

Assessing UWC-USA Location,

A report to the UWC-USA Board

This memo is intended for UWC-USA Board members and is not for distribution outside this Board.

To: Members of the UWC-USA Board

Date: January 28, 2020

We were asked by the President and the Board of UWC-USA to help inform their decision on whether to stay at the current Montezuma campus or consider looking for alternative locations. The location question has been raised multiple times over the past years as challenges facing the current location have emerged, from the high cost of maintenance to challenges in faculty and staff recruitment.

The goal of this effort was to help advance these discussions in two ways:

- By framing the criteria to consider and provide a ‘temperature check’ on how severe the challenges are in the Montezuma location
- By assessing whether any of these dimensions are likely to be ‘dealbreakers’ where the known issues of current location are so substantial that it requires a move, outweighing the substantial logistical and managerial costs of moving a campus.

Our mandate was to test if the perceived challenges were both real and severe enough to require a move. If one or more challenges were found to be dealbreakers, the board would then be advised to conduct more detailed research (likely with an external third-party) to confirm. If no challenges were found to be dealbreakers, the board would then be able to move beyond the questions of location and pursue additional strategic planning and advancement activities.

This memorandum summarizes our findings and concludes there is no current or known dealbreaker scenario. We also propose areas for further fact-gathering if the Board would like to pursue the relocation question and conduct a more comprehensive location assessment beyond the scope of our analysis.

Thank you to the many members of the community who provided thoughtful insights and feedback.

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Approach

Over the past six months, we conducted 35+ interviews to identify the main challenges facing the Montezuma campus and learn about the perspectives and existing evidence of the severity of these concerns.

Interviews were held with five categories of UWC and non-UWC members

- Past and current members of the UWC-USA staff and administration
- Past and current members of other UWC schools and administration
- Alumni of UWC-USA and other UWCs
- Members of the UWC International Board
- Consultants, faculty members, and employees of organizations and institutes such as The Nature Conservancy, Highlands University, University of New Mexico, and New Mexico Economic Development agency.

We organized the concerns into seven categories ranging from the high costs of repairing the current school to concerns about local school opportunities for children of faculty and staff.

We then conducted additional fact-gathering and synthesized what we learned into our assessment. The assessment covered three areas

- 1) **The severity of each challenge today.** Is this a real challenge or a perceived challenge? If it is real, how significant is it?
- 2) **The momentum of the challenge.** Is the challenge getting worse or better? Are there underlying trends that point to an improvement or decline in the school's positioning?
- 3) **Whether the challenge was so significant that it is likely a 'dealbreaker.'** Is the challenge so severe that a move would be required? Is the situation out of our hands that further investing in our current location would not offset the significant consequences of this particular challenge? Or is it an area of concern and worthy of continued vigilance but does not reach the level of necessitating a move?

This assessment also enabled us to identify areas where we need further facts to form an informed opinion.

Findings

In our interviews, we found seven common categories of concerns about the Montezuma campus location:

1. Fundraising needed for repairs/maintenance
2. Teacher/staff recruiting
3. Local community opportunities
4. Student activities (wilderness, art/music/culture, etcetera.)
5. Safety and security (fire, access)
6. Environmental sustainability (water, efficiency)
7. Competitiveness in student recruitment

There was general agreement that this list includes the concerns our interviewees individually had and was collectively comprehensive of the categories raised in past location discussions.

1. Fundraising needed for repairs/maintenance

There is general agreement that the campus is expensive to maintain. The Montezuma campus has been built over time around a historic Castle without a long-term master plan. The buildings are now aging, and a recent campus master plan identified \$55M in repairs and deferred maintenance costs for the campus (\$23.75M deferred maintenance 2015-25, \$31.25M continued maintenance 2025-2035).

The master plan options ranged from addressing the deferred maintenance and continue campus upkeep to fitting out the unbuilt portion of the Castle and rebuilding a significant amount of spaces. The Board voted in June 2019 to adopt the option that provides a physical environment that best supports the school mission and engages the community (see accompanying memo by Facilities Committee of the Board).

While we don't have sufficient facts to size the potential financial implications of a move, rough initial estimates suggest that establishing a new campus would be unlikely to reduce the fundraising challenge substantially. Very rough estimates included in the master plan suggest that establishing a new campus in another location could be in a similar range to the repairs needed. There are however, important differences highlighted below.

- **Timing of investment.** While the repairs and deferred maintenance at the Montezuma campus could be extended over several years across multiple capital campaigns, investment in a new campus would be substantially different. Raising money for a new campus would require most funds to be available before the move, in one lump sum, shortening the fundraising window. The challenge of raising \$60m in a few years is very different from raising \$15m across four campaigns extending over more than a decade.

- **Fundraising.** Although very dependent on the specific location, the perception among fundraising professionals is that raising funds for a new location is often easier than seeking to fund repairs and maintenance. However, counter-balancing this perspective is the alumni and prominent funders’ historical support for the current location. Moving campus would risk alienating alumni donors with emotional connections to the Montezuma campus as well as Shelby Davis and other major donors who have supported renovating the Castle and construction of buildings there. It is unclear whether raising money for a separate campus would be easier than raising money for improving our current location. On the contrary, there seems to be more support from alumni and backers for maintaining the current location.

We heard a common misconception in our interviews regarding the relative cost of improving the campus and establishing a new one. Some equated the estimated costs of improving the campus (upwards of \$50M) to the cost of acquiring a new location, leading to a mistaken impression that the budgetary and fundraising implications of moving to a new campus would be comparable to staying in Montezuma and investing on improving the campus. This is a misunderstanding. As noted above in ‘Timing of investment,’ there are substantial differences in the timeframe of raising funds (lump sum v.s multiple campaigns over many years). In future communications to the school community, we suggest being explicit about the differences in the budgeting and fundraising challenges facing each option.

Conclusion: Fundraising is a real challenge, with current momentum indicating the potential for improvement. This challenge is not a dealbreaker.

2. Teacher/staff recruiting

Teacher/staff recruiting was a commonly cited reason for considering a move. There is a sense from several different parties (admin, faculty, board members) that recruiting is made more difficult by the remote location of the Montezuma campus and that recent retention issues were also primarily caused by the campus location. There is especially concern around recruiting and retaining employees with K-12 age children given the quality of public schools in Las Vegas. We examined the problem in three buckets: teachers, senior staff, and support staff. We found that while there are challenges and areas for concern, there is also positive momentum and evidence that many of these challenges are neither unique to the Montezuma location. We did not find any of the recruiting challenges to be a dealbreaker.

- *Teachers:* we looked at K-12 recruiting and retention in the U.S. as a whole and found that on both fronts, it is becoming significantly more challenging. A 2016 study by the Learning Policy Institute found, “There is a well-documented shortage of K-12 teachers in the US. Researchers have estimated the size of the shortage—about 110,000 teachers in the 2017–2018 school year, up from no shortage before 2013”¹. This shortage is due, in part, to a declining interest in teaching as a profession: between 2008-9 and 2015-16, the number of education degrees (B.A, M.A. Ph.D.) awarded declined by 15.4% and the

¹ https://learningpolicyinstitute.org/sites/default/files/product-files/A_Coming_Crisis_in_Teaching_REPORT.pdf

number of people enrolled in teacher prep programs declined by 37.8%². Not surprisingly, retention issues are also increasing, especially in private schools. According to the Economic Policy Institute, in 2008, more than half of the private school teachers had a tenure of three years or less. This was a steep decline from 1987 when only 25% of private school teachers had a tenure of 3 years or less³

- Given nationwide teacher shortages and declining retention rates, there is reason to believe that the recruiting and retention issues experienced by the UWC-USA are at least in some part related to broader trends. There is no denying, however, that the UWC-USA experienced an uptick in teacher departures between the years 2016-2018⁴. Our interviews indicate that this was more likely the temporary result of unusually high turnover at the leadership level (three presidents in just 3 years) and not an ongoing issue. In fact, recent interviews with faculty have indicated high levels of satisfaction among new faculty.
- *Senior staff:* recruitment of senior staff has also been challenging. Strong candidates for hard-to-fill roles like the Head of Advancement have their pick of positions, and the remote location of UWC-USA possibly adds to the challenge. Yet there is reason for optimism. Firstly, the school has started to experiment with remote hiring by bringing on Mark Hodde as Chief Advancement Officer. Mark is based primarily in Southern California. There are many organizations that successfully manage remote employees, so the precedent is well established. Secondly, we are told that the current search for Dean of Students (not a remote role) is yielding many strong applicants. In fact, several past hires we interviewed saw the location of Montezuma, with its low cost of living and close-knit school community, being a distinctive advantage. For them, the northern New Mexico setting away from an urban center was a compelling reason to join the school.
- *Support Staff:* difficulty recruiting support staff (e.g., maintenance, clerical) has also been a challenge for the school. These are not roles that can be filled remotely, so the school must look for alternative solutions. One suggestion, made by some of our interviewees, was to better engage with the local community, the school feels less like the 'isolated colony on the hill.'

While it is true that the campus' remote location makes hiring and retention more difficult in some areas, our initial research indicates that moving the campus is unlikely to resolve or substantially improve most recruiting challenges. Teacher shortages and high turnover is a nationwide challenge, and we are unlikely to find a location that substantially mitigates these issues. And based on interviews with officials in other private high schools, more populated urban locations face additional challenges, most notably higher costs of housing and salaries.

² Digest of Education Statistics (National Center for Education Statistics 2018) and Higher Education Act Title II State Report Card System (U.S. Department of Education 2017a and 2017b)
<https://www.epi.org/publication/u-s-schools-struggle-to-hire-and-retain-teachers-the-second-report-in-the-perfect-storm-in-the-teacher-labor-market-series/>

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⁴ At the start of the 2016 academic year, 8 faculty/resident tutors did not return while 13 joined. At the start of the 2017 academic year, we lost 13 out of 32 and gained 9. At the start of 2018, we lost 5.

Our interviews also surfaced two additional challenges facing UWC-USA that are not driven by the campus location. First, recruiting and retaining international teachers is perceived as especially challenging, given their high mobility and relatively short tenures. Some commented that recent US visa and migration policy changes may have added to the challenge in the US. Second, some interviewees noted that recruiting teachers for small, two-year programs can be difficult. A more detailed investigation could help better understand these two areas. Limited available data on the reasons for teacher and staff departures makes it difficult to draw definitive conclusions. Yet the high teacher turnover in more central locations suggests that an isolated location is unlikely to be a key factor. Location is one among many factors teachers and staff members consider when choosing to accept or leave employment; our interviewees cited compensation, work environment, and job satisfaction as other important considerations.

Both our interviews and recent reduction in teacher and staff turnover indicate that the UWC-USA recruiting and retention are moving in a positive direction. Our interviews credited the stable leadership of Victoria Mora and other senior leaders; openness to remote hiring for specific roles; and a growing desire of younger cohorts to find purpose and meaning in their work, something that the UWC-USA is exceptionally well suited to provide.

We heard two suggestions to help with future recruitment. First, we were encouraged to share the benefits of the rural Montezuma location with potential recruits early on. Several interviewees mentioned that the recruiting process had not highlighted the value of the unique campus and natural environment vis-a-vis urban environments, perceived as an opportunity missed. Second, the school could expand the pool of suitable candidates by extending the time horizon of recruiting funnel. There is a perception that moving from last-minute, reactionary recruitment to forward-looking pipeline management for future openings would help attract a larger pool of candidates who value our mission and location.

Conclusion: Teacher/staff recruiting is a real challenge that, while demonstrating clear positive momentum, is likely to require constant attention. This challenge is not a dealbreaker.

3. Local community opportunities

There is a broad sense that the UWC-USA relationship with the Las Vegas community falls short of aspirations, yet the specific reasons expressed varied. Some interviewees raised a concern that Las Vegas lacked social and economic opportunities for faculty and their families, making it harder to attract faculty and senior staff specifically. Others regretted that the college had become isolated from the local community by relying mainly on housing faculty on campus, limiting social interactions between the two communities (while also exacerbating the campus facilities maintenance challenge with faculty housing units).

Yet all agreed that there are successful examples (e.g., local get-away families, community service, increased interaction with Highlands University) and both appetite and opportunities to broaden and deepen connectivity with the Las Vegas community.

It is unlikely that the prospects of Las Vegas will dramatically change in the coming decades, yet there are initiatives that suggest potential for improvement. Las Vegas has been an economically disadvantaged community since the founding of UWC-USA and economic forecasts

do not predict substantial changes in the coming decades. In 1982, the per capita GDP of San Miguel county was 46% percent of the U.S. average. It has remained mostly unchanged since then (47% today) and is expected to continue to remain at a similar share until 2040. San Miguel county population peaked in 2000 and has been declining since then, with a slowing decline expected in the next 20 years.⁵ However, recent business investment in Las Vegas -- such as renovations of Castaneda Hotel and the surrounding neighborhood - indicates the potential for an upswing in both the business sentiment and economic development of the local community.

A proper assessment of the local community opportunities would require identifying a specific community as a comparison and conduct a thorough evaluation across a full range of 'pros and cons.' While we did not learn of any reasons that would substantially reduce Las Vegas' viability as a location in the next decade or two, our analysis falls far short of a location attractiveness comparison between Montezuma and possible alternative locations. As in all dimensions, the evaluation should weigh the advantages of alternate locations (e.g., if the school was closer to a big city, it would be easier to hire/spouses find job opportunities) against their potential downsides (e.g., higher cost/staff turnover/crime in urban areas).

Conclusion: Local community opportunities do not pose a major challenge, although there is room to improve relationships with the Las Vegas community. The challenge is not a dealbreaker.

4. Student activities

While students in Montezuma location have access to a wide range of engaging activities, staffing and transportation to Las Vegas and Santa Fe are costly to maintain. There is unanimous agreement that students have broad and rich opportunities for activities in Montezuma, given a substantial campus, a dedicated staff, and a welcoming wilderness environment. Outside its campus the school benefits from proximity to Las Vegas with its community service opportunities and local arts, music, and cultural scene; Santa Fe with its many museums and respected institutes (eg. Complexity Institute) and world-class art and music scene; and broader Northern New Mexico with unique attractions ranging from archeological and historical sites to range of wilderness opportunities. We heard that the constraint is not available opportunities but the lack of time in tight schedules of students.

However, transportation to the activities is a noticeable cost and staffing challenge. Providing transportation alone costs the school ~\$200k annually. Recruiting drivers with the license to drive large buses is difficult, and chauffeuring smaller vehicles during peak evening/weekend hours is taxing to manage and demanding on staff and faculty time.

We did not identify any challenges for student activities in Montezuma location, nor saw reasons that would favor moving the school. Comparing the current location to alternatives across richness of activities and ease of transportation is required for a complete answer.

Conclusion: Student activities is not a severe challenge in Montezuma location and thus not a dealbreaker.

⁵ Population and GDP data from the Bureau of Economic Analyses via Moody's Analytics.

5. Safety and security

The isolated and dispersed campus raises two main safety concerns: wildfire risk and limited capacity to control access from unauthorized visitors. The fire risk reflects three factors: 1) campus is surrounded by mixed conifer forests that when dry, provide ample fuel for wildfires; 2) campus landscaping is not designed to be fire resistant; and 3) exit roads are limited (main road State Road 65 + alternate county roads A7 and A11). In turn, the dispersed campus surrounded by public access roads and forest makes it difficult to control access, raising questions about visitors with malicious intent. Yet the school has a history of operating an open campus for decades without security threats, and the views of the desirability of a closed campus vary. Pro-closed campus views highlight changing external environment and rising safety expectations from parents, while pro-open campus emphasizes campus history and lower crime/terrorism risk in an isolated location and the benefits to the student experience.

The current strategic plan has identified safe and sustainable campus as one of the focus areas, with actions to date on improving within-campus safety and supervision. Given safety incidents most likely to involve students occur on campus and in residence houses, the school has increased residence supervision. Global warming is likely to raise fire risk, but the relative impact on Montezuma vs. alternate locations is unclear. Discussions with the fire and watershed team of the Santa Fe office of The Nature Conservancy highlighted the ongoing concerns for fire safety but did not indicate any existing conditions requiring relocation. Similarly, for external threats: despite the visibility of mass murders in the U.S. media, the data on crime levels suggests overall declining risks and varies too widely by location to be used without more granular analysis of specific alternate locations.

We did not identify any urgent safety or security reasons to consider relocation. While a more compact campus in a more straightforward access location would be easier to evacuate and protect against intruders, we must evaluate those against other security risks (e.g., higher petty crime rates in urban areas). Our interviews also suggest that there are ways to reduce fire risk that the school can explore further. For example, the school has partnered with the UNM Forestry students to reduce fire risk by removing the firewood surrounding the campus. It also regularly conducts campus-wide fire drills.

Conclusion: Safety and security is a moderate yet real challenge with positive momentum with current focus on campus safety. It is not a dealbreaker.

6. Environmental sustainability

The school faces two challenges in efforts to meet rising sustainability expectations: energy inefficiency of most campus buildings and uncertainty regarding reliable access to water. The castle and other aging buildings lack insulated windows and walls, leading to inefficient and costly energy consumption. The school does not have the infrastructure for central heating, and each building has individual boilers and HVAC equipment, further adding to inefficiency and operational expenses. While the school currently has access to municipal drinking water from Las Vegas and three acre-feet water-rights from the Gallinas river for use, there has been a concern that if the Gallinas River flow declines, the school could face severe water shortage.

The school has just secured expanded water rights to the Gallinas River and the current strategic focus on sustainable campus considers options to improve energy efficiency. The school has just secured expanded water rights to the Gallinas River. It has completed a purchase agreement to buy 26 additional acre-feet of diversionary water rights. The purchase is being reviewed by the State and will be open for public comment. Through regular maintenance, the school is also continuing to replace building equipment and components with higher energy efficiency versions than those previously installed. While water security is likely to be a challenge in any location in the U.S. Southwest, a younger, built-for-purpose campus could be substantially more energy-efficient and use less water. However, the efficiency and cost of energy use varies widely by location and building types, so the potential for efficiency gains in a new location would need to be assessed for specific alternate locations.

We did not identify any specific energy or water crisis that would require relocation in the near future. Combining water conservation with expanded water rights appears to be the path forward, together with appropriate energy efficiency efforts in the Montezuma campus. However, as noted above, changes to the Gallinas River supply could force a reconsideration.

Conclusion: Environmental sustainability is a real challenge, with recent momentum indicating improvement. This challenge is not a dealbreaker.

7. Competitiveness in student recruitment

UWC-USA has enjoyed near top-ranking from applicants interested in becoming UWC students. Among non-US applicants, anecdotal data suggests that applicants through National Committees and the Global Selection Programme prefer UWC-USA over several other UWC schools. For US applicants, there does not appear to be a significant change in their ranking of UWC-USA among their preferred schools. The attractiveness of our signature programs — Wilderness, Sustainability, Conflict-Engagement, and the Arts — combined with the Castle and the campus surroundings are among the reasons why the UWC-USA is able to recruit both International and US students. The on-campus visit of finalists helps highlight these strengths.

However, we heard concerns about changes that may erode the school's relative attractiveness in the future. Future reductions in the financial aid/scholarships offered to students and National Committees may reduce UWC- USA's ranking. Competition from new UWCs can draw attention away from our campus. And the change in the way the US is perceived on the global stage, as well as the increasing challenge to obtain a visa for non-US students, could negatively impact international student recruitment to UWC-USA. However, none of these considerations are specific to the Montezuma location.

We did not uncover evidence that the location of the school negatively impacts the school's capacity to attract new students. While there may be locations that could potentially spur more interest, the recruiting track record suggests that the location of the school in Montezuma resonates with student applicants when combined with the financial and program benefits offered to enrolled students.

Conclusion: Competitiveness in student recruitment is not a severe challenge and not a dealbreaker.

Summary of Conclusions

When we synthesize the assessment across the seven categories considered, there is no single category that stands out as an obvious dealbreaker. Based on our assessment, there is no category where the benefits from a move are likely to be so substantial that they would outweigh the managerial and financial cost of relocating. Furthermore, we observed positive momentum on a number of categories and in some, the primary concern was largely already addressed (e.g., water rights). In others, our interviews suggested potential for improvement in the future.

See Exhibit 1 for a summary across the categories we assessed.

As a result, there is no single factor that suggests there is an urgent or predictable need to relocate the campus. Our preliminary assessment falls short of concluding that there could not be a superior campus location for the UWC-USA. However, given the findings discussed above, an informed decision to move the campus would require a much more substantial location assessment that compares specific new locations across the different dimensions and weighs the tradeoffs between them and Montezuma campus. In the seven dimensions considered, we highlighted some of the more specific analyses that would be required for conducting a more in-depth location assessment.















Additional considerations

As part of the interviews, we heard additional considerations raised about a potential move that, while not directly relevant to assessing the concerns of the campus today, are worth noting as part of the broader reflections:

- There is a concern that the considerable managerial and financial challenge of continuing to operate the Montezuma location while establishing a new campus may not be feasible
- The Montezuma castle may not be easy to sell, reducing the potential to transfer assets to a new location and potentially remaining an ongoing liability
- There was no shared view on the most attractive alternate locations among our interviewees. We have categorized these into three broad categories.
 - 1) An urban/suburban location in New Mexico to maintain the 'origin story' of the school (e.g., outskirts of Santa Fe)
 - 2) Rural locations close to major airports to reduce transportation costs (e.g., a two-hour drive radius from Denver of Salt Lake City airport)
 - 3) Major urban centers attractive for Senior Staff (e.g., San Francisco or D.C.).
- Urban vs. rural locations differ in the student experience: the benefit of an isolated rural location is the strong sense of community it helps create (e.g., reflected in strong alumni affinity in isolated liberal arts colleges). Some UWC experiences suggest that creating a similarly strong community experience is harder in urban locations (e.g., The Hague).

Exhibit 1

Assessment of Montezuma campus challenges

	How severe is the challenge?	What is the current momentum?	Is this a dealbreaker?
Fundraising needed for repairs/maintenance			No
Teacher / Staff recruiting			No
Local community opportunities			No
Student activities (wilderness, art, culture, etc)			No
Safety and security (fire, access)			No
Environmental sustainability (water, efficiency)			No
Competitiveness in student recruiting			No