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President Wilson answers readers' questions

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President Wilson answers readers' questions

In his *IWU Magazine* interview published in the Fall 2012 edition, President Richard F. Wilson discussed the mounting need for student financial aid and how alumni support was critical to meet that challenge. The Illinois Wesleyan president covered several related topics in his interview, and afterward many of our readers sent questions on additional topics. Wilson provided answers to two of those questions in a follow-up interview, which starts below.

One alumna who recently visited campus noted the new construction that had taken place and wondered if that might demonstrate misplaced priorities, given the growing need for student aid and other financial challenges.

President Wilson answers: Given the visibility of construction projects, it's understandable that visitors to campus might assume that buildings are our main focus. In fact, for our *Transforming Lives* campaign, only one-fifth of the \$125 million goal is for construction. The remaining \$100 million is dedicated to growing our endowment and increasing student financial aid as well as initiatives identified by our Strategic Plan as essential to support and enhance exceptional teaching and scholarship.



A student enjoys a warm fall day on the Eckley Quadrangle while, in the background, construction continues on the new classroom building.

While \$16 million for this project represents a sizable investment for the future, it's important to remember that, in just one year, we are allocating almost twice that amount (\$31 million) for student financial aid, which comprises 35 percent of our total operating budget and has increased from \$23 million five years ago.

It's also important to note that for all of the University's major renovation or construction projects undertaken over the past six years, *no new debt has been incurred*. It has been the practice of the current administration to secure gifts for new buildings before construction begins, and funding for two projects even included endowments to help with repair and renovation costs in the future. The bottom line: construction for these projects has had no impact on the University's operating budget and is funded only by those gifts designated to them.

For our newest facility, a student apartment complex east of The Ames Library, the cost of construction and operating expenses will be covered through rental income generated by the students living there. The goal of this project is to maintain continuous University occupancy throughout a student's undergraduate experience, which will also assist us in retaining upperclass students on campus.

All of our recent construction and renovation projects — including the Minor Myers, jr. Welcome Center, Joslin Atrium, improvements to the Joyce Eichhorn Ames School of Art, artificial turf in Tucci Stadium and indoor track replacement in the Shirk Center — offer important benefits to our goal of enhancing the quality of our students' experience at Illinois Wesleyan. Students have many options for college, and we know from experience that quality matters.

But just as we are grateful to donors who have provided the funds for these projects, we are equally grateful for donors — of gifts large and small — who have provided student aid and scholarships, endowed professorships and supported other campaign priorities. Though such support may not always be as clearly visible as a busy construction site, it has a profound impact on fulfilling our academic mission both now and in the future.

Two alumni asked how Wesleyan's endowment is invested, and what steps have been implemented to protect the endowment from current market forces.



President Wilson greets alumni attending the Awards Lunch at Homecoming 2012.

President Wilson answers: The Board of Trustees is ultimately responsible for the stewardship of the University's resources, including the funds and assets comprising its endowment. It is the board's Investment Committee that sets allocation policies and determines the acceptable levels of risk for all University investments, subject in all cases to the direction of the board and its executive committee.

The Investment Committee implements a diversified asset allocation to balance risk/reward while providing a stable income source to support operations. We use a defined spending policy of 5.25 percent of the four-year average market value to determine the amount transferred from the endowment to support operations. Diversification is achieved with the assistance of our independent investment consultant, Mercer Consulting.

Our current asset allocation is designed to provide optimal long-term returns within tolerable risk limits as determined by the Investment Committee. Asset allocation includes domestic and international equities, fixed income, hedge funds and real assets, which consist of farmland the University manages as an investment.

Thanks to the generosity of alumni and friends and favorable market conditions recently, our endowment has fully recovered from the economic recession that began in 2008 and now stands at \$189 million. However, the challenge ahead is that the endowments of our peers are typically \$100 million more than the IWU endowment, thus providing them with a greater opportunity to meet student financial aid needs and support important program initiatives.

Right now the University is heavily reliant on student tuition and fees, while the number of students applying for need-based financial aid is increasing. Growing our endowment and increasing annual support for the Wesleyan Fund, each of which is a primary goal of our *Transforming Lives* campaign, will relieve that pressure and ensure a Wesleyan education is affordable to current and future generations. Alumni and friend donors hold the key to a sustainable future for our institution.

TO READ THE INTERVIEW WITH PRESIDENT WILSON PUBLISHED IN OUR FALL 2012 ISSUE, [CLICK HERE](#).

TO READ MORE ABOUT THE *TRANSFORMING LIVES* CAMPAIGN, INCLUDING A WEB EDITION OF THE JUST-PUBLISHED 2011-12 ANNUAL REPORT OF GIVING, [CLICK HERE](#).