College has become a big business

Wednesday, September 01, 2004

By Marnie Eisenstadt and Teri Weaver
Staff writers

Students at colleges and universities across Central New York unpacked last week, immediately lengthening lines at Starbucks and area pizzerias. But the thousands of students who streamed into the area do far more than boost the businesses that cater specifically to them. Experts say their tuition dollars and creative energy help fuel the entire region’s economy. Higher education is one of the fastest-growing industries in Central New York, and it now rivals manufacturing as the primary source of new money coming into the community, according to the state’s Department of Labor. Colleges and universities are also becoming leading corporate partners, running programs that foster new businesses and help existing companies grow, local college officials and business leaders say. “Education is one of our strongest growth sectors in Central New York. They are adding jobs every year,” said Roger Evans, principal economist with state labor’s Central New York office. In 1993, 45,500 Central New Yorkers — or about 14 percent of the work force — had manufacturing jobs. Last year, the number of people in the Syracuse area with manufacturing jobs was 38,700, about 11 percent of all workers. Higher education has a different story to tell. In 1993, education employed 19,200 Central New Yorkers, a little less than 6 percent of the work force. Last year, 24,500 local workers had education jobs, slightly more than 7 percent of the work force, according to Labor Department figures. The payroll for the private educational institutions alone is In 1993, 45,500 Central New Yorkers — or about 14 percent of the work force — had manufacturing jobs. Last year, the number of people in the Syracuse area with manufacturing jobs was 38,700, about 11 percent of all workers. Higher education has a different story to tell. In 1993, education employed 19,200 Central New Yorkers, a little less than 6 percent of the work force. Last year, 24,500 local workers had education jobs, slightly more than 7 percent of the work force, according to Labor Department figures. The payroll for the private educational institutions alone is $700 million, according to the Commission on Independent Colleges and Universities. Evans said that while other sectors — including leisure, hospitality and professional services — have seen larger growth, the new jobs at colleges are in many ways more important. Higher education injects new dollars into the local economy, rather than transferring existing sales from one part of town to another. "So it is new money to us," Evans said. In the past, communities would look to the factories for new economic foundation and growth. Higher educational institutions are taking on more and more of that role. "We used to think of manufacturing as the source of new wealth to the economy," Evans said. "More often today, universities are the source of that money."

Keeping creativity local

The result is a slow but steady change from town-versus-gown friction into a more trusting relationship that has colleges joining chambers of commerce and businesses looking to campus experts to help bolster profits. Instead of trying to sell a product or a patent to a far-flung corporation, the schools are making a point to share their knowledge and resources at home so that the

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colleges and communities benefit from the effort, local leaders said. "I think that's our responsibility to do what we can to advance the quality of life in CNY," said Cornelius "Neil" Murphy Jr., president of the State University College of Environmental Science and Forestry. "If that means improving our environment, if it means helping businesses be more successful, if it means information transfer, getting some of our intellectual property out there for the public, those are all things we have to do," he said. That attitude, combined with higher education's own growing industry, has put colleges into the top rung of corporate citizens in Central New York. The schools are "an important, major business," said David Cordeau, who heads the Greater Syracuse Chamber of Commerce and counts all of Onondaga County's colleges in his membership. "Ten years ago, the large industrial company would have been viewed as more important. That has changed." Now, for example, in Onondaga and Oswego counties, universities — including the State University of New York Upstate Medical University — are among the largest employers. "All the people who work in these places also live in the area," said Harjit Arora, an economics professor at LeMoyne. "We live and raise our families here. Most of our income is spent in this area. We buy everything, groceries, retail shopping, entertainment, education, health services. We all are interconnected." That connection goes beyond the traditional examples offered by Arora.

Partnerships enrich each

Colleges and universities in Central New York are trying to become business partners, spinning off new businesses through a host of projects. Those projects, and their results, come in all sizes and vary with school and community. Cornell University and Syracuse University both serve as major test centers and consulting bases for companies. Colgate University has helped to revitalize storefronts in Hamilton and moved its bookstore downtown, a move Cazenovia College will make later this year. LeMoyne College now assigns students to design marketing plans for small businesses. Oswego State provides advice to local residents who want to open their own businesses. SUNY ESF has become an actual business partner with two private businesses to develop technologies meant to protect public water supplies, Murphy said. Source Sentinel LLC will unveil a prototype in about a month, and the final product will be made here and sold throughout the country, he said. Any profits will be split equally among the school, Sensis Corp., and O'Brien and Gere, the local engineering firm which Murphy once headed. "Anecdotally, there's just a huge number of opportunities for local businesses that wouldn't be here without the universities," said Bob Tractenberg, whose CNY Technology Development Organization helps bring together businesses and colleges.

Turning it into cash

Syracuse Castings has benefited from that relationship. The 33-year-old Cicero company makes equipment needed for large-scale road construction. The company had wanted to expand into international sales, but past attempts had failed, said Tim McKernan, Castings' national sales manager. McKernan got help from students and faculty at Syracuse University's School of Management, who worked with Syracuse Castings on an international sales plan to help the company overcome past obstacles. "We weren't able to penetrate Canada in the past," McKernan said. "You've got to get over cultural issues, exchange rates." Now, the company is making hundreds of construction grates and exporting them to Canada. "We've sold hundreds of hatches up there where we never did before," he said. Many believe there are more opportunities to be tapped. "There is a lot of potential to do more with universities than is currently being done," said Rob Simpson, assistant to
the president of the Metropolitan Development Authority in Syracuse. The group released a study in February that focused on what could be done to tap that energy and help grow Central New York’s economy. The MDA has been working to form better alliances between the business and education sectors, hoping that financially lucrative partnerships will spring from those relationships. The group is working with colleges, universities and businesses to develop a matching grant program that would link researchers with companies that can make their products. “This kind of program is a win-win,” Simpson said.

Learning for a lifetime Richard Hezel sees firsthand the economic potential of Central New York’s colleges. “We absolutely need to tap into our higher education institutions as one of the drivers of economic development,” said Hezel, who heads Hezel Associates LLC, which helps colleges use distance learning techniques with clients that range from PBS to Oswego State. Hezel said some of his out-of-town clients ask why he stays in Syracuse when it might prove more convenient to set up shop in Washington, D.C. He answers by saying that Central New York’s colleges and the area’s work force combine to make a thriving business community. “It’s a place where learning doesn’t end at the end of college with a degree,” he said.

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