

PRESIDENT'S REPORT
TO THE
BOARD OF DIRECTORS

May 15, 1987

On January 1st of this year I began my fifth year as President of Lindenwood College and on June 30, 1987 the college will conclude its fourth fiscal year under my leadership. This report is a brief and candid evaluation of Lindenwood's activities these past four years in ten areas which may be helpful to this Board as it plans for the future of Lindenwood.

Area One
The Image of Lindenwood

Once known as the "Wellesley of the West," this second oldest college west of the Mississippi has experienced some turbulent times in the past twenty years. The cumulative effect resulted in an unstable image of this venerable old college to the general public. In the 70's and early 80's Lindenwood was perceived, with just cause, to be on the brink of financial collapse. The college's good academic reputation, though still intact, was in danger of rapid erosion.

A good image is of bedrock importance to a college like Lindenwood. Without a positive public image, strong volunteer leadership, able and numerous students, competent faculty, and generous gift support are almost impossible to attract and retain.

The college has addressed this problem of image by accepting the challenge to build a stable institution that will naturally reflect a positive image. Across the long pull, a college can reflect only what it actually is.

As the college improves internally, coordinated efforts are being made to make the public aware of the renaissance of Lindenwood. Four new publications, each targeted for a specific segment of the college's constituency, have been initiated. The college's advertising budget has been vastly increased. Additionally, the college is reaching out through its academic offerings, conference and short term programs, public appearances by its administration, faculty and staff, and participation by its President and other administrators in area business, civic and charitable efforts. The college's public radio station, on the air for 18 hours every day of the year, is increasing its power from 1,500 to 25,000 watts, and we will soon begin an extensive evaluation of its role in promoting a positive image of the college.

Area Two
Litigation

In the area of litigation the college has had exposure in recent years that has damaged the college's image but which, thankfully, is greatly diminished, although at a considerable monetary cost to the college. Legal fees and settlement costs have totaled \$230,960 the past four and one-half years. Balanced against this is a \$70,000 net settlement in the college's favor in the lawsuit over the stadium turf. Still pending are two lawsuits filed against the college by its former President, three liability suits being handled by the college's insurance company, and one estate case on a contingency basis.

Area Three
Accreditation

Hard evidence that the college is recovering a stability that provides substance for a positive image is found in the progress achieved in the area of accreditation. In 1982 the college's accrediting agency, the North Central Association, threatened to place the college on probation because of its critical financial condition. Only after an appeal made at a Chicago meeting of the North Central Association Commission by Vice Chairman Walter Metcalfe, did the Commission agree to delay a decision on probation until 1984. After a 1984 visit by an accreditation team from the Commission, the college was granted an extension of its accreditation until a focused evaluation scheduled for early 1987. In February of this year, an evaluation team from the Commission made a focused evaluation and has recommended full accreditation for Lindenwood until 1984, the maximum time permissible. The team was especially complimentary of the progress the college has made in regaining financial stability. After experiencing several years of accreditation turbulence, Lindenwood can address other critical concerns without accreditation questions lurking in the background.

Area Four
Volunteer Leadership

The progress Lindenwood has made in restoring a positive image, enduring litigation with a minimum of damage, and regaining full accreditation would not have been possible without a growing and enthusiastic cadre of volunteer leadership. Under the conscientious oversight of Chairman Robert Hyland, the Board of Directors has increased in number and in sharing the time and talent of individual members. In response to the leadership of Board member John Hannegan, Board members have increased their financial support of Lindenwood. From a time in the late 70's when 8 to 12 Board members were involved in active leadership, the Board now totals about 30 with well over 20 of that number actively involved.

In addition, the Board of Overseers, formerly unorganized and existing only in theory, is active with 30 members involved in providing programmatic oversight for Lindenwood.

Other college endeavors involving extensive volunteer leadership include a number of fund raising programs under the guidance of Board member Thomas Gossage, including the highly successful Business Partnership Campaign headed by Board member Clayton Wilhite; the Loaned Executive program now in progress; and the proposed formation of a National Advisory Council.

Among those providing hours of volunteer leadership are the college's alumni, headed by Board member Maurita Stueck. The growth of alumni giving and interest has been phenomenal and both continue to be on the increase.

The willingness of Lindenwood's volunteer leadership to be involved actively in the work of the college is as refreshing and exciting as it is necessary. Without an active volunteer constituency, a private college cannot survive. The vested interest of Lindenwood's volunteer constituency rests on its will to see this college survive and prosper. Without this strong will to survive as a quality college, Lindenwood's future would be bleak.

Area Five
Administrative Leadership

As important as volunteer leadership is to a college, these leaders must have the assistance of a strong administration. In the past four years there has been an almost complete turnover in the college's senior executives. In the past four years, 17 of the 20 top college executives are new, including the President and all Vice Presidents.

While I believe this turnover was necessary, and in many cases inevitable, it has caused programmatic instability. Only within the past twelve months has there begun to evolve a strong administrative team which understands the tasks confronting the college and which is committed to working together to accomplish these tasks.

Area Six
Faculty Leadership

A college is first and foremost an intellectual community of seekers after truth led by a dedicated and capable faculty. Without such faculty leadership, no college can achieve its mission of satisfying the intellectual thirst of the students it enrolls.

Through the years Lindenwood has been blessed with strong and committed faculty members. Thankfully, in spite of the turmoil the college has undergone in recent years, and in spite of faculty salaries considerably below the average of that of other private colleges of similar size, the college's faculty continues to be composed of strong members.

The size of the full-time faculty has been reduced from 56 members in 1982 to 48 members, currently. The greatest danger to the continuation of a strong faculty is the loss of younger faculty members of great promise who are attracted by the higher salaries they can receive elsewhere.

A second concern is the recruitment of a critical mass of full-time traditional aged students to guarantee sufficient students in the departments needed to operate a first class liberal arts college.

This year the faculty has completed an extensive revision of the college's core or general curriculum that is forward looking and in keeping with the kind of world in which Lindenwood graduates will live out their days. Once again, Lindenwood's faculty has demonstrated qualities of creativity and innovation for which the college has gained an enviable reputation.

Area Seven
Facilities

Like many older private colleges, Lindenwood has facilities, the age of which is both a blessing and a bane. Deferred maintenance and closed buildings, plus inadequate physical education and student services facilities, hinder the college's recruitment efforts, especially among traditional aged students. The campus setting is as beautiful as exists at almost any college, but millions must be spent to catch up with deferred maintenance, open closed buildings, and provide even minimal new facilities.

Some progress has been made. About a half million dollars has been spent on physical improvements the past four years. A 1984 master plan of the campus is being updated by the architectural firm of Hellmuth, Obata, and Kasselbaum, thanks to the generosity of Board members David Wilhelm and Robert Hyland. A number of groups have furnished funds and labor to refurbish classrooms in Roemer Hall. Two individuals are providing \$20,000 to redecorate Ayres Cafeteria.

The college's maintenance staff and ground crew are doing a good job with limited resources. As funds become available to implement the master plan for campus improvements, the physical and aesthetic attraction of the campus will be greatly enhanced.

Area Eight
Finances

It was apparent four years ago that Lindenwood must regain its financial stability. Although the college is far from having a comfortable balance sheet, Lindenwood's improved financial condition is significant.

At the end of this fiscal year, it is anticipated that actual operational receipts (including gifts) will, for the first time in over 20 years, cover actual operational expenses. With the completion on October 1, 1987 of the transfer of ownership of the college's remaining 20 acres in the 50-acre Lindenwood Village development, Lindenwood's short term bank indebtedness will have been reduced from over 3 million to less than \$200,000 in a four year period. The endowment loan, being reduced by interest and principal payments of \$10,439.91 monthly, is still an irritant that totals \$697,302.14.

To regain financial stability, the college has done the following:

One - Discontinued borrowing to meet operational expenses.

Two - Eliminated short term debt and high interest costs by selling assets; i.e. unrestricted endowment (1.2 million); Lindenwood Village acreage (2 million); Commerce Bank property (net to current of \$117,000); Presbyterian Church property (net to current of \$200,000 and \$100,000 to Capital Renovation Fund).

Three - Increased the level of giving to the college from an annual average of \$162,000 in the years 1972-1982 to an anticipated \$1 million for the year which ends July 1, 1987. Significant in this giving progress is the increase in the percentage of alumni contributing from 4.8% in 1982 to 45% for the current year; a pacesetter gift of \$100,000 this year by Board member Ray Harmon; and increases in Board giving from \$4,000 annually to nearly \$100,000, exclusive of the Harmon gift.

Four - Achieved a mix of staff, faculty and program reductions along with tuition and room and board increases that has helped to produce four consecutive balanced budgets.

Five - Maximized year-around use of facilities in order to secure additional revenue.

Six - Made a conscious and consistent effort to attain optimum efficiency in all areas of the college's operations, including the initiation of the Loaned Executive Program.

Seven - Made significant changes in the college's academic program to improve both the content and market attractiveness of all college offerings.

Eight Targeted the recruitment of students as the number one priority of the college.

Area Nine

Student Body Composition

During the past four years, the recruitment of students has been the major focus of the college. Essentially the college recruits two groups of students: traditional aged, full-time, day students and nontraditional, adult students, largely part-time. Approximately 30% of its students are in the first category and 70% in the second. Of the total tuition revenue projected for 1987-88 of, \$6,149,682, 47% or \$2,869,409 will come from the day college and the remaining 53% or \$3,280,273 almost entirely from adult students. The projected board and room revenue from traditional aged students totals \$709,000. Thus the projected total revenue to the college from traditional aged students of \$3,578,409 exceeds total revenue from adults by about \$300,000. However, when the \$727,000 of student aid from college funds is subtracted, the net revenue to the college from traditional aged students is \$2,851,409.

Total projected revenue from tuition and fees is \$6,287,982 or 71% of total projected income. When auxiliary income is added, 87% of the total projected income is derived directly from operations. Obviously, the college is heavily dependent on the success of its recruitment programs.

All the day students and about 2/3 of the adult students take their classes on the St. Charles campus. Off-campus centers are maintained in rented facilities at West Port, Mansion House in downtown St. Louis, and Clayton. From time to time classes are offered on the site of area industries, offices, etc.

A major effort, that has been very successful, has been made to recruit day students with high academic potential. Last fall Lindenwood's entering freshman had an average ACT score second only to Washington University among St. Louis area colleges and universities.

The total number of students has not achieved desired and needed levels. However, with the coming of Dr. Keck, the entire academic program is receiving the unified administration needed to assure the delivery of an academic product that will enable Lindenwood to achieve its recruitment goals. Prospects for increased numbers for nearly all areas in the fall of 1987 are very good. As of April 30th, 264 returning

day students had pre-registered for the fall. This is over our projected goal of 260 returning students. We anticipate 215 new students and are budgeting on the basis of a total of 475 day students.

Area Ten
The Future of Lindenwood

Based on the preceeding discussion of Lindenwood's current status, I have four observations to make regarding the future of Lindenwood College.

First, there is cause for optimism. This college can continue to be a viable and worthwhile institution of higher education. We have proven that we can survive tough times. Although the path ahead will not be easy, it can be traveled if we want to continue the journey. There remains a critical need on the higher education landscape of America for private, independent colleges like Lindenwood who major in the liberal arts, provide individualized attention for the total educational needs of each student, and consistently emphasize the importance of values in the educational process. With our outstanding legacy, our prime location, and our unusually strong leadership, we can, if we have the will, continue to survive, and in time, prosper.

Second, there is cause for concern. Lindenwood is millions of dollars and years away from, once again, becoming the kind of first-line, quality liberal arts college it once was. The donors of those millions will have to be found and persuaded that Lindenwood is worthy of their generosity. It will take years to accomplish all that needs to be achieved and those years must be lived out by volunteer and employed leadership who possess both patience and tenacity. Whether such generous donors and persistent leaders will be present in sufficient numbers is reason enough for those who care about Lindenwood to be concerned. However, the fact that in a four and a half year period the number of donors to the college has increased by 1,000% (from 500 in 1982 to 5,000 in 1986) provides solid basis for hope that such donors can be recruited. In the past four and one half years gifts have totaled 3 million dollars, double the amount contributed in the previous ten years. Giving statistics like these, help to temper concern that is inevitable as we ponder the college's immense financial needs.

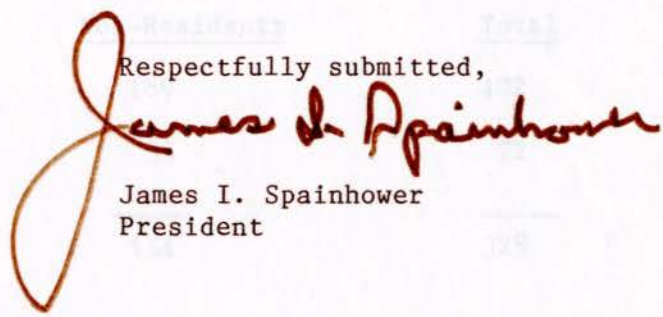
Third, there is cause for caution. An institution emerging from near bankruptcy that remains heavily dependent on enrollments and gifts for financial solvency must be cautious. Such colleges are vulnerable to competitive forces that can diminish its supply of students and siphon off its sources of gifts. The Greater St. Louis area has more institutions of higher education than it needs. All of these institutions, private and public, are going to the same corporate and charitable sources for gifts that are being solicited by Lindenwood. In addition, numerous colleges and universities from outside the area have opened teaching centers that compete for students. Here in St. Charles County the new St. Charles Community College and the nearby University of Missouri at St. Louis compete

for students by offering tuition rates far below Lindenwood's. Despite the recovery Lindenwood has obviously made, now is not the time to throw caution to the wind.

Fourth, and finally, this is no time to despair. This fall beneath the lindens on this magnificent campus Lindenwood will begin its 160th academic year. This grand old college has endured much and conquered more. I have no doubt that for as long as the mind can envision, from this beautiful and inspirational spot, opportunities to gain a first rate educational experience will continue to be offered.

I thank this Board for permitting me to share with it in the excitement of making these educational adventures available for our generation.

	1962-63	1963-64	TOTAL
Currently Enrolled	513	513	1026
Graduating	37	37	74
Eligible to re-enroll	174	174	348
Pre-reg.	145 (832)	145 (815)	290 (1647)
Not returning	27	11	38
Status unknown	4	15	19

Respectfully submitted,

 James I. Spainhower
 President