I would like to welcome all of you back to campus and thank you for attending this, my fourth Convocation as President of Canisius College. I want to extend a special welcome to new faculty and staff who are with us for their first Convocation.

I am not sure if you have come to expect it, but I have made a point of reporting on my summer activities at these Convocations. I managed to get away from the college in June and went cycling in Italy again with my son, who had just graduated from Notre Dame, and was on his way to a job in investment banking in London. We rode by ourselves for a week and then were joined by the rest of the family. For those who have older children, I am sure you can appreciate the bittersweet feelings of enjoying the moment but realizing that family vacations as we have known them will be no longer.

I did some reading over the summer, including The Confessions of St. Augustine, which I had never read in its entirety, and an excellent history of Buffalo’s First Ward, Against the Grain, written by Tim Bohen, the son of Betsy Bohen of our Institutional Advancement division. I recommend that highly as a really thorough piece of local history.

As we begin this year, I can’t help but think that in just seven years from now, when we mark the sesquicentennial of our founding, we might look back in amazement at our own Canisius history. I wonder if Tim Bohen’s title might be an apt title for our own story. At the outset here, during this period of transition at our college, I want to thank those who have
stepped up to accept interim leadership positions, especially, Dr. Terri Mangione in student affairs, Dianna Civello in institutional advancement, Dr. Peg McCarthy, in academic affairs, Dr. Dick Shick in the Wehle School of Business, and Dr. Jeff Lindauer, in the School of Education and Human Services. I am very grateful to Dr. Rick Wall, who has agreed to exit the “interim club” and be named Vice President for Academic Affairs. While the number of interim positions is a concern, I think that the college is being exceptionally well-served by these experienced administrators. As I reported in my summer newsletter, the searches for a leader of enrollment management and a permanent vice president for institutional advancement will resume this fall, and the search for the vice president for business and finance is currently underway.

I am also delighted to celebrate our successes this afternoon, and special acknowledgement goes to Drs. Chris Lopata and Marcus Thomeer today for their extraordinary $3.4 million U.S. Department of Education grant award – the largest federal discretionary grant in the college’s history – for their continued research on treatment programs for autism spectrum disorders. Like our biology, accounting, and animal behavior programs, the Institute for Autism Research is quickly becoming a mark of distinction for Canisius. The college also distinguished itself in national rankings such as the one conducted by PayScale, a salary research firm, in which Canisius College ranked among the top 20 out of 46 schools in Upstate New York to have the highest paid graduates. In a separate but similar ranking, Affordable Colleges Online (ACO) listed Canisius among the top 36 most affordable Roman Catholic colleges whose graduates earn high starting salaries. I am pleased with these results, as we know from our market studies, that post-graduation success of our students is paramount in attracting the attention of prospective students and their parents to Canisius.
I also announce with some sadness today that Fr. Robert Haus is leaving Buffalo and the Canisius Jesuit Community to take up residence at the Jesuit home at Murray Weigel Hall on the Fordham Campus. He has had some health issues recently that they think they can best handle at Murray Weigel, so the move has been arranged rather quickly. It brings to a close Fr. Haus’s 54-year association with Canisius College as professor of mathematics, professor emeritus, assistant secretary to the Board of Trustees, hall rector in Bosch Hall, and moderator of the DiGamma Honor Society, among many other roles. When I think of the Jesuit identity of Canisius College, I think of humble, wise and holy men like Fr. Haus who have served as shining exemplars for thousands of Canisius students. I was able to visit with Fr. Haus yesterday and express my thanks on behalf of a very grateful Canisius for his amazing service. Please keep him in your prayers as he will be praying for all of us.

These Convocations have also been a time to report on fall enrollment numbers. We opened the semester with a class of 690 freshmen. Our budgeted goal for the class was 680, so to be able to exceed the budgeted goal in a year in which so many of the school districts in which we recruit reported a smaller senior class is a real accomplishment. I would like to single out Mollie Ballaro and the entire team in undergraduate admissions and all of those throughout the college who worked together so well to make this possible.

The academic profile of the incoming freshmen class is generally consistent with last year’s class. The average high school average is 90.6%. The average SAT score is 1113 and the average ACT is 25. The academic profile of new transfer students is also slightly higher, rising to 3.0 this year.
While the freshman class report is encouraging, we did not meet the goal for fulltime undergraduates. We were short by about 55 students as the retention of upperclassmen appears to have dipped slightly and we missed goal on the transfer students.

We also saw the tuition discount rate for freshmen climb slightly, but we continue to control the financial aid process very tightly with active involvement from our consultants Maguire and Company. Many of you saw reports in the New York Times and the higher education media about the plight of Loyola New Orleans, which tried to push down too aggressively on its discount rate. It found itself 300 students short in its freshman class, amounting to a $9 million problem. The level of the tuition discounting at Canisius continues to be a concern, but so long as the size and composition of our applicant pool does not change dramatically, we will have to manage through it.

On other enrollment news, summer school was below goal for both the undergraduate and graduate programs and as classes begin, we are at 85% of our goal on graduate credit hours. Despite the shortfall, I do think that Dr. Margaret McCarthy and the graduate admissions team have worked hard over the past year to coordinate with the academic deans to refocus our graduate recruitment marketing strategies. But we will need to redouble our efforts in what is obviously a weak market.

We are doing the math to determine the total impact of all of these numbers on the operating budget, but there is no question that there is a revenue shortfall. There is no single reason for this; rather, the revenue shortfall arises from our failure to make goal on a number of lines, even after the College Budget Committee worked very hard to develop conservative enrollment projections. I can appreciate the frustration that people may feel that we enter the fall semester again with work to do on the budget. The fact is we budgeted conservatively, we
recruited aggressively on both the undergraduate and the graduate side, we managed the financial aid budget tightly, we cut expenses, and we still ended up short. We have no choice but to forge ahead and do the best we can. The vice presidents have been working on this over the summer and with a number of personnel moves – departures and open positions – we have a portion of the shortfall addressed already. We’ll continue our work with the College Budget Committee and with all department chairs and budget supervisors in the days ahead to address the balance.

The budget discussions provide me with an opportunity to continue a discussion that I began in August 2010 as I began my presidency at Canisius. At that time I issued a report to the college entitled “The Future of Canisius College: A Framework for Discussion.” It was my attempt to chart out a vision for the future, while acknowledging many of the real challenges we faced. I invited input from the campus community as I embarked upon a listening tour across the entire college. We completed an organizational review to identify new revenue and expense savings, a process I should call Org Review 1.0. We developed a new strategic plan for the college.

The following year, we encountered financial challenges that appeared quite unlike anything we had seen before. We watched our financial aid budget spike as we enrolled a large freshman class. A combination of high financial aid needs, declining graduate enrollment and rising fixed expenses left the college with little maneuvering room. I outlined these to the campus at a budget forum in February 2012. Thereafter, I began working with the college’s Board of Trustees on a more strategic approach to our challenges, one that would have us develop lasting solutions and a way forward.

I decided that we would proceed with what came to be called a strategic assessment of the college. We retained the Pappas Consulting Group, a national consulting firm. It began with
a rigorous financial self-assessment. We looked at national benchmarks and data from relevant comparison schools to answer critical questions about our costs, our way of doing business, how we make financial and budgetary decisions, and how well we live within our means. It included a review of our academic programs, the size of our faculty, the teaching load of our faculty, and a preliminary analysis of the profitability, if you will, of individual academic programs.

Having Pappas Consulting working with us was important because this is an area where self-reflection by an internal committee would have been insufficient; we needed outside perspective to point out blind spots and place the challenges we face in the proper context. As you all know, Pappas issued its report in December and we reported the results to the campus community early in the second semester.

Our work of the past three years has revealed a number of challenges that Canisius faces. There is first and foremost a revenue challenge. We have seen the college’s operating revenue decline from $96.6 million in 2010-2011 to $91.5 million last year. The revenue line on the undergraduate side is determined by the number of applicants which is affected in part by the demographics of the markets in which we are recruiting and in part by where and how we are recruiting. We know that the number of high school graduates in this region and across New York State is in the process of declining by 16 percent. As we look back over the last decade, we have simply not done a sufficiently good job of developing recruiting markets outside Western New York and it now leaves us at risk.

Revenue from graduate programs has also declined as the job market for teachers has stagnated, affecting our largest graduate programs in teacher and administrator education. In this current year, this is the largest shortfall among the revenue lines.
Revenue has also been affected by the financial aid needs of students in the markets from which we recruit. We saw a spike in the discount rate in the fall of 2011, which we managed to bring back down last year. It is clear, however, that the market remains soft and that further declines in the discount rate will be difficult to achieve in the near term.

While recruitment is a major challenge, retention is nearly as big a challenge. The Pappas Group found that our freshman to sophomore retention rate was a full two points behind the median rate for seven peer schools. We’ve estimated that that spread alone is worth somewhere between $1.5 million and $2 million in our operating budget. I’ll say more about retention later.

Finally, the revenue difficulties extend to our fundraising, which also lags our peer schools.

We have challenges on the expense side of the ledger too. Pappas concluded that we needed to improve the faculty’s contribution in terms of number of students taught. We need to examine ways in which we could reduce out of pocket expenditures in the academic division that were not critical to our mission. On the administrative side of the house, we need better control over our operations and our expenses.

The Pappas report was, to use my words, sobering. While I borrowed Jim Collins’s words in 2010 and said that we needed to confront the brutal facts of our existence, I did not fully realize that there are brutal facts and then there are really brutal facts. Nonetheless, I want to stress the positives here. The fact is that we held the mirror up to ourselves; we’ve seen what we’ve become. We’ve had some honest discussions about it, we’ve developed the beginnings of a plan to deal with it, and we’re still here talking to each other. I continue to think that we’re ahead of many, many other colleges that are experiencing the same thing that we are. The
college’s endowment is strong and we made goal for the freshman class. We have about $2.5 million of strategic assessment savings in this year’s operating budget, and the number looks like it will go higher. These are all good things.

I have repeatedly said that we should take some comfort in the fact that Canisius is not alone; our challenges arise in a national and international context involving five distinct themes.

First, there is the economics of higher education, including the cost, the growth in student debt and for schools like Canisius, the problematic financial model of higher tuition and high tuition discounting.

Second, there are the demographics of higher education, which in addition to the number of high school graduates, also involves competition from other universities, the large and growing role of community colleges, and the need of the global economy for a workforce of lifelong learners.

Third, there is the demand for accountability and assessment in higher education. We heard much about this during President Obama’s recent visit to Buffalo, but ultimately, it’s an issue of the relevance and value of a college degree, what we claim to do, how we measure it, and ultimately, how well-prepared our students are for the demands of the global economy.

Fourth, there is the basic model of higher education as reflected in traditional colleges and universities. This is where the hot topic of 2013, MOOCs, or massive open online courses, is causing many to ask fundamental questions about how technology and the ubiquitous nature of basic course content is going to change how education is delivered and how faculty and students will spend their time.

And this leads to the fifth theme, the conditions of the professoriate, which involves, among other things, the expectations of faculty, the demands of the marketplace, the role of
adjunct versus fulltime tenured professors, and the roles of teaching and research in schools like Canisius.

Our strategic assessment initiative, in concert with the Middle States Commission on Higher Education re-accreditation process, has thrust Canisius into a comprehensive process of internal assessment and change. Both functions require a rigorous self-study of our operation. As we peel away at the layers, we are uncovering numerous opportunities to improve our finances, policies and practices, and most importantly, the student learning experience.

Currently, the Middle States Self-Study Steering Committee is actively engaged in the formal self-study phase, which is an expansive review of Canisius’ operation – that looks beyond the scope of the strategic assessment work – to evaluate the college’s alignment with the fourteen Middle States standards for excellence. We have 80 individuals involved in the self-study and many more are expected to contribute to the process this year as the college takes an in-depth look at its processes for strategic planning, student formation, academic excellence and leadership and governance. As the self-study accelerates this year, we will need full cooperation and engagement on this across the college for a successful review. I want to thank all of those who have been involved, most especially co-chairs of the Self-Study Team, Drs. Patricia Coward and David Devereux, as well as the working group leaders for the fourteen standards. This has required a substantial commitment of time and thought, and I appreciate the great work they and the working groups have completed to date. The college’s self-study is due in June of 2014 in preparation for the site visit to occur during the 2014-15 academic year.

While the self-study requires a broad analysis of the college, our first phase of the strategic assessment work has been largely driven by financial concerns, as the college has attempted to put itself on a sounder financial footing. Our work in this first phase leads me to
conclude that more fundamental changes will be necessary. Thus far, we have been in a reactive mode, and the real challenge is to get ahead of the curve. Namely, there are a series of potential actions that are emerging from the strategic assessment that I would characterize as Org Review 2.0, opportunities for expense reduction, greater efficiencies in our operations, and strategic changes that will make us better. I am grateful to Jim Beardi, a retired M&T Bank executive and a former trustee of the college, Dean Pavlakis, an adjunct professor of history, Dennis Misko, director of special gifts, and Gary Lew in facilities, as well as the entire administrative program review team for the excellent work they have done in these important areas.

As we open the academic year, what is on the horizon for the strategic assessment? We need to continue the good work that has begun. We need to stay committed to an open and honest dialogue at every level about the challenges and our responses. While cost-savings and efficiencies will always be a focus, we cannot lose sight of the revenue lines. We need to increase revenue and that means new program revenue and better student recruitment results.

We all need to work on retention. In March, I appointed a task force to conduct a thorough analysis of our retention initiatives and results, determine the root causes of our retention problems and develop a comprehensive plan to improve our retention rate. I received a preliminary report from the task force over the summer that, while preliminary, was not headed in the right direction. When I formed the task force, I said that I did not expect we would merely tweak what is already in place at the college. It is clear that what we are currently doing is not achieving the necessary results, so we need a comprehensive review of the situation. I will be meeting with the task force next week to clarify my expectations and refocus their work.

I think that I need to create a better sense of urgency on this topic across the college. In the Pappas report, they used the college’s IPEDS data from 2010 as a basis of comparison with
our peers. In that year, the freshman to sophomore retention rate was 83.7%, which was nearly two points lower than the median rate for the seven schools we selected for comparison purposes. In 2012, the freshman to sophomore retention rate for the 2011 cohort dropped to 82.3% and while the final number has not yet been calculated, the 2013 rate appears to be in the range of 80%. As sobering as the Pappas report was on this account, we have slipped further and this is simply unacceptable.

Let’s understand the dimensions of this problem. If we recruit a class of 715 freshmen as we did a year ago and we retain only 80%, that’s a loss of 143 students. At last year’s average net tuition revenue figure of $13,500 per student, and adding in room and board revenue for those who lived on campus, it’s a revenue loss of $2.6 million. Every percentage point increase in retention of freshmen would equate to nearly $130,000 of additional revenue.

The Retention Task Force’s preliminary report did include some interesting data, including the fact that freshman students who withdraw from a course in the fall semester are at a significantly higher risk of not returning in the spring semester or the following fall. This caused me to ask the question, “Why does a student withdraw from a course and how can we reduce the number of withdrawals?” It seems obvious to me that students withdraw from a course when they determine that they are at risk of failing the course and there is insufficient time to change that outcome. Could we not reduce the number of withdrawals by doing a better job of getting students’ attention very early in the semester and letting them know that their work is unsatisfactory and that they need to improve immediately?

Clearly we can do better with retention. Let us resolve to do better. It is within our individual and collective power to do better. Let’s start with the proper mindset. Last Sunday, I received an e-mail from Dr. Judy Larkin of the Psychology Department. She, like so many, is
thinking carefully about all that is before us and she offered the following advice on how we must approach student success. I quote her because I could not say it any better myself:

Each person - whether faculty, staff, or administrator - needs to approach each student with the attitude, "How can I help you?" "What can I do to help you solve your problem?" "Sounds like you're having some difficulties - let's talk about it." In management, it's called Customer Service. In psychology, it's called Listening. In the Jesuit world, it's Cura Personalis. When we translate that into action, what we are conveying to the student is "You're important to me. -- I'm here for you." That's why students will want to stay. They feel that someone cares about them. And in this respect, each and every one of us, by the way that we interact with each and every student, can make a big difference - for the student and for Canisius.

As we strive to get ahead of the curve, there are larger questions that our trustees and many of you have asked:

- Do the five themes shaping the discussion about higher education portend fundamental changes in what we do at Canisius and what do we need to do to prepare for the future?

- What is our vision of the future for Canisius College? As we consider all of the implications of the strategic assessment, is the vision statement in the 2011 strategic plan, *A Transformational Education*, still viable and relevant? To what extent are our present decisions in the strategic assessment influenced by a common vision of the future?

- Given the external and internal environment, what is possible and desirable for Canisius in the years ahead in terms of enrollment, academic program portfolio, the Core Curriculum, and facilities?

As we have proceeded with our work on the immediate challenges, I have been thinking about these questions. Last year, you will recall that I spoke at length in my convocation address about the book, *The Innovative University*, by Clayton Christensen and Henry Eyring. This
summer, I read with great interest a paper published in March by the British think tank, the Institute for Public Policy Research, entitled “An Avalanche is Coming: Higher Education and the Revolution Ahead”. The paper is available for download on the Internet and I recommend it highly to anyone who wants to engage the tough, thought-provoking questions about the future of higher education in the world.

The title, the authors say, is an apt metaphor for what we face in higher education because the one certainty for anyone in the path of an avalanche is that standing still is not an option. The authors’ premise is that globalization and technology are transforming the way the economy works. Education will be affected by these changes and by two wider patterns of innovation in society: a rethinking of basic business models and a change in the skills and knowledge required of workers. The traditional university and what it does will be challenged by other institutions or organizations that can do many of the things a university can do in terms of providing people with requisite knowledge and skills. Increasingly in this global economy, the credential – the degree from a university – may remain important for the first job, but it will become less important than an individual’s qualifications, skills, and actual experience for subsequent career moves.

The authors observe that the successful university has three outputs: degrees, research and a contribution to the economic prospects of a city or region. Each of these outputs and their component parts are subject to being “unbundled;” that is, competing institutions or organizations can do parts of what a university can do, and in many cases, do it better and more efficiently.

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This view of the future, they claim, demands that universities engage in rethinking what they do and how they do it. They must keep one eye focused on the demands of the global economy and another eye focused on the competition. They state somewhat ominously:

Deep, radical and urgent transformation is required in higher education. The biggest risk is that as a result of complacency, caution or anxiety the pace of change is too slow and the nature of change is too incremental. The models of higher education that marched triumphantly across the globe in the second half of the 20th century are broken.

What are the implications of this deep and radical transformation for Canisius College and how should this shape our work on the strategic assessment?

First, we need to understand what our students need to become to be prepared for work, life and citizenship. The authors cite many characteristics and competencies: well-educated, imaginative, collaborative, confident, willing to take personal responsibility for their own lives, and willing to go the extra mile. They say that with information everywhere, synthesis will become more important than ever. Even though the economy is changing in profound ways, our students will need what many of us would regard as the basics: ethics, the ability to think clearly and argue forcefully, and perhaps above all, the “ability to distinguish wisdom in a sea of information.”

Second, the authors point out that with basic course content being available through MOOCs and other places, much of the value-added in our education will not be basic content. Instead, the focus will be on what we build around the basic content. What then will be decisive in determining the quality of the education offered by a particular university? They cite several factors: the quality of teaching and mentorship offered by teachers; the nature of the facilitated dialogue that occurs in the classroom and beyond; the method by which we assess the students’ mastery of the desired skills and learning; and the path from the university to the job market.
Third, the Avalanche authors stress that distinctiveness really will matter. Universities “will need an offer that marks them out from the crowd.” We will need to demonstrate that we have something that other universities or other alternative institutions cannot match.

And finally, the authors assert that universities need to consider their true value. “Universities,” they say, “will have to look at what they offer – the curriculum, the teaching, the mentorship and the wider experience – and seek to ensure that it has real value both intrinsically and as a preparation for work, life and citizenship.”

This all presents a real challenge to colleges and universities, but the good news for Canisius is that we may be better positioned to pull this off than we might think. The characteristics and competencies required of graduates, the quality of teaching and mentorship, and the nature of the classroom experience have always been at the heart of a Canisius education. We will need to sharpen our focus here, articulate more clearly how we do this, and then develop effective mechanisms to determine how successful we’ve been at it. Fortunately, we start with a tremendous amount of experience and success in delivering this type of education and creating these types of graduates.

Additionally, our identity as a Catholic and Jesuit university enables us to speak authentically and convincingly about deeper meaning and a connection with the transcendent. Surely, there is a different kind of value proposition that a Jesuit university can continue to offer the world even amidst so much change.

There needs to be more, of course. The entire Canisius experience – academic, social and spiritual – needs to prepare our students to compete in a world that is moving very fast. As we exhort our students to become lifelong learners, we too must continue to learn and change what we do.
So, what will happen next? The Avalanche authors admit that they “cannot be sure how the revolution ahead will unfold;” but, they acknowledge this is not uncommon on the brink of radical change. They note that in 1825, one of Britain’s leading engineers stated that the idea of a passenger train traveling at over 30 miles per hour was preposterous. Five years later, it happened.

Let me cite a similar example from higher education. In January of this year, San Jose State University decided that it would be a pioneer in the MOOC revolution by enrolling 300 students in three introductory online courses. They charged $150 per course rather than the standard $2,000. San Jose worked with one of the leading online program developers, Udacity, to develop the courses. In July, the results of the experiment came in. More than half the students failed the courses, and San Jose State put the experiment on “pause” to retool the courses. Over the past nine months, the Chronicle of Higher Education and other higher education media outlets have published a number of articles and opinion pieces in which people have variously claimed (1) the San Jose State experiment was a watershed moment in the history of higher education, or (2) the MOOC revolution will destroy the intellectual fiber of our universities, or (3) the results of the San Jose State experiment demonstrate that we should put no faith in MOOCs. Just who in this case is the engineer claiming that a passenger train will never go over 30 miles per hour is not exactly clear. I would suggest, however, that flawed though this first generation of MOOCs may be, I still would not be inclined to bet against technology in the short-term or the long-term. I believe that MOOCs or some variation thereof are here to stay and the successful universities will be the ones that embrace the development and incorporate it into what they offer and what they do.
In addition to understanding and embracing the need for change, and continuing the good work that has been initiated in the strategic assessment, I suggested in 2010 that the college’s culture can often make it difficult to respond to pressing challenges in a timely and appropriate way. I have attempted to signal a new era of openness, transparency and collaboration in the way we have approached our strategic assessment work. Yet, our culture remains an obstacle at times. As we continue down this path and confront the big questions about a deep and radical revolution in higher education, I would like to offer a couple of observations about culture.

First, as has been clear from my talk this afternoon, we in higher education face a number of very difficult questions about what we do and how we do it. These questions invite our best collective thinking. I think that it is critical that we do a better job of engaging the questions. Too often, a question is posed in the college and many of us rush to an assumption that the worst possible answer will be our answer. We allow fear or suspicion or unwarranted assumptions to take precedence over a thorough and thoughtful engagement of the question itself. I think it would be far better for us to understand as many of the dimensions and implications of the questions themselves before we get fixated on one particular answer.

I came across a quote from Rainer Maria Rilke that I sometimes use as a reflection before meetings in which we will be addressing difficult questions and issues. He wrote, “Be patient toward all that is unsolved in your heart and try to love the questions themselves, like locked rooms and like books that are now written in a very foreign tongue. Do not now seek the answers, which cannot be given you because you would not be able to live them. And the point is, to live everything. Live the questions now. Perhaps you will then gradually, without noticing it, live along some distant day into the answer.” So in the weeks and months ahead, I urge you all to live the questions fully even as we search for the best possible answers.
Second, over the summer, I have had several quiet conversations with faculty members and administrators about the challenges we face. In these quiet, honest moments, I have been impressed and encouraged by your expressions of what I would characterize as a quiet but unyielding resolve in the face of significant challenges. I would not characterize this as bravado, which can often be a kind of false bravery; instead, I perceive people to be expressing an authentic resolve to conquer the challenges ahead and to thrive in a swiftly changing world. This resolve springs, I think, from a sincere faith in what we do, and from the knowledge that we have conquered other challenges in the past. I applaud you for that and I encourage you to continue to think that way. We will need to draw on that resolve in the months ahead. As I told the freshman and new students when I talked to them about personal accountability, when it comes to a challenge or a responsibility, we need to learn to own it, deal with it, and make it happen. Thank you for what you will do to make it happen.

May God bless each one of you and may God bless Canisius College.