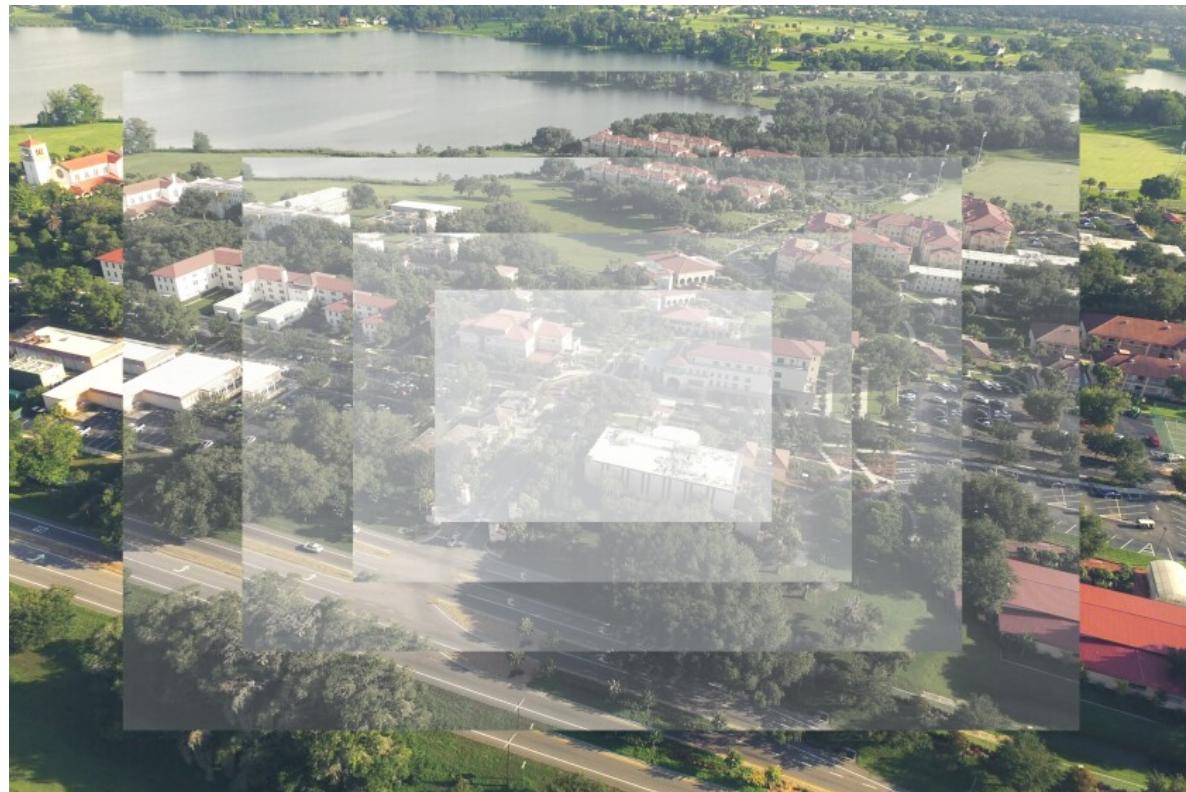


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# A University Had Big Goals for Expansion. Now, It's Drastically Cutting Back.

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9–11 minutes



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Saint Leo University closed out 2012 with much to celebrate. It was an ascendant institution.

For a third straight fall semester, the private, Catholic four-year university had [enrolled](#) more than 13,000 students (full-time

equivalents). In addition to its main campus 30 miles outside of Tampa, the institution had [expanded](#) to more than 60 satellite locations across the nation, including stand-alone education centers, sites on military installations, and programs in high schools. Staffing this sprawling enterprise across the full year was a corps of more than 3,100 [employees](#), including about 160 full-time faculty members and a vast [array](#) of part-time faculty members.

What a difference a decade makes. In contrast to the five-figure student body it enrolled a decade ago, Saint Leo [enrolled](#) just over 7,500 students this past fall. Fewer than half of its satellite locations remain authorized to accept federal financial aid, with plans [announced](#) by the institution to close eight more of its education centers in the next six months. In addition, Saint Leo [declared](#) on Feb. 16 that it would eliminate 111 faculty and staff positions, end three degree programs, and phase out six NCAA Division II athletics programs. Since 2012, the university's labor force has [shrunk](#) by a third, to 2,000 employees, according to a count taken for 2020 — the same year the university's board voted to [derecognize](#) Saint Leo's 130-person full-time faculty union, a move that continues to anger some current instructors.

Like many midsize private institutions, Saint Leo is now scrambling to reinvent itself for a new decade, and to determine what its appropriate size should be after years of ambitious expansion, including a scuttled effort to acquire another institution, in California. The focus now is on enhancing its once [robust](#) online programs for a much more competitive market, as well as designing new degree programs with high market demand and developing partnerships with businesses and other organizations.

Why pivot to online programs? Saint Leo said its strategy is based on an analysis of its own enrollment trends, which found an increasing number of nontraditional students were opting for those programs. “While students may have initially shown interest in attending one of the university’s education centers, they would often transfer to study exclusively online,” Mary McCoy, Saint Leo’s senior editor and media relations manager, wrote in a statement to *The Chronicle*.

While this shift to online predated the Covid-19 pandemic, wrote Stacy Gato, Saint Leo’s vice president of strategic enrollment management, “Covid significantly increased our adult learners’ desire to study remotely.”

The university will also focus on developing its bachelor’s degree program in nursing as well as other programs in its School of Computing, Artificial Intelligence, Robotics, and Data Science.

But Saint Leo’s finances face headwinds. Last April, the bond credit-ratings agency S&P Global Ratings [downgraded](#) its appraisal of \$66 million of debt owed by Saint Leo from investment-grade to [speculative-grade](#) (or [junk bond](#)) status. Just 23 institutions of the 351 colleges and universities [graded](#) by S&P were rated as speculative-grade investments, according to a

*Chronicle* analysis of an S&P ratings inventory released for 2022.

In addition to signaling an institution's perceived creditworthiness, downgrades like the one Saint Leo experienced can have tangible effects when a college seeks to issue long-term debt to finance major projects. It typically means that such an institution considering bond financing will be offered higher interest rates than another college that's operated in the black for several years might receive. More-favorable interest rates from bondholders can mean millions of dollars less in debt service in the long run.

In justifying the ratings assignment, an analyst for S&P cited Saint Leo's languishing enrollment numbers as well as upheaval in its C-suite.

"The downgrade further reflects a history of turnover among the university's senior leadership that, in our view, is a governance risk and limits management's ability to successfully address current financial operations and demand pressures," wrote the analyst.

Between 2021 and 2022, Saint Leo would see key executives, like its general counsel, vice president for advancement, and vice president for strategic enrollment management walk out the door. Shortly thereafter, its chief financial officer, John Nisbet, would also depart. And then, last July, Saint Leo announced Edward Dadez, Saint Leo's then-provost, would take over as president and replace Jeffrey Senese, effective immediately. Up until then, the university had not announced any planned departure for its chief executive.

## A Scuttled Acquisition

Senese's departure marked the end, at least for now, of Saint Leo's expansionist ambitions. For much of the year leading up to

his exit, the then-president had been front-and-center championing the university's acquisition of Marymount California University. The inking of the deal in and of itself represented an important milestone for Saint Leo and Senese, who had previously entered into unsuccessful talks with Iowa Wesleyan University and Delaware's Wesley College.

In reality, though, the prospect of an acquisition could hardly have come at a worse time for Saint Leo. At the same moment the university needed to convince its own accreditor that the Florida institution could acquire and bankroll a campus located on the other side of the country, its operations in the 2022 fiscal year couldn't even generate the positive cash flow necessary to support itself. The problems were long-running: Saint Leo had only twice since 2015 closed out a fiscal year in the black.

The university's accreditor — the Southern Association of Colleges and Schools Commission on Colleges moved in December 2021 to reject Saint Leo's plan to take over Marymount California's operations, finding that the Florida university "did not provide an acceptable plan and supporting documentation to ensure that it has the capacity to comply with" certain financial-responsibility standards. Come April 2022, Saint Leo would make it official, and publicly scrap its plan to merge with ailing the West Coast university. Marymount California closed in August 2022.

The move to acquire Marymount California remains a sore spot for some current and former Saint Leo faculty, who question how their university thought it could reverse enrollment declines by taking over the operations and debt of a failing institution.

In fact, the announcement of the planned Marymount California

merger came as a surprise to faculty, said Angel Jimenez, an instructor of writing and research at Saint Leo.

“Rather than thinking of acquiring other schools, why weren’t we putting money into maintaining our competitive edge in online education? Why weren’t we investing in faculty?” asked Jimenez, who holds one of 17 unionized full-time faculty positions set to be eliminated, according to the faculty union. His last day will be August 15, he said.

The layoffs of Jimenez and his colleagues have only exacerbated an already rancorous relationship between Saint Leo and some of its faculty members.

In late 2020, Saint Leo’s board [voted](#) to derecognize the institution’s [44-year-old](#) faculty union in favor of a “new shared governance model with faculty” that would “ensure equal representation” of faculty and administration, the university wrote in a press release announcing the decision. The vote came months after the Trump administration’s National Labor Relations Board [ruled](#) in a case initiated by an unfair labor practice charge against Bethany College that the agency had “no jurisdiction over the faculty at religious institutions of higher education.” In effect, the decision barred the NLRB from enforcing federal unionization laws and regulations regarding faculty organizing at private, religious colleges.

Saint Leo’s faculty union, the United Faculty of Florida, decried what it called the institution’s union busting and lack of transparency, saying it had bred mistrust in university leadership. The union also sought to cast the university’s board and top brass as hypocrites, questioning why the institution had for years spent

more and more on paychecks and perks for its administrators, even as the institution struggled more and more to get out of the red. A consolidated set of nine complaints about unfair labor practices are set to be adjudicated in front of the National Labor Relations Board.

“We worry about the future viability of our university, the morale of current students, staff, and faculty, and SLU’s appeal to prospective students,” the faculty union’s statement read.