



# **USA Governance Overview**

## **New Trustee Orientation**

October 2020

# Agenda

1. Overview Perspectives – mission, board, challenges
2. Strategy - our process/context
3. Financial Structure
4. International Movement – time permitting
5. Open Discussion – and feedback

# 1 – Overview: Full disclosure! - Mission is clear.. but

## ... UWC “Structure” can be confusing...

- **Admissions** – National Committees, not school--except GSP, which WAS centralized out of the IO...
- **Parental Funding** – mix of NCs, Parents (Direct, indirect), Global Selection Process (GSP), etc.
- **Tuition** – depends on country/NC/GSP (from \$0k to \$42K, all students subsidized)
- **Schools/Colleges** – 2 year (IB); except for Singapore, Thailand (K-12), China and Japan (10-12), Waterford (junior and high), etc.
- **Davis Scholars** – two types!: 60+ U.S. Students/yr (25 in UWC-USA; 2/yr ROW); 600+ UWC grads (all nationalities; in 4 year colleges)
- **Endowment** - \$40M Davis grant funds both 25 USA scholarships/yr and all ROW/yr. + (New/2016) “Forever Fund” (~\$180M held on behalf of Movement:CONFIDENTIAL, NOT DESIGNATED)

# Davis Scholars: 2 types!

Type	Target	#	Funds:	Basis	Source of Funds	Comments
Type A <b>U.S. Davis Scholars</b>	US – High School	Up to 59/class  118 funded @ any point	UWC (18): \$25k	Merit	Endowment Gift to UWC-USA (\$40M) - \$2M/yr or \$20k/student  “Means testing” – merit + parent contribution	Historically funded \$18K/stu less than cost - source of tension  In 2015, increased to \$25k/stu
Type B <b>Davis UWC Scholars</b>	UWC grads – any nationality, all UWCs	600(?) + in 4 yr programs	Colleges (91): Up to \$25/yr	Needs	Shelby writes checks each year	Grant “replaces” college contribution (not parents)

# College Program:

## Davis United World College Scholars PROGRAM

The Program

Scholars

Founders

Partner Institutions

Stories Worth Telling

Join Us In Philanthropy

Contact Us

### Uniting the World

Founders Shelby Davis and Phil Geier had a single idea:

If you could bring thousands of talented students from every corner of the globe to U.S. colleges and universities. . .

you could create international understanding and change the world.



Learn, earn, return! Listen to a message from Shelby Davis about the importance of giving back.

[> Read More](#)

# Unique challenges for our USA board?

- Complexity of movement – see previous page
- 2 year, residential program – students are young, diverse cultures, fast turnover
- Until 2017, no trustees had kids on campus – no “dinner time” feedback/insights
- USA’s global board & remote location
- “Steward” of Davis relationship shared w/IO

# Board Terms

2 x 3 yr terms unless Officer/Committee Chair

5/31/2019	5/31/2020	5/31/2021
*M. Blum ('07)	B. Banowsky ('17)	Geeta Anand ('18)
*S Dichter ('09)	M. Espinosa '87 ('17)	L. Brown ('15)
*B. Jones AC'91 ('12)	T. Schwingeler '86 ('14)	M. Kravets ('15)
*K.C.Kung '87 ('12)	M. Weston '86 ('14)	T. Rogers ('18)
J. Lee '95 ('16)		S. Subramaniam '88 ('15)
M. Leon '87 ('16)		
V. Mora ('16)		
*J. Schneider ('09)		
*T. Tingley ('10)		

\*\*Serving extended terms because is an officer or committee chair.

# Meeting Rhythm – Pre-COVID

- 3 times/yr:
  - Fall (Oct – start of year, New Trustee/Comm Orientation
  - Winter (Feb) – avoid Valentine Day conflict!! + CNY
  - Spring (Jun ) – after graduation experiment; location TBD
  - Ongoing discussions -- 1/yr off campus?
- Friday afternoon (Committee meetings);  
Saturday Full Board + Exec Session
- Create opportunities for student and faculty interaction

# Committee Assignments

Advancement/ =====	Education/ =====	Audit =====	Governance =====
<u>Marc Blum</u>	<u>M. Leon</u>	<u>S. Dichter</u>	<u>S. Subramaniam</u>
G. Anand	<u>M. Kravets</u>	M. Blum	J. Schneider
J. Nilsson	K. Desmet		KC Kung
KC Kung	M. Weston		M. Espinosa
M. Espinosa	T. Hassan		M. Blum
M. Kravets	<b>Belinda Nicholson</b>		M. Leon
M. Weston			P. Alderman
<b>Preeti Khandelwal</b>			M. Weston
Facilities =====	Strat Planning =====	Finance/Inv =====	Executive =====
<u>J. Lee</u>	<u>B. Jones</u>	<u>KC Kung</u>	<u>S. Dichter - Chair</u>
A. Affeldt	G. Anand	M. Blum	KC Kung - Treasurer
M. Espinosa	J. Nilsson	J. Schneider (Inv)	V. Mora - President
	M. Espinosa	<u>T. Schwingeler (Inv)</u>	P. Alderman - Secretary
	M. Leon	S. Subramaniam	
	P. Alderman	<b>John Morris (Finance)</b>	
		<b>Dominic Garcia (Inv)</b>	

# Board development framework

	<b>Elements</b>	<b>Definition</b>
1	Skill/Knowledge Area	Knowledge that contributes to institutional development
2	Personal Network	Ability to attract high caliber individuals to the institution
3	Fundraising Network	Ability to attract and solicit high NW individuals
4	Personal financial contribution	Annual donation: one of top philanthropic priorities
5	Strategic/Board experience	Experience with and contribution to other NFP boards
6	UWC knowledge and Commitment	Active alum and/or high impact volunteer
7	Background	Other relevant experience to supporting mission

# 2. STRATEGY: Good Strategy/Bad Strategy

Prof. Richard Rumelt, 2011

Signs of a bad strategy	Tests of a good strategy
<ul style="list-style-type: none"><li>• Lack of a clear <b>diagnosis</b> (or wrong diagnosis)</li><li>• Mistaking long list of <b>goals</b> for a strategy</li><li>• Failure to make <b>choices</b></li><li>• <b>Fluff</b> – abstractions masking the absence of thought</li></ul>	<ul style="list-style-type: none"><li>• A <b>good diagnosis</b> - simplifying the overwhelming complexity of reality by identifying certain critical levers</li><li>• A <b>guiding policy</b> - an overall approach to overcome the obstacles identified in the diagnosis</li><li>• <b>Coherent actions</b> - steps that are coordinated with one another to support the accomplishment of the guiding policy</li></ul>

# Diagnosis: Strengths

- **Mission** - inspiring, important
- **Students** – diverse, challenging
- **Staff and faculty** - mission-driven
- **Location** – “unique”
- **Davis family relationship** – committed, inspiring, sustaining
- **Alumni** – maturing and increasingly engaged
- **Other**

# Diagnosis: Challenges

- **Financial model** - under-funded
- **Donor base** – thin. Alum base still small. (Dominance of Davis relationship)
- **Competition** - increasing
- **Facilities** – aging, ad hoc, deferred maintenance
- **Location** - challenging; particularly for senior staff (turnover)
- **UWC movement model** – complex; inefficient
- **Other**

# Guiding Policy – “macro framing of our choices”

Macro choice:	“Strengthen the Foundation”	“Innovate for Impact”
aka	Get our house in order...	Go for gold.... !!
Financials	Live within our means – conservative <5% draw?	Invest – run short-term deficits; draw 5%+
HR/Staffing	Good, solid, lean “Head of School”	Great, invest in leadership, etc. “President” ( + Head?)
Board	Governance	Governance +++ Fund-raising, networking, etc.
Facilities	Maintain (+ upgrades)	Transform
Cap Campaign	\$40+M (endowment) + facilities?	\$100M??
Student size	200 to 250?	200 to 250??
Etc, etc, etc.		

# Chair's view on strategic challenges

- **Program** – ensure 1<sup>st</sup> rate experience; consistent excellence
- **Staff** – grow with program and student needs; within context of Las Vegas location
- **Facilities** – aging, sub-optimal
- **Advancement** – raise \$40M++ for sustainability; alumni support/participation
- **Davis relationship** – maintain/strengthen
- **Governance** – strengthen board and committee process commensurate with above
- **Leadership stability** - “Leader>plan>capital campaign”
- **International movement** – stay aligned, avoid “dilution effect” from expansion, build UWC brand, coordinated fund-raising

# President's 2021 Goals

1. **Navigate COVID crisis** – delivering on mission as safely as possible
1. **Progress Strategic Plan** - complete “foundation (over next 2 years) and start “innovation”
1. **Admissions** - Increase U.S. Davis Scholar Applications; Build a school-specific GSP pool and cohort
1. **Advancement** -Achieve annual fund goals and strengthen alum/community engagement; Pivot to relationship building
1. **Capital Campaign** – develop formal plan for launch
1. **Budget Model** -- Determine sources and amounts for making up \$2M structural deficit

## 2. Financials – overview structure

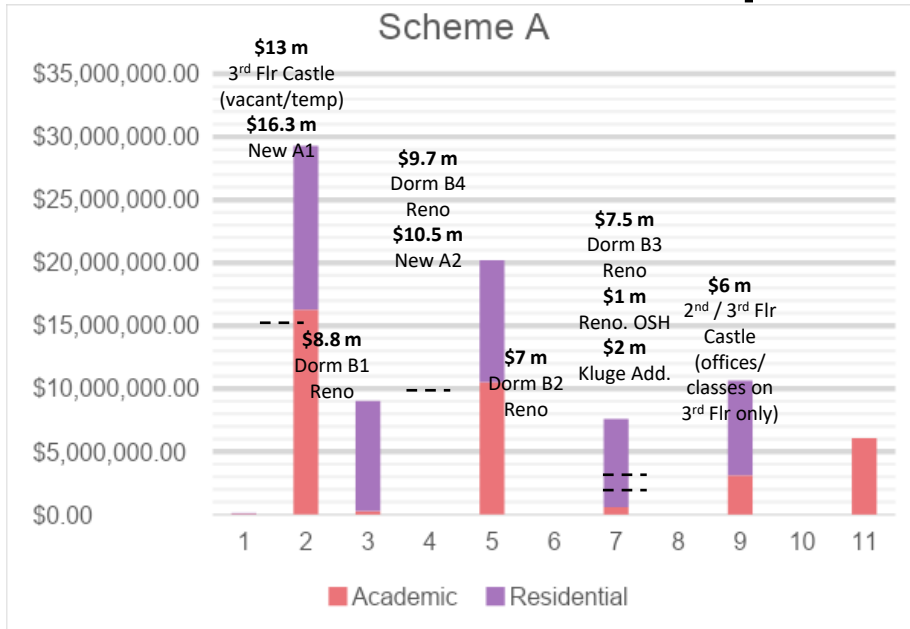
	FYE 2021	% TOTAL	Comment
<b>Revenue</b>			
Tuition from Families and NC's	2,981,835	25%	
Davis Scholar Endowment Transfer	2,359,442		approx. 5% of \$50M
Davis Supplemental Grant	1,000,000		"in perpetuity"??
Davis Scholar Abroad Expense	-1,500,000		USA students going other schools
<b>Net Davis Funds</b>	<b>1,859,442</b>	15%	
Davis Challenge Matching Grant	2,000,000	17%	2 more years and done
Summer Programs and Ancillary	137,000	1%	
Annual Fund	1,560,000	13%	
Endowment Transfer	3,528,817	29%	approx. 5% of \$70M
<b>Total Revenue</b>	<b>12,067,094</b>	<b>100%</b>	
<b>Operating Expenses</b>			
Academic, Student Life	4,590,008	38%	
Institutional Operations	3,431,597	28%	
Facilities, Transp. & Food Service	3,356,262	28%	
Advancement	691,484	6%	
<b>Total Operating Expenses</b>	<b>12,069,351</b>	<b>100%</b>	
<b>Capital Expenditures</b>	<b>-750,000</b>		Facilities, vehicles, etc.

# 5 Year Outlook

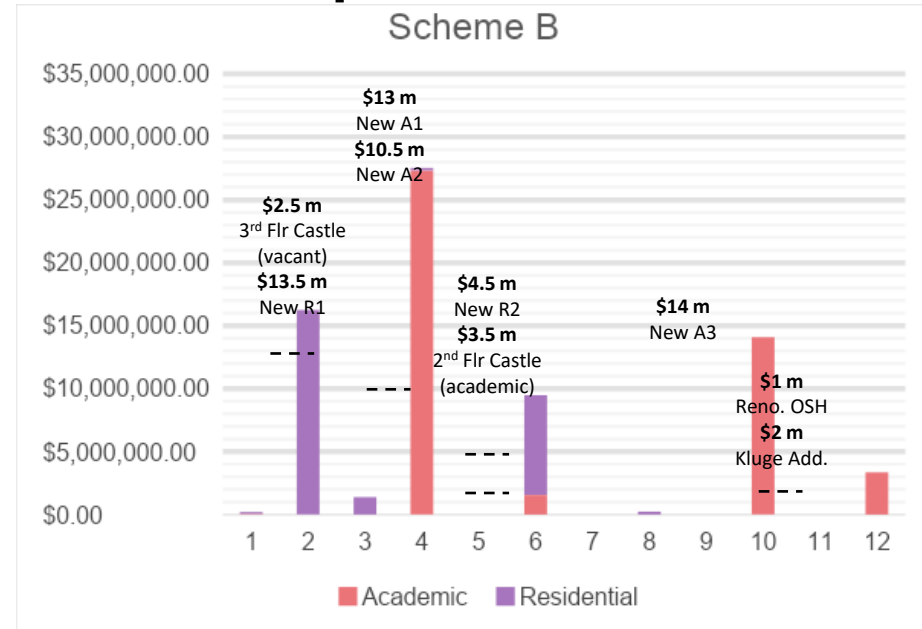
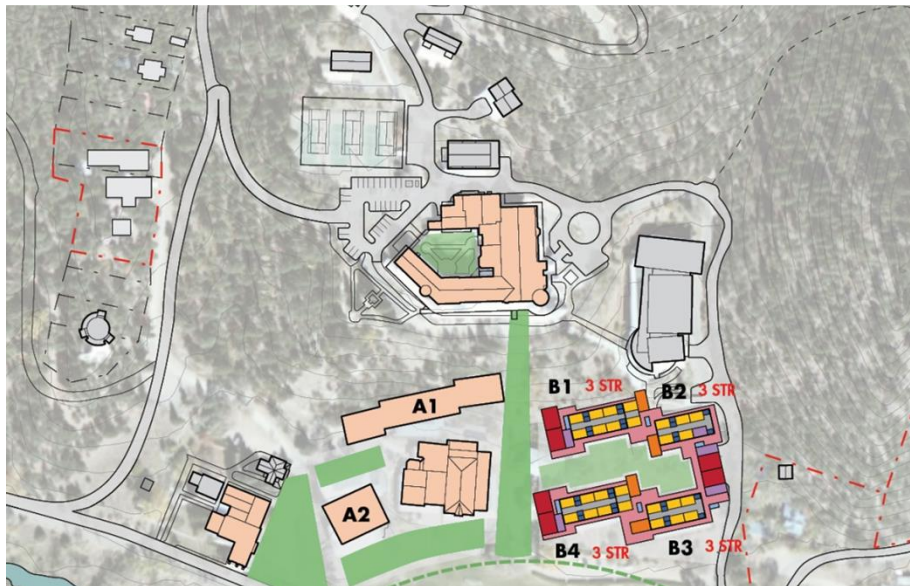
Close to balanced until Davis challenge ends (and before master plan)

5 YEAR PROJECTION						
	FYE 2020 FINAL	FYE 2021 CURRENT	ALL PROJECTIONS			
			FYE 2022	FYE 2023	FYE 2024	FYE 2025
<b>Enrollment</b>	<b>229</b>	<b>227</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>225</b>
First Year Tuition	39,450	40,400	41,410	42,450	43,510	44,600
% Tuition Increase		2.41%	2.50%	2.51%	2.50%	2.51%
<b>Revenue</b>						
Tuition from Families and NC's	2,925,578	2,981,835	3,056,381	3,133,141	3,211,377	3,291,828
Davis Scholar Endowment Transfer	2,390,585	2,359,442	2,359,442	2,359,442	2,359,442	2,359,442
Davis Supplemental Grant	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Davis Scholar Abroad Expense	-1,569,963	-1,500,000	-1,700,000	-1,742,500	-1,786,063	-1,830,714
<b>Net Davis Revenue</b>	<b>1,820,622</b>	<b>1,859,442</b>	<b>1,659,442</b>	<b>1,616,942</b>	<b>1,573,380</b>	<b>1,528,728</b>
Davis Challenge Matching Grant	2,000,000	2,000,000	2,000,000	0	0	0
Summer Programs and Ancillary	339,202	137,000	250,000	250,000	250,000	250,000
Annual Fund	2,284,341	1,560,000	2,000,000	2,040,000	2,080,800	2,122,416
Endowment Transfer	3,516,892	3,528,817	3,530,000	3,600,600	3,672,612	3,746,064
<b>Total Revenue</b>	<b>12,886,635</b>	<b>12,067,094</b>	<b>12,495,823</b>	<b>10,640,683</b>	<b>10,788,169</b>	<b>10,939,036</b>
<b>Operating Expenses</b>						
Academic, Student Life	4,031,151	4,590,008	4,590,008	4,727,708	4,869,539	5,015,626
Institutional Operations	3,619,316	3,431,597	3,431,597	3,534,545	3,640,581	3,749,799
Facilities, Transp. & Food Service	2,977,815	3,356,262	3,356,262	3,456,950	3,560,658	3,667,478
Advancement	489,379	691,484	691,484	712,229	733,595	755,603
<b>Total Operating Expenses</b>	<b>11,117,661</b>	<b>12,069,351</b>	<b>12,069,351</b>	<b>12,431,432</b>	<b>12,804,374</b>	<b>13,188,506</b>
<b>Initial Surplus / (Deficit)</b>	<b>1,768,974</b>	<b>(2,257)</b>	<b>426,472</b>	<b>(1,790,749)</b>	<b>(2,016,206)</b>	<b>(2,249,470)</b>
Capital Expenditures	-843,187	-750,000	-750,000	-750,000	-750,000	-750,000
Employee COVID Goodwill Payment	0	-27,500				
COVID-19 Cost Increases	0	-200,000				
PPP Funding	0	1,220,000				
<b>Surplus/Deficit</b>	<b>925,787</b>	<b>240,243</b>	<b>(323,528)</b>	<b>(2,540,749)</b>	<b>(2,766,206)</b>	<b>(2,999,470)</b>

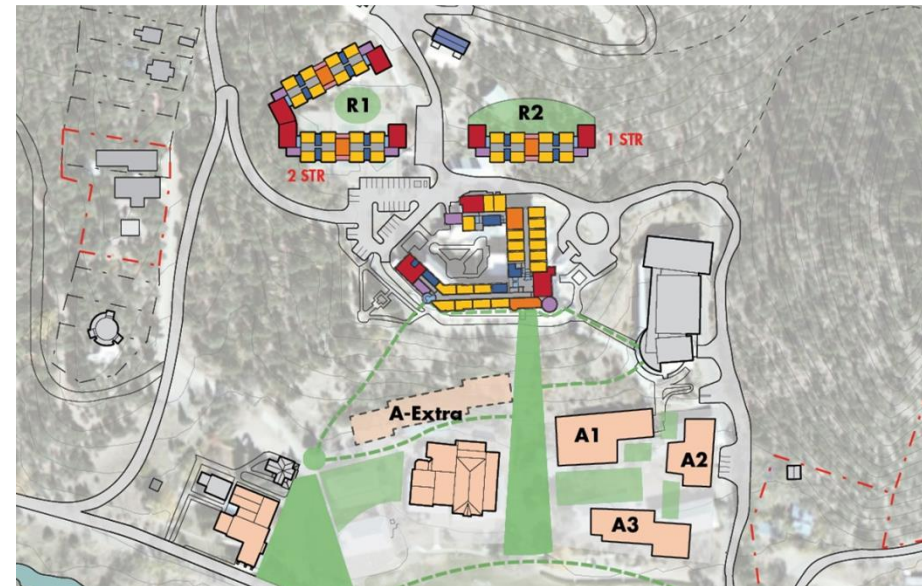
# 3. MASTER PLAN: Few options were developed in 2018



**\$82.9 m, 6 phases, 11 years, minimum**



**\$72.5 m, 7 phases, 12 years, minimum**



# Master Plan Summary – June 2019 ... as discussions evolved

Option	Cost \$Mio		Yr's	\$Mio /Yr	Comment
	Present	Inflated			
1. VFA	35	54	20	1.75	No improvement; just maintain
2. Foundation	50	77	20	2.5 + soft	Deferred maintance plus renovations (no new building)
3A: Improve	60	90	20	3.0++	Castle: 100% residential Admin: 100% in OSH
1. All costs are +/-20% - but more likely to be higher than lower					
2. Best to focus on "Present \$" – no one knows rate of inflation; so best to think in current terms (expenses and fund-raising)					
3B: Redesign	62	92	20	3.0++ soft	Residential: 100% in Upper Academics: Quad/3 new buildings
3. Options 3A/B: can be executed in \$15M phases					
4. ??					

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Prof. Richard Rumelt, 2011

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