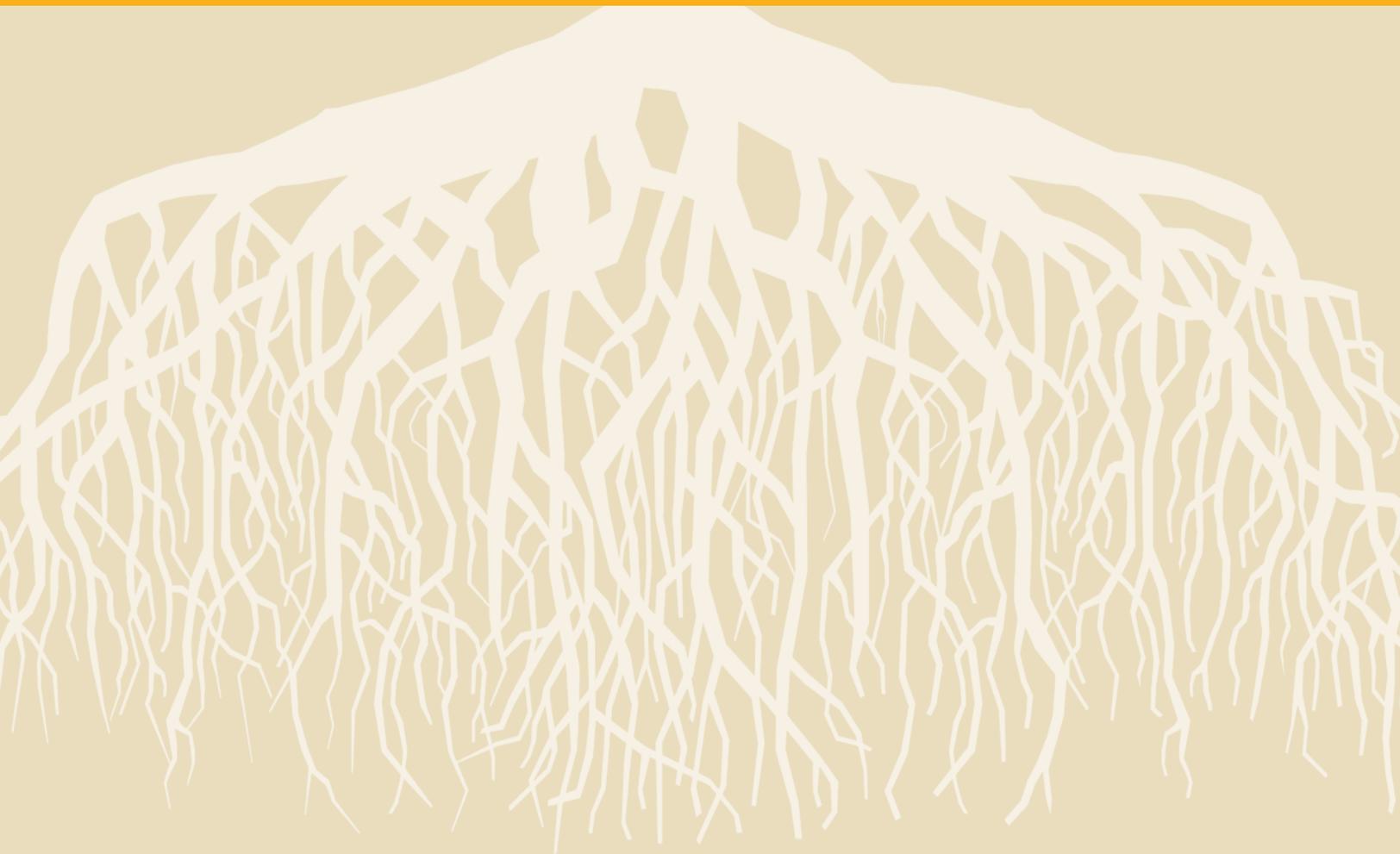




R O O T S & B R A N C H E S





*If you bring the warmth of the sun to them
they will open and bring form, color, perfume to you,*

*If you become the aliment and the wet
they will become flowers, fruit, tall branches and trees.*

- Walt Whitman, "Roots and Leaves Themselves Alone"

**ROOTS AND
BRANCHES:
A STRATEGIC
DIRECTION FOR
AUSTIN COLLEGE
2010-2014**

This document describes an ambitious vision for the immediate future of Austin College—what we want it to be in 2014—and the specific plan we will follow to realize that vision.

Our current planning is undertaken in the context of serious nationwide financial distress but it is equally shaped by our shared commitment to the values and practices that sustain a first-rate liberal arts education. Thus, our challenge is to adjust wisely and quickly to the new financial reality without sacrificing quality; indeed, to do it while *enhancing* the value of an Austin College education.

Because the immediate challenges are pressing ones, we have kept our time horizon relatively short; the goals outlined in this document will be achieved as early as 2014. Even so, the results we will achieve are crucial ones and will play a key role in the College's success far into the future.

A. OUR MISSION

Since 1849, Austin College has maintained an unwavering commitment to the transformative power of a liberal education. We take pride in our deep roots. With the leadership of a committed and caring faculty, we continue to offer a rigorous liberal arts education. This education is conducted in a residential setting that fosters the development of meaningful relationships and builds a sense of community. Growing from these roots, we continually reinvent this tradition so that it remains responsive to rapidly changing conditions.

Now, perhaps more than ever, we are aware of our responsibility to prepare engaged citizens for the global community. We strive to equip our graduates with the intellectual, experiential, and cultural tools they will need to navigate the rapidly evolving social, economic, and business environment of the 21st century. The fact that our alumni continue to take their places in the top rungs of government, business, the professions, religious life, and public service confirms the lasting tangible value of an Austin College education.

Special features that contribute to our outstanding outcomes include our nationally recognized study abroad program, campus-wide leadership development programs, the preparation we provide to students entering medical and other professional schools, interdisciplinary programs that foster rich connections across the arts and sciences, our freshman year program, and a formal faculty-to-student mentoring program that ensures every AC student receives the highest degree of academic support.

The core values listed in the Austin College Mission Statement—academic excellence, integrity, personal growth, justice, community service, and participation in civic life—reflect the historic and ongoing relationship between Austin College and the Presbyterian Church (USA), as well as the College’s commitment to offer a nonsectarian education that fosters the exploration and development of values through an awareness of the world’s religious, philosophical, and cultural traditions.

The College has a longstanding tradition of making access to education possible for under-represented groups. From its almost one hundred year history of coeducation to the economic, religious, racial, and cultural diversity of its current student body, Austin College remains committed to engaging talented students irrespective of background.

Guided by these ambitions and the opportunities for our students to see and experience the world’s complexities first-hand, our graduates are prepared to be leaders in their communities. As Loren Pope wrote about Austin College in *Colleges That Change Lives*, we are “doing the essential work of producing the enlightened, responsible, creative people with moral compasses who make democracy work.”



B. OUR CHALLENGES

No strategic plan can succeed without sound financial planning and widespread understanding of the budget model by members of the community. It is in the spirit of these values that we have engaged in transparent, broad-based and realistic financial planning.

The College has three core income streams: student tuition and associated auxiliary charges, income drawn from endowment earnings, and annual gifts and grants that support operations. From this income, the College must meet its primary expenses: financial aid for students, faculty and staff salaries and benefits, upkeep of our campus buildings and grounds, and support for academic and co-curricular programs.

In recent years, the College's endowment had supported approximately 20% of annual expenditures. The drop in financial markets has caused a significant reduction in the value of the College's endowment and hence in the amount of money it generates annually. The effect of this reduction has been exacerbated by laws that limit endowment spending from "underwater" funds. (Broadly rising markets during much of the last decade meant that few funds ever dipped below their original value and in some part masked the degree to which the College, like other endowed institutions, implicitly depended upon the continued rise in the financial markets.)

The combination of reduced earnings, state law, and financial prudence means the College is no longer able to continue its practice of an aggressive 7% endowment draw; for the foreseeable future we must accustom ourselves to a more conservative and sustainable 5.5% draw rate—a good discipline, but one that is challenging in the near term. The net effect of these changes has been a drop of more than 35% in annual endowment income.

The pressures on the College's budget have been sharpened by a rising financial aid discount rate (the percentage of tuition income returned to students in the form of institutional financial aid), which had reached an unsustainable rate of almost 60%, significantly reducing net tuition income.

In 2009, the College responded to the sudden loss of endowment income and the steady reduction in net tuition dollars per student by aggressively limiting spending, instituting a salary freeze, delaying new hires, and halving the College's traditional contribution to employee retirement accounts. The remaining deficit was covered by the use of quasi-endowment (reserve) funds. These measures stabilized the College's immediate financial situation, but they cannot be maintained without jeopardizing the quality and morale of our employees and without compromising our ability to live out our mission.

C. OUR OPPORTUNITIES

Despite our challenges, Austin College is well positioned for the future. There is wide agreement among our constituents that Austin College offers unmatched opportunities for strong relationships between students and professors, for experiential learning on campus and abroad, and for



immersion in a supportive, diverse community. We have tremendous opportunities to leverage these strengths.

The College's successes have been recognized by the *Princeton Review*, which recently named Austin College one of the "Best in the West" and singled out our faculty as among the top in the country. *The Chronicle of Higher Education* has consistently recognized Austin College as a great campus workplace. Our study abroad program has been ranked first in the nation for four of the past six years by the Institute of International Education. The National Survey on Student Engagement (2009) supports the general perception of the high quality of an Austin College education. It reports further that the College is above the 90th percentile among more than 600 institutions in its "supportive environment" for students and its enrichment of the educational experience.

The loyal support of alumni and college friends means that we are able to take advantage of a favorable construction climate to create new, badly needed facilities. We have raised significant money toward the creation of the IDEA Center, a new home for our highly respected science, mathematics, and computer science departments. A unique partnership with a consortium of friends of the College will finance new student housing on terms intentionally "below market" and hence favorable to the College, since the consortium is motivated by a long-term commitment to the College.

Texas remains one of the few states with a growing economy and an expanding population of college-aged students. Our location thus gives us a special opportunity to expand our applicant pool and to market our strengths to our regional audience. Our participation in the Southern Collegiate Athletic Conference adds to our visibility and reputation. Our longstanding partnership with the city of Sherman is flourishing and we continue to take a lead role in encouraging neighborhood renewal on the historic east side of the city. Opportunities abound for us to build on this partnership and extend our influence into surrounding regions.

Despite the budgetary challenges described above, the College's overall financial health is strong. At end of year, the College had an endowment of \$113 million, liquid assets of \$68.8 million, and a debt service ratio of 1:12. In the past year, we reduced our debt by \$2.6 million to \$26 million, and our net assets increased by \$4 million. Additionally, the Council of Independent Colleges' (CIC) most recent report on Financial Indicators Tool (FIT) shows the College in a healthy financial position both nationally and regionally when compared to peer institutions. The College is positioning itself to embrace transformation as it focuses its resources to compete in the future and increase demand.



D. PLANNING GOALS

Our top strategic priority must be to ensure that the College's financial base is strong while continuing to offer students the rigorous liberal arts education that is the hallmark of Austin College. This will require a combination of carefully monitoring expenses and increasing the College's revenue base. It will also require creative thinking, wise decision making, and the enthusiasm of students, staff, faculty, parents, trustees, alumni, neighbors and friends.

In considering the actions and investments we will make and the ends for which we will aim, we have been motivated by the following principles:

- ❖ Strategic initiatives must be aimed at increasing demand for an Austin College education.
- ❖ Strategic initiatives must be in keeping with our mission and values and must enhance, rather than undermine, our core undergraduate, residential liberal arts focus.
- ❖ Strategic initiatives must be able to be implemented without net increases to operation expenses and in a timely manner.
- ❖ Strategic initiatives must do more than resolve short term budget problems; they must make the College stronger over the long run.

OUR VISION

By 2014, Austin College will have solidified our position as a leader in high-impact, global, liberal arts education. We will have nourished our foundational roots by strengthening our ability to invest in our faculty, our students, and our campus, and we will have extended our branches by enhancing signature programs that drive student demand. We will be poised to launch a significant endowment campaign that will dramatically enhance our ability to live out our mission.

OUR PLAN

The core of our plan is the accomplishment of the ten action items described below. As we move forward, we are committed to identifying additional opportunities for investment and improvement.



NOURISHING OUR ROOTS

We will achieve a consistently balanced budget supported by a sustainable business model. Elements of that model will include an endowment draw rate of 5.5% or less, a discount rate of 49% or less, a stable enrollment of approximately 1350 students (with 85% of those students in residence), and an alumni participation rate that increases by 5% over the next five years to reach a level of 30% or more. We will also strive to increase total annual giving by 5% each year.

Because our employees are the core of our institution, a top priority for marginal revenue expenditures will be to reinstate an employee compensation plan that has at its goals a TIAA-CREF match of 8% and regular opportunities for performance based salary increases. We remain committed to the faculty compensation goal of achieving the 80th percentile for AAUP Baccalaureate Colleges.

We will communicate the distinctive features and value of an Austin College education in order to increase demand and philanthropic support for our students. Austin College is widely admired by its alumni and friends, but too few of the opinion makers in the region and the nation are aware of its special strengths. As competition increases for prospective students and philanthropic support, we must use coordinated techniques to convey who and what we are. The creation of a new website and an innovative virtual tour are key components of an enhanced marketing strategy. But, we must also make more effective use of media relations, brand identity measures, and other techniques for sharing our messages more broadly and etching them more deeply.

We will develop and extend strategies for sustaining our buildings, infrastructure, and capital equipment. A new committee of the Board of Trustees for Buildings, Infrastructure, and Grounds will be established to provide oversight and long term planning for deferred maintenance and capital improvements. A review of our IT services will be undertaken to see if efficiencies can be achieved through external hosting and additional leasing programs. Crucial equipment such as pianos and lab equipment will be put on cyclical replacement schedules.

STRENGTHENING OUR BRANCHES

We will double the number of teaching and learning spaces, create an environment for hands-on learning in the sciences, and foster *inquiry, discovery, entrepreneurship, and access* through the construction of the IDEA Center. Austin College has expanded its faculty and modernized its curriculum, and we are now ready to deploy these resources by creating a state of the



art physical environment. Austin College will break ground in 2010 on a 103,000-square-foot science and technology center. With 32 advanced laboratory-classrooms, 40 offices, 16 classrooms, and a 108-seat auditorium, the \$38 million facility will provide the necessary infrastructure to support the highly collaborative and interdisciplinary nature of modern teaching and research.

The IDEA Center also will incorporate renewable energy resources and ecologically friendly construction techniques and building materials to reduce the building's energy consumption, and establish a new campus standard for environmentally friendly buildings by aiming for LEED Silver certification. The building design itself exhibits science at work by taking advantage of solar shading and natural light, and by incorporating a rooftop rainwater collector for irrigation and native vegetation in the landscape.

Construction of The IDEA Center will create modern lab space to accommodate 21st century science and technology instruction and research, increase total classroom space on campus by 50%, enhance our competitive reputation in science, and drive admissions success.

We will enrich campus life by creating state of the art campus residences that provide upperclassmen with cost effective, attractive, and independent living opportunities. We will break ground in 2010 on two housing projects which will add a total of 182 new beds, divided between a group of cottages and an apartment building on 5.8 acres of currently vacant land. The three-story apartment complex, adjacent to the existing Robert M. and Joyce Johnson 'Roo Suites and Bryan Apartments on Brockett Street, will add 94 beds through the construction of 26 units on 1.7 acres of land. The two-story cottages, located on the west side of Grand Avenue and both the east and west sides of Luckett Street, will add 88 beds through the construction of 22 units on 4.1 acres of land. Numerous green building elements are incorporated into the design and construction to create both energy and water efficiency. The additional housing capacity created by this project will enable us to meet our current housing needs and strengthen our relationship driven, high impact residential campus experience.

We will build on existing strengths to bring our global learning programs to a new level of quality. As part of the reaccreditation process of 2009, the faculty strongly endorsed a Quality Enhancement Plan that set as its primary goals to 1) enhance international education experiences for our students with increased emphasis on cultural awareness, 2) establish



the Center for Global Learning, and 3) encourage 100% participation of Austin College students in an off-campus international experience. Implementation of the QEP, now the “Globe Program,” has resulted in the creation of the Center for Global Learning and the appointment of a full-time director, which has been key to coordinating and strengthening the many international programs of the College, including study abroad, January term, and international internships.

We will launch Austin College Thinking Green, a comprehensive environmental sustainability initiative. This campus-wide effort to encourage thoughtful use of resources includes coordinated partnerships between all of our campus constituents. As part of our participation in the national President’s Climate Commitment (PCC), the College has set a goal of reaching climate neutrality in ten years by a combined strategy of conserving resources and reducing emissions. This plan is founded upon a goal of 2% reduction in electricity and natural gas use per year combined with a shift to wind generated electricity. This plan sets ambitious goals for Austin College that have the potential not only to make the College carbon neutral but also to serve as an example to the local and larger community.

We will enhance key features of the Austin College curricular and co-curricular experience, focusing especially on those that increase demand and add direct value to the educational experience. The Austin College classroom is the core of all that we do, offering a challenging learning environment and an emphasis on foundational learning and critical thinking. We will explore new avenues in the liberal arts, including those that expand opportunities for students to develop visual literacy and to prepare to lead social businesses.

Signature programs such as Model UN, the Williams Student Investment Fund, the Center for Global Learning, GO Fellows, student/faculty research collaboration, the Jordan Family Language House, visual and performing art exhibitions, the Service Station, and ACTivators give students hands-on opportunities for learning outside the traditional classroom but in intense relationship with faculty and staff. Our leadership programs are campus-wide and incorporate the Posey Leadership Institute, a competitive varsity athletic program, and leadership training through our many student organizations and clubs. We will be more intentional about the way we market these opportunities and will seek continuous improvement in what we offer to students.

Following the wisdom of campus legend Bob Mason when he said, “Our real commitment to our students begins the day they graduate,” we will rigorously track outcomes and alumni successes. Partnerships between the Career Center and Alumni Affairs will enhance the effectiveness of each office and help students translate the skills achieved on campus into a rewarding professional life.



We will create additional opportunities for talented community college students to transfer into Austin College. At the same time we will work to increase success and persistence for these and all students. Working with selected community colleges, we will develop partnerships to improve the transfer experience of talented students. This strategy includes improved course articulation, creation of pre-admission agreements, and development of on-campus programs to improve the experience and success of transfer students.

PREPARING FOR THE FUTURE

We will find meaningful and significant ways to engage with, and draw support from, our alumni, parents, and friends. We will create strong support for an alumni-student career network that will enable us to gain alumni perspectives on industry and professional practices, engage alumni ability and willingness to mentor students, and encourage alumni to provide internships and job leads to talented students. In addition to strengthening alumni association boards and activities, we will build an advisory board whose members will serve on annual visiting committees to provide us with fresh, external perspectives on our interdisciplinary and co-curricular offerings.

We will complete the planning and groundwork needed to launch a significant endowment campaign that will lead Austin College to 2025 and beyond. Our Office of Institutional Advancement will redefine its core processes and structures so that it can position Austin College to launch a significant institutional campaign. Through deliberate and innovative approaches to fundraising, Austin College will combine the resources of alumni, parents, congregations, faculty, staff, corporations, and foundations to achieve a broadening reach for meeting philanthropic goals for the future.

Campaign planning will involve all of our constituents in detailed discussions about the priorities and aims that will shape the College's future. Future success will require significant resources focused on endowments in support of academic and co-curricular programs and staff, student scholarships, and enhancements of campus buildings. And, it will also require that we define our role in contributing to the strength of our community and region.





Office of the President
900 North Grand Avenue
Suite 6P
Sherman, TX 75090

903.813.3001

Printed on recycled paper