

Higher Education

TONIC FOR AN AILING ECONOMY

STORY BY: AUDREY R. BROWKA





*A Canisius education goes hand-in-hand
with economic advancement.*



Talk about the economy seems inescapable lately. It begins and ends each day's news cycle. The situation is further exacerbated by the bickering in Washington on how to stimulate growth.

Americans seem to have accepted this new reality. We've tightened our belts. And we know, deep down, that for every recession there is a similar recovery. *When* that recovery will begin no one can say for sure. *Where* it might begin may be more certain: at colleges and universities across the nation.

"Higher education is not recession proof. But it does tend to be more resilient during down times," says **George Palumbo, PhD**, professor of economics and finance, co-author of *Western New York Economic News* and director of the college's One-Year MBA Program. "Families will forego new cars, vacations and other big-ticket items before they forego a college education for their children."

That's because a college education is often considered a non-discretionary expense for the parents of many first-generation college students, as well as for children whose parents both hold college degrees. These families realize the value of an education and their sentiments are evidenced throughout Western New York, where more than 105,000 students graduate annually from the region's 22 colleges and universities. The value of a college education is further underscored by the current economic crisis. Laid off workers

are returning to school to become retrained or more marketable. And more undergraduate students are planning to pursue graduate or professional degrees.

But the business of education serves more than students. In fact, its ripple effects are felt throughout entire communities.

In Western New York, higher education is a significant contributor to employment. The industry supports more than 32,000 full- and part-time jobs and makes up 11 percent of the area's workforce.

Higher education also provides brick-and-mortar development. Canisius alone has invested more than \$142 million in capital projects on its campus since 1993. Some of these projects, like the conversion of St. Vincent's Church into the Montante Cultural Center and Mt. St. Joseph's High School into Lyons Hall, saved architecturally significant buildings. Others, such as the transformation of Streng Oldsmobile into Demerly Hall or plans for the interdisciplinary science center at the site of the old Sears Roebuck store, offer commercial structures that might have remained vacant a second or third life.

With these signature capital expenditures and the college's annual operating budget, which is in excess of \$90 million, **Canisius' annual economic impact is estimated at \$245 million.**

Combine this with the economic impact of the area's 21 other institutions and higher education pumps \$3.2 billion into regional coffers annually.



State Financial Aid Received at Canisius

	Number of participants	Amount received in state aid
Tuition Assistance Program (TAP)	1,679	\$3,453,222
Higher Education Opportunity Program (HEOP)	85	\$195,808
Additional NYS Scholarship Aid	257	\$220,184
Total Student Aid received from New York State		\$3,869,214
Total Bundy Direct Institutional Aid received by Canisius		\$502,116
Total State Aid received at Canisius		\$4,371,330*

*2008-2009

Canisius' Economic Impact

Estimated Output Impact:	\$206,074,456
Estimated Student & Visitor Impact:	\$39,234,946
Total Economic Impact:	\$245,309,402*

*clcu 2007 Economic Impact Study

FINALS!
5/4 - 5/8

SENIOR BALL
MAY 14



- Canisius an Economic Engine*
- ✓ Canisius has invested more than \$142 million in its campus since 1993
 - ✓ Canisius is the 22nd largest private company in Western New York
 - ✓ Canisius employs 1,000 full- and part-time employees; one-third live in the city of Buffalo



Higher education not only helps stabilize economies, it helps fuel economies.

Still, there is more to the Canisius story, says **John J. Hurley '78**, executive vice president and vice president for college relations. “The college also contributes to the scientific, intellectual and cultural vitality of the communities in which it does business.”

At Canisius, the Urban Leadership Learning Community (ULLC) program develops academic and leadership potential in Buffalo's best and brightest inner city students. The Women's Business Center provides entrepreneurs and small business owners the skills and support needed to take their companies to the next level of success. Canisius also houses the Connections Program, a successful research and treatment program for children with Asperger's Disorder. And the college's Literacy Center offers programs that teach city residents to read. Furthermore, the college participates in numerous service-learning projects and partnerships with elementary and secondary schools, public and private.

“Canisius is committed to its role as an anchor in central Buffalo, no matter the economic climate,” says Hurley. “Our core business, of course, is education.”

The college is steadfast in its efforts to keep its academic programs in sync with the ever-changing needs of the global workforce. Take for example accounting information systems, bioinformatics, digital media arts, health and human performance and international business – many of these new academic programs were among the first to be offered in the area. They were created by Canisius faculty, who are experts in their fields and who engage students in hands-on learning experiences. These experiences teach students how to conduct research, develop new technologies and advance ideas. Ultimately, these students put their Canisius degrees to work as accountants, doctors, economists, entrepreneurs, lawyers or researchers, in Western New York's increasingly diverse employment base. And there is a lot Western New York has to offer.

Buffalo's once robust manufacturing industry is being replaced by jobs in education, healthcare, banking and back-office financial services. In fact, the area's varied employment placed it among *BusinessWeek's* list of top 20 communities in which to ride out the economic recession. The magazine states that 18 percent of the area's workforce is in the

healthcare sector, which is anchored by the Buffalo Niagara Medical Campus, and which houses the region's most respected and recognized medical and research facilities. Buffalo's banking and financial services industry is a close second after education. According to *BusinessWeek*, the area has become a hub for debt collection agencies – a lucrative industry in this economic climate.

“Western New York, in general, has become an attractive place for companies to run major operations,” says Palumbo.

“The area is well-known for its family-friendly lifestyle, its lower cost-of-living and it's abundance of college-educated graduates who are well-trained in any variety of fields.”

For these reasons, Canisius needs to ensure – now more than ever – that the best students continue to have access to the best education.

“Canisius has made tremendous progress over the past 10 years in staking out a place of quality in the marketplace, which we cannot afford to surrender,” states Canisius President **Rev. Vincent M. Cooke, S.J.** “So we will maintain the careful stewardship of the college's assets and prudently manage our operations but we will also continue to move forward – cautiously – along the strategic path we have set and responsibly invest in the priorities of the college.”

Currently, the college is positioned to weather the economic storm.

The budget is balanced. Its long-term debt is at a fixed rate. And there are no immediate plans to tap the credit markets for major projects. This has been part of the college's conservative approach to operations over the past 35 years.

The key to the college's operating budget, however, is enrollment. The good news is that enrollment is expected to be at an all time high next year in New York, when the population of college-age students peaks, according to Abraham M. Lackman, president of the Commission on Independent Colleges and Universities (clcu), which represents New York State's 111 independent higher education institutions.

Still, exact enrollment numbers won't be made available until May, when undergraduate deposits are due. To help sustain enrollment in these times of economic uncertainty, “Canisius is devoting more resources to financial aid, and reaching out to current and incoming students to see what their needs are from a financial perspective,” says **Patrick E. Richey**, vice president for business and finance and treasurer. These

needs, Richey adds, are further compounded by cuts to the state's existing student and institutional aid programs such as the Tuition Assistance Program (TAP) and Direct Institutional (Bundy) Aid.

To lessen the impact of these cuts, Canisius will implement only a moderate tuition increase of five percent for the 2009-2010 academic year. At the same time, Canisius will increase its financial aid budget by nearly four percent so that it may continue to provide for the "97 percent of students who receive some form of federal, state or institutional aid from the college," according to Curtis C. Gaume MS '77, director of financial aid at Canisius and president of the New York State Financial Aid Administrators Association. Additionally, Canisius will continue to award the same number of scholarships as in previous years.

"We are able to do this because Canisius draws only five percent from the endowment's rolling three-year average each year," explains Richey. "It's a conservative formula but one that is designed to even out the spending rate of the endowment. That way we can build up our endowment in good times but we won't take too big of a hit during the tough times."

Necessary as they are, endowment monies, financial aid and family resources aren't always enough to fully finance even the best student's education. As a result, many families are forced to bridge the tuition gap with costly private student loans.

To ease this expensive burden, Canisius College supports the recently passed New York Higher Education Loan Program (NYHELPS). NYHELPS will enable students in New York State to borrow up to \$10,000 annually for college expenses through variable and fixed rate loan options between 7.5 and 8.5 percent. This would be a considerable savings from the current 12-17 percent rates.

"The student loan program will expand financing access to borrowers who are not eligible in today's financial marketplace, and offer loans at a competitive rate rather than the high interest rates many students see today," says Gaume.



But Canisius needs to go further. Richey explains, "The college is going through the operating budget, line-by-line, to reduce college-wide expenditures. Most recently, Canisius reduced its electric and natural gas expenditures but all expenses – from office supplies to travel – are being reviewed."

Capital projects are also being scrutinized closely.

While the college does not plan to develop a long list of deferred maintenance items during the current economic downturn, a move which could make the college weaker in the long run, projects that are seen as optional are being examined closely. Still, the college plans to spend \$1.3 million on capital projects in the next year.

The college, however, will not retreat from the development of Science Hall, the interdisciplinary science center planned for the former Sears Roebuck store on Main Street. Rather, Canisius will proceed with the project on a phased schedule, as resources and funding permit.

"Canisius considers the development of an interdisciplinary science center a sound, long-term investment that will further contribute to the success of the college's science program, Buffalo's life sciences industry and its economy," says Hurley. "Certainly we are realistic and we will be patient. Canisius has a great track record in the sciences and we must continue to develop that so when these uncertain economic times are over, the college can emerge even stronger."

So while the short-term outlook remains clouded for the nation, one thing is clear: That the intellectual and economic capital produced by higher education is a sound investment that can guarantee significant long-term dividends. Where else can you get an assurance like that nowadays?

"The economic storms may create a little turbulence for Canisius and all of higher education," says Hurley. "But we're keeping our seatbelts locked around our laps and remaining optimistic because we know that higher education can be a significant cornerstone of our region's future."