randolph College students reported significantly higher scores in benchmarks of “enriching educational experiences,” “student-faculty interaction,” and “level of academic challenge.” Randolph College was also significantly higher for first-year students on “supportive campus



environment” and approximately at the national benchmark for “active and collaborative learning.”

SHARPENING OUR FOCUS

The faculty, administration, and trustees agreed on a vision, mission and core characteristics statement last spring, affirming our commitment to the liberal arts and sciences, more clearly defining our honors, global, and experiential learning characteristics, and recommitting to our honor system. The statement is still a work in progress, and we plan this year to develop a simple and effective narrative that defines what the College is and what it aspires to be. My inaugural address in October presented some ideas on this subject.

While SACS has removed its financial warning, the College is still being monitored. We submitted a report to SACS on our progress and future plans in September 2008 and hope to have SACS monitoring behind us by December. We must sell the remaining three paintings to provide a substantial infusion into our endowment. The lawsuits in 2007–08 and the financial meltdown of this year have made this difficult, but we will sell when market conditions permit.

As we manage enrollment growth, we must update our academic, administrative, residential, and athletic facilities. The College’s new Facilities Master Plan charts an exciting course for the next 10 years, with new academic, administrative, and athletic buildings; renovations to the library and the student center; a new and more central facility to showcase the College’s art collection; new residence halls; and upgraded infrastructure. The plan is guided by a desire to maintain the historic beauty and charm of our campus, while allowing us to grow responsibly. Most of the new buildings outlined in the Facilities Master Plan will be tied to growth in enrollment, but renovations to the library and student center and a new athletics facility have been postponed for years and have high priority.

We will need substantial additional resources to accomplish these plans. Some of those resources will result from increased enrollment revenues, and some will come from additional borrowings. But we will depend heavily on the generosity of alumnae and friends to help the College move

forward, as has happened in the past through the support of generations of alumnae and friends.

STRENGTHENED FINANCIAL OPERATIONS

Randolph College is committed to achieving long-term financial equilibrium, and many people are working very hard in multiple ways to achieve that goal.

The College’s audited financial statements for 2007–08 show improved results and a strong balance sheet. For the fiscal year ending June 30, 2008, the College experienced a break-even operating result, at a seven percent endowment spending rate, despite the challenges of declining financial markets and contentious litigation.

The College’s operating results were stronger in 2007–08, the first year of coeducation, than they were in 2005–06, the year prior to adopting the new strategic plan, even after factoring in the increase from five percent to seven percent in the College’s endowment spending rate for operations. The College’s long-term goal is to lower its total endowment spending rate to five percent over the next five years.

The major operational improvements over the two years included reducing operating expenditures by over \$500,000 and increasing net tuition and fees by over \$800,000. With enrollment down, the increase in net tuition and fees was attributable to a decrease in our tuition discount rate for new students.

A good indication of the College’s improved operations is the cash used in operations, which improved from \$5.1 million in 2005–06 to \$3.5 million in 2007–08. While conventional wisdom would say that having any cash used in operations is unfavorable, this is not necessarily the case with Randolph College and other institutions that have large endowments relative to their student enrollment. Our endowment is one of our great strengths.

Another positive sign is that the College improved its Composite Financial Index (CFI), a measurement designed to answer the question, “What is the overall level of the financial health of the institution?” In the last two years, the

College has increased its CFI from 5.54 to 6.45, putting the College in the top 25 percent of independent institutions based on research conducted by the Council of Independent Colleges. Our independent auditors have told us that an increase in the CFI is particularly unusual in 2007–08, as the broad investment market declines caused most of the institutions they work with to experience a declining CFI from their 2006–07 levels.

The College's managed investment portfolio, which adopted a more conservative and defensive asset distribution and lower equities exposure in February 2008, had a year-end return of -0.4 percent, considerably outperforming its benchmark and the Russell 3000 Index. The College's endowment remained at \$153 million as of June 30, 2008, the same as a year earlier.

CHALLENGES AHEAD

It is an inescapable fact that the decline in financial markets during fall 2008 will impact the College. Even with our defensive measures, our investment portfolio will be negatively affected by market conditions, and it is also likely that more students will have trouble affording the costs of a Randolph College education.

However, we are not alone in these challenges. Every college is facing these issues. The good news is that we are in a better position than we were just two years ago, thanks to the tough decisions that have been made. While the College's revenues and expenses are not yet in the balance we seek, we are improving, and our endowment affords us more protection than other similarly situated colleges.

Our hard work is not behind us, but we are making significant progress and we are deeply grateful for the support of our alumnae and friends. Your gifts to the Annual Fund and for capital and endowment needs will be even more important than ever as we build a bright future for the institution we hold so dear.

Thank you for your continuing support.

