Community Day Speech January 2014

“The difficulty lay with the mind accommodating itself to the notion of the plane, with all its weight, defying gravity, staying aloft. She understood the aerodynamics of flight, could comprehend the laws of physics that made flight possible, but her heart, at the moment, would have none of it. Her heart knew the plane could fall out of the sky.”

— Anita Shreve, The Pilot's Wife

My mid-year State of the University addresses are objectively tougher to prepare than my August address. Six months into our fiscal year and halfway through our academic year offers insights and indicators of how well we are doing or not—but no certainty of our annual results, certainty we all crave, especially in such an uncertain world—a world characterized by our military as VUCA:

Volatile,
Uncertain,
Complex and, increasingly,
Ambiguous and during a year—indeed, now an era—of rapid and pernicious deterioration of private, not-for-profit colleges. Objectively, Saint Leo is doing reasonably well, but not great. Comparatively, we are doing exceptionally well, defying gravity it seems. Let me explain.

Every week—actually almost every day—I read of the general or specific distress, the downward draft, of colleges like Saint Leo. Most often the stories are general:

For instance, one recent article titled “Change is Coming” starts “that college you have your eye on for your teenager? It may be going out of business. Your alma mater too.”

Another headline screams: “Higher Education is headed for a shakeout analysts warn” which then talks about “an antiquated financial model that is hemorrhaging money” while (schools are) facing new kinds of low cost competition—“many colleges and universities could close” it concludes.

Yet another article, “Higher Education on a Crash Course for Reinvention” assails the cost of college, the irrelevance of the curricula for 21st century work and the failure of our schools to use no-cost content available online.

Sometimes they report on schools in a very specific geographic area.
One headline in Massachusetts read: “Area private colleges deal with tough fiscal times”—which goes on to detail high tuitions, increasing discounting, high student debt loads, rising costs, and declining enrollments and revenues.

Some stories report the specific problems of institutions, many long regarded as superior examples of well-run schools delivering superior educations. No school seems immune from this gravity. Are we?

An article entitled: “Private Distress: Private Colleges Remain Under the Weather” detailed the problems of 15 private colleges from Massachusetts to California: layoffs of faculty and staff; 18 percent, 22 percent, even 26 percent declines in new students; and 27 percent overall enrollment declines; downgraded bond ratings; possible institutional loan defaults; slashed budgets; and more carnage.

The daily barrage of these stories assaults one’s confidence. With enrollments declining seemingly everywhere—nearly 50 percent of private college’s freshmen enrollments declined by 10 percent or more over the two-year period from 2010 to 2012 (2013 data not in)—how then does one maintain confidence? In 2012 alone, there were 500,000 fewer students enrolled in U.S. colleges and universities than the year before—mostly adult students, upon whom we depend most, and who are the majority of students nationally lost but hardly just adult students. The number of high school graduates is declining nationwide and will continue to do so through 2024. More of the students that are enrolled in college today are now Hispanic and African American and many more college students are first generation students who generally bring more economic and educational challenges.

Moody’s Investor Services, which sets bond ratings for generally larger and financially strong colleges, projected 18 percent of their rated private colleges will face revenue declines this year. Further, they predict net revenue growth will not equal inflation at 42 percent of private colleges. Moody’s projects that half of all private colleges will experience enrollment decline next fall. For many this is a downward trend that continues to accelerate. Moody’s noted that these colleges, will be in their words, “challenged” to make necessary investments in personnel, programs, and facilities to remain competitive over the long term. No surprise, Moody’s is negative on the prospects and direction of all of higher education based on their analysis of the 280 private colleges and the 230 public universities they rate. We are not among the schools Moody’s rates, and have not applied for a Moody’s rating.
However, when I read these stories and Moody’s investor reports, I am reminded of the movie *Rocky 3* (one of the dozen or so of *Rocky’s*). Remember Mr. T? He plays the ominous Clubber Lane and in the movie he is asked for his prediction for the fight. His answer: “Pain. I predict pain.” Can we confidently defy such ominous trends and predictions? Yes, I believe that we can, but there will be pain. There will be pain either way, but better to suffer it and prevail than just suffer in decline and defeat.

Can we dare feel confident in our 8.5 percent increase in applications to campus thus far? Can we continue to defy the gravity of changing demographics, especially the declines in high school graduates, as well as adult students seeking undergraduate and graduate degrees? Can we compete successfully with the 325 or so private colleges that have slashed their tuition sticker prices for traditional students, some by as much as half? Can we compete with the many others who discount their tuitions from 45 percent to 60 percent (on average more than half, far more than do we)? Can we compete when parents shop their children’s scholarship offer (a discount) from one school to the next—in effect getting schools to bid down their price to enroll the student. Parents are encouraged to do just that annually, it seems, by Matt Lauer, for one, on the *Today Show* segment on college admissions. Can we feel confident? Can we compete?

We can and we better. But it will require pain and everyone’s best efforts—and it will be increasingly more difficult. These downward forces, which seem as certain as gravity, are long lasting, and many perhaps permanent. Times are tough. And it looks from here they will remain tough.

Half the private colleges have not seen an increase in net revenues in at least two years. Many have not seen net revenues grow since 2007-2008 when the Great Recession began. Many faculty and staff at those schools have had few, if any, salary increases now for six years. Moody’s sees more real revenue declines ahead.

Families simply do not have the money to afford many schools. Increasingly, some schools offer less and less every year as they try to cut their way, generally without a clear strategy, to survive. Average family income has not increased since 2007 in this nation, indeed, it is marginally lower than it was seven years ago. Most families no longer have home equity with which to pay tuition. Most families have not recovered from the losses in income and assets they suffered during the recession. Many doubt that a private education or any college education for that matter is affordable or worse, worth it.
There are not only fewer high school graduates, there are even far fewer who can afford expensive private college tuitions. Decreased enrollments, increased discounts, and less revenues equals lower quality.

Frequently, I am asked about our emphasis on enrollment growth and its implications for quality. People are often surprised by my answer. If we want higher quality—and we do—we must grow. Enrollment growth provides almost all of the resources to add additional faculty; fund faculty development; increase salaries; develop new programs; add, improve, and maintain facilities; assess our efforts; and add technology and other resources. If you have any doubts about what I assert, ask a friend working at another college—one less successful than Saint Leo, one not growing. They will make it clear—what we take for granted here at times: additions to our full-time faculty and staff, salary increases every year, more resources, improved facilities, etc. are absent or scarce elsewhere. I will go farther, even though we have comparatively low tuition, any increases in tuition in the future are in doubt. Enrollment growth may be our only sure source of revenue growth.

Our enrollment growth is no accident of nature, luck or location. It results from much hard work, from many driven and committed, but frequently not well-known colleagues. It requires sound strategy, the best tactics, and exceptional execution. It requires work every day and night and every weekend. There is no down time.

On campus, the great work of our maintenance, housekeeping, grounds staff, and security to make this campus one of the most beautiful and safe anywhere helps a lot.

Our marketing, recruitment, and admissions professionals, on-campus and off, in COL, graduate programs, and in our centers make a huge difference; but they cannot do it alone. Our faculty, full- and part-time and staff who interrupt their weekends and daily routines to meet with prospective students and parents and who demonstrate first-hand Saint Leo’s student-centered commitment make a big difference, too. Still we must get even better at marketing, hosting visiting students, recruiting, enrolling, and onboarding students here and everywhere else at Saint Leo.

A December article touted experts who predicted that the decline in high school graduates “will make it somewhat easier [for students] to obtain admissions offers from many good, even competitive schools.” As those schools dig deeper into
their applicant pool to fill their classes, fewer prospects will remain for schools farther down the ladder of quality and prestige to fill their classes. Thus the competition grows more fierce. A recent survey revealed 76 percent of colleges were moderately or very concerned about meeting their new student enrollment goals. This year, only 10 percent were unconcerned. We need to remain very concerned. If we aren’t, we will lose our competitive edge and very quickly. There are scores of schools that want our student prospects, at University Campus; online; and in every center. We will have to “up every aspect of our game” or lose our positive momentum.

*The Wall Street Journal* predicts that many declining private colleges won’t survive: “I think it’s fair to say 30% of these private colleges won’t exist in a decade” commented an enrollment vice president in the article—a vice president, by the way, of a college whose enrollment dropped 17 percent over the past two years. That is real pain, perhaps the knockout blow.

What these data also make clear: the stronger your brand identity, the wider your recruiting reach, the more selective you are, the more likely you will survive what promises to be a decade of pain, perhaps demise, for many if not most.

You may have heard about the new Saint Leo Polling Institute. During the fall, faculty and staff began work on Saint Leo’s own public opinion polling enterprise. Our objective was to use technology to capture the views of the American public on issues that merit attention—and that align with the expertise of our faculty members, who help craft the survey questions and interpret the findings. The resulting Saint Leo Polling Institute was officially announced in mid-December. The same week we began releasing findings on national and Florida politics, holiday consumer culture, everyday technology use—and the popularity of Pope Francis. You can see all the results posted on a new web page, polls.saintleo.edu.

This strategic objective was to expand and enhance our brand awareness and value. And it is working.

The media interest in the new institute and its surveys was far, far better than we could have expected, partly because *Time* magazine named fortuitously Pope Francis its Person of the Year the very same week. Scores of media outlets used our results. We received hundreds of newspaper and online mentions locally, regionally, nationally and even internationally from Canada to Calcutta, India, just in December, along with radio and TV interviews featuring the institute’s public face, executive director Dr. Drew Gold, of our business program and Dr. Michael
Anthony Novak of our Religion, Theology and Philosophy faculty. A very conservative estimate of the publicity value of the poll’s coverage is $150,000. My congratulations to all involved in this project, and we look forward to more good work during the coming years. The institute plans to release a poll four times a year, and sometimes will do instant pollings on topics that develop quickly.

The Saint Leo Polling Institute reinforces several essential reasons Saint Leo University, thus far, defies gravity. First, we always budget resources to invest in strategic initiatives and have been responsible budget stewards providing us with the means to invest in new initiatives: generally the result of our strategic planning—or like the Polling Institute—sometimes moving to seize an opportunity. The second reason is our emphasis on planning and execution. This polling opportunity moved through a thorough vetting process resulting in a decision to develop a polling institute; the development of an action plan to create one; and to execute our first poll. We were methodical, but third—we were agile and flexible. All of this was done in less than six months.

Our agility and flexibility showed again when Time magazine named Pope Francis “Man of the Year.” We scrapped our plans to release our poll results on Pope Francis after the holidays and released the results that day. Four, we accomplished all this because our culture is one of a strong and collaborative community steeped in our six core values. Faculty and staff who made this effort a great success were at the table for the vetting, decision making, and planning processes. We did this together and believe me it probably looks much easier from the outside than it was.

The Polling Institute’s success was one of many this fall. Saint Leo University’s enrollment increase overall by 3 percent to 16,275 students was certainly another. University College grew again by 3 percent—driven higher by better admissions of freshmen and transfers but weighed down by disappointing retention results especially among freshmen who enrolled a year earlier. Attrition depressed our growth. In this competitive world, parents look closely at freshmen retention and graduation rates as measures of student satisfaction and institutional quality. Attrition is costly in the short and long run, in lost competitive edge, hundreds of thousands of dollars and prestige. We must do better—and that is everyone’s job. Were students to leave only because they were incapable of passing their courses, I would not even mention it. But they leave far more often for other reasons. We bond well with our students by the time they become juniors and seniors—we have to do much, much better connecting and bonding immediately with our freshmen and transfers.
Our graduate enrollments increased this year—also defying the national gravitational pull. So did our Center for Online Learning enrollments, more defiance of gravity. COL continues to maintain a steady growth trajectory—driven higher principally by much better retention. Our Stand-Alone or Office Park locations grew at a healthy rate but our Civilian locations were overall down a bit, but some locations disturbingly so. Our Military locations fell a lot, but some of the military decline was really a shift of students to nearby Stand-Alone locations. Federal budget cuts don’t help. We dodged an artillery shell during the government shutdown. But government spending can also be expected to decrease, certainly for discretionary programs and if interest rates climb, which they will in time, other government spending will decline faster.

We made progress this fall developing a new master plan encompassing the Monastery property on the north side of Route 52. However, we are close to purchasing additional contiguous acreage providing us even more options for long-term growth and development. Hence, we are master planning again to include this purchase.

The impending purchase delayed our plans to build a new maintenance facility by a few months, but we want that facility on the periphery of our campus. Preliminary work has already begun on a new location just off McMullen Road eliminating the need for tractor trailers headed to our maintenance facility to move through campus. We have begun to build out the fourth floor of the School of Business constructing a center for technology and innovation which will include a cybersecurity laboratory to support our new academic programs, as well as a couple of classrooms and faculty offices.

We also concluded this fall a very successful year-long celebration of our 40th anniversary “serving those who serve.” We continue to celebrate with our Wall of Honor in the Student Community Center. Thank you to all involved.

While most of us were on break, our first doctoral program began—a doctorate in business administration, DBA for short, with an impressive first student cohort of high-level, seasoned professionals from a variety of industries, other colleges, and geographic areas. This was a milestone event for Saint Leo.

We continue to plan Crawford Hall’s replacement by August 2015 and a conversion of the existing maintenance facility into fine arts studios and classroom spaces by August.
We are also developing a master plan within our master plan—one specifically looking at our athletic facilities; inside and out, current and future. Our athletic programs have increased from 8 intercollegiate teams 15 years ago to 19 teams today. Now, 335 students compete proudly for the Green and Gold Lions—and compete very successfully and do exceptionally well academically. During the Fall season, our men won the Sunshine State Conference soccer championship, our men’s and women’s cross country teams recorded their highest finishes in the conference ever: the men second and the women third. Volleyball finished third and women’s soccer finished fourth. These stellar results earned us four post-season bids and a 20th ranking of over 300 colleges and universities in the Learfield Sports Division II Directors Cup nationally after the fall sports, which is computed statistically based on all a school’s-post-season results.

Better yet, our athletes once again recorded better than a 3.0 grade point average, setting a new record high average of 3.17 GPA.

Few colleges and universities, never mind one that has totally redone two buildings and built nine more for a total of 11 brand new facilities in the last 10 years, would dare pursue more acreage and plan even more new buildings and facilities for the short or longer run in this environment. Some argue that technology will make many of our facilities obsolete. Dare we build more and new? We so dare.

Beyond defying gravity in enrollments and revenues, salaries and hiring, new facilities and technology enhancements, we are encouraged by the progress we are making in fundraising, and expect that more is to come. Alumni and friends, corporations and foundations are all recognizing Saint Leo’s quality, innovation and progress and, in many cases for the first time, are responding with gifts and grants. Their understanding, appreciation and support of your good work encourages us to dare to pursue our ambitious course.

But frankly, at times this aggressive pursuit of our grand vision for 2017—and beyond—even scares me. But I believe in Saint Leo’s mission. I believe in all of you. I believe the world needs more Saint Leo University graduates who not only possess the knowledge and skills to lead a successful life but are imbued with our core values so they also lead lives of significance in service to God, country, and community.

Clayton Christensen once said, “You may hate gravity, but gravity doesn't care.” We can hate it, but we can also lick it. The eminent physicist Wernher von Braun said “We can lick gravity, but sometimes the paperwork is overwhelming.” For us
it will be the effort and the pain, not the paperwork, that may overwhelm some, but not us.

I believe that we will continue to overcome gravity, because the work you do is important and exceptional; our tuition is affordable and offers great value; the education we offer is distinctive, superior, and most importantly needed. I believe that assuring our students really “love the person they become here” means that the heart of our mission to provide “a practical effective model of education for life and leadership in a challenging world based on a steadfast moral consciousness” compels us to produce graduates that understand their education is not solely to produce wealth for themselves or society.

We produce graduates who in Rav Soloveitchik’s seminal work “A Lonely Man of Faith” would not only be described as an Adam 1, materially successful, but will also be described as an Adam 2, who are faithful to the lessons of the Gospels, to serve others humbly, to seek social justice for all, to live ethically and generously of spirit—in other words graduates who will do well and who will do good. I believe that the good Lord will bless your work.

I believe that our business model with seven distinct sources of students and revenues gives us great competitive advantages. I believe that we have all learned the value of change. We welcome it. We embrace it. We create it.

I also firmly believe that our discipline to our four cornerstones: faithfulness to our mission; commitment to practice our core values at all times; clarity of vision supported by thorough planning; and accountability for executing our individual and collective responsibilities, will ensure we find a way to defy gravity. It is when times are the toughest that quality rises to the top while the weak, the timid, the slow, the divided, the resistant to change or the simply dumb, fall away. As long as we adhere to the discipline of these cornerstones which help make us such a strong collaborative community, we will continue to grow and prosper. Our plane will not fall out of the sky. We can defy gravity.

We built our plane while we flew it years ago, and today it soars. Now let’s fly it higher together in 2014 and fly high on to Vision 2017 and beyond. Buckle up though, it will be a bumpy ride, but let’s enjoy the flight. God Bless and Happy New Year!