



FAIR FINANCE

# Rowan University: A Blue-Collar Soul

***Can a Rising Research Institution Hold On to Its  
Mission of Serving First-Generation Students?***

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# EXECUTIVE SUMMARY

## Overview

One of Rowan University's goals is educating underserved communities while acting as an anchor for impact-oriented community and workforce development, which has allowed it to generate new sources of revenue. This has been achieved through a Culture of Growth, Building a Will Toward Change, Charismatic Leadership and Four Development Initiatives without taking on more expenses than necessary and managing its bottom line while building enrollment to secure its status as a rising star among second-tier schools.

Rowan University has maintained its identity as a blue-collar school serving first generation and under-represented students by aligning sources of revenue to create job opportunities for graduates and strong connections to the community and private sector.

A 2018 New York Times article about Glassboro, New Jersey, carried the headline "[New Jersey Town and University Bridge Their Divide, and Both Reap a Reward](#)." This captures the spirit of community partnership and the anchor institution position that Rowan has established for Glassboro's economy. At the same time, Rowan has turned the revenue it generated back to keeping tuition low, increasing its student scholarship and financial aid budget from \$5 million to \$30 million. As a result, Rowan University finds itself in a much better position than many other second-tier institutions as COVID-19 creates great turmoil and transformations across higher education.

## Key Takeaways

### CULTURE OF GROWTH

*For Dr. Ali Houshmand, Rowan University President, the key to serving students and others is clear: it is the University's bottom line. Enrollment climbed 72.7% from 11,000 students in 2012 to 19,000 in 2018, making it the 6th fastest-growing research university in the U.S. [\[In 2020, Rowan ranks 4th.\]](#)*

According to the report, [2017-18 Rowan on the Rise](#), enrollment of people of color grew slightly faster than its undergraduate enrollment. Under-represented students are about 30% of the population. At 85.1% percent, Rowan's retention rate for first-time students between their first and second year exceeds the 80.8% national average for four-year public institutions.

## BUILDING A WILL TOWARD CHANGE

*Dr. Houshmand created a culture at Rowan emphasizing that: 1) personal initiative is rewarded; 2) teaching that leads to employment deserves a high emphasis; 3) affordability while maintaining a quality education is the highest priority and 4) partnerships with the community are good for growth.*

Rowan University's success was built on major gifts, including one of \$100 million that set the record for the largest gift to a public higher education institution, and the support of local and state partners. In the early 2000s, Rowan University was at the mercy of the state budget. Today Rowan serves twice as many students and has a \$230 million endowment.

## THE IMPORTANCE OF CHARISMATIC LEADERSHIP

*"You can't have 'haves' and 'have nots,'" Dr. Houshmand said. "The pain must be shared equally." In the Rowan hierarchy, the students are a protected class."*

Dr. Houshmand's strategy and ability to foster a deliberate culture of accountability and bottom-line orientation enabled development across many facets of the University.

Four critical development initiatives helped align the University's growth and revenue generation with its mission of offering a relatively low-cost, practical education for first-generation students. Focus on revenue to maintain its four pillars of affordability, access, quality and economic impact while lowering expenses was essential and implemented as follows:

**1. Rowan Global** - In 2010, Rowan launched online learning to serve an extended community of non-traditional students, empower academic departments, and increase revenues. Rowan Global is in position to continue to grow an already thriving online learning program. The division of Rowan Global, began as an experiment and has become a mainstay, enrolling

13,300 degree or non-degree students annually and generating greater than \$128 million during the past 10 years.

**2. Partnerships with Community Colleges** - Relationships developed during the Rowan Global development allowed Rowan to expand classroom space while increasing enrollment for under-served and first-generation students without having to build a new building. These partnerships provide a three-in-one degree program where students spend three years at a county college and then a final year at Rowan while paying community college tuition.

**3. The Revitalization of Glassboro** - According to the Glassboro Office of Economic Development, the mixed-use development of Rowan Boulevard helped boost the local economy by \$48 million annually. According to [Econsult Solutions Inc.](#), "This unique public-private partnership has transformed a neighborhood of single family housing occupied largely by college rentals into a vibrant downtown through a combination of public will, public policy (including a rezoning of the area by the municipality) and investment (both on the part of Rowan and private developers)."


**4. Construction of South Jersey Tech Park** - Rowan is a top-tier STEM school with an extensive network of public-private partnerships and a reputation as a school where first-generation college students can get an affordable education and graduate into strong employment options. The Technology Park is another example of a public-private partnership and according to university literature, "The mission of the Technology Park is to establish a technology-based entrepreneurial economy; expand and strengthen the unique research and learning environment of Rowan University; and create value for its surrounding communities in their economic, physical and social development."

## Conclusion

By seeking new sources of revenue, affiliating with other colleges, and looking for ways to grow enrollment without taking on the added cost of building and maintaining more than it had to, Rowan was able to carefully manage the bottom line. Each year, Rowan draws 4.5% of the three-year average of the endowment (currently estimated to be \$230 million) yielding approximately \$6 million. In the meantime, the interest earned on the principal sum will cover the amount used, allowing for the perpetual growth of the endowment giving the university security for the future.

The priority continues into the Fall: Rowan reported in the article, [Rowan University cuts undergraduate tuition and fees 10 percent](#), that the Board of Trustees agreed to Houshmand's request to freeze tuition and fees. Rowan lost \$33 million in revenue because of the pandemic, but was able to make up those losses through extreme expense cutting (i.e., furloughs, releasing of 10 managers, freezing open positions, freezing budgets, postponing major projects), plus getting state and federal aid. These efforts enabled the university to then go back to the board and cut tuition by 10% for this academic year (FY21).

Houshmand addressed these issues, but confidently predicted a strong future in a note to the Rowan community:



***We have long been a higher education leader, partly because of our fiscal strength, public-private partnerships and the independence we have developed by increasing alternate sources of revenue and support. This leadership pace may slow down a bit, but it will continue.***



## ABOUT THE SERIES

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**Impact in Action: Profiles of Higher Education** is a three-part series looking at new partnerships and financial strategies enabling higher education institutions to serve as catalysts for impact-centered economic and workforce development. The series looks at the strategies and tactics schools can implement for greater success and stability.

**Part 1, Rowan University: A Blue-Collar Soul**, we see how the Glassboro, New Jersey, school used a number of new ideas to maintain its mission of serving first-generation students while its enrollment and stature as a research institution was on the rise.

**Part 2, Untapped Assets: Stillman College And The Landscape Of HBCUs**, shows how Historically Black Colleges and Universities are working with investment and development firms to use real estate assets to generate revenue, catalyze economic development in underserved areas and provide workforce training for their student populations.

**Part 3, University of Virginia Wise And Entrepreneurship In Appalachian Virginia** features new partnerships and financial strategies that drive development for underserved communities.

These profiles were produced by the Beeck Center for Social Impact + Innovation at Georgetown University with support from Lumina Foundation. As a collection, they show academic institutions using innovative approaches including:

- Using multiple tools to build stronger financial positions including new public financing programs such as Opportunity Zones and New Market Tax Credits, as well as regional programs
- Building new and enhanced partnerships with local business and government communities
- Creating innovative approaches to online learning.

To cope with the unprecedented challenge of a pandemic and the worst economic downturn in nearly a century, these colleges and universities are adopting an expansive mindset that sheds old ideas about the boundaries of an academic institution.

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## The Power of Example: One Student's Story



Ashley Bermudez, Alumna of Rowan University. Credit: Rowan University.

***Ashley is the only person from her immediate family to attend college.***

***Four years later, Ashley spoke at the university's "Flying First" symposium and graduated in Spring 2020 with a manageable \$16,000 in debt and has plans to be a police detective.***

Ashley Bermudez is the only person in her immediate family to attend college, and the first of 17 cousins to go. Now, having seen Bermudez don a cap and gown, one of her younger cousins, an 11-year-old girl, wants to follow in her footsteps. "There's no females in my family that even tried to get a degree," Bermudez said. "Now, she wants to be just like me."

Bermudez is typical of the kind of student Dr. Ali Houshmand, who became Rowan Provost in 2006 and President in 2010, wants to serve. They are the focus of his commitment to keeping tuition increases at or below the rate of inflation.

This spring, reached in his home office in the midst of the early days of the pandemic, he was preparing to make the case to the Board of Directors not to raise the tuition at all this year.

"The soul of Rowan University is a blue-collar university," Houshmand said. "We have to recognize that a lot of our families have gone through serious financial issues. So how can I make this easier?"

Bermudez has a passion for the issues facing first-generation students, and she's keenly aware of the complex emotional and financial dynamics that enabled her to graduate with a degree in criminal justice. It wasn't just that Rowan was affordable and offered support on campus. Her parents sacrificed: Every month, her father sorted his income into two piles, she said, one pile for "bills," and one for "Ashley's tuition."

She was also lucky to be reared in a community, Lyndhurst, New Jersey, in which economic mobility is still a norm. An elementary school teacher reinforced her natural curiosity as a little kid. A high school counselor pulled her aside during her freshman year to explain why she wanted to keep her grades up and participate in extracurriculars. Because of him, she understood that she ought to apply to a safety, a mid-pack and a "reach" school. She applied to three, and was rejected from John Jay, her safety, and Rutgers, her "reach". "When I was applying, my mom got laid off from work. We were relying on one income. And I was setting up myself for a four-year-journey that was going to cost us thousands? My heart was racing. If I get another deny," she remembers thinking



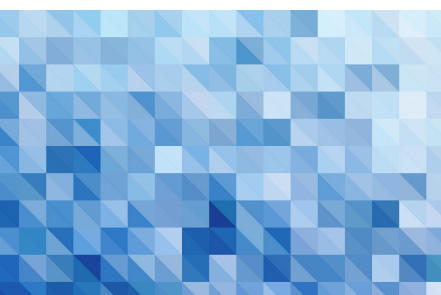
the day the envelope arrived, “what I am going to do? I remember the day I opened the letter: It said, ‘Congratulations.’ My world fell apart, but in a good way. I did end up at Rowan.”

Bermudez was able to flourish at Rowan, in part because it also offers many programs designed for first-generation students. She made friends with other “firsts” as she calls them, and spoke at the university’s “Flying First” symposium at the end of her four years.

In the midst of the COVID-19 pandemic, in Spring 2020, she graduated with a criminal justice degree. She has a manageable \$16,000 in debt and now seeks a job as a police detective.

## Rowan’s Culture Of Growth

For University president Dr. Ali Houshmand, the key to serving students like Ashley Bermudez and others is clear: It is the University’s bottom line. He took over a growing institution and immediately secured the trust of his faculty by sharing the university budget more openly. His goal was to empower the departments to contribute to a shared vision of growth based on a solid economic foundation.



***“The question was, how do we turn an institution that was reactive, so dependent on the state and other sources of revenue, into one that could do better?”***

“Everything boils down to resources,” he said, recalling his first days as president. “The question was, how do we turn an institution that was reactive, so dependent on the state and other sources of revenue, into one that could do better? We had to look three to five years into the future to see where we where we could generate more revenue.” It is a bottom-line orientation that has sometimes proved controversial, as when the suicides of three students in 2018-2019 caused the student body to question why more resources weren’t devoted to mental health care.

But the school has grown. Its enrollment climbed from 11,000 students in 2012 to 19,000 students in the Fall of 2018, making it the 6th fastest growing research university in the United States. According to the report [2017-2018 Rowan on the Rise](#), over the past 10 years Rowan’s enrollment of people of color grew slightly faster than its overall undergraduate



## INTRODUCTION

Rowan University took a synergistic approach toward change that enabled it to keep its identity as a working-class university while it improved its financial position. It got its own house in order, with a dual emphasis on enrollment growth and expense management. It established an online learning program that generated \$128 million for its general fund, a move that paid off when the pandemic roiled America. And, it worked closely with the town of Glassboro to develop partnerships that improved employment options, housing and the college experience for its students.

[The New York Times](#) reported on the \$426 million redevelopment of Glassboro in 2018. “Traditionally, Rowan didn’t have a warm relationship with the town. The town had little say over what went on at the university. The college took the attitude: ‘What happens on campus is our problem. What happens in town is your problem.’ But university officials, who needed more housing for a growing enrollment, started attending town planning meetings, and the two sides recognized that they could help each other by building student housing and classrooms in the blighted downtown area, along with shops and restaurants.”

Today, Rowan is a top-tier STEM school with an extensive network of public-private partnerships and a reputation as a school where first-generation college students can get an affordable education and graduate with strong employment options. It is in a strong position as the U.S. economy reshapes toward science innovation and infrastructure rebuilding in the wake of the pandemic.

enrollment, so that under-represented students are about 30% of the population<sup>1</sup>. About 5,000 students, a similar percentage, are first-generation students. At 85.1% percent, Rowan's retention rate for first-time students between first and second year exceeds the 80.8% national average for four-year public institutions<sup>2</sup>.

As the COVID-19 pandemic roils the world of higher education, Rowan's focus on reducing expenses to maintain its four pillars of affordability, access, quality and economic impact have positioned it better than many universities to cope. Aligning revenue streams with its mission of delivering knowledge to under-served communities has been the key to sustaining its role as an anchor for impact-oriented community and workforce development.

Rowan's experience offers insights into what kinds of partnerships are key to align incentives and how one university established the culture that enabled these initiatives to succeed. In this paper, we describe Rowan's history, culture and leadership, and delve into four development initiatives including:

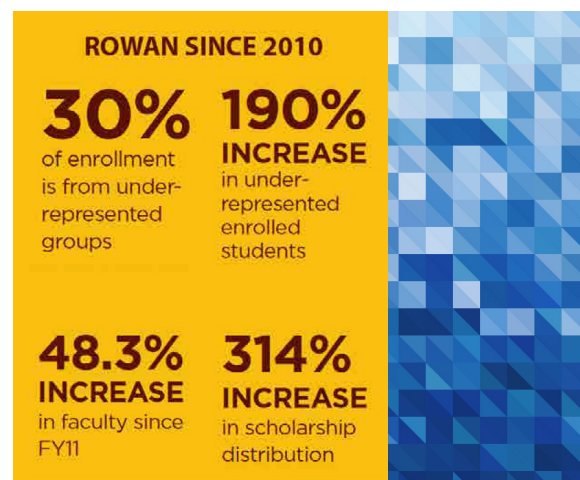
- Rowan Global, the University's online learning initiative
- Revitalization of Glassboro and Construction of the South Jersey Tech Park
- Alliance With Two Community Colleges
- Opportunity Zones

Our work is based on research into the University's budget, a review of published sources about Rowan, and more than one-dozen interviews with staff, students and administrators.

## Building A Will Toward Change

In the late 2000s, Rowan University, like many second-tier schools, was at the mercy of the state budget. State aid accounted for \$37 million of the university's budget. Today, Rowan serves twice as many students, with state aid accounting for \$27 million of an \$80 million budget.

As Ali Houshmand took office, he decided that he first needed to build the political will to change the school into a forward-thinking organization that wasn't merely reactive.



<sup>1</sup> [Rowan on the Rise](#), p.12-13. (2018, August). Rowan University

<sup>2</sup> Ibid.



“My biggest hope was to surround myself by a group of large minded passionate academicians to build an institution that could fit the 21st century world,” he said. “The current system of higher education was developed to fit the agricultural world. My biggest fear was not to be able to create a harmonious campus to create that (change.)”

Houshmand installed a 16-member hand-picked executive cabinet of people who were eager to embrace change, according to several of the vice presidents who serve in it.

But the foundations of the next cultural shift – toward innovative partnerships with the private sector and the surrounding community – was in fact deeply rooted in Rowan’s history. The school had always relied on deep relationships with people who shared its commitments to STEM and a practical-minded bent toward higher education.



*Industrialist Henry Rowan signs a student's project at the College of Engineering. Credit: Rowan University*

Founded as Glassboro Normal School in 1923, Rowan was primarily a commuter school until 1992, when industrialist Henry M. Rowan made a \$100 million gift to what was then called Glassboro State College. It was the largest private donation made to a public university at the time. Mr. Rowan’s only request was that the university design a modern engineering program, from scratch. The balance of the gift was unrestricted, a key factor in the transformation of the school. Pedagogy and an emphasis on applied science and engineering remain two of the University’s strengths today.

Five years after the Rowan gift was announced and the school was renamed Rowan University, it became only the second public school in New Jersey (after Rutgers) to offer

a doctoral degree. **The size of the Rowan gift and the subsequent development gave incontrovertible evidence that public-private partnerships were beneficial.**

In 2012, Rowan partnered with Cooper University Healthcare to create Cooper Medical School at Rowan University in Camden. That same year, as part of the state's restructuring of medical and dental education, the School of Osteopathic Medicine in nearby Stratford was transferred to Rowan.

Students from Rowan have strong workforce connections with nearby hospital systems and engineering employers, including Lockheed Martin and other companies. One small example of Rowan's responsiveness to the private sector: It offers an innovative master's degree program in engineering management combining business and industrial engineering courses into a specialized degree meeting the current needs of business and industry.

Hand-picking a leadership team was the start of Rowan's cultural change. Though culture is the hardest element within an organization to control, it is often the most powerful force at work during a transformation or crisis. "Culture eats strategy for lunch," management consultant Peter Drucker famously said. In interviews conducted with senior faculty and administration officials, it was evident that Dr. Houshmand created a culture at Rowan that emphasized a handful of core elements:

- Personal initiative is rewarded
- Pedagogy that leads to employment deserves a high emphasis
- Affordability and quality is a highest priority
- Partnerships with the community are good for growth

For instance, as will be detailed in this paper later, the University was able to lower expenses and improve the experiences of its students by forming partnerships within Glassboro. Dr. Houshmand renewed Rowan's connection to the city, making personal connections with, and [rebuilding trust](#) between the university and city officials. Rowan officials soon began to attend town meetings to better understand the city's economic development priorities and how Rowan could help foster the kinds of development that would make the campus more student-friendly. Another example can be found at the Tech Park, where mid-level university administrators maintain close relationships with businesses that are potential employers.

Interviews with middle management staff at the University and details provided by senior administrators show a system in which personal initiative is rewarded. "Having the knowledge and network is most important," said Yatin Karpe, director of Technology Commercialization Administration. "When I was hired to establish a technology transfer office, Rowan was new in research and innovation. If you're in that position, you need to capitalize on other regional resources (to apply for grants) and make an affiliation with national associations."



The structure of Rowan Global provides another example of the emphasis on personal initiative. Founded in 2010, it offered academic departments the opportunity, but not the requirement, to create an online offerings. **Twenty-35% of the profit on an online program goes back to the department responsible for the program**, according to Jeff Hand, senior vice president of student affairs. Departments have broad discretion on how to use the money. “We’ve had odd things. One department bought a new refrigerator. Most of the time, the money goes to scholarships or departmental priorities such as research funding and travel expenses, however,” said Hand. Overall the structure of Rowan Global provided the faculty with a great incentive, particularly for departments with little funds for research and travel.

The continuing emphasis on pedagogy, which stems from Rowan’s founding as a teaching college, means students graduate with applicable skills for the workforce and that the workforce benefits the surrounding community. Rowan Global’s first online degree programs were masters in education programs that could be completed at community college campuses. The programs have made a significant impact on local schools and the local population.

Rowan is also recognized for hands-on learning in its engineering and medical schools, which in turn have created a Rowan brand among potential employers. “You don’t survive at Rowan unless you get your hands dirty,” said Mike Frederickson, CEO of Systems Innovation Engineering, a small defense contractor in the South Jersey Technology Park adjacent to the University. “They’re taught to be multi-discipline engineers. I’ve hired people from elsewhere. A lot of times, they don’t have that hands-on methodology and thought process.”



*Students have a discussion in the Rowan University Business Hall.  
Credit: Rowan University*

Culture is usually established by an organization’s top leadership and often referred to colloquially as “the tone at the top.” In a successful organization, this “tone” is rigorously, even relentlessly, embodied by the leadership.

That can have downsides, however, as in what Dr. Houshmand described as the worst time during his tenure as president, when three students killed themselves in the Fall 2019 semester. Rowan announced it would go ahead with a plan to

increase staff at the campus wellness center by three counselors, bringing the total to 18 and, a spokesman said, putting them at the leading edge of national standards. By then, the school had come in for criticism for its orientation toward the bottom line.

## The Importance of Charismatic Leadership


Rowan was fortunate, in Dr. Houshmand, to have a leader whose story embodied change and the value of education. He draws on and leverages the story in his position. Houshmand, in fact, also spoke at the Flying First symposium where Bermudez did – he, too, is a first-generation college student. Houshmand grew up in a poor family in Iran, with nine brothers and sisters. His mother and father couldn't read. He and two brothers made it to higher education.



Dr. Ali Houshmand, Rowan University President.  
Credit: Rowan University

Houshmand has relayed his story in magazine interviews over the years. From Iran, he was admitted to a prep school in England on the strength of his proficiency in English. He worked at Kentucky Fried Chicken as he earned a degree from the University of Essex. After earning his doctorate at the University of Michigan, Houshmand worked as a staff analyst for United Airlines, developing large-scale optimization and forecasting models. Leaving industry for academia, he joined the University of Cincinnati and, later, Drexel University, where he taught and held various administrative positions before coming to Rowan as provost in 2006.


Houshmand has lived in two vastly different worlds, he pointed out in an interview. He left poverty in Iran for prosperity in America; the path he took was through education. That gives him a rare perspective on the power of educational institutions. But even more important, he has a better understanding of what it takes to build a truly successful educational product for students as consumers. "In my view, the most important thing for a leader is trust. If they don't trust you, they don't respect you," he said. "That means, be consistent. And it's important not to marry your job as a president. I, from day one, have always been ready to be fired."



***“The most important thing for a leader is trust.  
If they don’t trust you, they don’t respect you.”***

Trust and charisma are two of Houshmand's greatest assets as a leader. In his spare time, he grows hot peppers, which he [harvests and sells as a sauce](#) to generate funds for financial aid.

As Houshmand prepared to meet with the Board of Trustees during the spring of 2020, the economic pressures associated with COVID-19 were becoming clearer. Out of a budget of \$553 million, Rowan could expect to lose \$80 million for the 2019-2020 year, because of COVID-19. Next year might be worse. Houshmand, who has upheld a commitment not to raise tuition more than the cost of inflation, was preparing to ask the Board of Trustees to commit to no tuition increases for undergraduates.



***“You can’t have ‘haves’ and ‘have nots’.  
The pain must be shared equally.”***

To spare the students, he planned to tap the University’s reserves, grow an already thriving online learning program, and seek to reduce expenses across the campus. “You can’t have ‘haves’ and ‘have nots,’ he said. “The pain must be shared equally.” In the Rowan hierarchy, the students are a protected class.

## **Four Development Initiatives**

Rowan’s culture and Dr. Houshmand’s strategy enabled development across many facets of the University. In the rest of this paper, we focus on four initiatives that helped align the University’s growth and revenue generation with its mission of offering a relatively low-cost, practical education for first-generation students.

### **ROWAN GLOBAL**

In 2010, Rowan launched online learning to serve an extended community of non-traditional students, empower academic departments, and increase revenues. The division of Rowan Global Learning and Partnerships (Rowan Global), began as an experiment and has become a mainstay, with one key to its success being the revenue distribution model used by Rowan.

When Dr. Houshmand served as provost under the previous President, Dr. Donald Farish, he drove the creation of the program. He had come from Drexel University under President Constantine Papadakis, a controversial figure who was recognized during his tenure as one of the most business-minded university presidents ever. Papadakis is credited with turning Drexel around in the late 1990s and early 2000s, in part with an aggressive focus on online learning. At Drexel, professors initially objected to the online learning program because the university used part-time and non-tenure-track faculty to deliver it.

Houshmand dodged that controversy at Rowan by designing the new online learning program in an innovative – and at the time, unique – way. Academic departments could choose whether to participate and keep a portion of the revenue, which gave them an incentive to participate. Rowan Global offers undergraduate and graduate programs, professional certification, and academic classes to meet the needs of the “contemporary learner.” According to Rowan University Global Learning & Partnerships (2017), “Rowan Global presents higher education for the contemporary learner: a highly efficient, goal-oriented individual with a growth mindset.”<sup>3</sup>

Since its inception, the Rowan Global division has experienced rapid and significant growth.

An emphasis on the development of labor-ready, market-responsive academic pathways for undergraduate and graduate students from diverse backgrounds is an institutional driver that has led to the development of innovative programming responsive to the regional population. Rowan Global enrolls 13,300 degree and non-degree students annually. That number includes individuals taking online courses as well as full-time students. Requirements for the degree programs vary, with some students spending part of their class time on campus, and others, very little.

**Since 2010, Rowan Global has generated over \$128 million for the university by:**

- Serving adults returning to college and younger students
- Offering 55+ courses
- Serving in-demand fields like education, health administration, business, criminal justice and public relations

In the wake of the current pandemic crisis, many universities plan to offer more online class programs in the Fall. However, the transition to online learning platforms is not a straightforward path. Not all degree programs are well-suited for virtual learning and the perception is that students have less access and personal engagement with their professors leading to a lower quality educational experience that often costs the same or more as in-person classes.

Although most universities use online learning tools, some have done so for longer with greater records of success. The concept of asynchronous learning, in which the student is more in control of the learning process, requires motivation, commitment and maturity that some undergraduates do not possess. Initial research suggests that some students, especially those from lower-income households, need a more structured classroom environment to succeed. Such an argument makes it clear that a combination of traditional and online classes must still be offered. Moreover, it is critical to understand the population that an institution is targeting. Rowan combined the development of its online

<sup>3</sup> Rodriguez, S. and Ricchezza, L. (2020). *Equity and Social Justice: Supporting and Serving Contemporary Learners in a Changed Higher Education Climate*, p. 10. (Info-Science on Demand)

learning while building strategic partnerships with several community colleges to create advanced degree programs, particularly in the education field for New Jersey's teachers. Starting the online degree program with a focus on educators was an appropriate learning audience and allowed Rowan to demonstrate its commitment to the New Jersey school system.

The creation of Rowan Global and its funding model was unique when it began in 2010 as a self-funding arm of the university delivering online and certificate programs. Once cash-strapped academic departments found that they could deliver study programs to a much broader and diverse range of students and reap from the revenue generated while maintaining a significant degree of academic independence and integrity, more degree programs joined Rowan Global, allowing them to fund more travel, research, and special projects.

Out of the \$40 million paid annually by the nearly 13,000 students taking online classes, 20-35% goes to the academic department responsible for the curriculum, after the division's operating expenses are taken off the top. The president's and provost's offices each receive 10%, and the rest of the profits are returned to the general fund, according to Hand. "There is an auditing process, but there is no tracking process," said Hand.

Rowan Global expanded its online courses to include advanced degrees in nursing, criminal science, psychology, and engineering management, giving adult professionals the opportunity to improve their skills and earning potential in highly coveted fields at lower costs. The university also created a unique partnership program with several southern New Jersey community colleges to deliver 3+1 programs.

"These programs are a pathway through which students can physically attend their respective community college for three years and attend the four-year university for their final year, completing a degree in four years while paying community college tuition for three of the four years. These types of programs provide direct pathways into a four-year institution for many historically underrepresented students who would have likely not matriculated into a baccalaureate program after entering a community college program." Rowan recognized at an early phase in the growth of online learning, that connecting students to jobs or providing a "full-stack" higher education experience is the key to building and increasing enrollment in the ever more competitive online learning market.

Developing the Rowan Global Division around the four pillars of Rowan's strategic growth model meant focusing on **affordability, accessibility, quality, and economic contribution to the community**. Rowan instilled a commitment to economic equity in the design of the virtual learning programs to ensure that students could affordably match their skills with those needed in the local job market.

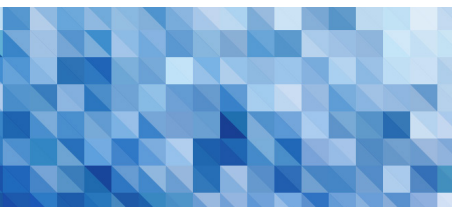


*Jeff Hand, Senior Vice President of Student Affairs. Credit: Rowan University*



## PARTNERSHIPS WITH COMMUNITY COLLEGES

Rowan has partnered with New Jersey community colleges in three distinct programs that share one common feature: They break down barriers between the traditional four-year institution and the county or community college, taking advantage of the lower overhead at two New Jersey county colleges to increase access particularly for underserved and first-generation students.



***“There isn’t much of a difference between what you learn in the first two years at a four-year institution and at a community college.”***

“I don’t understand for the life of me, why more four-year institutions are not becoming affiliated with the community colleges,” Houshmand said. “There isn’t much of a difference between what you learn in the first two years at a four-year institution and at a community college.”

The collaboration between the county colleges and Rowan has taken more than a decade to evolve to its present state. Trust between the smaller institutions and Rowan was a big factor.

In 2006, Rowan University and seven nearby county colleges first collaborated to create an EdD program in educational leadership, offered online and in a hybrid format. The county colleges supplied the faculty for the Rowan Global program; Rowan hired them to teach.

With the groundwork laid by that relationship, Houshmand proposed a more formal affiliation, whereby the county colleges would become affiliates of Rowan. Two county colleges agreed, Gloucester initially, and then Burlington, becoming, respectively, Rowan College at Gloucester County and Rowan College at Burlington County. Their students are guaranteed admittance to Rowan University. At the same time, Rowan offered them a three-plus-one degree, where students who spend three years at one of the county colleges, and then do a final year at Rowan, graduate with a traditional four-year degree. According to [Rowan University’s Global Learning & Partnerships](#), **the cost for students in one of the degrees offered – there are eight options ranging from psychology to surveying engineering – is about \$25,000 to \$30,000, depending on the program.** In a third partnership, Rowan also offers students admitted to one of the county colleges but not to Rowan the chance to live on the Rowan University campus.

“We are giving opportunities for more students, and I can grow enrollment without having to build a new building. Without paying for a penny of this space, we are helping more students.”

## REVITALIZATION OF GLASSBORO

If you perform a Google search of “Rowan University,” one of the first articles you will see details the story of how Henry Rowan made a \$100 million donation to the school in 1992. The monetary gift to Glassboro State College is an inspiring story of educational philanthropy but it could also be viewed as the catalyst which initiated the revitalization of the city of Glassboro.

In the decade after the gift, Rowan was growing rapidly in enrollment and stature. Meanwhile the city of Glassboro had a predominantly lower middle-income population with a median income of \$44,000 in 2000. More than 30 percent of school-aged children qualified for the free lunch program and the city’s highly diverse population included over 20 percent of families earning under the poverty line.

The growth that was transforming Rowan was noticed by the former mayor of Glassboro and the business community. Policy and business leaders were encouraged by the growing student market for retail services, housing and food coupled with the university’s strategic focus on becoming an “engine of growth” for Southern New Jersey. A 2014 [story in NJMonthly](#) described the personal connections that helped the partnerships develop:

At 7 a.m. every Friday, a group of men meets at Angelo’s, a retro-style diner on Main Street in downtown Glassboro. The regulars include locally influential lawyers, accountants, educators and businessmen, as well as the late Glassboro Mayor Leo who retired from Rowan in January after 50 years as a professor and administrator, invited him to join the breakfast group.

Initially, Houshmand was reserved among the Gloucester County bigwigs. But that changed quickly. When the mayor mentioned one morning that his son was a Notre Dame graduate, it stirred Houshmand’s Michigan memories and sparked a group trip to Indiana for the 2012 Michigan-Notre Dame football game. The following season, the group took a trip to Ann Arbor for the rematch there.

“It’s not just doing business, but that we have learned to have personal relationships,” says McCabe, a retired Exxon-Mobil chemist and perhaps one of the few mayors in New Jersey with a PhD. **“We have learned what is good for Rowan is good for Glassboro and vice versa.”**

As Rowan began to increase its capital spending locally, the city of Glassboro saw a unique opportunity to leverage the Rowan investments by developing a plan for the transformation of the downtown area leading to the university. This plan ultimately became the \$426 million, mixed-use development of Rowan Boulevard, announced by the Borough and the university in 2008. The town purchased and demolished run-down properties to make way for the development. The Rowan Boulevard design plan

generated significant interest by developers, in part because it included lease-back arrangements with the university for student housing and academic buildings.

Under the arrangement, property management companies run the dormitories, which means that Rowan no longer directly pays for maintenance or services to students. According to Houshmand, each dorm room, in these privately owned buildings, generate about \$1,000 a year for the university.<sup>4</sup>

The impact on the local community has been immense.



*Rowan Boulevard at night. Credit: Rowan University*

“This unique public-private partnership has transformed a neighborhood of single family housing occupied largely by college rentals into a vibrant downtown through a combination of public will, public policy (including a rezoning of the area by the municipality) and investment (both on the part of Rowan and private developers).”

According to the Glassboro Office of Economic Development, the full project, which is currently under the direction of Glassboro, has helped to boost the local economy by \$48 million annually.

Rowan Boulevard thus has represented a large infusion of private investment into Glassboro, a significant expansion in the local tax base, and a major enhancement in the commercial opportunities and public amenities available to neighboring communities. It also provides an example of a private-public collaboration redefining the area and the community around the university, creating an amenity that improves quality of life in Glassboro and strengthens its identity as a “quintessential college town.”

“My last year, I stayed at 220,” Bermudez told us. **“For the whole semester, it cost \$1,000 more than townhouses on campus. It’s so beautiful.”** She related late-night visits to Cookie Munchers – a business started by a Rowan undergraduate – for 2 a.m. chocolate

<sup>4</sup> Smith, S. (2017, November 20). [A Fast-Growing New Jersey College Builds A Town To Go With It](#). Philadelphia Enquirer

cookies and milk. When her parents came for her speech at Flying First, they were able to get affordable rooms at the Marriott (located on Rowan Blvd.). “I didn’t want them to have to get up at 6 a.m. to get there for 9 a.m.,” she said.

## CONSTRUCTION OF SOUTH JERSEY TECH PARK

The South Jersey Technology Park at Rowan University is located approximately one mile from the Rowan campus. According to Dr. Beena Sukumaran, who directed the management of the park for Rowan, the growth of business and investment in the Glassboro area was initiated in partnership with a local philanthropist, Sam Jones, who donated \$1 million in 2006 for the establishment of the technology park. According to university literature, “The mission of the Technology Park is to establish a technology-based entrepreneurial economy; expand and strengthen the unique research and learning environment of Rowan University; and create value for its surrounding communities in their economic, physical and social development.”



*South Jersey Tech Park. Credit: Rowan University*

Though not contiguous to Rowan Boulevard, the South Jersey Tech Park, located near the southwest corner of the Rowan campus, is another example of the University’s presence in public-private partnerships that spur development.

The community of startups that has emerged at [Rowan University’s Technology Business Incubator](#)

at the [South Jersey Technology Park \(SJTP\)](#) in Mantua Twp. is a microcosm for New Jersey’s innovation ecosystem. Entrepreneurs from a variety of technology and life sciences sectors—including health technology, information technology, medical devices makers, and defense companies—work side-by-side as they advance their businesses. Many of the incubator’s tenant companies hire Rowan University students and graduates to fill jobs and internships.

The park, which includes 55,000 square feet of commercial space, was developed with funding from New Jersey Economic Development Authority (\$5.8 million), the Delaware River and Bay Authority (\$5 million), the New Jersey Commission on Science and Technology (\$1.5 million), the Rowan University Foundation (\$1 million), the U.S. Small Business Administration (about \$500,000) and the New Jersey Department of Community Affairs (\$150,000).

The park offers uniquely flexible space to companies such as Systems Innovation Engineering, which has occupied space there for three years. Co-founders Mike

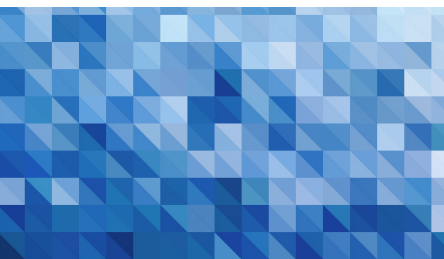
Frederickson, CEO, and David Tafuna, CFO, first worked out of a co-working space in Camden, which was great for the atmosphere, but difficult to get to. It also didn't convey as professional a look as they wanted. The Tech Park solved both problems as well as offering lab space. "There's no way that we could have grown as easily somewhere else. Companies grow like a roller coaster. There's been many times that we tell a facilities person, we need that, and then we want to double it."

The company has hired about 20 students as interns, paying them \$15-\$18 an hour, and hired about 15 of them full-time as it has grown to a staff of 23.

## Opportunity Zone Development

Despite the success of Rowan Boulevard, Glassboro has a persistently high unemployment rate and a correspondingly large number of low-income households. Thus in 2017, the New Jersey Economic Development Authority designated land in the borough of Glassboro as one of more than 8,700 Opportunity Zones nationwide. Investors can defer paying taxes on capital gains rolled into investments in Opportunity Zones. New gains held for at least 10 years are permanently excluded from capital gains taxation.

The goal is to further increase jobs and economic opportunities for the residents of Glassboro. "We fully plan to use Opportunity Zones as our next redevelopment tool and have been proactively formulating a prospectus to engage with strategic partners in the region and nationally," Clark Pierpont, acting business administrator of Glassboro, noted on the borough's news blog.



***"Opportunity Zone funding could be the key... to expand our commercial development but also to redevelop some of our older established commercial centers."***

"Opportunity Zone funding could be the key to developers taking on projects not only to expand our commercial development but also to redevelop some of our older established commercial centers. We want to help simplify the understanding of the mechanisms of Opportunity Zones to attract socially-minded investors and developers who will help us to maximize the social and economic impact available in our Opportunity Zones," Pierpont said.

With Rowan as a ready partner and source of capital for real estate projects, even off its campus, Opportunity Zones seem a likely tool for interested investors.



# KEY TAKEAWAYS AND CONCLUSION

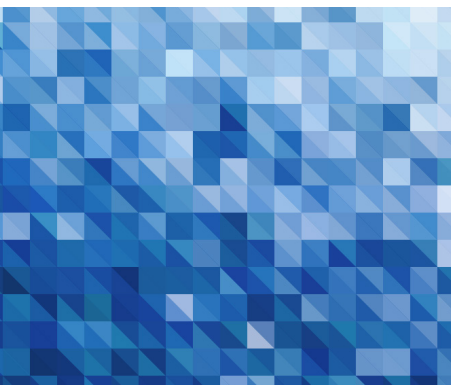
- Rowan's success was built on major gifts, including one of \$100 million that broke records, and the support of local and state partners.
- Dr. Houshmand yielded control of the physical plant required to house and educate students. This reduced expenses by out-sourcing building and maintenance costs to private sector partners, in the case of student housing; and to community colleges, whose classroom space enabled Rowan to grow enrollment without adding buildings.
- The changes at Rowan were enabled by a deliberate culture of accountability and bottom-line orientation, but this opened the administration to criticism that it was putting dollars before the well-being of students.
- Rowan was able to align revenue streams, including Rowan Global and enrollment through community colleges, with its mission of delivering knowledge to under-served communities. That alignment has been the key to sustaining its role as an anchor for impact-oriented community and workforce development.

In a period of turmoil that will undoubtedly lead to transformations within higher education, Rowan University finds itself much better positioned than many second-tier institutions. By reducing expenses, seeking new revenue sources, affiliating with other colleges, and looking for ways to grow enrollment without taking on the added cost of building and maintaining more than it had to, Rowan was able to carefully manage the bottom line while building enrollment to secure its status as a rising star among second-tier schools. In turn, that helped it raise money for its endowment. Each year, Rowan draws 4.5% of the three-year average of the endowment. The current average amount is about \$230 million. Thus Rowan is able to draw about \$6 million from its endowment. In the meantime, the interest earned on the principal sum will cover the amount used, allowing for the perpetual growth of the endowment giving the university security for the future. Rowan's identity as a blue-collar school, serving first-generation and under-represented students, is embodied by its president, who aligned sources of revenue to create job opportunities for graduates and strong connections to the community and private sector.

A 2018 New York Times article about Glassboro was headlined "[New Jersey Town and University Bridge Their Divide, and Both Reap a Reward](#)." This captures the spirit of community partnership and the anchor position that Rowan established for Glassboro's economy. At the same time, Rowan turned the revenue it generated inward, keeping tuition low, and increasing its financial aid and student scholarship budget from \$5 million to \$30 million. The priority continues into the Fall: The Board of Trustees agreed to Houshmand's request to freeze tuition and fees. Rowan lost \$33 million in revenue because of the pandemic, but was able to make up through extreme expense cutting

(i.e., furloughs, releasing of 10 managers, freezing open positions, freezing budgets, postponing major projects), plus getting state and federal aid. These efforts enabled the university to cut tuition by 10% for FY2021.

Houshmand addressed these issues, but confidently predicted a strong future in a note to the Rowan community:



***“We have long been a higher education leader, partly because of our fiscal strength, public-private partnerships and the independence we have developed by increasing alternate sources of revenue and support. This leadership pace may slow down a bit, but it will continue.”***

## For Further Engagement

Joe Cardona, Vice President for University Relations at Rowan University, has kindly agreed to receive emails from higher education decision-makers. He can be reached at [cardona@rowan.edu](mailto:cardona@rowan.edu).

## Research Sources & Notes

Research for this white paper was conducted during a time of unprecedented turmoil as the COVID-19 pandemic closed large areas of the world. Rowan University shut its campus down and moved to online learning. Our interviews were conducted by phone and Zoom. The authors would like to thank Rowan University for making staff and students available for interviews during this difficult time in the interests of sharing best practices for long-term growth that aligns with the mission of serving under-represented students.

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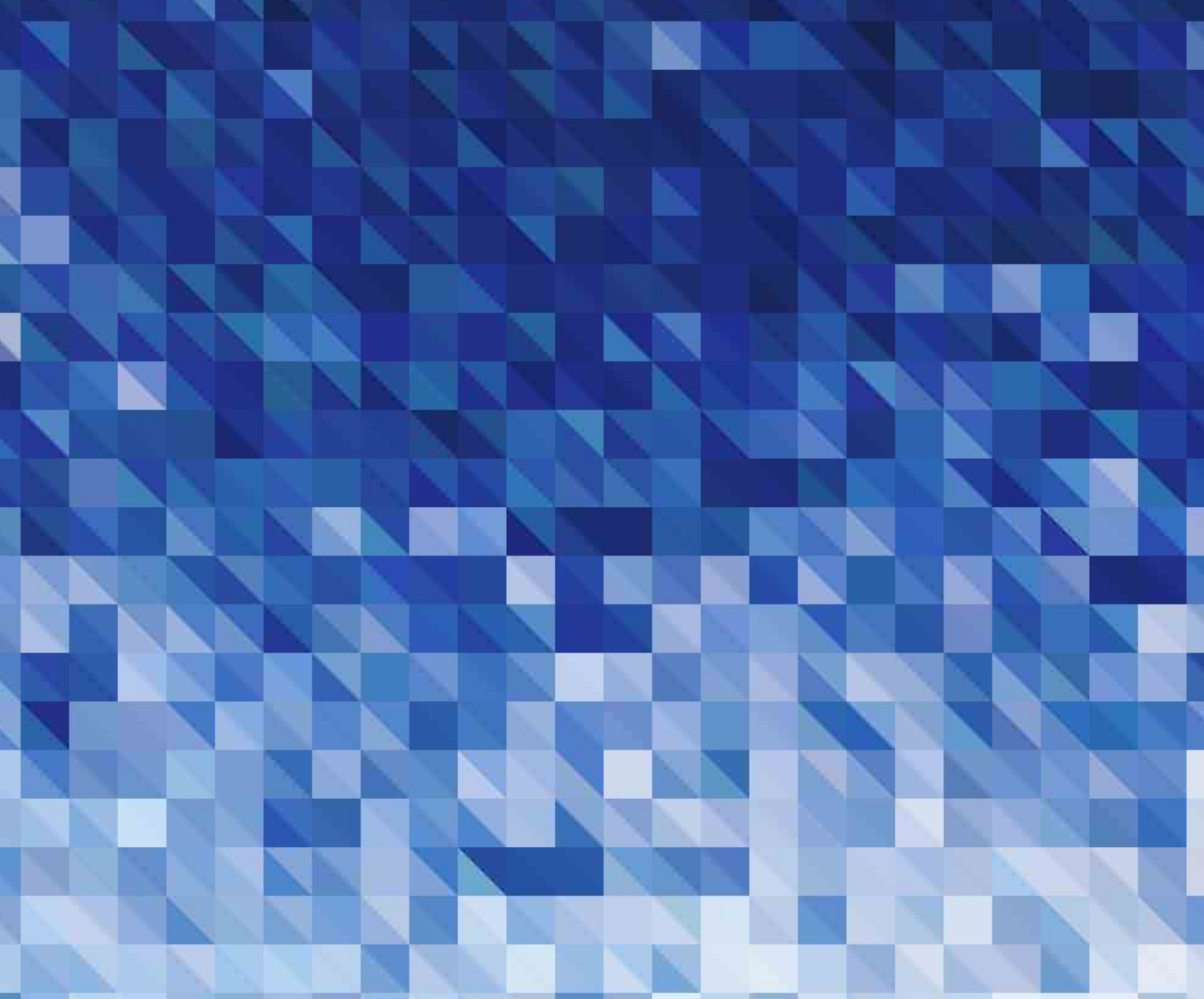
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# ABOUT THE AUTHORS

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