

Collaboration will build a strong higher education sector

The pandemic is having a financial impact on colleges and universities that will be felt well past the end of the current crisis. By one estimate, the pandemic has cost colleges and universities in the United States at least \$120 billion. Many schools have furloughed faculty and staff, frozen or cut salaries, reduced benefits and eliminated other discretionary expenses. These steps were necessary to cover lost revenue and pandemic-related costs.

It is important to note, however, that the pandemic intensified and accelerated challenges that already existed for institutions of higher education. Well before the pandemic, changing demographics were predicted to result in a significant drop in the number of high school students and a decline in demand for four-year schools over the rest of this decade. The focus on free public education also may have an impact on enrollment at private colleges. In addition, the growth of on online programs may diminish the appeal of the traditional residential college. Finally, schools may need to limit any increases in tuition because many families are struggling under the economic crisis and cannot afford additional expenses. In these circumstances, it is not surprising that S&P recently gave the higher education sector a negative outlook and stated: "COVID-19 pandemic and related economic and financial impacts exacerbate pressures already facing colleges and universities."

While these challenges could cause serious disruption in higher education, I believe they also present unique opportunities for schools to adopt innovative strategic partnerships. One bright spot emerged as schools responded to the pandemic. Schools moved beyond their typical silo approach to challenges and collaborated. At the local, state and national levels, schools teamed up, sharing information and plans in a manner rarely seen in the past. In the midst of this crisis, schools find themselves ready, and needing, to collaborate.

Such collaborations not only will strengthen the schools, but also will benefit the regions in which they are located. In our region, the Rochester Area Colleges organization includes 19 institutions with over 80,000 students and thousands of faculty and staff members. As a sector, higher education is a major economic driver in our region, supporting the economy through the schools' direct expenditures and through the indirect expendi-



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tures flowing from the thousands of students and employees as well as family members and visitors who travel to the region. A 2018 report by the Council for Independent Colleges and Universities concluded that the nine private colleges in the Finger Lakes region contribute over \$6 billion annually to the economy. A continuing strong higher education sector is vital to our region, and schools will need to collaborate in order to maintain that strength. An exciting example of an innovative partnership that will advance both higher education and our community currently is taking place in downtown Rochester. Gallina Development is working in collaboration with five local colleges and universities to redevelop the former Xerox Square into Innovation Square, a campus in which students from multiple academic institutions will live, learn and innovate in an urban environment. Innovation Square will be much more than a residence for students. It will include opportunities for students to take courses together, participate in networking and topical speaking events, engage with high tech companies in the Downtown Innovation Zone, experience the many cultural sites in Rochester and collaborate on community service projects. Such an innovative partnership will enhance the experiences of current students while strengthening the region by attracting new students to the Rochester area and retaining them after they graduate. Equally important, Innovation Square will contribute to the development of a vibrant urban center and could become a model for meaningful partnerships across the country.

Colleges and universities should explore other kinds of alliances, as well. First, schools should consider the formation of regional shared services entities that consolidate administrative operations. Such entities could provide a variety of services and benefits, including payroll, campus safety, health insurance, health services, human resources, information technology, legal services, transportation, training and maintenance. A shared services entity could result in a substantial reduction in administrative costs, as well as improved ser-

vices resulting from the collaboration among staff with expertise.

A second kind of alliance would focus on shared academic programming. As schools look to a future of declining revenue streams, they nevertheless must find ways to continue to expand academic opportunities for students. Creative and meaningful academic alliances would enable expansion with reduced financial outlay and would avoid the kind of expensive duplication of programs that is common in higher education. Such partnerships might focus on jointly run undergraduate or graduate programs and collaborations that connect undergraduate programs with graduate programs at other institutions. Academic partnerships may be more difficult to develop than shared administrative services, but they benefit the students by creating more diversified, high-quality, lower cost academic programs.

A final form of alliance involves the merger or legal affiliation of schools. The late Harvard Business School professor Clayton Christensen predicted that one-half of schools will fail by the end of this decade. While many believe that this prediction is too high, they agree that there will be a significant rise in the number of failed schools, and the pandemic may well increase that number. Some of these schools will consider a merger or other legal affiliation with another institution. Mergers are complicated and difficult because they often are opposed by faculty, staff, students, alums and trustees. In some instances, however, a merger might be better than the alternative of a complete closing of the school.

We hear talk these days about the "new normal." For higher education, the new normal is not just the way schools will look in the 2021-2022 academic year in response to the pandemic. Rather, the new normal requires that we develop a new future for the entire decade. It is time to consider meaningful and mission-driven strategic partnerships that expand academic opportunity, reduce expenses, increase efficiencies and, most importantly, provide added value and benefit for our students. These essential collaborations will strengthen our entire region.

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