



Jesuit, Independent, Coeducational

Office of the President

February 10, 2009

Dear Members of the Loyola School Community,

Last month, upon receiving the Robert I. Gannon, S.J. Award at our annual Alumni Dinner, former Loyola board vice-chair Malcolm Speed '70 encouraged his fellow graduates gathered in our gym to read our School's Strategic Plan, "A Vision for the Future," available on our website. I've decided to respond to Malcolm's exhortation by reviewing our Strategic Plan, particularly through the lens of the current economic crisis. Loyola is not immune to the environment in which we are living—and yet, if you review with me where we are via our Strategic Plan, you may be able to join me in feeling some confidence that we will be able to navigate our way through this period of great challenges.

Our Strategic Plan's first goal is very much related to the economy: **Increase the number of applicants in order to maximize the enrollment level of qualified students.** Loyola headmaster Jim Lyness and admissions director Lillian Diaz-Imbelli report that we are on target this year to achieve this goal. Applications for the Class of 2013 have increased over 20%, and admission letters were mailed to acceptees at the end of January. How do you explain this good news in a very difficult economy? This year, Lillian and Jim initiated an early decision program, mimicking a successful practice from higher education institutions. They made our application process more accessible by creating opportunities to apply online. Loyola is working with a well-established marketing consultant, which resulted in upgraded admissions material. Our consultant has already met with representatives of all of our constituent groups—students, faculty, parents, alumni, and trustees—and based on these interactions, she is advising us on our messaging and assisting us in how we position Loyola. We have surveyed parents who have participated in our admissions process for the past three years and intend to broaden our research to grow in our understanding of how Loyola is perceived.

The activities described above are practiced at our peer schools and at other smart, savvy, and growing organizations, and the uptick in applications can be partially attributed to them. I'd also like to think that—finally!—Loyola is shedding its "best kept secret on the Upper East Side" identity and replacing it with another: the preeminent religiously affiliated college preparatory school in the New York metropolitan area. We are currently engaged in what's called "conversion" work in admissions circles—our acceptees are invited to "shadow" current students

for a day, and they and their parents are invited to various events to assist them in deciding that they indeed want to enroll their daughters and sons into our Class of 2013 and become part of the preeminent religiously affiliated college preparatory school in New York.

Part of that preeminence has to do with our endowment growth. The second goal in our Strategic Plan highlights this: **Grow scholarship endowment to lessen the dependency on current operating revenues.** Loyola has experienced significant endowment growth during the first decade of this century—from \$3 million in 2003 to \$10 million by 2008. Of course, our endowment has also experienced losses this past year due to the market, and currently we are at \$8 million. You should know, however, that unlike the colleges and universities in the headlines as a result of the billions of their endowment dollars lost, we are not at this point in the School's history as dependent on our endowment. Tuition funds roughly 75% of our operating budget and historically, we have depended on annual fundraising for over 20% of spending. Our endowment funds 5% of our operating budget.

As you can see, we are very dependent on annual giving. We have seen great growth in the annual fund—in 2002, annual giving reached \$400,000; last year, we shattered records at \$1.3 million. As I write this to you, the annual fund for fiscal year 2008-2009 is behind by \$6,000 in comparison with this time last year. Because of your generosity and belief in Loyola, I remain confident in our ability to continue to provide the same high level of service to our students—as long as I can count on your support of Loyola's Annual Fund. I cannot be more direct than this: if because of the economy you are understandably minimizing your charitable contributions to not-for-profits, you can see how important your donations are to Loyola, our budget, and our students. Consequently, if you have not yet, please give to the Annual Fund, please participate at the Auction in May (which has increased from a \$60,000 net in 2003 to close to a \$300,000 net last year), and please participate at the Golf Outing in June (which has grown from a \$30,000 net in 2003 to over \$100,000 in 2008).

The quality of services provided to our students is addressed in our Strategic Plan's third goal: **Build upon our academic and extracurricular excellence.** This is one of the great success stories of Loyola in recent years. Since 2002, we have enhanced how we do what we do for our students, our families, and our faculty by reestablishing the position of academic dean; by adding another counselor position to our student support staff; by hiring a full-time technology director and a full-time librarian (two separate positions highlighting our commitment to educational technology); by dedicating a full-time professional assistant to our business office, a full-time professional administrative assistant for our admissions office, and a part-time professional administrative assistant for our college guidance office. These positions align us with the independent schools with which we compete. More importantly, these positions benefit the Loyola experience immeasurably—more oversight of and earlier interventions for students who are struggling academically, interpersonally, or emotionally; more capability to incorporate technology into our curriculum and into our administration of the School; more support for the demanding work of admissions and college placement; more capacity to respond effectively and

efficiently to the complexities of the School's financial management. All of this, in addition to the extraordinary talent we possess in our teachers, counselors, coaches, and administrators. We don't intend to cut back on these services, and, with your support, we won't need to.

We are restructuring in one area. Sr. Jo-Ann Flora, who has served as Loyola's Adult Faith Formation Director since 2003, recently informed me that her religious community, the Sisters of Notre Dame, is giving her a well-deserved sabbatical, and after her sabbatical, she will be engaging in ministry outside of Loyola School. Jo-Ann has served admirably in the Ignatian formation of our faculty, in providing retreat days for our teachers, staff, alumni, and parents, and in serving as a spiritual director at Loyola. We will miss Jo-Ann and her ministry among us, but at this time we are able to integrate some of her services into other positions in the School. Between those of us who work at Loyola and resources next door at St. Ignatius parish, in the Jesuit residence on 83rd Street, and in the larger Jesuit network, we will continue to provide formation for our faculty, retreat days, and spiritual direction.

To cover the salaries and benefits of Loyola's faculty and staff, religious and lay, we are very reliant on tuition dollars. Next year, Loyola's tuition will be \$27,000; for this academic year, 2008-2009 year, we are at \$25,680, while the mean of private school tuitions in New York City is \$28,900; this year, three of our top five feeder schools charge over \$30,000 in tuition. Unlike most of the private schools in New York City, a third of the Loyola student body receives some form of financial assistance, reflecting Loyola's Jesuit mission and commitment to socioeconomic diversity. In 2002, our financial aid commitment was at \$470,000, and for next year, we have budgeted \$1 million for financial aid. Next year's tuition increase and budget will allow me to address our fourth goal in our Strategic Plan: **Continue to build a market based total compensation program that supports faculty and staff development and retention.** As Board Chair Bob Sheehy '68 stated in his remarks at the Alumni Dinner, since 2002 Loyola salaries have risen from the worst in the Jesuit and private school systems to among the best, thus supporting and conserving one of our most precious assets: our teachers. While we are freezing all other budget lines, we are projecting salary increases for our teachers and staff, which will insure that we remain competitive with our peer independent and Jesuit schools in compensation.

Our faculty and students collaborate daily in a space which has undergone much renovation in recent years. From the installation of a new roof to the installation of Smart boards in all of our instructional spaces, from sealing the envelope of our exterior with pointing and new sidewalks to the Sr. Nora Cronin Library, the Chapel, the Headmaster's, Deans' and Main Offices, and three floors of refurbished classrooms, Loyola has been transformed. Our Strategic Plan's fifth and final goal, **Increase and improve the School's facilities**, is intentionally positioned last given the progress we have made and now given the constraints of the economy. That notwithstanding, the School needs renovation to the offices on the ground floor as well as major work for the Gannon Theatre, the Art Studio, the Seminar Room, and the Gallery on the fifth floor. Managing the School's physical plant is our facilities manager, Maryann Asprea—

another new position added to our personnel since 2002, highlighting our commitment to stewardship of our School buildings.

This review of the five goals of our Strategic Plan indicates that because of your support, Loyola has been able to “make hay while the sun was shining”—in other words, the School has advanced dramatically during the earlier years of this decade when the economy was more robust and more stable. Had we not “made hay” and experienced this progress, Loyola would be in a far more vulnerable position given today’s financial uncertainties. These years have been blessed with Jim Lyness’s leadership and the contributions of our Vice-President for Finance, Susan Conniff, and our Vice-President for Advancement and Institutional Planning, Tony Oroszlany ‘87. Our board of trustees and I continue to collaborate to implement the goals of the Strategic Plan, and I am most grateful for our trustees’ leadership. Because of their prudence, their commitment, and their generosity, Loyola School remains on solid financial footing.

I appreciate your concern for Loyola, and should you have questions about this report or about our Strategic Plan, do not hesitate to contact me. For now, be assured of my prayers, especially as you experience the challenges of our times. I ask that you reciprocate—pray that we continue to be able to provide the kind of education Loyola School has been providing since 1900. May there be many more Alumni Dinners in our future with many more graduates who value what they have experienced at 980 Park Avenue.

Ex Fide Fortis,

A handwritten signature in black ink that reads "Steve Katsouros, SJ". The signature is written in a cursive style with a distinct "SJ" at the end.

Steve Katsouros, S.J.
President