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Cover story

Shrinking student pool spells trouble for WNY's many colleges

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In Western New York, 21 colleges have seats at the table in the higher education market.

But year after year, as they split up the enrollment pie, the slices get smaller and smaller.

“The number of institutions has not changed, but the number of students they’re competing for has decreased,” said Steven Stoute, president of Canisius College.



JOED VIERA
A look at Buffalo State College campus.

The result is an increasingly saturated higher education market, exacerbated by pandemic-related effects that battle the public perception of a college education being expensive and unnecessary. Meanwhile, costs increase, revenues decline and the applicant pool shrinks.

The local higher education market likely will not be sustainable if these trends continue.

Take Trocaire College and Medaille University, for example. The schools recently announced a cooperative agreement, where the colleges aim to share resources and boost efficiencies. What exactly that partnership looks like is still to be determined as the parties go through the cooperative agreement approvals process. A merger is one of the options, but the schools' presidents said by doing a cooperative agreement, the colleges have kept their options open.

In a conversation with Business First, the presidents cited multiple reasons for the agreement, including the declining prospective-student population and increased competition among colleges.

“We think this type of discussion, however it translates in the end, is likely to be the topic of discussion moving forward not only in the private sector but also ... in the public sector,” said Bassam Deeb, Trocaire president.

Total enrollment at Western New York's 20 colleges has declined 18% over 10 years and 10% over five years, according to 2020 National Center for Education Statistics data. (Information in this story does not include Bryant & Stratton College since total enrollment data was not available for that school.)

Many colleges make most of their money from the size of a student body, so it's no surprise that revenue levels are generally decreasing as well.

At the same time, the number of 18 year olds in the region has been declining, and the trend doesn't show signs of reversing anytime soon, according to U.S. Census Bureau estimates.

SHRINKING NUMBER OF HIGH SCHOOL GRADUATES IN WNY

Source: U.S. Census Bureau's 2020 American Community Survey, five-year estimates

Similar trends across the country have bumped up competition from outside the area to recruit local students, education leaders say.

The higher education field is at a precipice, and adaptations and strategies being implemented now will impact the future and size of the local education market.

"It is going to be a struggle for all of these campuses to continue to thrive," said Katherine Conway-Turner, SUNY Buffalo State president. "The issue will be to what extent can people differentiate and to what extent can they capture populations that are really special to their uniqueness."

Combatting declining enrollment, revenue

What some refer to as the demographic cliff – the decline of high school seniors – has actually been more of a gradual decline across the region, said A. Scott Weber, UB provost.

"The good thing is it allows us to prepare and be nimble with the work we do," he said. "We know it's coming. It's not a surprise to us."

For some, like Buffalo State, that has meant turning their attention to other types of students includes marketing to out-of-state and international students and to community colleges beyond Erie and Niagara counties, Conway-Turner said. About 5% of the school's students are from outside New York state.

Local institutions are also focusing on how to help

businesses upskill employees, which includes certificates, credentials and non-credit offerings and drawing in people who started but didn't complete college degrees.

ENROLLMENT CHANGE AT WESTERN NEW YORK COLLEGES

ENROLLMENT TRENDS AT LOCAL COLLEGES

Data was not available for Bryant & Stratton College.

Source: Fall 2020 National Center for Education Statistics data on total enrollment.

A handful of local colleges, most notably the University at Buffalo and St. Bonaventure University, have managed to increase enrollment.

Leaders at those schools said they've used their niche reputations and program adaptations and additions to their advantage.

UB, known as a comprehensive research university, has increased credentials outside of classic degree programs and updated curricula to address changes in industries, Weber said. Programs in growing fields such as robotics, climate change and health and health disparities have been added.

At Bonaventure, outreach has been strategic. When the school started to see a decline in its primary market, the Buffalo and Rochester areas, a few years ago, marketing efforts were ramped up there, said Jeff Gingerich, president.

The institution emphasizes individualized attention in its admissions process, like hand delivering 150 "Bona Bound" yard signs to incoming freshmen this year.

"Having that kind of reputation as a place that's going to be really student-centered is important and that we continue to nurture it over the years," Gingerich said.

While enrollment is typically tied to revenue levels, gaining students doesn't automatically mean schools are increasing revenue, depending on financial aid levels and tuition prices, according to Robert Kelchen, department head of educational leadership and policy studies at the University of Tennessee, Knoxville.

SUNY Erie this school year increased tuition by 3%, which is the second time the school has done so in the last five years, said David Balkin, SUNY Erie president.

"The previous administration hadn't really kept pace," said. "Now we're back in the competitive pricing space."

Niagara County Community College increased tuition by about \$48 a semester, which William Murabito, president, said still keeps the cost affordable.

Outside of enrollment revenue, Stoute at Canisius and Gingerich at St. Bonaventure want to use their campus spaces for events and community outreach.

Then there's trying to cut costs, which is difficult because a big chunk of expenses are labor- and facility-related, Kelchen said.

Only six of the region's 20 colleges saw five-year revenue growth of 10% or more, according to 2020 NCES data.

REVENUE CHANGES AT WESTERN NEW YORK COLLEGES

REVENUE TRENDS AT LOCAL COLLEGES

Source: Fall 2020 National Center for Education Statistics data on total revenues and other additions/investment return

During the pandemic, local colleges such as SUNY Erie, NCCC and Canisius turned to furloughs, layoffs and/or retirement incentives. Long before 2020, institutions turned to downsizing through attrition.

At Buffalo State, Conway-Turner took note of pandemic-accelerated retirements.

"I see that as both an opportunity for the institution to relook at every position and make a determination of whether or not we need a position like that or if we can do something creative," she said.

Though Canisius did layoffs early in the pandemic, Stoute, who started as president this summer, said cutting staff and programs are not part of his plan.

"I don't believe you can shrink your way to success," he said. "The vast majority of our efforts, of our focus, will be on how we can grow the institution."

NCCC's revenue decreased 4.7% from 2015 to 2020, based on NCES data, and in 2021 the school cut operating expenses by about \$10 million, according to financial statements provided by the college. More than half of those savings came from instruction.

The college laid off four workers and 13 staffers took the offered retirement incentive, Murabito said. The school also saved money by limiting out-of-state travel.

Local schools' endowment levels show an upward trend, with all schools that had NCES data available showing positive 10-year changes, as of fall 2020. All but three schools had positive five-year changes as well. (Endowment data for Jamestown Community College was not available.)

That's a silver lining for the longevity of local colleges. Most funds, however, are restricted to certain uses such as funding a faculty position and student scholarships, Kelchen said.

"Even if the stock market is doing really well, for colleges at risk of closure, that doesn't mean much if they don't have much of an endowment," he said.

ENDOWMENT CHANGE AT WESTERN NEW YORK COLLEGES

ENDOWMENT TRENDS AT LOCAL COLLEGES

Source: Fall 2020 National Center for Education Statistics data on endowment assets (year end)

Current market challenges

Intertwined with conversations about enrollment and revenue are two main higher education challenges: perception and recession. With a hot job market coupled with inflation, the need for and cost of college degrees come into question.

“The challenge for us in higher education is to effectively articulate the value proposition,” Stoute said. “We articulate it as best as we can using return-on-investment data, but there’s so many things that calculation does not capture that are actually critically important to your ability to be successful.”

More people typically go back to school during a recession. However, despite economists predicting a looming recession in the U.S., national and local employment levels are strong. There are still plenty of available jobs, forcing employers to be more flexible when it comes to applicant requirements.

“People go to college in part because they don’t have any other really good options,” Kelchen said. “Right now, they have unusually good options.”

About a dozen U.S. colleges have closed in the last six years. That’s lower than expert predictions, but Kelchen expects those numbers to grow “a little bit.”

“Financial pressures are real, but also these small colleges are mission-driven, resilient and stubborn,” he said. “They think they’re doing a good job. They don’t want to close. By the time they think about a merger or being acquired, in many cases there’s not much left of value.”

Murabito of NCCC said the local higher education market is “clearly oversaturated” and thinks small private colleges will be impacted first, based on national trends.

If NCCC’s enrollment continues to decline, he would expect campus size to decrease. The school would look for partnerships and programs with other campuses before taking steps toward a full merger, he said.

“I would hope campuses get together and there’d be less competition,” he said.

SUNY Erie has taken steps by phasing out programs with low enrollment and moving some offerings from South campus to North campus.

“If there isn’t growth, it’s got to be resized,” Balkin said, referring to the local education market.

Conway-Turner expects Buffalo State to climb out of the pandemic slump, but the plan is about stabilization. The school probably will never be the size it was in 2010 — the world has changed so much in the last decade, she said.

Still, Stoute of Canisius and Weber of UB said the region has diverse institutions that can serve different types of students.

“I think all of the higher education organizations in Western New York are constantly evaluating their offerings to make sure they’re meeting the needs of students,” Weber said. “It’s fair to say we’ll always continue to do that.”

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