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From: **John Klein** <officeofthepresident@randolphcollege.edu>

Date: Sep 21, 2007 5:09 PM

Subject: Randolph College Update - September 2007

September 21, 2007

Dear Randolph College Community,

With a month's experience as president, I continue to be impressed with the caliber of young women and men who call our campus home. While every tough transition has its issues, we at the College are enthusiastic about the student body, the vibrancy of the campus, and the large increase in interest from prospective students.

There are detractors, however, and I want to update you on issues you may be reading or hearing about, especially with respect to the College's accreditation status, artwork, and ongoing litigation.

The College is fully accredited by the Southern Association of Colleges and Schools. SACS placed the College on warning last December for failing to comply completely with a core requirement related to financial stability. The warning is not directed in any way toward our academic program. In fact, SACS affirmed the College's offering degrees at the master's level at the same time it issued the warning.

The SACS warning pertains principally to the College's high tuition discount rate and operating deficit. SACS' findings were consistent with those of the Board of Trustees whose analysis of enrollment trends and likely long-term financial challenges contributed to the College's decision to become coeducational and implement a new strategic plan.

The College has taken the SACS warning seriously and instituted a number of measures, including reducing staff and cutting expenses. The College has budgeted a more moderate endowment spending rate for 2007-08 and achieved a lower tuition discount with the current first year class. These are strong, positive steps.

Neither the College's operating deficit nor the SACS financial warning is an immediate threat to our existence as an accredited college. The College has an endowment of \$153 million, which is large for a college of its size, but it needs an additional capital infusion to lower the endowment spending rate until the

College can increase its enrollment and lower its tuition discount. The Board's difficult decision to share or sell selected pieces of the College's artwork, a decision which has stimulated a spate of media attention, was taken to accomplish this goal.

In other news, we learned this week that the Virginia Supreme Court has agreed to hear the appeal of two lawsuits filed against the College and dismissed in the lower court. This is one more step in a litigation process that has been ongoing for almost a year. We will abide by the court processes, and we are confident that the decision will be in our favor.

Meanwhile, this does not alter the College's coeducational status. We have bright, energetic students, and we have experienced a surge in interest and inquiries from prospective students. In fact, our domestic inquiries to date have already outpaced what we typically received during a total year as a single sex institution.

We are committed to ensuring the success of Randolph College, and we will continue to take the positive steps necessary for the future of the College and its students.

Sincerely,

John E. Klein

President