

## 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

The merger of [Eastern Virginia Medical School \(EVMS\) and Old Dominion University](#) was executed to form the largest health center in Virginia, a move expected to enhance their combined capabilities in healthcare education and service delivery. [Marymount Manhattan College is set to merge with Northeastern University](#), a strategic partnership designed to expand educational offerings and leverage shared resources. The [University of Redlands finalized its acquisition of Woodbury University](#), strengthening both institutions' leadership in higher education with in-demand, innovative programs. In California, state officials are advocating for the [integration of Cal Maritime and Cal Poly](#), aiming to streamline operations and improve efficiency. These mergers reflect a growing trend of institutions seeking consolidation to survive and thrive in a challenging environment.

### Closures

However, not all institutions have been successful in their merger attempts. [Notre Dame College](#), for instance, was forced to close after a failed merger left no other viable options. This closure is part of a broader pattern affecting numerous colleges across the country which are now closing at a rate of about one per week. [Delaware College of Art and Design](#), [Birmingham Southern College](#), [Goddard College](#), and the [University of the Arts in Pennsylvania](#) are among the institutions that have shuttered due to financial instability, declining enrollment, and other systemic issues. In past weeks there have been numerous instances of abrupt closure announcements, leaving students and faculty shocked and struggling to continue their education, among them [Wells College](#) and the [University of Saint Katherine](#). These closures have sparked legislative action in New York, where a [proposed bill](#) now requires a one-year notice, public meetings, and comprehensive student transition plans for any college planning to close, aiming to mitigate the abrupt impacts on students and staff.

### Nationwide Challenges in Higher Education

Financial distress is a pervasive issue, with many colleges implementing significant cuts to address budget deficits. [Buffalo State University](#), facing a \$16.5 million deficit, is cutting 37 degree programs, while the [University of Lynchburg](#) is reducing staff and faculty positions. [Northland College](#) is cutting nine faculty spots, and [Columbia College Chicago](#) is restructuring its curricula and schools in response to an existential threat. The [University of Southern Maine](#), [Delta State](#), and [St. Cloud State](#) are among the institutions making similar cuts to right-size their operations. The [University of Arizona](#) has outlined measures to reduce its budget deficit by \$110 million, and [Marquette University](#) plans to cut \$31 million by 2031. Other universities are digging deeper into their [endowments](#) in response to their financial struggles. These actions highlight the severe financial pressures on higher education institutions and the difficult decisions they must make to remain viable.



## FAFSA Rollout

In addition to financial and enrollment struggles, universities like the [Delaware Arts College](#) have cited the [FAFSA rollout](#) debacle as a reason for their closure. The rollout of the revamped FAFSA form, intended to simplify the application process and increase Pell Grant eligibility, has been fraught with issues. This has caused significant disruptions to the college application timeline, leading to a decrease in FAFSA submissions, particularly among students of color and low-income backgrounds. In [West Virginia](#), the state declared a state of emergency due to these challenges, reflecting the widespread impact of the rollout problems for both students and institutions.

## Governance and Legal Challenges - University of Phoenix and the University of Idaho

The ongoing saga involving the [University of Phoenix and the University of Idaho](#) illustrates the complexities of higher education governance and legal challenges. The Idaho Supreme Court is hearing an appeal regarding the University of Idaho's pending purchase of the University of Phoenix, with accusations of violations of the state's Open Meetings Law. This legal battle has delayed the deal, adding uncertainty to an already complex transaction.

## International

Internationally, the higher education sector is also facing significant challenges. In England, a report by the [Office for Students](#) warned that many universities face a "material risk of closure" unless they dramatically cut costs or merge, with 40% expected to run budget deficits this year. The merger of the University of Adelaide and the University of South Australia to form [Adelaide University](#) is progressing, while [TU Dublin](#) has paused intake on 14 courses amid financial struggles. These developments underscore the global nature of the financial pressures on higher education institutions.

## Trends in Higher Education

Surveys and assessments provide additional insights into the current state of higher education. A [Pew survey](#) found a decline in the perceived value of a four-year degree, with 49% of respondents saying it is less important now than it was two decades ago. That [same survey](#) also indicated that only 1 in 5 people think college is worth the money if student loans are needed. A [Georgetown report](#) highlighted a "great misalignment" between projected job demand and the mix of credentials available, while a [Gallup & Lumina survey](#) identified money, time, and scheduling conflicts as major barriers for adults interested in college. An [EY Parthenon analysis](#) of the four-year sector suggests that the financial stability of institutions has declined significantly since the pandemic, with higher risk levels likely related to the spend-down of COVID-19 stimulus funds.