

LOYOLA UNIVERSITY CHICAGO

# State of the University

February 11, 2013



*Preparing people to lead extraordinary lives*

# Headwinds and Challenges to all of Higher Education

- Families are under increasing pressure financially.
- The Federal and State Government has been steady in its support but keeps threatening to pull back on that support.
- Those who saw this time of recession as a time to “get that next degree” have all done so!

As we face challenges, let's be sure  
to keep our eyes on our goals.

1. Improving Undergraduate Education
2. Improving our Reputation in Professional and Graduate Education
3. Improving our Competitive Advantage in Faculty, in Staff, and in Facilities.

# The LUC Story

- We are expanding our programs and adjusting to markets and trends.
- We are steadily improving in quality and in service. (Good student data here.)
- We have strong support from our trustees and donors.
- We have maintained our support of faculty and staff with steady salary increments.

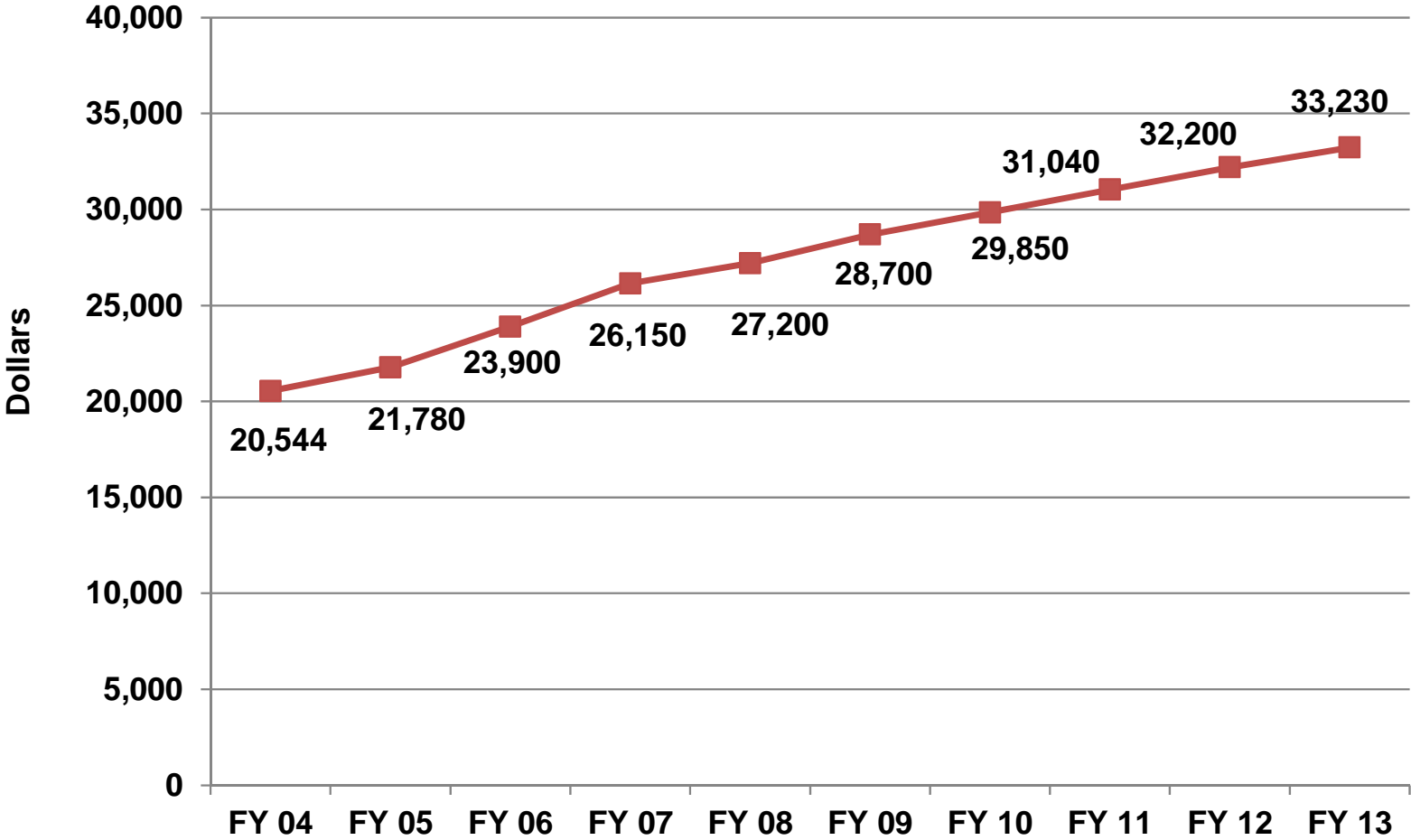
# One trend that is a challenge...

- More undergraduates are graduating on time, or faster!
- Decrease in Masters-level program enrollments.
- University has planned for downturn in PhD enrollments. (This is a job-market issue.)

# Question: Are raises in tuition hurting us in recruitment of new students?

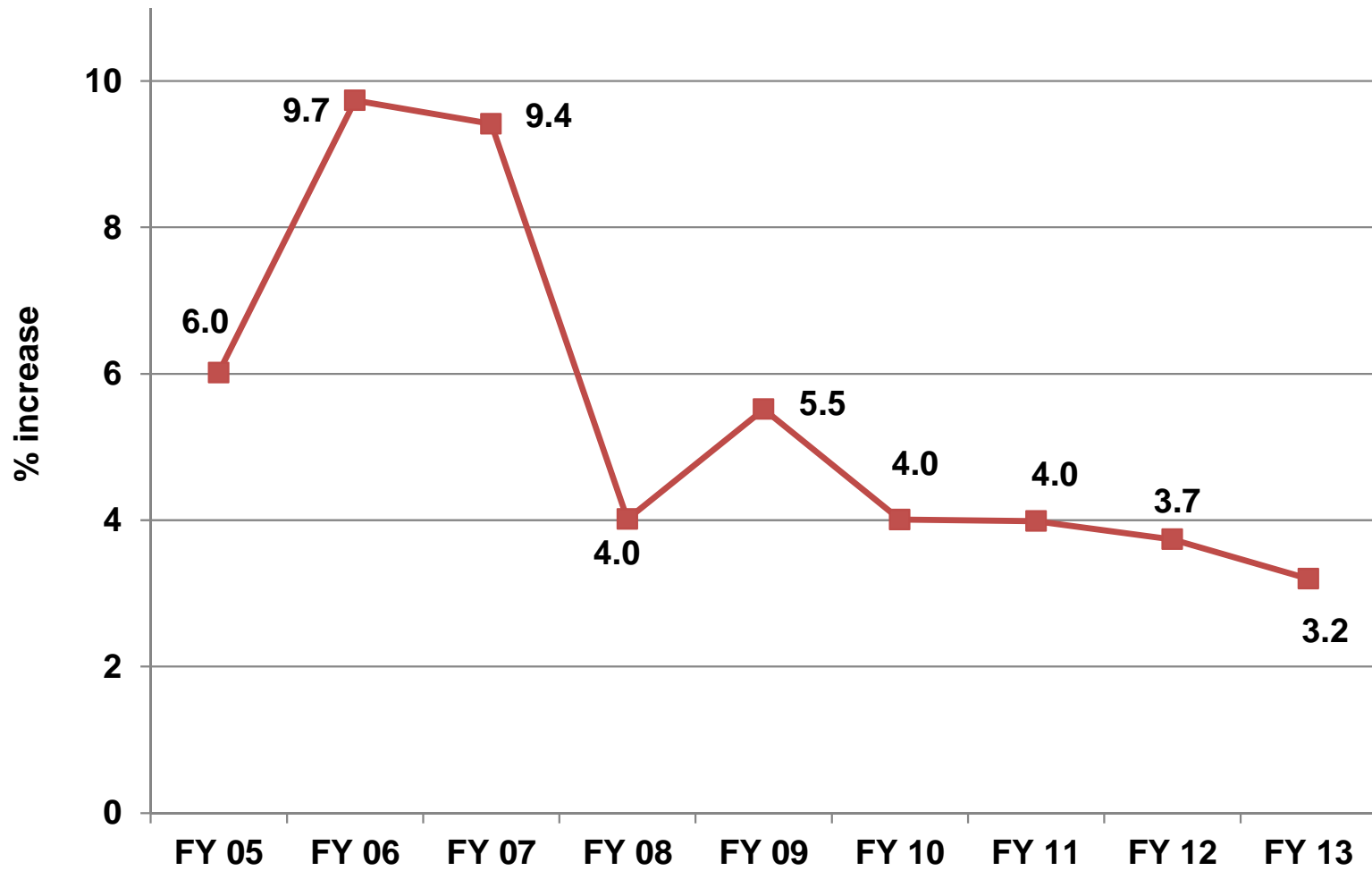
- We are underpriced for our position in the marketplace.
- We are receiving more applications for undergraduate admissions. (doubled over last 9 years)
- We have become more selective, especially in recent years.(82% to 58%)
- Our biggest challenge is undergraduate student debt.

### Loyola Undergraduate Tuition: FY05-FY13



*Note: Tuition excludes fees.*

**Annual % Increase in Undergraduate Tuition: FY05-FY13**





<b>Loyola Undergraduate Tuition and Percent Increase Over Previous Year FY05-FY13</b>		
<b>Academic year</b>	<b>Undergraduate tuition (\$)</b>	<b>% increase over previous year</b>
2004	20,544	---
2005	21,780	6.0
2006	23,900	9.7
2007	26,150	9.4
2008	27,200	4.0
2009	28,700	5.5
2010	29,850	4.0
2011	31,040	4.0
2012	32,200	3.7
2013	33,450	3.2

*Note: Tuition excludes fees.*

**Rank Order of Percent Increase in Undergraduate Tuition  
for Loyola and AJCU Peer Institutions, FY12 - FY13**

AJCU institution	Tuition		% Increase Rank FY13	Percent increase, FY12 to FY13	Tuition Amount Rank FY13
	FY12	FY13			
University of Detroit Mercy	32,500	34,530	1	6.2	13
Seattle University	32,400	34,200	2	5.6	14
Spring Hill College	26,360	27,670	3	5.0	27
Saint Peter's College	28,900	30,320	4	4.9	24
Loyola University-New Orleans	32,266	33,846	5	4.9	15
John Carroll University	30,660	32,130	6	4.8	19
Rockhurst University	27,770	29,100	7	4.8	25
College of the Holy Cross	40,910	42,800	8	4.6	2
Gonzaga University	31,730	33,160	9	4.5	17
Creighton University	30,484	31,856	10	4.5	20
Fordham University	39,235	41,000	11	4.5	6
Marquette University	31,400	32,810	12	4.5	18
Boston College	41,480	43,140	13	4.0	1
Canisius College	29,600	30,780	14	4.0	23
University of Scranton	35,692	37,106	15	4.0	11
Le Moyne College	27,390	28,470	16	3.9	26
Loyola University Maryland	39,470	41,026	17	3.9	5
University of San Francisco	37,040	38,490	18	3.9	8
Santa Clara University	39,048	40,572	19	3.9	7
Saint Louis University-Main Campus	33,470	34,740	20	3.8	12
Loyola Marymount University	36,912	38,212	21	3.5	9
Georgetown University	40,920	42,360	22	3.5	3
Saint Joseph's University	36,480	37,670	23	3.3	10
<b>Loyola University-Chicago</b>	<b>32,200</b>	<b>33,230</b>	<b>24</b>	<b>3.2</b>	<b>16</b>
Xavier University	30,230	31,140	25	3.0	22
Fairfield University	39,990	41,090	26	2.8	4
Regis University	30,588	31,200	27	2.0	21
Wheeling Jesuit University	24,650	24,650	28	0.0	28
<b>Average</b>	<b>33,563</b>	<b>34,904</b>	<b>----</b>	<b>4.0</b>	

**Rank Order of Percent Increase in Undergraduate Tuition  
for Loyola and Middleweight Peer Institutions, FY12 and FY13**

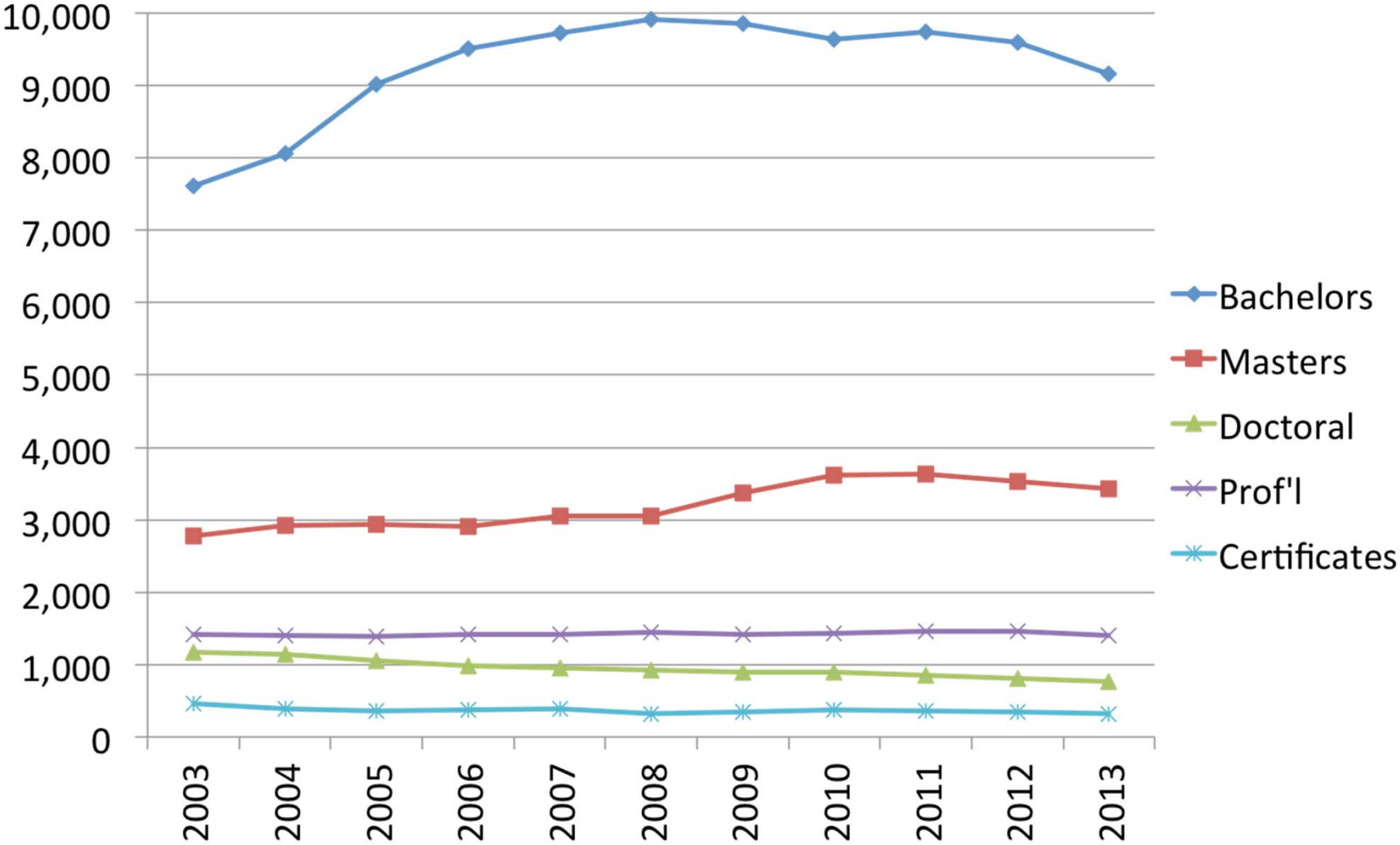
Middleweight institution	Tuition		Percent Increase Rank	Percent increase, FY12 to FY13	Tuition Amount Rank FY13
	FY12	FY13			
Illinois Institute of Technology	33,100	35,203	1	6.4	11
DePaul University	30,000	31,650	2	5.5	18
St John's University	33,235	34,995	3	5.3	12
John Carroll University	30,660	32,130	4	4.8	16
Duquesne University	26,413	27,668	5	4.8	20
Creighton University	30,484	31,856	6	4.5	17
Fordham University	39,235	41,000	7	4.5	3
Marquette University	31,400	32,810	8	4.5	15
Tulane University	39,850	41,500	9	4.1	2
Villanova University	40,530	42,150	10	4.0	1
University of San Francisco	37,040	38,490	11	3.9	7
Santa Clara University	39,048	40,572	12	3.9	4
American University	37,554	38,982	13	3.8	6
Saint Louis University	33,470	34,740	14	3.8	13
Loyola Marymount University	36,912	38,212	15	3.5	9
University of Denver	36,936	38,232	16	3.5	8
University of San Diego	38,150	39,486	17	3.5	5
<b>Loyola University-Chicago</b>	<b>32,200</b>	<b>33,230</b>	<b>18</b>	<b>3.2</b>	<b>14</b>
Xavier University	30,230	31,140	19	3.0	19
Catholic University of America	35,260	36,320	20	3.0	10
<b>Average</b>	<b>34,585</b>	<b>36,018</b>		<b>4.2</b>	

# Enrollment by Degree Type

Fall Headcount	Bachelors	Masters	Prof'l	Doctoral	Certificate	Total
2003	7610	2771	1419	1167	467	13434
2004	8060	2923	1399	1141	394	13917
2005	9012	2942	1390	1057	360	14761
2006	9510	2909	1418	977	373	15187
2007	9731	3052	1414	950	385	15532
2008	9920	3052	1445	919	322	15658
2009	9854	3373	1416	896	340	15879
2010	9639	3611	1438	894	369	15951
2011	9739	3632	1453	856	360	16040
2012	9595	3527	1454	804	340	15720
Spring-2013	9154	3424	1409	759	322	15068

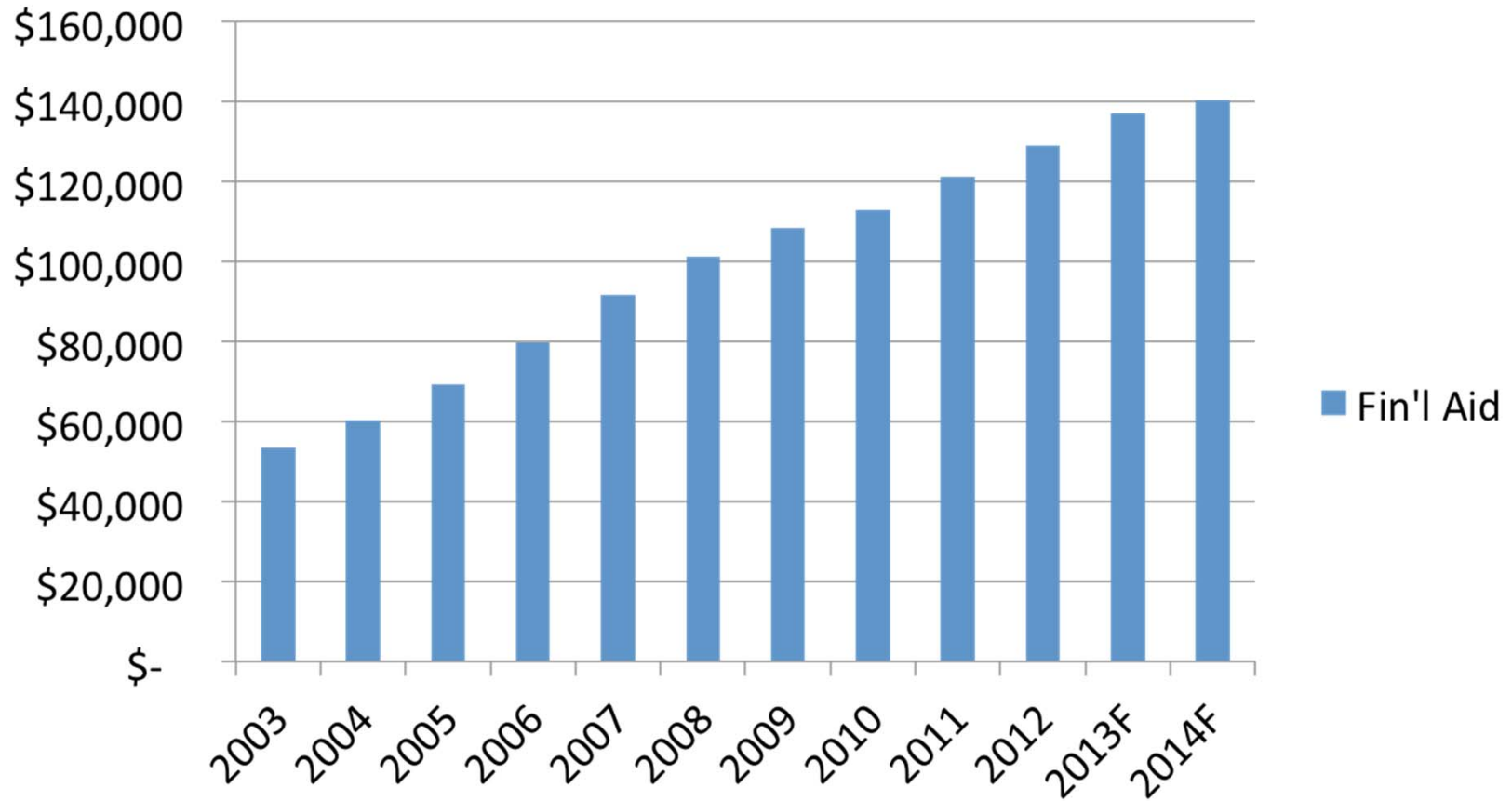
*Source: Fall Headcount Report & Spring-2013 Tenth of Term Report (LUC: Institutional Research)*

# Enrollment by Degree Type

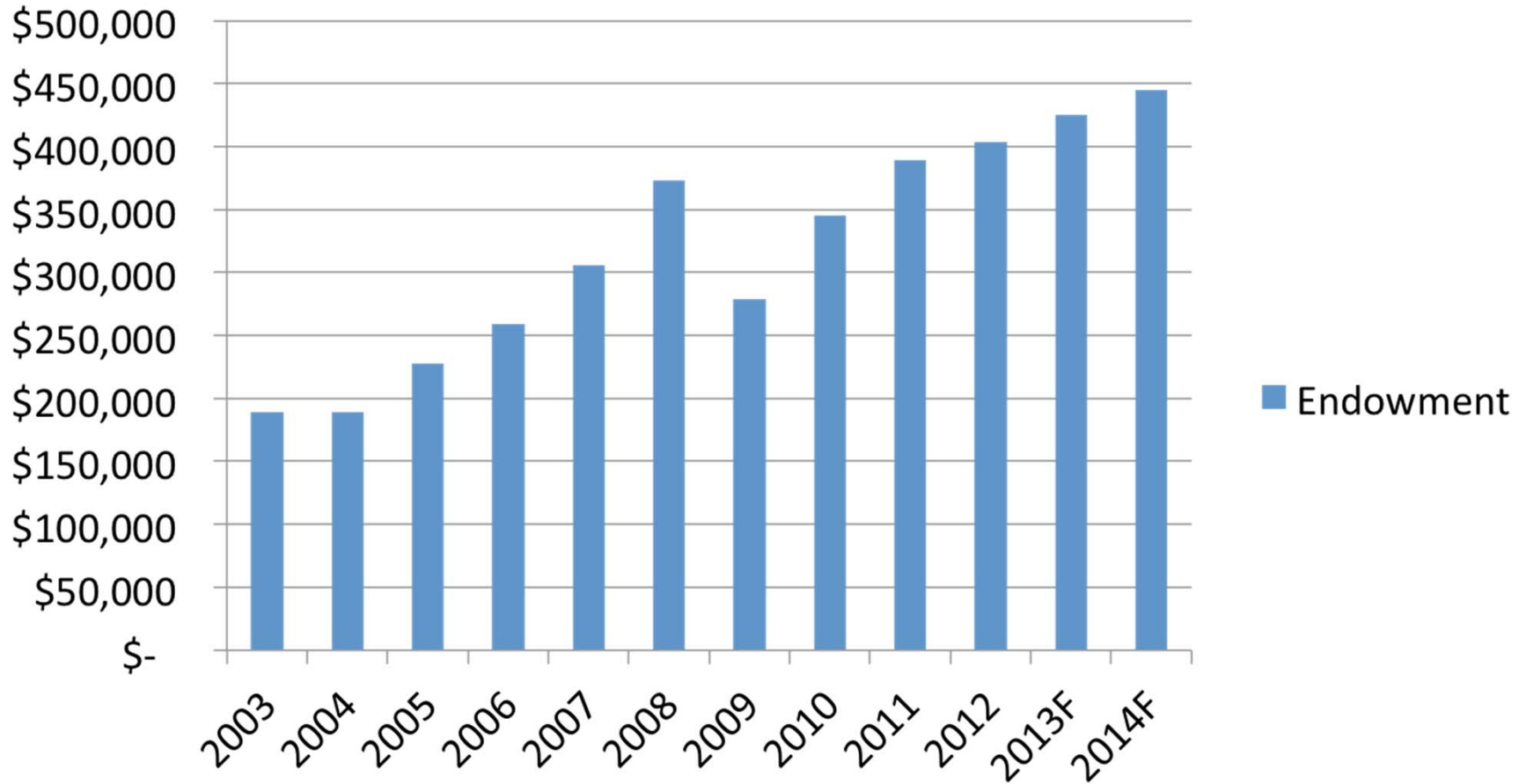


Source: Fall Headcount Report & Spring-2013 Tenth of Term Report (LUC: Institutional Research)

# Annual Financial Aid (000's omitted)



# Endowment and Long-term Investments (000's omitted)



# Are we spending too much money on other things?

- Faculty and Staff salaries? We remain competitive, but our faculty and staff are not over-paid.
- Are we careful about costs like contracted services (Food, Energy, Infrastructure, Cleaning, etc.)?
- Are we spending on capital projects which we can do without?





# Borrowing for these projects?

- We have \$382M of campus new facilities
- We borrowed \$313M.
  - Of this, \$113M was a 7-year fixed loan at 2.3%.
  - Remainder of debt was at fixed rate of 4.2%.
- Our debt repayment schedule, using our internal bank has us paying off a substantial amount of this in the next 8-10 years.

	<b>FY 2010 Actual</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>
<b>Operating Revenue</b>			
Tuition	393,403	415,354	430,767
Fees	18,507	19,417	19,137
<b>Total Tuition &amp; Fees</b>	<b>411,910</b>	<b>434,771</b>	<b>449,904</b>
Scholarships	(112,811)	(121,179)	(128,932)
<b>Tuition &amp; Fees Net Allowance</b>	<b>299,099</b>	<b>313,592</b>	<b>320,972</b>
Grants and Contracts	51,882	51,192	49,511
Academic Support	24,098	18,258	22,772
Gifts	6,098	2,027	2,971
Interest Income	781	197	313
Investment Income for Operations	3,709	4,226	4,627
Other Income	17,664	17,908	22,179
Auxiliary Enterprises	45,769	46,406	49,631
Net Assets Utilized or Released from Restrictions	17,394	19,470	17,196
<b>Total Operating Revenue</b>	<b>466,494</b>	<b>473,276</b>	<b>490,172</b>
<b>Operating Expenses</b>			
Salary	(191,191)	(199,164)	(210,556)
Benefits	(47,835)	(53,202)	(57,513)
Other	(102,223)	(104,557)	(112,767)
Insurance	(2,023)	(1,468)	(1,944)
Depreciation & Amortization	(35,521)	(37,314)	(40,217)
Interest	(10,808)	(10,128)	(9,895)
Housekeeping	(5,220)	(5,583)	(5,981)
Utilities	(7,868)	(7,580)	(7,020)
<b>Total Operating Expenses</b>	<b>(402,689)</b>	<b>(418,996)</b>	<b>(445,893)</b>
<b>Results of Operations</b>	<b>63,805</b>	<b>54,280</b>	<b>44,279</b>

# What happens to “Results of Operations”?

- .....In 2012, “Results” totaled \$44.3M.....
  - The internal bank took 10M to pay down debt.
  - Certain operations keep and re-invest their “profit.”
    - (EG. Housing 4M; Parking .5M; HSD 6.3M; Science labs 1M; Capital projects 6M)
- Year-end savings (re-investment)16M=hedge against any uncertainties.
- .....In 2013, this last item (3) goes away.....

# New Projects and Funding?

- Two major new projects are anticipated:
  - Translational Research Center (TRC), HSD....\$137M
  - New Building for Quinlan SBA, WTC....\$ 67M
- How will they be paid for?
  - TRC.....money already in hand (\$75M Trinity; \$75M LUC)
  - Quinlan SBA....\$41M raised, \$27M to go.

# Should we be concerned?

- Moody's Ratings of Loyola's fiscal health....

“WHAT COULD MAKE THE RATING GO DOWN?

Downturn in enrollment and stagnant or declining net tuition per student revenues, deteriorating operating performance and cash flow, weakened balance sheet from lower financial resources and liquidity, additional borrowing without significant principal reduction and growth in balance sheet resources.”

# We must restore our “hedge.”

1. We are asking each operation to save and to cut 5% of what is left in their FY'13 (non-personnel) budget.
  - Result will be \$1.6M.
2. We propose to delay salary raises until January, and become more sensitive to tying salaries to tuition revenues.
  - Result will be a salary saving in year one of \$3.3M.
3. We will look for permanent cuts of up to 1.8% in the 2014 budget. This can be personnel or non-personnel. VPs have assigned targets.
  - Result will be +\$5.1M.
4. We are seeking new revenue in expanded enrollments in more freshmen and in new programs.
  - Result will be +\$6.4M in new tuition revenue.

\*Note to self: possible payments needed if our pension investments (frozen LUERP Plan) do not produce enough for our retirees' pension (estimated hit? \$5.5M)

# A final note:

- The deans and VPs know this already and have begun to look at where we might save and/or cut.
- It is no surprise that we can do some trimming and that people here are most cooperative.
- The more we keep our positive attitude and our momentum going, the more attractive we are to prospective students and new faculty and staff.
- THANK YOU, THANK YOU!