

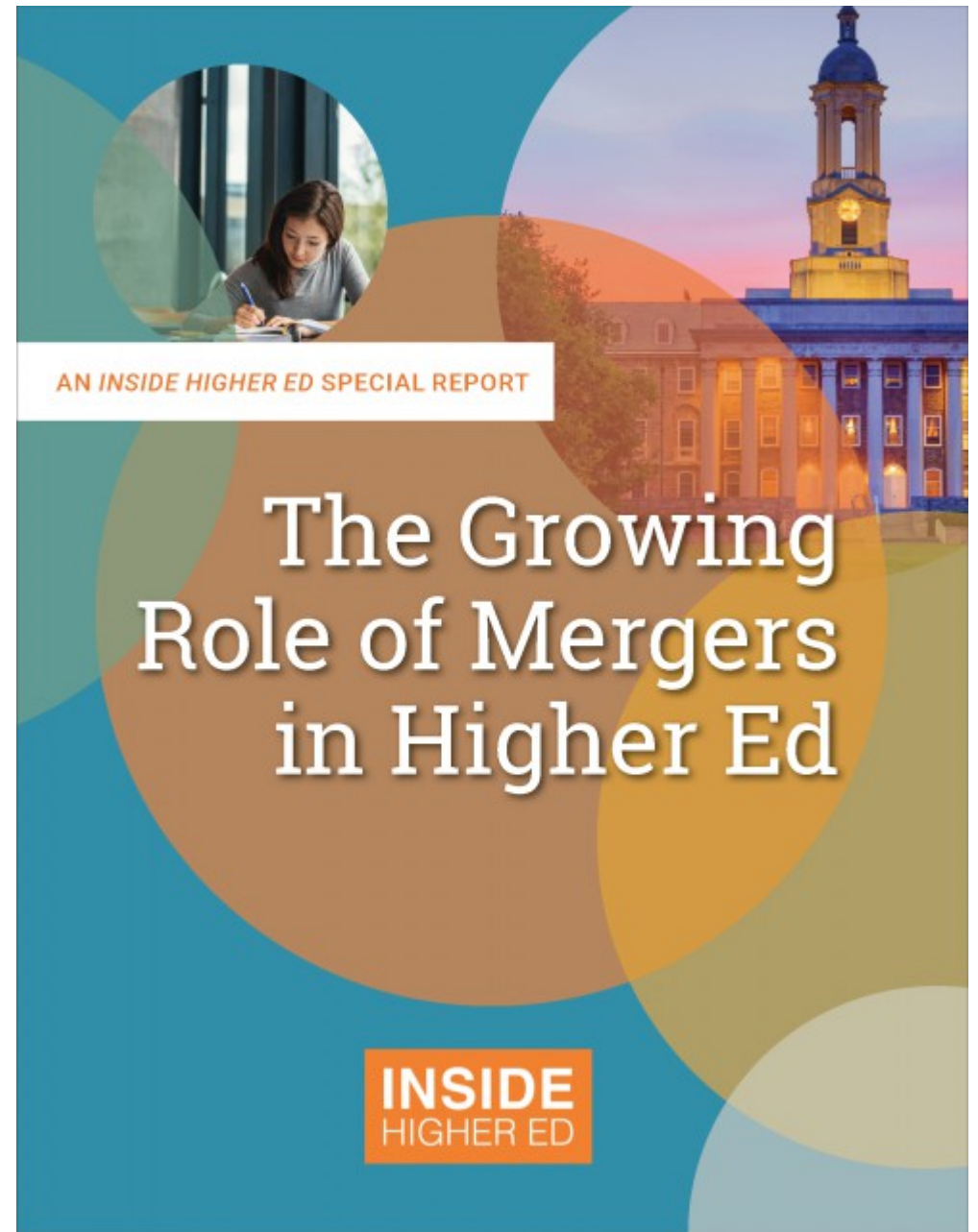
Come Together: How to Cover College Mergers

Rick Seltzer
Reporter
Inside Higher Ed

Who Are You Listening To?

- Reporter at Inside Higher Ed for 2-1/2 years
- Previously a business reporter
- Covered corporate mergers and acquisitions
- Covered college mergers and acquisitions
- This year wrote a special report on higher ed mergers

- \$149
- Targeted toward presidents or trustees
- <https://www.insidehighered.com/content/growing-role-mergers-higher-ed>



Why talk about this now?

High School Graduates

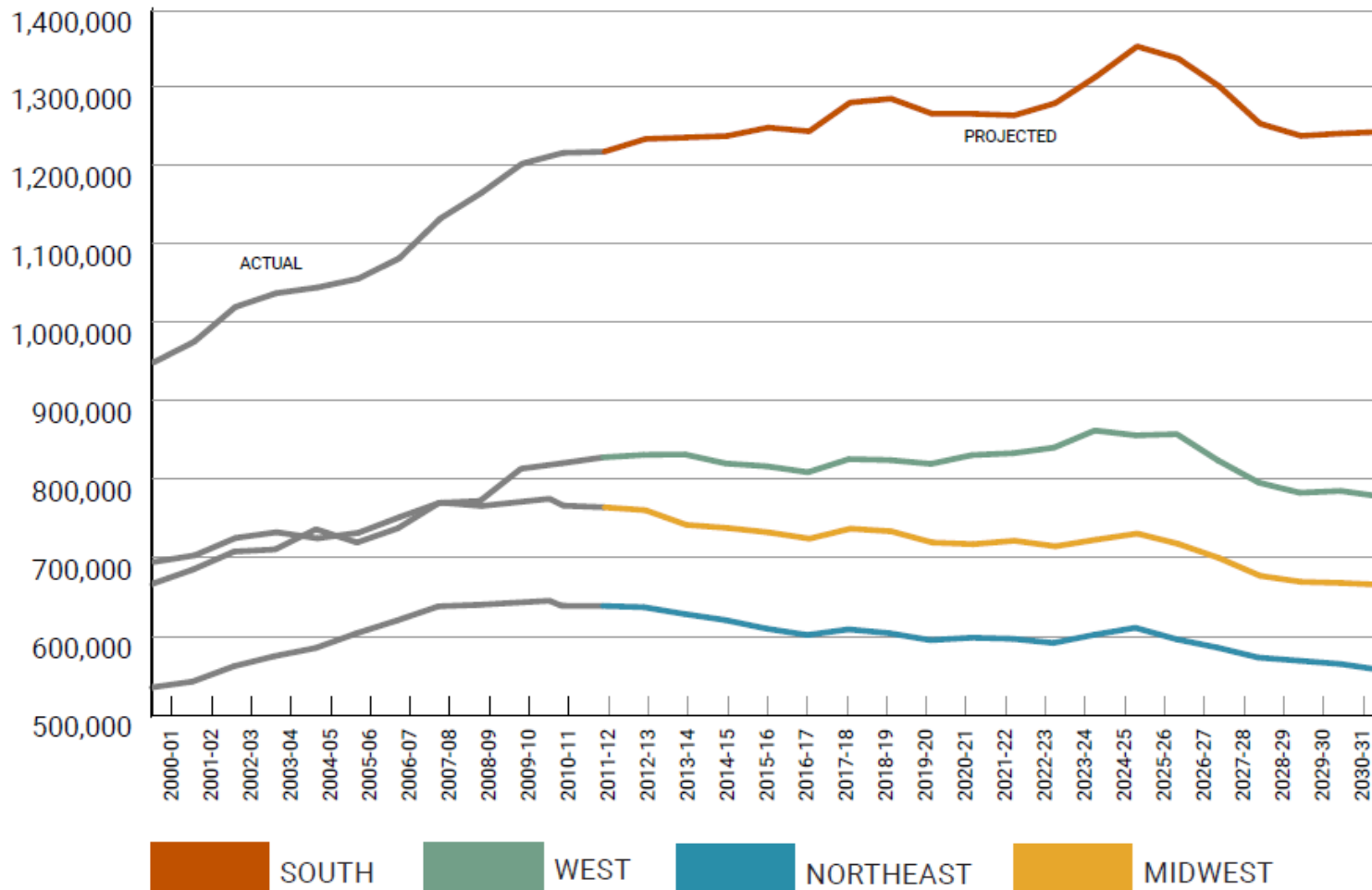


Figure 1.9

Source: Western Interstate Commission for Higher Education

It's not that simple.

Projected Cumulative Change in U.S. High School Graduates After School Year 2012-13, by Race/Ethnicity

Figure 1.3

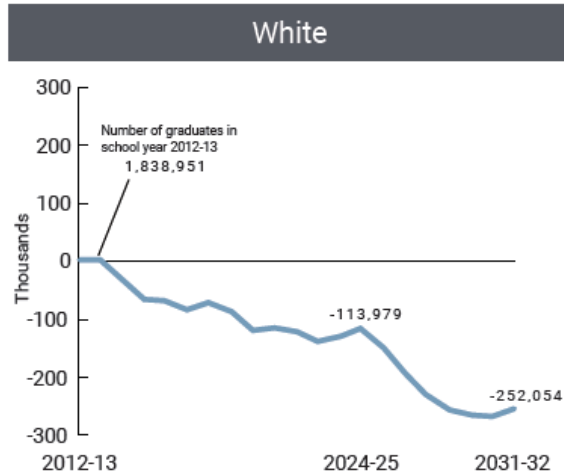


Figure 1.4

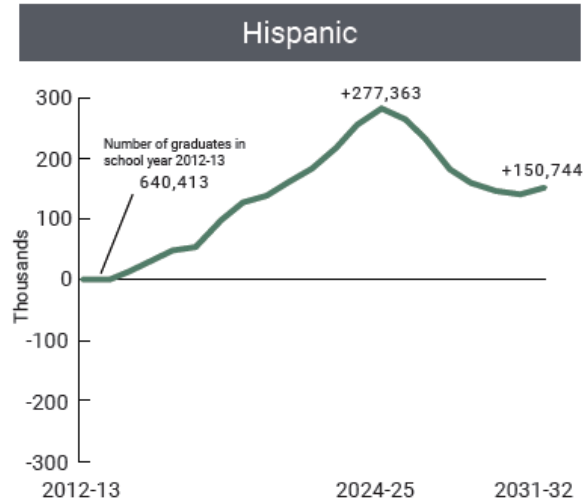


Figure 1.7

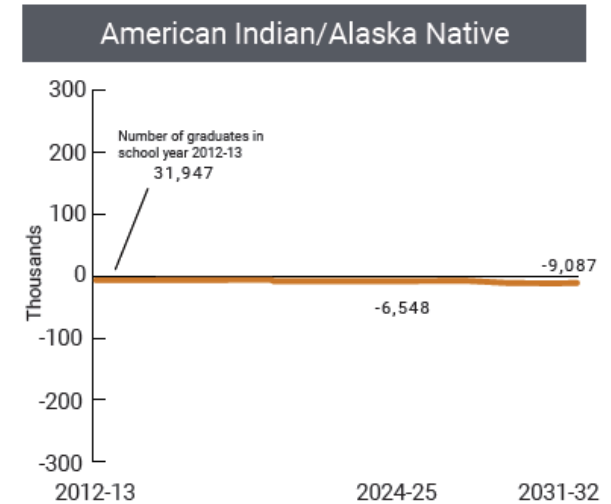


Figure 1.5

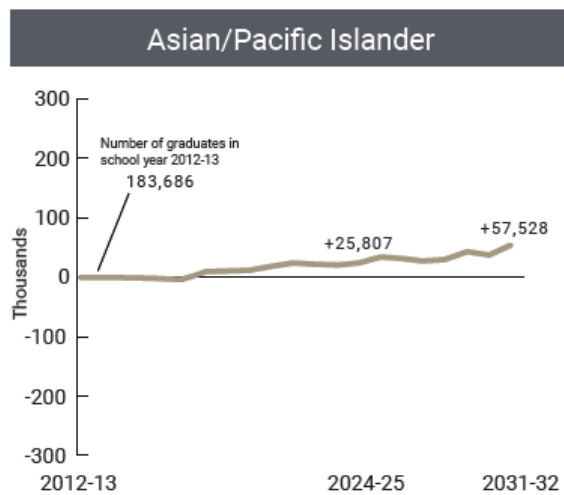
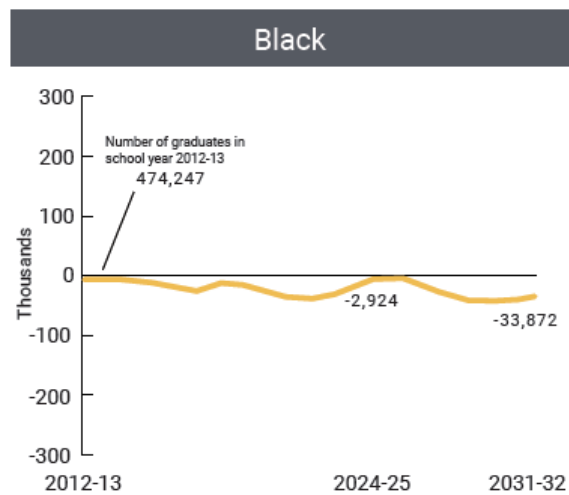


Figure 1.6



It's even more complex

- Projections differ by state. Go to <https://knocking.wiche.edu/> if you want to read the projections yourself.
- The report is from December 2016. Things have changed since then.
- Different types of colleges will feel these changes differently.

Mergers aren't new

- EAB counted 250 mergers proposed between 1830 and February 2018.
- Prominent examples:
 - Carnegie Mellon created through a merger in 1967
 - Case Western Reserve created by merger in 1967,
 - Yale acquired Andover Newton Theological School in 2017
 - Boston University acquired Wheelock College in 2018.

How will a merger come together?

- Public announcement usually months before a deal is consummated
- Private universities often announce after they have a non-binding memorandum of understanding.
 - This means they'll have the basic structure hammered out, like name and governance structure
 - Key constituencies could still weigh in
- Public universities are messier

Catching wind early

- Privates can be hard
 - A small number of leaders involved
 - Nondisclosure agreements
 - Trustees, key administrators and consultants
- Publics have more cooks in the kitchen
 - Administrators, unions, and local politicians will all want to be told
 - Studies commissioned before specific plans are proposed
- Are any brokers or foundations involved?

How do you cover a merger?

- Who gets control?
- Who gets to stay open?
- Who gets the short end of the stick?

Who gets control?

- Which board members are staying?
- What executives and administrators are keeping their jobs, moving to new jobs or retiring?
- What's happening to the legal entities?

Who gets to stay open?

- Which programs are continuing under the merged institution?
- Which buildings are being kept open? What land is being redeveloped, sold or held for an undecided future use?
- What names are living on, and how?

Who gets the short end of the stick?

- Staff losing their jobs?
- Faculty losing their jobs?
- Students changing programs?
- Campuses closing and cutting student access?
- Fewer seats cutting student access?
- Tuition going up?

Other important questions

- Is one side more prestigious than the other?
- What happens to the endowment?
- State regulators
- Accreditors
- Any other legal issues?

Organized mergers

- Don't have doom hanging over them
 - Both sides are relatively financially healthy, even if they face pressure
 - Both sides are at the table willingly
 - Follow a process
- Not everyone has to agree a merger is a good idea
- Acknowledge benefits and drawbacks
- There will still be stories of chaos along the way
- Think of Boston University and Wheelock

Disorganized mergers

- Are done at the last second
- One college will often be facing impending doom
- Key constituencies aren't told early
- Large groups aren't on board
- Agreements or bond covenants aren't considered
- Sides show inflexibility when unexpected issues arise
- Think of Mount Ida College and Lasell

Further reading

- Coverage of interesting cases:
 - Boston University and Wheelock
 - Mount Ida and Lasell
 - Public colleges in Georgia
 - Connecticut community colleges
 - Salem State University and Montserrat College of Art
- AP Stylebook's business guidelines have a section on mergers and acquisitions

- Questions?
- Comments?
- Insults?

Follow up

Reach me at rick.seltzer@insidehighered.com if you want to ask any questions.