

## MERGERS AND ACQUISITIONS IN HIGHER EDUCATION – A LOOK AT RECENT NEWS

A report produced by SPH Consulting Group in collaboration with the Center for Mergers and Acquisitions in Higher Education (CHEMA) at the Foundation for Research and Educational Excellence

### Mergers

In a time of financial pressure for many universities, merger talks have gained momentum. However, they are still often considered as a last resort, minimizing chances of success. As seen in the extended timeline for the [University of Findlay and Bluffton University's](#) merger, these processes can take longer than anticipated.

[Vermont State University](#) offers a case study in the potential benefits of a well-executed merger. Despite initial challenges, VTSU saw a 14% enrollment growth this fall, proving that when mergers are aligned with strategic goals and market needs, they can pave the way for recovery. VTSU's growth highlights how understanding target markets is key to turning a merger into a tool for renewal and success.

Recently, [Gannon University and Ursuline College](#) announced exploring a strategic partnership, which could lead to a future merger aimed at leveraging their combined strengths. In Philadelphia, [Salus University](#) is in the final stages of its merger with Drexel University. Other notable examples include the [University of Texas at San Antonio's](#) merger with the UT Health Science Center, a step toward uniting health and academic expertise, and a unique union between [Hindu University of America](#) and the California College of Ayurveda in the niche field of Ayurveda education.

In the past three months, several other higher education institutions have pursued mergers to strengthen their offerings and ensure sustainability. [Keystone College](#) announced its merger with the Washington Institute for Education and Research to expand its academic portfolio. Similarly, [Lackawanna College and Peirce College](#), both adult-oriented institutions in Pennsylvania, plan to merge to broaden access to higher education. [St. Ambrose University and Mount Mercy University](#) in Iowa also confirmed their decision to join forces after months of deliberation, aiming to leverage each other's strengths. [Liberty University](#) expanded its vocational training programs through the acquisition of Virginia Technical Institute. Meanwhile, [Cal Maritime](#) is seeking a merger with Cal Poly San Luis Obispo in an effort to preserve its maritime academy amidst financial challenges.

Internationally, the [Tokyo Institute of Technology and Tokyo Medical and Dental University](#) are merging to form the Institute of Science Tokyo, reflecting the global trend of consolidation. In the UK, [City, University of London and St George's, University of London](#) merged, with experts foreseeing more mergers, and [Australia's new Adelaide University](#) is positioning itself to attract international students as its merger approaches completion. These examples show how universities are using mergers not just to survive but to strategically position themselves for future growth.

## Closures

For some institutions, closure has become unavoidable. This summer, the [California Jazz Conservatory](#) and the [American Academy of the Arts College](#) both announced they would end their degree programs. [Clarks Summit University](#) also cited overwhelming financial challenges in its decision to close. Most recently, [Paier College](#) is facing possible closure after a state investigation revealed financial instability and non-compliance with faculty standards set by the Connecticut Office of Higher Education.

Higher education is witnessing an alarming trend of sudden closures. [Birmingham-Southern College](#)'s abrupt shutdown serves as a stark reminder that even prolonged efforts to stay afloat can fail, leaving students and staff scrambling. Similarly, [Wells College](#) faced sudden closure amidst accusations of unfair labor practices, highlighting the wider impact of unexpected shutdowns.

For-profit institutions have also been affected. [Northwestern College](#) closed without warning, sparking allegations that it misled students about their transfer options. The broader trend raises concerns about whether enough is being done to warn students of potential closures.

A particularly striking example is the University of the Arts (UArts), which gave just a week's notice before announcing its closure. The aftermath included [lawsuits from bondholders](#) and new labor practice charges, with [Temple University abandoning a potential merger](#) due to UArts' financial troubles, which ultimately led the institution to file for bankruptcy.

## Cuts and Distress

Economic pressures on higher education have led to widespread cuts and restructuring. [Arizona State University](#) has introduced a tuition surcharge and plans to close a campus due to funding reductions. [Wittenberg University](#) is laying off 30 faculty and 45 staff, while the [University of Wisconsin-Milwaukee](#) aims to cut over 30 tenured positions. [Frostburg State University](#), meanwhile, is implementing multiyear plans to reduce its budget by over \$7 million to stabilize finances.

However, as [West Virginia University \(WVU\)](#) shows, cuts are not always a sustainable solution. WVU has made significant program cuts and faculty layoffs to address a \$45 million budget shortfall last year, yet instability persists as more staff depart.

[Hartwick College](#) is taking a different approach, slashing its tuition to \$22,000, seeking to attract students with a more transparent pricing model to support long-term sustainability.

## FAFSA Rollout

The rollout of the new Free Application for Federal Student Aid (FAFSA) continues to generate challenges for institutions and students alike. Although the FAFSA completion gap has [narrowed to 2.5%](#), some universities, like Drexel University, are facing severe financial consequences. [Drexel](#) recently announced it would need to cut employee headcount and benefits after enrollment fell below expectations, a shortfall they attributed to the flawed FAFSA rollout. [Students in Iowa](#) are also feeling the strain, with many still struggling to pay tuition due to FAFSA-related issues.

## Studies and Surveys

Recent surveys highlight the growing financial strain on colleges. A [Moody's report](#) estimates that U.S. colleges are facing up to \$950 billion in capital needs, driven by maintenance backlogs and inflation. At the same time, the number of higher education institutions has [decreased by 1.7%](#) this academic year, underscoring the trend of closures and consolidations.

Market demands are shifting, including a [trend away from tech jobs](#) as resources shift toward developing artificial intelligence. Meanwhile, online education continues to be a point of tension, as a survey of chief online learning officers revealed [increasing demand for online courses](#), but faculty resistance to heavier workloads without pay increases. Meanwhile, a [Georgetown University report](#) predicted that workers with four-year degrees will continue to dominate the job market, with 15 million new jobs for bachelor's graduates by 2031. However, a [Modern Campus study](#) found that 66% of students feel unprepared for future careers, raising questions about how well higher education is aligning with workforce demands.

In a broader shift, more [companies are starting to drop bachelor's degree requirements](#) from job postings, reflecting changing views on the value of traditional credentials.

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