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March 23, 1992

Dr. Elizabeth Coleman
President
Bennington College
Bennington, VT 05201

Dear President Coleman:

I write to inform you that at its meeting on March 6, 1992 the Commission on Institutions of Higher Education considered the Annual Report on Finance and Enrollment (ARFE) submitted by Bennington College and voted to take the following action:

that the Annual Report on Finance and Enrollment submitted by Bennington College be accepted;

that the College submit another such report for consideration in Spring, 1993;

that the ARFE submitted for consideration for Spring, 1993 focus on:

1. progress of the Capital Campaign with particular reference to the income and allocation of Capital Campaign funds;
2. success in building the endowment;
3. progress toward downsizing the institution;
4. the enrollment of Fall, 1992 and future enrollment projections and budgets;

that the scheduling of the next comprehensive evaluation for Fall, 1993 be confirmed.

The Commission gives the following reasons for its action.

The College remains at the same "crossroads" identified in 1986 by the visiting team although progress has been and continues to be made on several fronts. On the positive side, the budget has now been balanced for five years despite a steady decline in enrollment. Over the past four years, the current fund deficit and the external debt have been reduced. At the same time, the endowment has grown from \$3.7 million to \$5.1 million. The impact of the debt on operations, as measured by mandatory transfers, has dropped while endowment income has increased. In addition, the quality of the student body appears to be improving.

These developments notwithstanding, the College faces serious challenges. Enrollment continues its drop from a high of 604 FTE in 1988 to 530 in 1991. The most recent decline of 42FT or 7.4% is coupled with a more serious 8.8% drop in undergraduates. While student quality may be up, freshmen acceptances are at a five-year high and the yield is the second lowest in five years.

The undue reliance on financial aid, noted in 1986, remains a threat to the College's financial stability. Tuition discounting is at the highest level in four years. Of utmost concern is the continued reliance on campaign receipts to balance the operating budget, thereby compromising the original purpose of this major capital campaign to establish an endowment sufficient to diminish the College's tuition dependence. The fact that the College is not building its endowment as intended may be acceptable in the short term but does not portend well for the future. Based upon available information, it is not clear that the College will end up with its projected \$20 million. If the present trend of diverting campaign receipts to operations continues, the College may end up with less than \$13 million and without having addressed such fundamental weaknesses as an aging plant. Finally, the Commission is concerned that the College does not appear to have reduced operating costs commensurate with its financial condition, despite repeated urgings over the last few years.

Through the next Annual Report on Finance and Enrollment the Commission will review these matters. We wish to remind the College that the Commission has recently adopted revised standards for accreditation. Although the institution will not be expected to undergo further review against the standards at this time, the Commission will expect that the institution will address the relevant standards in its 1993 report.

Confirmation of a comprehensive evaluation in Fall, 1993 is consistent with the Commission's policy requiring each accredited institution to undergo a comprehensive visit at least once every ten years. The College's last visit took place in Fall, 1983.

You are encouraged to share this letter with all of the College's constituencies. It is the Commission's policy also to inform the chairperson of the institution's governing board of action on its accreditation status. In a few days, we will be sending a copy of this letter to John Barr.

The institution is free to release information about the report and the Commission's action to others in accordance with Commission policy.

The Commission expresses its appreciation for the report prepared by the College. We hope that the evaluation process has contributed to institutional improvement. It appreciates your cooperation in the effort to provide public assurance of the quality of higher education in New England.

President Elizabeth Coleman
March 23, 1992
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If you have any questions about the Commission's action, please contact Charles M. Cook,
Director of the Commission.

Sincerely,



Barbara E. Brittingham

BEB/cav

cc: John Barr