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President’s Report to the Board

26 April 2013

As in the past, this report is written for the Trustees as an overview of the current work of the University and, I hope, as an introduction to the materials in the Board book. With the current concerns about the national economy, and the value and nature of higher education, this has been a challenging year for Loyola and most private, higher education institutions. Nonetheless, I think we are in a good place as we end this year, and we are positioned well for moving forward.

1. Trusteeship

The Trusteeship Committee has been reviewing and updating the University’s Bylaws this past year. A redlined version is in the Board book under the Trusteeship Committee material.

As you review the material, it may be helpful to remember that the University, as a non-profit corporation, is governed by a Board of Members and a Board of Trustees. Except for those powers reserved to the Members in the Charter, such as the election of Jesuits as Trustees, the Board of Trustees has the responsibility to govern the affairs of the University.

The Members of the Corporation have met and already approved changes in the Charter. Those changes are italicized and require no action by the Trustees.

The Trusteeship Committee will bring to the Board recommended changes in the Bylaws. Those recommendations are redlined in the text. The Trusteeship Committee and University Counsel have been working on these revisions this past year. I hope we will be able to bring them to the full Board for review and approval at this meeting.

2. Academic and Student Affairs

Academic Affairs

At the May meeting of the Academic and Student Affairs Committee Marc Manganaro will give an update on the Student Success Initiative. A PowerPoint presentation from the Student Success Summit can be found in the Board book material for the Academic and Student Affairs Committee. The Tuition Pricing Workgroup of the Student Success Initiative is recommending differential pricing in undergraduate, graduate programs, evening session, summer session, and law as well as some particular programs such as the MBA, criminal justice, and nursing program. We will review these proposals over the summer and fall and bring recommendations to the Board when they are ready.

You will also find, in that section of your Board book, some revisions to the Faculty Handbook which require Board approval. These revisions have gone through the proper internal processes, been reviewed by Counsel, and now need review and approval by the Board.

Enrollment

We are working hard toward our goals of enrolling 875 new first year students in the fall, and another 130 transfer students. At the time I am writing this report, our deposit commitments for first-years for fall 2013 are behind last year at this time. Some of the delayed decision-making of students is expected, as we changed our financial aid process to allow us to reduce our discount
rate. Many students have not yet confirmed their plans, and we continue to work to yield them. As I write this, we are still a week from May 1, which is the national deadline for commitments. So, we will have a better sense of where the fall 2013 class will “land” at the Board meeting and Sal Liberto will provide to the Academic and Student Affairs committee an update regarding where we are. Overall, fall 2013 admissions activity has again been robust, with another large number of applications. We now have our largest pool of first-year applications ever, 6,825, as of this writing. This is an 8% improvement over last year’s mark at this time. Transfer applications are up about 1 percent. (To give the Board some perspective, in the summer of 2005, the summer between my first and second year as President, we had 3,000 applications for undergraduate admissions and that number was a record for us. So, the growth in applications is significant for us.)

We hosted our annual President’s Open House in April. Two hundred and fifty families toured the campus, met with faculty, talked to students, and used the day to inch closer to making their final fall 2013 enrollment decisions. Overall, visits to campus are about 5% down over last year, but we are working to make up the difference this and next month.

Growing demand is an essential element of the strategic plan as it allows us to enroll diverse and talented classes, meet our budget targets, and shape our enrollment into strong cohorts that both persist at high levels and, in time, produce excellent graduation rates. We will continue to work hard to grow demand for fall 2013 and beyond.

Retention and graduation rates remain a focal point and we believe our strategy is a good one. We continue to strengthen our programs on the campus that increase student engagement and offer students opportunities to connect to advisors, professors, and staff. You have read about the Student Success Summit, led by the Provost. This effort ties in nicely with the work Enrollment Management and others have done to improve retention and graduation rates. Many of our efforts, like our First in the Pack program, have focused on issues of transition for first year students. Early retention data looks good for fall 2013 at this very early stage, as first-years are registering at higher rates than last year at this time. Again, a fuller update will be provided in the Academic and Student Affairs Committee.

As you are aware, this is not business as usual in higher education. We are taking a full look at our pricing and our revenue models in all of our programs - graduate, professional, and undergraduate - along with issues of enrollment, capacity, and discount rate as we work on our plan for this year and the years ahead. We want to be strategic and sensible about how we meet the market where it is as we attempt to find ways to grow enrollment and revenue in spite of the challenges and considerable shifts that have been presented to us.

Financial Aid
Our search for a Director of Financial Aid has come to a successful completion. Ms. Carrie Glass has accepted our offer of the position and she will begin her work with us on June 3.

Carrie comes to us after eleven successful years at Massachusetts College of Pharmacy and Health Sciences where she most recently served as their Executive Director of Enrollment Services, managing the offices of financial aid, student accounts, and the registrar. Her offices served about 6,000 undergraduate, professional, and graduate students, in a variety of traditional and online formats. She is credited with maintaining a low discount rate and very low account receivables.
In Carrie, we are hiring a proven leader in the field of financial aid. She is someone who will offer, personally and through her staff, excellent service to students and grow their success. Through thoughtful and strategic budgeting and financial aid packaging, she will work on helping us maximize admission yield, and achieve key net revenue outcomes. Carrie will work collaboratively with all of the members of admissions and enrollment management, as well as our entire campus community.

Student Affairs
In residential life the Cabra Residence Hall is on budget and time-line (see Facilities in the Financial Affairs Report). And it is currently already filled with a waiting list! (This is a very significant change for us.) Dr. Petty is currently working with Sodexo on an updated master plan regarding the Danna Center and new dining concepts.

The Student Affairs staff continues to have ongoing training for compliance with Title IX and the Violence Against Women Act.

Also, I am very proud to report that our Student Affairs office was given the Ignatian Medal for Outstanding Service to the Jesuit Association for Student Personnel Administrators.

Athletics
The work on Athletics, while under Student Affairs, has been supported by Gita Bolt and Tommy Screen. We were approached by the Sisters of St. Joseph about the possible use of the site of their convent on Mirabeau. Gita Bolt is negotiating with the Sisters of St. Joseph regarding the Mirabeau project. It is a project that includes the opportunity to build athletic fields and to, operate a model water management project. The water management project has academic implications as well as benefitting the city and region. The negotiation/agreement is in the early stages.

Once we secure the property and have the capacity to create field space, we will continue to add to our intercollegiate portfolio: softball, and men and women’s soccer. Men’s baseball will move from Segnette Field (across the river) and be more centrally located on the Mirabeau property.

While the NCAA consultation study is complete, we are not currently pursuing a NCAA divisional change until we establish field priority, campaign fund raising for the Sportsplex, and a financial plan that supports the increase of athletic scholarships, coaching and support staff—and a plan that the Board feels confident it can support.

3. Mission and Ministry
The office continues to work to serve the needs of our faculty, staff, and students in a variety of ways. The office is using programs that have been successful in the past and developing new programs, particularly for faculty and staff.

- The Heartland Delta Faculty Conversations conference was held on Loyola’s campus in late February. Loyola hosted the annual national faculty conference in which almost 60 faculty members attended from 10 Jesuit colleges. The theme was ‘Elequentia Perfecta.’

- Human Resources and Mission & Ministry joined forces for a “Builders of the Ignatian Vision” workshop offered to staff. M&M staff, led by Kurt Bindewald and Ricardo
Marquez, facilitated two new Jesuit/Catholic mission and identity staff development workshops this spring including a full-day event on Staff Day in Holy Week. Over 35 Loyola staff attended the two workshops.

- The inaugural first year of the Ignatian Faculty Fellows (IFF) program with its nine faculty fellows is nearing completion. The faculty development program led by Dr. John Sebastian started this spring and projects of each participant are being formulated. Plans are already being developed to involve the IFF participants in future mission-related leadership roles.

- The Ignatian Staff Fellows (ISF) program has completed its recruitment with over 15 staff signed on to begin the program in fall 2013, facilitated by Student Affairs AVP Robbie Reed.

- In addition, 18 members participated in the faculty/staff/alumni ‘Lenten Retreat in Daily Life’ and 24 faculty/staff were involved in the Spiritual Exercises/18th Annotation.

- Loyola University has begun a conversation with the Jesuits of Belize on expanding its relationship with the Jesuit works and ministries of this Central America mission area. Loyola already has several academic and non-academic initiatives in Belize, including a Loyola Institute of Ministry (LIM) extension program, environmental research trips led by Dr. Bob Thomas, and immersion trips for undergraduates and faculty/staff facilitated by the Ignacio Volunteer programs. The hope is to establish a physical presence in Belize, possibly leasing an abandoned rectory, and expanding its collaboration and engagement. Future initiatives planned include Nursing School and College of Business internships as well as new IT/Library initiative with gang-related kids in Belize City.

- Retreats have had a record number of participants this year with the bi-annual Awakening weekend retreat held in March having over 130 student participants. There was also record numbers for the First Year and Senior retreats.

- A new alternative spring break trip to Houston was initiated by University Ministry. LUCAP partnered with the Black Student Union (BSU) to co-sponsor and host this trip which included a pre-trip seminar about the intersection of race and poverty issues. Fourteen students and two staff served with Habitat for Humanity and Catholic Charities in Houston.

4. Finance and Administration

Finance

FY 2012-13: The University is projected to end the fiscal year with a $100 thousand surplus while maintaining a 5.99% draw on the endowment.

FY 2013-2014: Our practice at Loyola is to present the Budget recommendations in two phases. The first phase was presented to the Trustees at the December Board meeting and
involves the recommendation of tuition and fee rates, room and board rates, and salary pool increases. The second phase will be presented at the May 2013 meeting and include the remaining parts of the budget (Salaries, Fringe Benefits, Utilities, Debt Service, Insurance, Financial Aid, and All Other), accompanied by a fine-tuning of all revenue and all expense projections. Approval of the Budget for FY 2013-2014 will be an action item at this meeting.

Endowment
Despite several macro headwinds, the global equities markets performed quite well in 2012, surprising many economists and investors alike. Slowing economic growth in the U.S. and China, austerity in Europe, and fears of going over the “fiscal cliff” in the United States were trumped by an improving unemployment picture in U.S., a rebound in domestic housing and unprecedented monetary stimulus measures enacted by central banks around the world. For the year, U.S. stocks and Developed International stocks increased by 16.0% and 17.3% respectively, while U.S. Core Bonds increased 4.2%.

Overall, 2012 was a good year for Loyola’s Endowment. The Unrestricted and Restricted Pools returned 12.5% and 18.3% respectively, surpassing all of our benchmarks. The market value for the Unrestricted Pool was $168.3 million as of December 31, 2012, whereas the value of the Restricted Pool stood at $84.7 million at year-end.

Since 2012 calendar year end, the markets have continued to move in a positive direction. The committee has been pushing forward with a decided upon asset allocation restructuring to be completed by this calendar year end, if at all possible. Most recently, the Committee has elected to restructure Loyola’s International Equity and Fixed Income portfolios. In light of today’s low yield environment and the potential for rising interest rates in coming years, we believe that Fixed Income will be a very challenging asset class going forward. The Committee has elected to reduce Loyola’s allocation to bonds within the Unrestricted Pool and allocate capital to managers that we believe can successfully navigate through a challenging Fixed Income environment. Other notable changes made this year include the replacement of two managers within the Domestic Equity and International Equity portfolios, as well as three managers in the Global Fixed Income portfolio of the Unrestricted Pool. With our long-term horizon, we will continue to rely on the experience and expertise of the Finance Committee/Endowment Sub-Committee and our consultant. Manager performance and asset allocation will be regularly monitored and managed with prudence as market conditions evolve.

Facilities
At this writing, all of our projects (Monroe, Cabra, and Buddig) are on time and on budget. On Monroe the exterior finished building skin (bricks) will start to be installed in the next few weeks. Also, the major structural steel activities have been completed. You will find a more detailed report on all projects in the Facilities section of the Finance report.

Form 990
As in previous years, the Form 990 is posted on the pass word protected Board of Trustees webpage for your review in order for Loyola to be in compliance with IRS regulations.
5. Institutional Advancement

Throughout this academic year, the Office of Institutional Advancement has maintained its focus on the attainment of the goals the office established for itself in summer 2012 – supporting the overarching strategies of Loyola 2012, execution of the leadership phase of the University’s Faith in the Future comprehensive fund raising campaign, and the execution of the University’s year-long Centennial Celebrations. The office has made good progress in all of these areas. Below are some of the highlights from the Office of Institutional Advancement. Each of the vice president’s direct reports will expand upon his/her respective areas in the more detailed report from the Office of Institutional Advancement that is found in Tab 11 of the board book.

Centennial

Since the March board retreat, we have completed the final Centennial on the Road events – Houston, Los Angeles, and Miami. Throughout this Centennial year, the president has had the opportunity to tell the Loyola story to more than 550 alumni and friends during the six events. The Office of Alumni Relations planned the Centennial on the Road events in six of our major chapter cities - Washington D.C., Chicago, New York, Houston, Los Angeles, and Miami -- to capitalize on the excitement of the Centennial to inspire alumni, donors and prospective donors with a desire to engage with and support Loyola University New Orleans as we enter a second century with the Faith in the Future campaign.

We’ve also brought to conclusion the President’s Guest Series with presentations by Cokie Roberts and Nicholas Carr. Additionally, a Founder’s Fest was held on the university’s campus on April 16, 2013.

Throughout this Centennial year, Loyola has celebrated its rich history and affiliation with the city of New Orleans thereby providing a launching platform for the initiation of the public phase of the Faith in the Future campaign.

The Office of Development: The Office of Development continues to have a relatively good year based on the following:

- $638K of unrestricted gifts – largest total for this time period in the last 5 years and 85% of its FY 13 $750K goal
- $2.3M toward the FY 13 goal of $2.4M for unrestricted and budget relief dollars
- New gifts and pledges in this fiscal year total $13.1M

A local benefactor has pledged $100K, if the university can attract 2,500 new donors before May 12, 2013. VP, OIA, will report the results at the May board meeting. As of April 15, 2013, 1065 new donors to Loyola have accepted the challenge.

Special thanks to the lay members of the Advancement Committee who reached out to specific individuals and secured contributions to this year’s annual fund. More information about the success of this endeavor will be presented to the Advancement Committee at its May meeting.

Faith in the Future campaign: As of the end of March 2013, $32.6 M had been committed to the campaign. Of the 279 proposals totaling approximately $78M that have been submitted since the
start of the campaign, 135 have been funded for a total of $13.05M. Proposals under consideration as of February 28, 2013, total approximately $49M.

The university’s Alumni Association has taken ownership of raising the $10M in unrestricted support. The association’s 20/10 by 2017 campaign will be spearheaded by the Loyola Loyal committee. The Office of Alumni Relations and the Office of Development are working together on this “campaign within a campaign.” Not only is a goal of this campaign to raise $10M in unrestricted support but it also has the equally important goal of increasing the university’s undergraduate participation rate – one of the accepted indicators of an educational institution’s national reputation.

Recently, Derby Gisclair, the Faith in the Future campaign chair, sent a campaign update report to the senior volunteer leadership of the campaign. This report will be provided to our ever expanding volunteer leadership on a bi-monthly basis.

The IA Committee will discuss, at the May meeting, when to move forward with the public phase of the campaign. Depending on the committee’s discussions there may be a recommendation and motion for the full Board.

_The Office of Alumni Relations:_ Alumni College – June 7-9, 2013. The Enrichment Committee continues to plan the 2013 Alumni College: _Experience Loyola Again!_ The volunteer committee is made up of faculty, staff, and alumni who plan a three-day weekend in June where alumni, spouses, family, and friends are invited to attend classes taught by Loyola’s outstanding faculty.

_The Office of Marketing/Communications:_ The office completed and mailed the President’s and Provost’s Reports to _US News_ rankers, Board of Trustees, and top 300 campaign prospects completed Feb/March. The office is currently conducting a communications audit of all undergraduate recruiting materials for Admissions to update messaging and create additional materials to better engage prospective students. The office has completed the materials for the Centennial Challenge to take place March 15 – May 12. The office developed press release and promoted in media, designed, printed, and placed ads, posters, napkin holder cards, postcard mailing, and flyers. Designed sliders, HTML e-mail headers, website, and social media graphics. The office also coordinated and managed production and editing of Loyola’s WWL Louisiana Made, Louisiana Proud advertisement. The spot began airing Tuesday, April 9th, and will run through May and again September through December.

6. Government Relations

_Federal Action_

_Impact of Sequestration Cuts on Loyola:_ Due to Congress’ failure to come to an agreement on fiscal matters before March 1st, a 5.1% cut to all non-defense related FY 2013 spending was implemented. As a result of these sequestration cuts, Loyola will receive $46,006 less Federal Work Study dollars and $16,669 less Supplemental Educational Opportunity Grant dollars for the 2013-2014 academic years. According to our financial aid office, these cuts will mean 22 students who received these awards this academic year will not receive these dollars next
academic year, or the size of the awards given will be reduced so that the same number of students will receive an award, albeit a smaller one.

Finally, one piece of welcome news is that as mentioned in previous updates, the Pell Grant program, from which over 1,000 of our undergraduate students benefit, will not be cut as part of the sequestration.

Waiting on Details of President’s State of the Union Proposals: Nearly three months after the President called on Congress to change the Higher Education Act to include ‘value, affordability and student outcomes’ in determining which schools are eligible for federal financial aid, all of higher education is waiting on specifics of the administration’s proposals.

While reauthorization of the Higher Education Act is highly unlikely this calendar year, many are curious to determine how the administration will attempt to control tuition costs via financial aid eligibility. One possible avenue that many believe is in play is a proposal that would reform campus-based aid programs based on institutional behavior (low net tuition, graduation rates, perceived value). It is believed that these details will be released around the time the President releases his FY 2014 budget on April 8th.

FY 2014 Budget

As can only be done in Washington, the House and Senate each recently passed their own budget resolutions for FY 2014 before the Administration released its 2014 budget. In a typical year, the President releases his budget in early February and Congress follows with their resolutions. However, in lieu of the unique circumstances that presented themselves this year, namely the sequestration battle and the election this past fall, the budget process has been reversed this year.

At the time this update was submitted, the House and Senate passed competing budget resolutions that predictably mirrored the political ideology of the majority party in each chamber. In the House, their resolution balances the budget in 10 years without raising taxes and dramatically reducing domestic discretionary spending, including all financial aid programs. In addition, there are policy provisions that call on the termination of the in-school interest subsidies on student loans and a number of other popular programs, such as the income-based loan repayment program.

In contrast, the Senate does not balance the budget, but does reduce spending by 4 trillion dollars over 10 years as was suggested by the Bowles-Simpson Commission in 2011. There are no specific details on funding levels for financial aid programs. However, there is legislative language that states it is the policy of the Senate to expand access to college for all Americans by eliminating student loan fee increases, by retaining subsidized loan and repayment programs, by continuing and strengthening the Pell program and by asking colleges and universities to be part of the solution to rising tuition costs.

While these resolutions do not govern actual spending levels, they provide the framework for the appropriations bills that set the parameters of federal spending each fiscal year. Thus, their contents provide a forecast of how Congress will fund federal programs moving forward.

Needless to say, we will continue to weigh in with our delegation and ensure that Loyola’s interests are heard throughout the budget process moving forward.
**State Action**

**Governor Jindal’s Tax Plan**
Governor Jindal’s plan to eliminate the state’s personal income tax and largely replace it with a wide reaching 6.25% state sales tax was shelved by the Governor due to a lack of support. The Governor’s plan called for the elimination of the sales tax exclusion that private higher education enjoys, as well as an increase in the number of services for which we would be required to pay sales taxes. (Under current Louisiana tax law, Loyola and the other nine private institutions across the state do not pay sales tax on the ‘purchase, rental, or lease of any tangible item that is essential to the academic mission of the institution.’) Based on FY’ 2012 figures provided by our financial affairs office the elimination of the exclusion would have cost Loyola $550,000 at a minimum each year. Even with the Governor’s package being killed, I will continue to work with LAICU and the members of the private higher education community to ensure that Loyola’s interests are protected should any tax package move this session.

**7. Emergency Manager and Compliance Officer**

As you recall, a year ago we hired Stephen Murphy as our Director of Emergency Management (website: [http://finance.loyno.edu/emergency-management](http://finance.loyno.edu/emergency-management)).

During this academic year, his first year with Loyola, Stephen has quietly been at work on a number of key projects. He has greatly improved radio communications with local first responders. He is working with the Governor’s Office of Homeland Security & Emergency Preparedness to use the State’s Public Safety radio infrastructure (La. Wireless Information Network – LWIN). This also allows for Loyola to be interoperable with all local first responders including NOPD, NOFD, NOEMS, as well as other compliant universities in the city. Stephen has also increased Emergency Response Training. For example, he organized Emergency Management Team members and LUPD to participate in FEMA’s “All-Hazard Planning for Institutions of Higher Education” at the New Orleans Emergency Operations Center.

He has also increased Emergency Preparedness and Emergency Response Awareness on campus by working closely with other departments in actually establishing the Office of Emergency Management; creating a centralized effort for all planning and response strategies. Dissolving outdated plans/protocols and redundant committees; providing educational seminars on campus about emergency operations to all colleges; establishing an on-campus Emergency Ops Center (EOC) and Crisis Command Center for small and large-scale emergency response. He is currently redrafting the Emergency Operations Plan to become compliant with all federal guidance – adding necessary elements to ensure compliance; National Incident Management (NIMS) and Incident Command System (ICS) protocols.

His future work includes finalizing plans with Physical Plant, Information Tech, Risk Management, and LUPD to create the Emergency Operations Center as well as a Crisis Command Center to ensure efficient and effective response to any and all emergencies.

This year, Arlene McCarthy has been at work as our first Compliance Officer. Arlene served at the USDA as an Ethics Program Specialist. She served as attorney to the White House Counsel’s office, and as an attorney for the US. Department of Education and the U.S. Office of Government Ethics. She is working in University Counsel’s Office. To give you some sense of
her work, Loyola responds to fifty-five (55) information requests from Federal agencies and other regulatory bodies on a yearly basis.

8. Planning

We are in the fourth year of implementing our current strategic plan Loyola 2012. The plan was designed as a five-year plan, and we are well underway in implementing this plan. As you know, one of my goals for this year, as well as past years, has been the oversight of the implementation of the plan. At the end of next year, we will evaluate what has been accomplished and begin the process of creating a new plan which will involve every segment of the University as we did in creating Loyola 2012.

While we remain focused on implementing our current plan, I have begun conversations with the Strategic Planning Team of the University to begin thinking about evaluating the current plan as a stepping stone to developing the next plan. Of course, as in the development of Loyola 2012 the development of the next plan will involve Board participation. I have attached a copy of my memo to this Report.

9. Professional Development

You may recall this is another of my goals for this year. I have looked at a couple of different programs which were recommended to me. The one that I think will be most helpful is a seminar, held each fall at the Harvard Graduate School of Education. I have applied to this program. If accepted, I will participate in the program next fall.

10. Civic

On Tuesday, 23 April, I attended a dinner and reception for the GE Board of Directors. They gathered in New Orleans for their Board meeting and to open the new GE Capital Technology Center. The center is expected to grow to roughly 300 information technology professionals, and focus on developing innovative new software, processes and technologies. Two years ago, I hosted a meeting for the site finders with the New Orleans universities here on campus.

I remain a member of the New Orleans Business Council and the Board of GNO, Inc. I also continue as Chair of the Civil Service Commission of New Orleans.