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ABSTRACT.

Ten college and university mergers are discussed to present information about the reasons for such mergers, the process employed to achieve them, and their consequences. The study provides practical information about several mergers that have taken place and suggests guidelines for those who wish to consider merger. A variety of factors contributing to a merger decision are discussed including geographical proximity, complementary programs, a history of cooperative relationships, the drive to coeducation, the desire to strengthen the quality of higher educational service, and complexities of higher education financing. The processes involved in merger are outlined as are the various consequences. Closing as an alternative to merger is presented and five case studies reveal a variety of factors contributing to that decision. From the cases studied a number of generalizations and guidelines for mergers are presented along with a checklist for merger situations. (JMF)

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# Mergers in Higher Education

An Analysis of Ten Case Studies

John D. Millett

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# **Mergers in Higher Education**

**An Analysis of Ten Case Studies**

John D. Millett

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# CONTENTS

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Advisors, Staff, and Consultants	vii
Preface	ix
1 The Study of Mergers	1
2 The Thrust Toward Merger	9
3 The Process of Merger	33
4 The Consequences of Merger	53
5 Closing: An Alternative to Merger	71
6 The Do's and Don'ts of Merger	85
Appendix	
A Check List for Merger Situations	99

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## PREFACE

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This study of college and university mergers was undertaken in order to obtain and utilize information about the reasons for such mergers, the process employed to achieve them, and their consequences. This study is not intended to be a report about the financial stress of independent colleges and universities, although I have touched upon the subject in my discussion. Rather, the study provides practical information about several mergers that have taken place and suggests guidelines for those who wish to consider merger.

My study of mergers and closings by no means implies any lack of concern for the future welfare of independent colleges and universities: I believe that financial stress is a reality for a considerable number of colleges and universities, both public and private. Furthermore, I believe that the preservation of a healthy, vigorous independent sector of higher education is essential to the welfare of public higher education, and vital to the maintenance of the element of choice in a pluralistic society. As a state administrator in higher education I sought to translate these beliefs into state government policy and practice. But these concerns were neither the motivation for nor the subject of this particular discussion.

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~~From time to time the Academy for Educational Development,~~ a nonprofit planning organization for education, has been asked to serve as a consultant in merger situations. In reviewing these experiences, the Academy decided that it would be desirable to make an analysis of mergers. The study was made possible by a grant obtained from the Carnegie Corporation of New York.

I am indebted to the staff of the Academy and others for assistance in preparing the case studies underlying this discussion. I would particularly like to thank those people at the colleges and universities who gave interviews for the case studies and made documents and materials available to us.

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The panel of advisors has been most helpful in reviewing the study design and in reading the draft of the report itself. It has been the panel's judgment that the report should be printed and made widely available as quickly as possible, and for that reason the Academy has undertaken publication in its own name. Winifred Thompson has been most helpful in a final editing and in guiding the report through publication.

It did not seem feasible to present the individual case studies in detail. The separate story of each merger and each closing has been a fascinating episode in itself, and many of the intriguing details have necessarily been omitted in the interest of providing a concise, readable, and suggestive summary of all this experience. Much of the flavor of time, circumstance, and personalities has been lost in the process of translating fifteen individual case studies into a generalized framework of analysis.

I am indebted to all the case authors, to the panel members, to Carnegie Corporation, and to my staff associates for their encouragement and assistance in the preparation of this report. At the same time it must be understood that the statements made and views expressed herein are solely the responsibility of the author.

Washington, D.C.  
October 1, 1976

John D. Millett

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x

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ONE

# The Study of Mergers

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In its December, 1973, report the National Commission on the Financing of Postsecondary Education observed: "Perhaps the only unequivocal proof of financial distress among educational institutions is their actual demise."\* The report went on to mention that in the year 1972-73 there were twenty-nine college closings, seven mergers, and six transfers from private to public sponsorship. In the same year the commission said that forty new institutions were opened, more than offsetting the number of closings.

Although this last statistic is suspect, since it probably arises from a peculiarity of campus enumeration as reported by the National Center for Educational Statistics rather than from the actual creation of new colleges, nonetheless the matter of mergers among colleges and universities and the closing of colleges has been widely interpreted in the past several years as evidence of financial distress, especially in the independent sector of higher

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\*National Commission on the Financing of Postsecondary Education, *Financing Postsecondary Education in the United States* (Washington: U.S. Government Printing Office, 1973), p. 194.

education. The rapid shift in enrollment patterns from an almost 50-50 distribution between public and independent institutions in 1950 to a 75-25 distribution as of 1973 has been one indication of possible financial difficulty for the independent sector. Various published studies have suggested the reality of financial problems for independent colleges and universities. Mergers and closings were the "final" proof of financial difficulty.

In its 1975 report *More Than Survival*, the Carnegie Foundation for the Advancement of Teaching commented: "now, in the early 1970s, colleges are failing, or merging, or changing from private to public status, and the overall increase in the number of campuses has slowed down."\* This remark was set forth in the context of the long-run rate of decline in the growth patterns of higher education in the United States. A new era was at hand, and college mergers and closings were one important indicator of the new state of affairs.

Moreover, in 1975 at the behest of President Ford, the Office of Education contracted with two or three organizations to make studies of the special problems confronting independent colleges and universities and threatening their very capacity to survive. Although none of these reports have been published or made generally available as of the summer of 1976, it is known that the matter of mergers was given particular attention as one source of data about financial stress in the independent sector. Underlying this whole concern with the future economic welfare of the independent sector was the conviction that the independent sector represented a higher education asset of real value whose curtailment or impairment would be harmful to the public interest.

In its data about enrollment size as of 1970-71 the National Commission on the Financing of Postsecondary Education found that 423 out of 675 independent liberal arts colleges were under an enrollment size of 1,000 students; this number was almost 63 percent of the total.\*\* Nearly 90 percent (225) of all independent two-year colleges and 87 percent (327) of all independent separate professional colleges had enrollments of fewer than 1,000 stu-

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\*Carnegie Foundation for the Advancement of Teaching, *More Than Survival* (San Francisco: Jossey-Bass Publishers, 1975), p. 2.

\*\**Financing Postsecondary Education in the United States, op. cit.*, p. 166.

dents. The very matter of size might be one reason for financial distress, and for mergers and closings.

In its 1971 report *New Students and New Places*, and again in its 1972 report *The More Effective Use of Resources*, the Carnegie Commission on Higher Education recommended minimum and maximum enrollment size for public institutions of higher education. These numbers were 2,000 and 5,000 for community colleges; 1,000 and 2,500 for liberal arts colleges; 5,000 and 10,000 for comprehensive universities; and 5,000 and 20,000 for doctoral-granting universities. The commission was reluctant to set any corresponding numbers for the same kinds of independent institutions, contenting itself with some general comments about economies of scale, reporting some study results about costs by size of institution, and recommending public incentives and private initiatives to bring about some enrollment growth of independent colleges.

Ten cases of merger were chosen for detailed analysis in this study. In chronological order these cases were:

1. The University of Buffalo—State University of New York (1962)
2. The University of Kansas City—The University of Missouri (1963)
3. The Mellon Institute—Carnegie Institute of Technology (1966)
4. Case Institute of Technology—Western Reserve University (1967)
5. Vermont College—Norwich University (1972)
6. School of Engineering and Science, New York University—Polytechnic Institute of Brooklyn (1973)

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7. Marymount College—Loyola University (1973)
8. Newton College of the Sacred Heart—Boston College (1973)
9. The Western College—Miami University (1974)
10. Lowell State College—Lowell Technological Institute (1975)

Five colleges closings were selected for study, but for reasons to be set forth in a later chapter it is not possible to identify by name these individual colleges, with one exception.

The ten mergers examined in this study represented a considerable variety of experience. In two instances, an independent urban university became a campus or entity within a multicampus state university system. The merger was in reality a transformation of sponsorship, a shift in identity, from independent to public sponsorship, albeit in a multicampus system rather than as a separate entity of governance. In a third instance, an independent research institute was merged with an independent institute of technology to form a new enlarged independent university. In a fourth instance, an institute of technology was merged with an independent university in order to strengthen and develop a leading research university. In another instance a two-year college for women was merged with a men's college in order to strengthen both and to hasten coeducation.

The remaining five cases had their peculiar aspects as well. One involved the merger of two similar independent schools of engineering and science brought about in major part through state government insistence. Two other cases involved the merger of a Catholic college for women with a larger Catholic university. The ninth case was one of a small independent college being merged with, or absorbed by, a much larger state university. The final case was one of merger between a state college with an interest in teacher education and a specialized state professional school located in the same city in order to develop a regional state university.

No two sets of circumstances were quite the same and no two processes were quite the same. Since one purpose of the study was to obtain some variety of experience, this objective was realized in full measure. The very selection of cases to be studied ensured that there would be limited generalizations to be made from a study of these particular episodes.

By way of contrast or comparison, the inquiry took advantage of an opportunity to examine two other case studies. One study was of a "near miss," of an attempted merger that failed to come about. The other was a case study of the merger of a Catholic college for women with a Catholic college for men in order to bring about the development of an enlarged Catholic college for coeducation. Both of these episodes provided additional data of

considerable assistance in developing conclusions resulting from the ten mergers selected for study.

This study of mergers began with two principal hypotheses. The first hypothesis was that the essential motivation for merger is some kind of economic or financial benefit, to overcome current financial distress or to build a broader economic base for future operations of the resulting institution. The second hypothesis was that the process of merger or the implementation of merger presents complexities not always foreseen or prepared for. We suspected from earlier experience that merger is a more complicated business than many persons in higher education have thus far been disposed to expect. The testing of these hypotheses and the conclusion about their validity will be considered in the course of this discussion.

At the outset of the study an extensive series of questions for review and response in each individual case was prepared. These questions were organized under the headings of: (1) the general circumstances of each institution preceding merger; (2) the particular events precipitating action for merger; (3) the objectives of merger as formulated by the participants in the merger process; (4) the procedures or negotiations for bringing about mergers; (5) the actual results achieved from merger; (6) the advantages and disadvantages to merger as now perceived by key actors in the merger process; and (7) the conclusions of the case study author. A different but somewhat similar set of questions was prepared for the study of college closings.

It happens that published information is available about three of the ten mergers examined in this study. Among the five case studies of institutions in transition prepared for the Carnegie Commission on Higher Education, Harold L. Hodgkinson included an account of the transition of the University of Buffalo into the State University of New York at Buffalo.\* In 1976 a history of Case Western Reserve University was published which necessarily, as its final chapter, discussed at some length the

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\*Harold L. Hodgkinson, *Institutions in Transition: A Profile of Change in Higher Education* (New York: McGraw-Hill Book Company, 1971), pp. 160-171. See also G. Lester Anderson, "The Story of an Educational Merger: The State University of New York and the University of Buffalo," *Niagara Frontier*, vol. 18 (winter 1971), p. 72.

"federation" of two separate institutions to become the new, federated university.\* And the president of Polytechnic Institute of New York, with the assistance of a professional associate, prepared in 1976 a report dealing both with the process of merger and with the consequences of merger.\*\* All three of these published accounts serve as a useful counterpart to our own study. In the discussion which follows, however, we have drawn upon our own information and upon analysis from our individual case studies rather than from these published materials. The availability of these three accounts has encouraged us to identify by name the ten merger situations we studied and to refer to them by name in the discussion set forth here.\*\*\*

We encountered some disposition on the part of some individuals interviewed in the course of this study to take the position that information about a merger was confidential, or at least not quite proper for publication. To be sure, we found among the persons we talked with some discrepancies in their recollection of events and some considerable differences of point of view about who gained how much from the merger. The merger process can engender some strongly held attitudes, and the consequences of merger may be viewed by some individuals as a disaster, while other individuals insist that the consequences were entirely beneficial. Because of these differences in point of view, we have not identified the many persons who were most helpful in providing us with information and were most generous in sharing with us their definite points of view. The path of merger does not necessarily run smooth. Few who have been through the process have any interest in repeating the experience.

The evaluation of consequences in quite recently accomplished

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\*C. H. Cramer, *Case Western Reserve: A History of the University 1826-1976* (Boston: Little, Brown and Company, 1976).

\*\*George Bugliarello and Henry Urrows, *Planning and Evaluating an Academic Merger and Making It Work* (New York: Polytechnic Institute of New York, 1976).

\*\*\*In addition to the published works mentioned, there is also available a doctoral dissertation about the merger of Western College with Miami University, Larry J. Kennedy, "A Policy Analysis of a Merger in Higher Education: Miami University and the Western College." A copy of this dissertation was made available by the Miami University Library.

mergers, of course, can be only partial at best. It appears that at a minimum it may take ten years, perhaps even longer, to achieve the objectives of a merger and to bring about an atmosphere in which the conflict subsides between those who believe they benefited from merger and those who believe they were seriously disadvantaged by merger. The reasons for these attitudes will be set forth herein. But this matter of lapsed time from the date of merger proved the usefulness of including in this study episodes drawn from the decade of the 1960s. Case studies of experience occurring entirely in the 1970s could be quite misleading, both because of the different external environment and because of inadequate time in which to evaluate the consequences.

It is problematical whether or not any valid conclusions can be drawn from such varied experience. This concern will be considered at some length later. It does appear that certain "lessons" are suggested from the studies we have made. Our purpose has been to be practical rather than theoretical, to point to advantages and pitfalls in the merger process and to caution against unrealistic expectations.

We found in the course of this study that the lay members of governing boards tended to be more disposed toward the desirability of merger than were faculty members. Administrative officers, as is so often the case, were caught in the middle. Business and professional leaders are familiar with mergers in the business economy. The drive to maximize profits has apparently motivated many business enterprises toward merger and consolidation. Size of operation and diversity of products have been sought as a hedge against economic change and recession. In any event, trustees tend not to be frightened by the prospect of merger. On the contrary, many trustees approach the subject of merger with a basically favorable disposition toward such action. We found no evidence of any kind to suggest that trustees on governing boards had been a stumbling block in the way of mergers. On the contrary, we found much evidence to suggest that trustees had done a good deal to help bring about merger. Trustees understand the financial concerns of a college or university. It is in this regard that they tend to make their principal contribution to institutional operation and viability.

The opposition to merger tends to arise within the faculties of

7

colleges and universities. Especially in the 1970s, any talk of mergers will be viewed in the context of budget retrenchment, staff layoffs, and the threatened termination of employment security. But it must be remembered, too, that talented scholars and teachers have often been offered facilities, programs, and research funds by an institution; merger, even under the best circumstances, threatens to alter or wipe out these arrangements. Any discussion of the merger of two colleges today can only be considered from the point of view of many faculty members as a threat rather than as an opportunity.

Administrators are disposed to see the advantages of merger and to work toward the accomplishment of merger, given certain particular situations. Confronted with economic difficulties not of their own making, disillusioned by their inability to match faculty aspirations with the needed income, administrators of a college or university are prone to welcome the opportunity to merge an operation with another operation, hoping to bring about an improved situation for the new, merged institution. And administrators, interestingly enough, appear to be somewhat less concerned about their own job security than do faculty members. Maybe administrators have more opportunity to move to other employment opportunities, particularly after they have proved their managerial skills in negotiating a merger. Or perhaps they have more opportunities for employment than a faculty member does because their abilities tend to meet a wider spectrum of educated manpower needs.

Whatever the reasons may be for varying patterns of attitude and behavior, we shall have occasion here to explore the experience of change for several colleges and universities. This experience may or may not be relevant to future experience. This experience may or may not illuminate or motivate further exploration at the level of actual negotiation of the advantages and disadvantages of mergers within colleges and universities. Of one thing we can be fairly certain: the phenomenon of mergers is not a matter of history in the United States. Whether or not we like the situation, mergers are surely very much an item on the future agenda of higher education in our country.



## TWO

# The Thrust Toward Merger

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The merger of two previously separate institutions is brought about by a variety of factors. We shall explore some principal motivating circumstances in the present chapter. In every instance we have studied, financial concerns were a major reason for moving toward merger, but the financial concerns were not necessarily those of an immediate income-expenditure gap. The financial concern might arise from a determination to achieve greater financial strength for a combined institution than was possible for each institution separately.

We shall consider the financial motivation as the final or determining factor in the decision for merger. Other factors are also important, however, and these matters deserve attention. Before we begin their enumeration and discussion, we need to have some general understanding about the types and enrollment size of the institutions whose merger has been analyzed in this study.

Of the ten case studies undertaken, only one involved the merger of two public institutions, Lowell Technological Institute and Lowell State College. This kind of merger seems to have been less prevalent in the past ten years or so than mergers involving independent colleges and universities. Where the merger of public

institutions occurs, it is likely to take the form of a consolidation of institutions into a multicampus system under a single governing board. The board, and its professional staff, are then left to figure out the future mission, programs, and resource allocation for the separate campuses of the system. The elimination of a campus does not become one of the major objectives of this kind of merger. The one public merger examined here was somewhat unusual and was included in large part for that reason.

Two mergers involved the transformation of an independent urban university into a campus of a multicampus state university system. One of these mergers was that of the University of Buffalo, which became part of the State University of New York; the other was that of the University of Kansas City, which became a part of the University of Missouri. In each instance the independent institution had developed as a comprehensive university providing undergraduate and graduate programs in the arts and sciences and in various professional fields for the benefit of students living in a large metropolitan area. For financial reasons to be mentioned later, both institutions decided that they could better perform their urban mission under the auspices of state government rather than to continue as independent institutions. While the governance structure of each was substantially altered, and one acquired a wholly new campus, each institution actually continued on the course previously set for its purposes and programs.

In one instance, that of the merger of the Mellon Institute with the Carnegie Institute of Technology, an independent research body was incorporated into the operation of an independent educational institution. This instance is the only one of our ten case studies involving the merger of two organizations of somewhat different purpose. The Mellon Institute had been founded in 1913 primarily to assist Pittsburgh industries in the development of their productive technologies. After World War II many of these industries created their own research and development centers, and the development of new products and new production processes became increasingly matters of proprietary concern. As a result, the Mellon Institute tended to become more heavily involved in basic research, to seek governmental research grants and contracts, and to recruit postdoctoral research

associates. Thus the mission of Mellon Institute underwent substantial change and acquired increasingly the attributes of a higher education institution. Merger with Carnegie Institute of Technology represented culmination of an historical process.

The merger of Case Institute of Technology with Western Reserve University in Cleveland was one involving two independent institutions once quite distinct in mission but becoming more and more like each other in the 1960s. After World War II engineering education became more and more science-oriented, founded upon the physical sciences and mathematics. As a consequence, the programs, faculty interests, and the financing of the two institutions became more and more similar. Competition for fine students and financial support from the philanthropic sources of Cleveland provided impetus for merger.

Norwich University in Vermont was a relatively small college founded in 1819 to educate men in practical arts, the sciences, and military discipline. Vermont College had been founded originally in 1834 as a school of theology and then had added a college for women to its operation in 1865. In 1936 the institution had become Vermont College, a two-year college for women. A four-year program in medical technology had been added in 1961. Both independent in sponsorship, the two institutions served two different student clienteles, one men and one women. Their merger proceeded from the desire to bring together specialized interests.

The Polytechnic Institute of Brooklyn was an independent school of engineering that had undergone much the same transformation as that at Case Institute, except that it enjoyed substantially less philanthropic interest and support from the New York City community. The School of Engineering and Science of New York University was a very similar kind of educational institution, part of a financially troubled university that had to find drastic means for overcoming its cumulative financial deficit. The merger of the two similar institutions was essentially a political merger; both institutions looked to the state of New York for financial succor.

The mergers of Newton College of the Sacred Heart with Boston College and of Marymount College with Loyola University in Los Angeles represented the joining together of two small

Catholic colleges for women with larger, more comprehensive Catholic institutions, founded for the education of men, in major urban communities. Several forces worked to make the efforts of a number of Roman Catholic women's colleges less successful than was originally envisaged. The integration or absorption of Catholic families into the mainstream of the American economy and culture proceeded more rapidly than some persons may have expected. Catholic families themselves began to question the cultural advantages of higher education with men separated from women, and of higher education with a more religious than job-oriented objective. Other changes in attitude took place as well, some of them stemming from Vatican II. The future of many Catholic colleges for women thus became uncertain. These two particular mergers represent one response to new circumstances.

Finally, the merger of The Western College with Miami University in Ohio represented the termination of an effort under independent auspices to provide an undergraduate education in the immediate neighborhood of a large and prestigious state university. When Miami University was founded by the state of Ohio in 1809 as a land-grant college under the Northwest Ordinance, it was intended to provide an undergraduate education for men only. Three colleges for women were subsequently founded before 1860 in Oxford. One of these was merged with Miami University in 1929. Another went through various transformations until its property was acquired by Miami University in the 1930s. The third survived until 1973. Founded in 1854, Western College for Women was modeled after Mount Holyoke and was intended to achieve the same kind of quality education for women beyond the Appalachians. Miami University itself became coeducational in the late 1880s. As it was transformed into a comprehensive university of some quality, Miami provided a competition difficult for an independent college to withstand. Conversion of Western College to coeducation in 1971 could not halt the continuing financial deterioration of the institution, and merger followed.

Thus, of the ten merger situations we examined, one involved two public colleges, three involved an independent institution with a public university, and six involved a joining together of two independent institutions. Moreover, four of the colleges merged with larger institutions were essentially colleges for

women, colleges confronting a changed social attitude toward single-sex higher education. Four other cases involved independent colleges of engineering. The other two involved independent, nonsectarian, urban-oriented universities whose urban mission could no longer be sustained under independent sponsorship. The nature of the higher education institution had much to do with the merger history examined here.

### **Geography**

The thrust toward merger is conditioned by geography. In every instance we studied, geographical proximity played a major role in helping to bring about merger. In one instance a mere six-mile separation of campuses was a dominant factor in bringing about an interest in merger. In the one case we examined of a failure to bring about a merger, the substantial geographical separation of the two campuses was a primary stumbling block. The community that would have lost the campus brought political pressures to bear to prevent closing of a local educational and economic resource.

Often the proximity of two campuses makes merger an attractive alternative. Case Institute of Technology and Western Reserve University were both located at University Circle in Cleveland; only a hedge separated the two campuses. Marymount College had moved to the Loyola University campus in Los Angeles to bring about a greater degree of collaboration between the two institutions. The Western College was located across the street from Miami University. In the other instances, the merged campuses were a short distance from each other, but each shared the same metropolitan location and each obtained geographical advantage from merger. Norwich University continued operation of the Vermont College campus just six miles away. Boston College made use of the Newton College campus and located its law school on the campus. Carnegie-Mellon University made use of the Mellon Institute facilities for instruction and research. Only the merger in New York City involved actual consolidation of programs from two campuses to one, and that consolidation was an essential part of the whole arrangement.

Geography is more than a matter of location. Geography is also the formalized basis of political representation in the American structure of government. In the nineteenth century many state governments were disposed for various reasons to locate their state-sponsored colleges and universities away from the emerging concentrations of urban population. A few notable independent institutions located in large cities separated themselves from the problems and populations of the cities. When this purposeful removal from a local orientation occurred, other colleges and universities were established in urban centers to meet urban interests. In considerable part the Catholic Church in America, the Young Men's Christian Association, and several municipal governments undertook to bring the benefits of higher education to urban populations.

In the twentieth century, and in the period of rapid expansion of higher education from 1945 to 1970, state governments and state universities have had to come to terms with the city. Some part of the story of mergers is a story of this adjustment of public higher education to the realities of a predominantly urban society with a variety of ethnic populations. And politics has necessarily had its place in the process of adjustment.

The incorporation of the University of Buffalo into the State University of New York was brought about in part because of the political importance of Buffalo as a city, and because of the political importance of the New York legislative leaders from Buffalo in 1961 and 1962. The incorporation of the University of Kansas City into the University of Missouri system was part of an arrangement involving the establishment of a new state university in Saint Louis. The University of Missouri was located midway between the two large cities that dominated the economic and political life of the state. Political circumstances, and the political realism of the state university leadership, dictated the inclusion of the independent university in Kansas City as a part of the system when the new university was established in Saint Louis in 1963. And political leadership from Brooklyn in the New York State Assembly made possible, indeed mandated, the merger of the School of Engineering and Science of New York University with the Polytechnic Institute of Brooklyn. The merger of Lowell Technological Institute and of Lowell State College was fostered

by the dictate of location in the same urban setting. Geography provided the political impulse that made these four mergers possible.

### **Cooperation**

In one notable instance, that of Marymount College and Loyola University, a period of extensive cooperation preceded the act of merger. As early as 1965 the president of Marymount College perceived that the survival potential of a Catholic college for women might well be diminishing. Moreover, the college was located in a relatively remote, isolated section of the extensive metropolitan area of Los Angeles. The president therefore initiated discussions with the president of Loyola University about possible collaboration. The archbishop of the diocese was opposed to coeducation, but agreed to the desirability of the discussion of and an arrangement for cooperation between the two institutions.

From these discussions, and after a careful study had recommended "affiliation" of the two colleges, there emerged an agreement for cooperation. The agreement included the actual physical transfer of the Marymount College operation to the Loyola University campus. It was agreed that Marymount would develop its programs in elementary education, fine arts, speech, and dramatic arts. Loyola would concentrate its development on the natural sciences, mathematics, the social sciences (including business management), philosophy, and theology. The two colleges observed a common calendar and provided jointly administered student services and support services. Some faculty members taught courses in both institutions; in a few instances there was some cross registration of students.

For five years, from 1968 to 1973, the two institutions operated separately on the basis of the affiliation agreement, sharing the same location and certain services. These five years were described by one observer as years of confusion, frustration, and irritation. There were endless negotiations between the staffs of the two institutions. The common support services were constantly pushed or pulled in the direction of one college or the other. A

system of interinstitutional charges for services rendered was a source of continuing conflict. In 1971 the students of the two institutions asked for and obtained approval of a plan for one integrated structure of student government.

At the end of 1971, the chairman of the board of trustees of one institution wrote to the chairman of the board of the other institution saying that it was time to assess the advantages and disadvantages of affiliation. From this reassessment came the decision to merge and to establish one integrated institution of higher education.

A considerably lesser degree of cooperation had developed between Western College and Miami University preceding the merger decision of 1973. For most of their mutual history in the same small community in southwestern Ohio, Miami University and Western College had traveled their separate ways. The fact that Miami had taken over Oxford College for Women and the property of the Oxford Female Institute had tended to encourage an arm's-length relationship. Miami University avoided any gesture that might suggest a desire to take over Western College, and in turn, Western College endeavored in every way possible to stress its separate identity.

Beginning in 1966, the two presidents discussed possible cooperative relationships between the two institutions. Miami University agreed to provide a student health service to Western at relatively modest cost per student. Enrollment of Western College students in courses in teacher education was arranged at low cost per student registered. Access to all Miami University cultural and athletic events was extended, again at low cost. In 1970, Miami University rented an entire, unused dormitory from Western College to house male students for whom the university had no facilities.

Apart from these arrangements, few additional kinds of relationships had been discussed prior to 1973, but a climate for discussion had been established. This climate may have been helpful to the handling of the situation that arose when merger became the only feasible solution to the financial difficulties of Western College.

A much longer history of cooperation had characterized the relationship of Case Institute of Technology and Western Reserve



University. As early as 1950, the two institutions agreed to maintain one student health service, operated by Western Reserve. In 1957, the two institutions agreed to make joint use of athletic and recreational facilities. In addition, both joined in creating the University Circle Development Foundation, intended to become a major applied research enterprise serving the community, business and industry, and other clients. In 1960, Case and Western Reserve decided to maintain one joint department of astronomy serving students on a cross registration basis. The next year the two institutions created a joint department of geology, and in cooperation purchased the nearby Tudor Arms Hotel as a center for housing graduate students.

In 1963 Case and Western Reserve concentrated all foreign language instruction at Western Reserve and announced a program of cooperation at the graduate level in biochemistry, bioengineering, and medical science engineering. That same year the two institutions received a joint grant from Carnegie Corporation of New York to develop joint graduate programs in certain specified fields of mutual interest: the philosophy of science, the philosophy of art criticism, and the psychology of law and politics. In 1964, both institutions applied for university science development grants from the National Science Foundation in chemistry and physics. The NSF then announced a joint grant to both Case and Western Reserve for development of the two science disciplines.

This action by the National Science Foundation apparently pushed the two institutions toward merger. Moreover, John Gardner, as he was leaving Carnegie Corporation of New York to become Secretary of Health, Education, and Welfare in President Johnson's Cabinet, wrote to the two presidents urging them to explore a "closer association." This appeal, along with the decision of the National Science Foundation to make a joint grant instead of two separate science development grants, could not be ignored. A developing pattern of cooperation impelled the two institutions to merge.

In the other six case studies there is no evidence of cooperation as such preceding the initiation of the active negotiations for merger. In three instances (Buffalo, Kansas City, and New York) there had been overtures for some kind of state government

financial assistance going back some distance in time before the actual merger process. These overtures indicated recognition of the need for some change of status, although no formalized arrangements for any kind of cooperation resulted. In these three instances and in the other three instances, merger came about without any prior history of actual cooperation.

Cooperation between two or more colleges and universities may well be a positive good in and of itself. There is a great deal of experience in the United States with various patterns of cooperation between institutions of higher education. Sometimes these patterns result from geographical proximity, and sometimes they result from a certain identity of common interests. Cooperation does not necessarily imply an intention to merge, or predetermine such an eventuality.

It does appear, however, that a pattern of cooperation can be a positive influence encouraging an eventual merger of two institutions. The process of cooperation may be so troublesome as to persuade all parties involved that merger is preferable to the complications of joint action. Or the process of cooperation may lead gradually to increased collaboration, the logical sequel of which is merger into a single institution. It should be repeated that cooperation does not necessarily in and of itself ensure eventual merger. But cooperation of two institutions may encourage an eventual merger.

### **Coeducation**

In five of the ten case studies, an important factor influencing merger was the desire to establish coeducation of men and women students. In this discussion it is not necessary to embark upon an inquiry into the relative merits of single-sex education versus coeducation. It is sufficient to note that a good many single-sex colleges and universities moved to coeducation in the 1960s, and that the social emphasis upon nondiscrimination based upon sex may have encouraged this development. The usual argument was that if women were to compete successfully with men in various professions, this competition might appropriately begin in the very process of preprofessional or professional education. If there

were qualitative differences among single-sex institutions, these very differences might reinforce later distinctions in professional competence and performance between men and women. Coeducation was widely perceived as a necessary step in preventing discrimination on the basis of sex in job opportunities.

In the instance of the two Catholic institutions, colleges for women were merged with colleges for men. In the instance of Vermont College and Norwich University, a college for women was merged with a college for men. In the instance of Lowell State College and Lowell Technological Institute, a teachers college, enrolling a large majority of women students, was merged with an engineering college. In the instance of Western College and Miami University, a women's college was merged with a coeducational state university.

It is notable in all five of these instances that it was the college for women which was merged with another institution. The basic difficulty of the college for women was low enrollment, and financial difficulty resulting from low enrollment. Regardless of the merits of separate undergraduate education for women, in these instances the number of women students enrolling failed to maintain sufficient size to ensure a viable operation.

The movement from education for women to education jointly for women and men helped to bring about mergers.

### **The Impact of Program Differentiation**

To some degree complementary instructional programs rather than duplicated or competing programs appeared to encourage mergers. The element of competition between separate institutions of higher education can never be entirely eliminated, but some differentiation of program emphasis may serve to bring institutions together more readily than when two institutions are decidedly similar in their endeavors. Some difference in program emphasis helps to persuade faculty members that they will not necessarily suffer from merger.

In the instance of Mellon Institute and Carnegie Institute of Technology, the first was a research agency with an incidental (postdoctoral) instructional function, while the second was an

educational institution desiring to strengthen its research component. In the instance of Case and Western Reserve, the former was thought of primarily as an outstanding educational institution in engineering and the physical sciences, while the latter was thought to be outstanding in the biological sciences, medicine, and several other professional schools (such as law, nursing, social work, and library science). In the instance of Lowell State College and Lowell Technological Institute, one was primarily a college of teacher education and the other a college of engineering. In the instance of Vermont College and Norwich University, one was primarily a college for instruction in certain technologies and the other was primarily a college of engineering. Some differentiation of program emphasis was observable in the case of the two mergers of Catholic institutions.

In none of the mergers we studied did program differentiation as such assist in bringing about circumstances conducive to merger. The only instance of direct program overlap among our ten case studies was in the merger of the School of Engineering and Science of New York University with the Polytechnic Institute of Brooklyn. Here the powerful motivating forces of politics and finances compelled merger of like institutions, but this merger may have been also the most difficult and challenging to bring about. The University of Buffalo and the University of Kansas City had to compete with other institutions of higher education for students and for resources. Western College may well have been disadvantaged by its proximity to a state university with relatively low tuition charges to students.

The experience analyzed here does suggest that it is easier to bring about a merger of institutions when institutions are somewhat dissimilar than when they are similar in their program emphases.

### **Quality**

The drive for higher educational excellence was a primary motivation for merger in at least two situations: the merger of Mellon Institute and Carnegie Institute, and that of Case Institute

and Western Reserve University. All four of these institutions prior to merger were striving for a reputation of academic excellence based essentially upon research and research-related activities. In each instance the first objective of merger was to build a combined institution whose potential for academic accomplishment would be greater than that of the separate entities.

To a somewhat lesser extent, academic excellence was also an important factor in the merger of the School of Engineering and Science with the Polytechnic Institute of Brooklyn. Both Polytechnic and New York University had received science development grants from the National Science Foundation. Each institution had struggled with financial limitations upon its capacity to build and sustain the desired level of academic achievement. The merger was intended to build strong programs that could be adequately financed.

Academic excellence was a part of the motivation involved in the concerns of the University of Buffalo and the University of Kansas City. To the extent that quality is a function of financing, these two universities clearly perceived that they had to have additional financial resources, and they saw these resources as becoming available only from their respective state governments.

In each of these cases it was hoped that, in union, academic excellence would be more readily brought about and sustained than would be the case with continued separation. Without this motivation for excellence merger would have been much more difficult for faculty members to accept. Academic excellence was a purpose faculty members could not resist.

### **Political Interests**

In four instances of merger, political considerations were a major influence. We have noted earlier the politics of geography. Since political representation is based upon geographical units, we may expect certain chance factors in this representation structure to bring about certain political consequences. These consequences arise in particular, but not exclusively, when public or state universities are involved. Thus, political factors were especially

important in bringing about the merger of the University of Buffalo with the State University of New York, the merger of the University of Kansas City with the University of Missouri, the merger of the School of Engineering and Science of New York University with the Polytechnic Institute of Brooklyn, and the merger of Lowell State College with Lowell Technological Institute. To a somewhat lesser extent, political considerations were also involved in the merger of Western College with Miami University.

As suggested earlier, the need for a wider base of political interest motivated both State University of New York and the University of Missouri to look favorably upon expansion of activity into the major urban areas of Buffalo and Kansas City. Neither expansion would have been possible, however, without the political influence of these two communities in their state legislatures. Similarly, the political influence of legislative representation from New York City, and especially from Brooklyn, had much to do with the legislatively dictated merger of the two engineering schools in the city.

The merger of Lowell State College and Lowell Technological Institute to form the University of Lowell, by act of the Massachusetts legislature in 1973, to be effective in 1975, was achieved by law, a major form of political action, although various community leadership groups were influential in pushing for this merger, and although a study procedure to be mentioned in the next chapter preceded formal legislative action. Only strong efforts by the legislative representatives of the area and a favorable political climate in Boston for such action enabled this merger to be enacted into law.

When Miami University was approached by Western College to consider merger, no action could be taken by the state university without discussion of the merger with officials of the executive and legislative branches of state government in Columbus. Moreover, a state appropriation was required in order to pay off the debts of Western College and so to acquire the college property. Here again, important political action was necessary before merger could be accomplished.

It is reasonable to generalize that any merger involving state government funding or state government legislative action is

necessarily a merger made possible only by political considerations involving the various parties to the transaction. Governmental action is politics, and mergers of higher educational institutions sometimes can and do involve governmental action.

## **Finance**

Finally, and importantly, the financial aspects of merger must be mentioned. It seems probable that few if any mergers of colleges and universities would occur if there were not some financial benefit to be gained from consolidation. To be sure, financial benefit may be of various kinds, as this account will surely point out. But underneath, or inherent in, any consideration of merger is some particular financial concern, and some particular calculation of financial benefit.

At the University of Buffalo the chancellor had long been concerned about the university's financial ability to support its mission. This question had been raised and discussed in various groups from 1950 on. In 1960 the chancellor had appointed a task force to study the financial circumstances of the university. The administrative leadership of the university, looking forward to the tidal wave of students expected in the 1960s, doubted its financial competence to serve the metropolitan community. Heavily dependent upon student tuition charges for operating income, enjoying relatively modest philanthropic support, the University of Buffalo feared that it would be unable to generate the resources needed in order to meet student enrollment demand arising in the area. Moreover, the university offered a substantial array of instructional programs, including graduate professional and graduate education. The university leadership projected that an independent university would need to obtain 20 percent of its current operating income from endowment and from gifts in order to remain a viable independent university.

The task force reported to the chancellor that the university would need substantial capital plant investment in the 1960s in order to meet enrollment demand, and would have to obtain a minimum of two million dollars a year in operating income for

instruction over and above tuition income. It seemed clearly evident that such operating and capital resources would be difficult to obtain on a voluntary basis within the Buffalo area. The only place to look to for such support was the state of New York.

It happened that in 1960 Governor Rockefeller had appointed a three-member committee consisting of Henry Heald, John Gardner, and Marion Folsom to study the welfare of public and independent higher education in the state of New York; the staff director for the Heald Committee was Sidney Tickton. The chancellor of the University of Buffalo approached the committee to urge a state appropriation of two million dollars a year to the university as an independent institution of major importance to the western end of New York. Although sympathetic to the need, the Heald Committee decided that the political climate was not then propitious for consideration of public subsidy of independent higher education, and that the committee could not recommend exceptional treatment for Buffalo. Instead, the committee proposed a scholar incentive plan that was enacted into law in 1961. Unfortunately, a student aid program would do little to meet the institutional income needs of the University of Buffalo. The Heald Committee did recommend that the state university should establish two major university centers, and that one of these centers should be located in western New York.

Shortly after the release of the Heald Committee report in November, 1960, the board of trustees of the state university issued a master plan that called for the establishment of four university centers in New York, one of which should be located in the western part of New York State. Throughout 1961 the University of Buffalo negotiated with the state university to be taken over as the western university center. Legislation to authorize the merger was enacted by the New York State Assembly in the spring of 1962, and the formal act of merger was concluded as of September 1, 1962.

The University of Buffalo was not in financial difficulty as of 1960 or as of 1962. It was fear of future financial difficulty and concern for financial inability to perform its urban mission that motivated the University of Buffalo to become a part of the state university. From the point of view of the state university, which in 1961 and 1962 was just on the eve of the great growth that was



substantially to change public higher education in New York, there was a very real advantage in acquiring an on-going university in a part of the state where a major university center was needed, and which for political reasons had to be provided. Governor Rockefeller needed an "instant success" in his efforts to advance the state's higher education role, and the acquisition of Buffalo offered that success. Students anticipated lowered tuition costs; the faculty anticipated increased salaries and improved facilities. The merger was thus a financial, as well as a political, advantage.

Much the same kind of story can be told about the University of Kansas City. As early as 1957, the university had begun formally to think about its future as an independent university with an urban mission. The board of trustees appointed a special team of consultants chaired by Dean McHenry of the University of California at Los Angeles, later to be chancellor of the Santa Cruz campus of the University of California. The McHenry Committee told the board of trustees that in order for the university to remain independent the board would have to raise not less than twenty million dollars at once in endowment. McHenry saw the only resolution of the university's future to be establishment as a state university. Somewhat overwhelmed by the magnitude of the financial price tag for remaining an independent institution, and fearful of competition from the University of Missouri, both the board of trustees and the new president of the University of Kansas City were disposed to favor state status. They began to work toward this objective in 1958 and to mobilize public sentiment in favor of this action. The principal motivating considerations were financial viability, enrollment expansion, and improved quality.

In the meantime the University of Missouri, with the major part of its academic operation concentrated in Columbia, had begun to plan the development of instructional programs in Kansas City. The president of the university had two principal interests: the expansion of the university into a major urban center of the state, and the development of a multicampus system similar to that of the University of California. President Ellis was opposed to the idea of a new and separate state university in Kansas City. He saw any such development as a threat to the political and financial status of the University of Missouri. Such a

development would tend to strengthen the case for, and the role of, a state board of higher education, and would constitute a threat to the financial well-being of the university at Columbia. The expansion of the University of Missouri into Kansas City was opposed, as well, by the independent colleges of the area, by the University of Kansas City, and by community leaders. This opposition in turn was reflected in the attitudes of legislative representatives of the area when higher education matters came before the state legislature.

In 1961 the University of Missouri proposed to build a new facility in Kansas City, primarily for teacher education. The legislators from Kansas City not only opposed this action but also proposed as an alternative that the University of Missouri should take over the University of Kansas City. Suddenly, such action became feasible when it appeared that the governor and the legislature would support campuses of the University of Missouri both in Kansas City and in Saint Louis. With the assurance of the necessary political and financial support, the University of Missouri began negotiations to acquire the University of Kansas City and to establish a new campus in Saint Louis. The board of trustees of the University of Kansas City agreed to a formal instrument of merger on December 13, 1962, and the merger was effected in the summer of 1963. The financial future of the University of Kansas City, now the University of Missouri at Kansas City, was thus allied with the state university and the state of Missouri.

In the instance of the merger of Mellon Institute and the Carnegie Institute of Technology in 1966 to form Carnegie-Mellon University, financial factors were important but perhaps secondary to the desire to build a new university of substantial quality. For a number of years, Carnegie Institute had been taking somewhat indecisive steps toward becoming a major research university; it was embracing the humanities, the social sciences, and the biological sciences in addition to engineering, the physical sciences, and mathematics. The 1962 Carnegie Institute planning report called for the objective of academic excellence, an increase in graduate enrollment, the strengthening of the faculty, and the expansion of sponsored research.

Carnegie Institute also had received a university science development grant from the National Science Foundation to

strengthen its work in chemistry, physics, and mathematics. The Mellon Institute, as mentioned earlier, had become increasingly an agency of basic research in the physical sciences. The institute had a plant valued at some twenty-one million dollars. The continued prominence of the Mellon family in Pittsburgh and the family interest in higher education provided a further motivation for merger.

The board of trustees of Mellon Institute took the initiative in proposing merger. The board may have been concerned that the growth of sponsored research by federal government agencies would be hampered by the absence of authority for the institute to award Ph.D. degrees. Furthermore, the board may have been concerned that its tax-exempt status might be endangered under new federal income tax legislation concerning "unrelated business" income. Both institutes saw through merger the strengthening of quality and the strengthening of their financial base.

The story of the merger of Case Institute of Technology and Western Reserve University in 1967 is much the same kind of development. Neither institution was experiencing financial distress as of 1966; a period of financial stringency came after the merger of 1967 and would have occurred in any event. The story of Case Western Reserve University presents the interesting issue of whether or not the federated university was able to withstand the shocks of budget adjustment better than the two institutions could have separately. Although there is no way to answer this question, some administrators believe that the federated university, because of merger, came through its time of trouble better than would otherwise have been the case.

The merger of Lowell State College and Lowell Technological Institute was not prompted by financial considerations as such. The objective was to develop a university from two separate entities in the same community. But the argument was used that a single administrative and support operation would achieve operating economies that continued separate operation could not realize. This argument helped to make the merger politically feasible.

In the other five instances, financial stringency was an immediate and direct cause of merger. Without the reality of finan-

cial extinction as a clear and present danger, these mergers would probably never have taken place. Here financial motivation was clearly the principal, the overwhelming, motivation.

Vermont College had seen its enrollment drop from 500 students in 1967 to 300 students in 1971, and the prospects for further decline appeared realistic. The college had experienced a deficit of some \$200,000 in 1971-72 between income and expenditures for current operating purposes; it had proven impossible to reduce expenditures commensurate with the loss of income. Although larger in enrollment, Norwich University had experienced a loss from a total of 1,200 to some 900 students. A college with a military orientation, it had lost popular appeal. Norwich was interested in becoming coeducational and feared the economic consequences if Vermont College were to merge with some other institution; the financial circumstances of both institutions dictated a merger.

Both New York University and the Polytechnic Institute of Brooklyn confronted dire financial prospects in 1972. In the face of mounting annual deficits, a New York University task force in 1972 recommended substantial alteration in the university's budget structure, with each component college becoming responsible for generating income sufficient to meet all direct operating expenditures and a proportionate share of the overhead. Located on a separate campus in the Bronx, the School of Engineering and Science of New York University was one of the deficit-producing organizational units. In the academic year 1970-71, the school had an operating deficit of \$700,000, and the projection was that in 1972-73 this deficit would be well over two million dollars. Undergraduate enrollment had declined drastically from 1,361 students in the autumn of 1966 to 786 students in the autumn of 1972. The funding of sponsored research by federal government agencies had declined from \$6 million in 1966 to \$2.4 million in 1972-73.

In this situation there were two major financial reasons for New York University to divest itself of the School of Engineering and Science. One reason was to eliminate a deficit-producing organizational unit. The other was the opportunity to sell the entire Bronx campus to the state of New York for an amount sufficient to pay off a considerable part of the accumulated deficit of

the university. These considerations were financially too advantageous to New York University for the university not to accept action disposing of the school and the campus.

The Polytechnic Institute of Brooklyn had also experienced financial distress. Like New York University, Polytechnic Institute in the late 1950s and early 1960s had altered its mission from education of urban students to education of a highly selective student body. It had also expanded its sponsored research activity. Like New York University, Polytechnic was in serious financial trouble by the end of the 1960s. Undergraduate enrollment declined from 1,944 students in 1966 to 1,720 students in 1972; enrollment at the master's degree level had declined one-third. Polytechnic suffered an operating deficit of \$700,000 in 1969-70. Except for an unusual and exceptional state subsidy, Polytechnic would have suffered bankruptcy by 1971. (The institution began to receive some state government financial assistance in 1969; the amount had risen to \$1.5 million by 1971.)

As early as 1965, Polytechnic had begun to explore the possibility of merger with another independent institution, or even merger with the State University of New York. None of these tentative inquiries had produced any results. The state university had been interested, but the city university opposed the acquisition of a state university campus within the city limits. Polytechnic Institute suffered from a lack of endowment and a lack of gift support, along with a decline in federal government research funding.

In February, 1972, Governor Rockefeller proposed that the Bronx (University Heights) campus of New York University be sold to the state of New York for use by the Bronx Community College, and that the School of Engineering and Science be merged with the Polytechnic Institute of Brooklyn. It appears that the proposal was made to President Hester of New York University as a means to save the university. Already dependent upon state government subsidy for its continued existence, Polytechnic had no choice except to go along with such a proposal. The process of negotiating a merger began actively in May, 1972. Financial necessity was the root cause of the negotiations.

In the instance of both Catholic colleges for women, enrollment loss producing financial loss persuaded the respective boards of

trustees to seek merger with larger, financially stronger Catholic colleges for men. One of the colleges had seen its enrollment slip from around 900 students to 700 students and in the process had begun to accumulate an operating deficit that was \$200,000 in one year, over \$500,000 in the last year of operation. Over 90 percent of the instructional income of this college came from tuition charges. Efforts to increase gift support of the college had failed to produce the needed results. The larger and stronger college obtained a desired additional campus, some additional students, an opportunity for coeducation, and an enlarged mission. In the other instance, difficulties in handling the finances of a cooperative relationship helped considerably to bring about the merger.

Finally, the story of Western College is the financial story of an independent college troubled by low enrollment, high tuition, little endowment and gift support, and the competition of a large and well-known adjacent state university. Confronted with an operating deficit of \$600,000 and debts of over three million dollars that it was unable to pay, Western College had no choice except to turn to Miami University for financial succor. Furthermore, the largest single creditor of Western College was the state of Ohio, an administrative agency of which had lent Western College over 1.5 million dollars with which to build a new library. Unable to meet debt service payments on this obligation and facing the threat of legal action by two other sizable creditors, Western College had to find some way to meet its debt obligations. The state of Ohio, through Miami University, was the only apparent solution.

### **Conclusion**

If the ten case studies of this inquiry provide a representative sample of the merger experience of higher education institutions over the past two or three decades, it is apparent that mergers result from various circumstances and conditions: geographical proximity, complementary programs, a history of cooperative relationships, the drive to coeducation, the desire to strengthen the quality of higher educational service, and complexities of higher education financing.

Of all these forces, finances are the final and determining influence. Financial distress is not necessarily the cause of mergers, although financial stress was clearly evident in five of the ten cases we examined. Anticipation of financial distress may be as much a motivating force as the actual presence of financial difficulty. The history of these mergers provides clear evidence of the capacity of institutions to foresee financial trouble. The merger of institutions is one possible course of action in anticipation of that trouble.

In other instances, only the actual presence of dire financial distress was sufficient to motivate change, and merger. In these circumstances, merger was a kind of last resort, an acknowledgment that all other efforts at survival had proved unavailing.

## THREE

# The Process of Merger

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Circumstances conducive to merger are obviously not enough. A merger of colleges and universities requires two or more institutions able and willing to enter into negotiation and to reach agreement about consummating a merger. The process of negotiation and agreement can be laborious, as we shall observe.

Two aspects of the negotiation process need to be commented about at the very outset of this discussion. The participants in negotiation tend to be presidents and trustees. Perhaps these are the appropriate representatives of institutional interests. Certainly in our study we found no single instance of a merger explored or concluded over the opposition of a president or of a board of trustees. The other noteworthy item is the tendency for negotiations to be conducted in an atmosphere of some secrecy, or confidentiality. To be sure, when state universities are involved in a negotiation process, the eventual, formalized decision must always be taken in the "full sunshine" of a public meeting. But the negotiations proper are apt to be informal and confidential.

The first step in a merger process is the determination that merger is desirable, or even necessary. That determination is made by the president of the institution involved. That determina-



tion is almost always discussed informally with a few key individuals in a board of trustees. That determination may be shared with the business manager or the budget officer of the institution, who may have brought the urgency of financial difficulties to the president's attention if these difficulties do exist. We have found little disposition on the part of presidents to discuss the desirability of merger with faculty leaders, student leaders, or community leaders. The reason is the realization that any such discussion will become public knowledge and will likely lead to efforts to prevent the merger if at all possible.

A second step in a merger process is to approach the president of the second institution in order to discover the receptivity to the possibility of merger. Here again the second president will almost always consult with a few key persons in the board of trustees, and a few key administrative associates. Again there is a disposition to avoid consultation with faculty and student leaders because of the tentative nature of the initial overture, because of the fear of premature publicity, and because of the conviction that the matter is one appropriate for administrative determination. If the president of the second institution is receptive to the idea of merger, the process is launched.

### **The Use of Consultants**

In three of the merger situations, outside consultants were retained in order to help develop the rationale for merger. In one of these situations, that of Marymount College and Loyola University, the study by an outside consulting firm was made in 1965-66 and was directed toward increased cooperation of the two institutions rather than toward full merger, which did not occur until 1973. Nonetheless, this study was an important event in the history of this particular merger and deserves special mention as such.

One highly formalized study arrangement was that jointly sponsored by Case Institute of Technology and Western Reserve University. In 1965 the boards of trustees of the two institutions jointly established a University Study Commission of five distin-

guished outside individuals who were charged with examining the history of cooperative endeavors to date, with recommending desirable further effort at collaboration, and with suggesting what relationship was desirable between the two institutions. The study commission appointed a full-time director and utilized various consultants as it undertook its inquiry. The study commission issued an interim report in August, 1966, a second interim report in November, 1966, and a final report in May, 1967.

Actually, circumstances and events outran the work of the University Study Commission. As the commission proceeded, it quickly became apparent that the motivation for merger was real and that merger could be more easily achieved, at least at the level of governing boards, than anyone had at first expected. The president of Case Institute had resigned and the new president as of July 1, 1966, not only was favorably inclined toward merger but was a person acceptable to the Western Reserve faculty. In addition, the president of Western Reserve University indicated his interest in retiring in the near future and his willingness to serve in a kind of honorary role as chancellor rather than as president of a federated university. The two boards of trustees clearly indicated their willingness to merge. Thus an agreement to merge as of July 1, 1967, was signed by both boards before the work of the commission was completed. Indeed, the final report of the study commission was not so much a plan of federation as it was a document designed to persuade faculty, students, and alumni that the federated university would have academic strengths neither institution had separately achieved nor was likely to achieve.

After some years of community and political discussion about the desirability of merger, the Massachusetts legislature in 1972 created a Lowell Technological Institute-Lowell State College Merger Commission to study the feasibility and desirability of merger and to report its findings and conclusions to the chief executive and the legislature. This merger commission retained the Academy for Educational Development as a consultant to make the necessary study, and the Academy submitted a report in December, 1972, strongly recommending merger. The Academy report argued that the objective of merger should not be economy, but rather improved educational service to the com-

munity and to the commonwealth. The Academy urged that merger should be undertaken before any further expansion of instructional programs was arranged by either institution, that the two institutions should become one state university with a single governing board and a single chief executive, and that joint committees should be established to work out the detailed planning of the merger.

These recommendations resulted in legislation enacted by the General Court of Massachusetts in 1973 establishing the University of Lowell. In addition to various appropriate provisions for government of the new state university, the law provided for a merger planning board to prepare plans for the merger of the two institutions. Moreover, the legislation called for the merger to be completed between January 1, and July 1, 1975. The actual date was fixed by the merger planning board as July 1, 1975.

We have previously mentioned the task force established by the University of Buffalo and the consulting group retained by the University of Kansas City preceding the actual negotiations for merger with the state university system in each state. These study arrangements were essential in pointing out that each institution lacked the financial resources for viable operation as an independent university with an urban service mission, and that the only opportunity to develop and expand the scope of its operations was by becoming part of the state system.

Although these last two studies were authorized by a single institution rather than by two institutions contemplating merger, in both instances the reports had a major impact in preparing internal and community sentiment in favor of merger with the state university systems. Thus, in reality these two studies can be added to the other three as useful preparation for the eventuality of merger.

In the other five cases we studied the events of merger moved too rapidly, and the merger agreements were concluded too quickly, to permit the possibility of an orderly advance preparation for merger. The Polytechnic Institute of Brooklyn did retain a consulting organization, the Academy for Educational Development, to assist in the preparation of detailed plans after merger with the School of Engineering and Science of New York University had been agreed to. And again Miami University retained the

Academy for Educational Development to assist in the university's own planning for utilization of the facilities of Western College. But these uses of consultants occurred after merger agreements had been concluded and were not integral parts of the negotiation process as such.

### **The Negotiation Process**

Two negotiation procedures included in this study indicate the complexities and difficulties that may be encountered in the merger process. Both of these procedures deserve recounting in some detail. One episode was that involving the School of Engineering and Science of New York University in the merger with the Polytechnic Institute of Brooklyn. The other episode was that involving Western College and Miami University.

Governor Rockefeller on February 16, 1972, recommended that the state of New York should purchase the University Heights campus of New York University for state use and that the School of Engineering and Science located on that campus should be merged with the Polytechnic Institute of Brooklyn, an independent institution already receiving state government financial assistance. The proposal, perhaps accepted with some reluctance by the president of New York University, came as a surprise to the faculty of the school. Moreover, Polytechnic Institute had not been informed of the proposal prior to its public release. As a result, the whole process of merger had to be carried out after the governor's recommendation had been made.

The response of the faculty of the School of Engineering and Science of New York University was generally hostile to the merger. The prevailing attitude was that the school was of superior quality to Polytechnic Institute. Moreover, the school's facilities, including a new building constructed on the University Heights campus, were substantially better than the older facilities of Polytechnic Institute located in the congested Borough Hall section of downtown Brooklyn. The faculty of the school organized a committee to develop alternative proposals and to negotiate other arrangements considered to be more favorable to the school.

Several different proposals were made by the faculty committee. One idea was that the School of Engineering and Science should be merged with the State University of New York. The City University of New York quickly announced its opposition to the proposal, and that opposition effectively ended further consideration of it. The next idea was that the school should be merged with City University. City University indicated a willingness to undertake this arrangement if the state government would increase its subsidy of the university; word was quickly forthcoming from Albany that no such increased subsidy to City University would be available.

In May the New York State Assembly enacted legislation providing for the state of New York to purchase the University Heights campus from New York University for the use of the Bronx Community College. The disposition of the School of Engineering and Science was now a problem for New York University to resolve. Faculty efforts to avoid merger with Polytechnic Institute were now intensified. Several new proposals were put forth: the university should lease the school to City University to operate; the state should provide a subsidy to New York University to operate the school even as the state was currently assisting Polytechnic Institute; New York University should sell the University Heights campus to the state university; the school should be moved to the principal campus of New York University at Washington Square in lower Manhattan; the state should set up a study committee to decide the best disposition of the property and of the school. The fatal defect in every single proposal was its political unacceptability. The governor and the political leaders in Albany were committed to a particular line of action. Moreover, New York University, because of its financial difficulties, needed the money from the sale of the University Heights campus and could not afford to continue operation of the school or to spend any of the sale income on behalf of the school.

On June 12, 1972, the board of trustees of New York University adopted a resolution discontinuing any further operation of the School of Engineering and Science as of June 30, 1973. The only hope left for the school was merger with Polytechnic Institute. Following one negotiating session in New York and a second in Albany, the president of New York University and the presi-

dent of Polytechnic Institute of Brooklyn signed an agreement of July 26, 1972, for the merger of the school with the institute, and on August 3, 1972, Polytechnic Institute sent letters of appointment to all faculty members of the school.

By August 21, only nine school faculty members had accepted appointments—eighty-five had refused. By concerted rejection of the offers from Polytechnic Institute, the faculty of the school hoped still to upset the merger agreement. But the faculty effort was doomed to failure when the Commissioner of Education in Albany rejected transfer of the school from the University Heights campus to the Washington Square campus of New York University and then offered to help negotiate an acceptable merger agreement between the school and Brooklyn Polytechnic Institute. The merger was going to take place.

In the negotiations each institution was represented by six persons, three chosen by each faculty and three named by each board of trustees. By the end of December agreement had been reached on eight major items of discussion. Other issues were resolved in January. The participation of the state department of education was crucial to the outcome. The faculties of both institutions agreed to the terms of merger in March, 1973. Thereafter, the Commissioner of Education took the leadership in obtaining increased state funding needed to meet faculty salary expectations. The appropriation for additional subsidy to Polytechnic Institute was enacted in April, and a second merger agreement between New York University and Polytechnic Institute of Brooklyn was signed under authority of the two boards of trustees on April 23, 1973. The merger took place officially on July 1, 1973.

In the instance of the merger of Western College and Miami University, the president of Western College in May, 1973, informed the president of Miami University that Western College had exhausted all of its financial resources and was unable to meet its June obligations. In June, 1973, both boards of trustees adopted a broadly worded agreement on merger to become effective as of July 1, 1974. In order to assist Western College to meet its payroll and certain other obligations, Miami agreed to purchase one residence hall immediately for \$300,000. In the meantime Miami had begun the process of obtaining a state

appropriation with which to pay Western College for its remaining property.

Because Miami University was a state university and its board meetings necessarily public, the board action relating to Western College became public knowledge once the matter was introduced for action. Apparently neither the president nor the board of trustees of Western College realized that the initial agreement would thus become generally known. No previous announcement of the merger intention had been made to faculty, students, or alumnae. Some misunderstanding and bitterness arose from the way in which the intended merger became public information.

A state appropriation in the amount of \$1.8 million was enacted in July, 1973, to enable Miami University to purchase the instructional facilities of Western College. Residence hall facilities had to be bought with residence hall reserve funds or by public borrowing on the part of Miami University. Eventually, Miami paid a total of \$3.3 million for the property of Western College, an amount sufficient to pay off all creditors. In addition, during the year 1973-74, preceding the actual date of merger, Miami University provided most of the maintenance costs for Western College property.

The interval between June, 1973, and formal merger on July 1, 1974, was a year of negotiation and of some recrimination. The difficulties were essentially those of complexities arising from the essential differences between a public university and an independent college. Western College faculty and students expected Miami University to take over the college and to continue to operate it exactly as it was then functioning. The existing instructional program would be maintained, the existing student-faculty ratio would be continued, and all existing staff positions would be continued. The only difference expected was that the students would pay a reduced tuition charge and the entire difference between costs of instruction and student tuition would now be paid by Miami University. This perception within Western College of the meaning of merger was entirely erroneous.

The Miami University deans were less than enthusiastic about merger. State universities in Ohio received an appropriation subsidy based upon enrollment and upon specified support levels for various instructional programs. The subsidy thus provided was

predicated upon costs of instruction substantially less than those incurred at Western College. Miami deans feared that their own allocation of support for instructional programs might be reduced in order to maintain the higher costs of the Western College program. The deans demanded assurances from the president and provost of Miami University that the expenditures per student at Western College would be based upon the state appropriation formula and would not result in any decrease in the support available for their colleges. Such assurances were forthcoming.

The president of Miami University appointed a faculty-administration committee to determine the most appropriate educational use to be made of the Western campus. Once again the deans were concerned about any use that might in any way lead to an enrollment loss in their own academic divisions of the university. The Western College administration and faculty were disturbed because no one from the college was designated to serve on this planning committee. The Miami position was that the university had no authority to involve Western personnel in planning activities since the merger was not yet effected. In addition, the internal pressures were such that Miami had to resolve conflicts that it preferred not to share with Western personnel.

Various proposals were made for use of the Western College campus. Miami deans suggested an expansion of current programs to the existing campus. Others proposed the creation of an experimental college as an additional instructional division of the university. At the same time, it was realized that the new academic division would have to operate within the constraints of the financial resources provided under the state appropriation practice. Three different kinds of instructional objectives for an experimental college were submitted to the University Council, and the eventual choice was for a curriculum emphasizing an integrated exploration of knowledge in three areas: creativity and culture, natural systems, and social systems.

In the meantime plans were proceeding for acquiring the property of Western College and for liquidating the obligations of the college. Since the state government, the federal government, an insurance company, and a bank were involved in these negotiations, the planning process was time-consuming. No particular difficulties were encountered; the negotiation of details



simply took time to complete. Miami University also began to plan carefully to determine just how many faculty, administrative officers, and staff the university could absorb within the limits of available income. As the year progressed, Miami University came to look upon the transaction as the purchase of property, not the merger of two institutions.

The year of detailed planning was a bitter one for Western College. Perhaps some students and others thought that the prospect of merger would bring a great new interest in the college, would produce new gift and endowment income, making merger unnecessary. If this expectation did in fact exist, it was completely extinguished before June 30, 1974, arrived. No miracle occurred. Western College had finished its course. From the point of view of Western College, a quick merger might well have been preferable; Miami University might have made greater concessions. A year spent in arranging details convinced Miami University that it alone was in a position to pay off the college creditors, and that it had to make few if any concessions in the process.

Final action for the acquisition of the Western College property by Miami University was taken by each board in June, 1974. The Western College of Miami University was established, and Western College ceased to exist. Miami University proceeded to absorb such staff as fitted its own needs, paid off all creditors, and began its experimental undergraduate college as of September, 1974.

### **Issues in Merger Negotiations**

Certain common concerns emerged in all merger negotiations. The importance of these issues varied in different situations. The common concerns included the fate of faculty and staff, the use of property, the handling of financial obligations, arrangements for governance, the transfer of students, and the maintenance of alumni and other records. The designation of the merged institution was also a concern. Each of these concerns deserves some comment.

*Names* If we consider these issues in the reverse order of their enumeration, we can quickly dispose of the name matter. In five instances the new institution took on a new designation: Case Institute and Western Reserve became Case Western Reserve University; the Mellon Institute and the Carnegie Institute became Carnegie-Mellon University; Lowell Technological Institute and Lowell State College became the University of Lowell; the School of Engineering and Science of New York University and the Polytechnic Institute of Brooklyn became the Polytechnic Institute of New York; Marymount College and Loyola University became Loyola Marymount University. In three other instances the former college continued to exist as a campus: the Western College campus of Miami University, the Vermont College campus of Norwich University, and the Newton campus of Boston College. The University of Buffalo became the State University of New York at Buffalo and the University of Kansas City became the University of Missouri at Kansas City.

*Students* In every instance the parent institution in a merger arrangement agreed to maintain all the student records of the former institution. In half of the instances there was also an agreement to continue to maintain an alumni or alumnae organization as an identifiable part of the alumni affairs program of the succeeding institution. Perpetuation of records was an important part of the merger agreements.

Without exception mergers provided that the new, enlarged institution would accept all students of the merged institution with full recognition of all course credits. The award of degrees, however, was seldom continued on the basis of previous degree requirements. The transferred student was expected to enter a degree program of the parent institution and to meet the degree requirements of that program.

*Governance* The problem of arrangements for governance emerged as an issue in at least half of the cases we studied. One problem was that of size and composition of the board of trustees. In the instance of Case and Western Reserve, it was agreed that all members of the Case board and all members of the executive committee of the Western Reserve board should become trustees of the new Case Western Reserve University.

Three members of the Mellon Institute board joined the new board for Carnegie-Mellon University. Some transfers of board membership were arranged at the two Catholic colleges. The boards of trustees for State University of New York, the University of Missouri, and Miami University were unchanged after acquiring the new campuses. A new board was named for the governance of the University of Lowell.

The issue of governance was a major problem in the merger of the School of Engineering and Science of New York University with Polytechnic Institute. There was a good deal of faculty dissatisfaction at Polytechnic with the president, and the school faculty insisted that the merged institution should have a new president. An acting president of Polytechnic was appointed who completed the plans for and presided over the merger, and the faculty of the merged institution participated in the selection of a new president who took office after the merger. The school faculty also wanted to make sure that the board of trustees was strengthened in its membership, and steps in that direction were actually agreed to. The school faculty also insisted that new department chairmen be named, and that on all Polytechnic committees dealing with appointments, tenure, promotion, research policies, and instructional programs the school faculty and the Polytechnic faculty should be equally represented for a number of years.

*Finances* The handling of the financial aspects of merger, while involving a great deal of detail, was almost always accomplished without much difficulty. The succeeding institution absorbed all debts and other fiscal obligations as of the date of merger. In two instances of independent institutions, some adjustment in student tuition charges was necessary in order to achieve a common level. After the effective date of merger, any commitment of funds involved the regular financial procedures of the successor institution. The payment of debts incurred in the development of capital plant required the transfer of this debt to the succeeding institution.

The disposition of the endowment fund could have been a troublesome issue but did not appear to be so in any of the ten cases. In five instances there was no endowment to transfer. In the other five instances such endowment as existed was

transferred to the succeeding institution. This endowment was substantial in two instances: Case Institute and Mellon Institute.

There was only one example among these ten institutions of a practice with which I am familiar from other experience: the perpetuation of an endowment fund by the trustees of a merged institution with an identity and a program of operation distinct from the succeeding institution. In one instance among these ten cases the board of trustees of the independent institution merged with a state university did have endowment and other assets to preserve. They established a private, nonprofit corporation to provide support to the new state university campus, primarily in the form of student financial assistance. The new agency also raised funds for this purpose. In effect, the state university thus acquired a private foundation to assist it in its various activities.

*Property* The disposition of the physical property was another relatively simple matter. In only one of the ten merger cases examined here was the property involved sold to a third party; this case, of course, was that of the sale of the University Heights campus of New York University to the state of New York for the benefit of the Bronx Community College. In all nine other instances the combined properties of the merged institutions continued to be used for the educational programs of the succeeding institution. Nine of ten campuses remained in educational use after the merger. This continued use was one of the objectives and one of the consequences of merger.

*Personnel* There remains then the issue of disposition of the personnel resources of merged institutions. In six of the ten instances this issue was resolved by the complete transfer of all personnel of the merged institution to the succeeding institution. In the other four instances the handling of these personnel resources was a major problem simply because these resources were surplus to the needs of the succeeding college or university. The problem involved again is well illustrated in the experience of the School of Engineering and Science of New York University and the Polytechnic Institute of Brooklyn. The school had higher faculty salaries and a lower student-faculty ratio than the institute. Moreover, the institute faculty had entered into a collective bargaining agreement with the institute's board of trustees. The

issue then was whose compensation standards and whose workload standards were to prevail. The school insisted that no faculty appointments were to be terminated because of the merger, and this insistence was incorporated into the agreement. The school faculty also insisted that no degree program of either institution was to be terminated. It was agreed that no faculty compensation would be reduced, that no leave or retirement provisions currently applicable to any faculty member would be changed during his or her period of service, and that tenured faculty members would retain their tenured status. An enlarged state government subsidy was necessary in order to fulfill these commitments, and subsequently the new institution had to give increased attention to enrollment planning and financial planning in order to carry out the various personnel obligations.

In the other four instances the succeeding institution took the position that it could only continue the employment of such faculty and such staff members as fitted its own needs after the act of merger. This position was demanded by a consideration of financial realism but of course was of no benefit to those persons not kept on by the succeeding institution. The question of severance pay was raised in the instance of the Miami-Western merger, and the issue was left to court determination, which had not yet been made as of July, 1976.

### **Opposition to Merger**

Mergers are not necessarily greeted with enthusiasm by the internal constituent groups involved. In three of our ten case studies there was a record of substantial opposition to merger, an opposition that accomplished nothing in preventing merger but that otherwise created some continuing hostilities. The three most troublesome circumstances occurred in the Case Western Reserve merger, the Polytechnic Institute of New York merger, and the Miami University merger.

The opposition of the faculty of the School of Engineering and Science to the merger with Polytechnic Institute of Brooklyn has already been recounted. Although this opposition was not strong

enough to prevent the merger, it was strong enough to achieve substantial concessions to the faculty status of all faculty members after the merger. These concessions even included an enlarged subsidy to the new institution by the state of New York.

The faculty and students of Western College were both unhappy about and opposed to the prospect of merger with Miami University. The opposition was quite vocal, and the hostility was shared by some board members and some prominent alumnae. A good deal of publicity was given to this opposition; even the *New York Times* and *Time* wrote about it. But because the opposition had no means for supplying \$3.3 million to pay off the accumulated debts of the college or to provide income for future operation, it was unable to halt the merger process. The opposition was vocal but ineffective. It troubled future relationships of all involved, but offered no viable alternative to merger.

At Case Institute, faculty, students, and alumni expressed considerable opposition to the idea of merger between the time the study commission was named in September, 1965, and the actual agreement of merger in April, 1967. During this period President Glennan of Case Institute resigned and a new president was selected. The absence of strong presidential leadership during a part of this interval may have encouraged faculty opposition. Student opposition may have been sparked by faculty attitudes, and alumni opposition was probably fed from both sources.

The Case Institute opposition was largely defensive. The prevailing attitude was that Case Institute was stronger than Western Reserve in the physical sciences, mathematics, and applied science. Since Case Institute was not confronted by any immediate financial crisis, the faculty and others insisted that they saw no benefit to be gained by the institute from formal alliance with Western Reserve. The faculty was largely insulated from the point of view of the two boards, the two presidents, John Gardner of the Carnegie Corporation, and the officials of the National Science Foundation who saw definite and long-range benefits from merger.

The new president of Case Institute supported the idea of merger; so did the board of trustees. Both presidents and both boards were convinced that a merger would result in a strengthened, quality university in Cleveland. Both were aware of the

development of a state university and of a community college in Cleveland, and they were convinced that the need for enlarged, noncompetitive philanthropic support of a merged university should be controlling in the current situation. Merger at the top, at the level of the presidency and board, was achieved with some ease, but there followed years of disaffection in achieving real merger within vital instructional and other programs.

There were considerably lesser degrees of opposition encountered in the other cases of merger. It may be said that merger was seldom a happy experience. But the need for merger was usually so apparent, and an alternative to merger so elusive, that merger was accomplished.

### **Other Aspects of Process**

In every instance merger was a legal act. This fact meant that considerable skill and assistance from competent lawyers was an indispensable part of the merger process. Legal advice and assistance contributed substantially to the effectiveness of mergers. Substantive matters of agreement, details of financial arrangements, and appropriate implementation under state laws applying to higher education corporations were embodied in the formalized agreements entered into by both parties. The only exception to the use of this kind of legal instrument is when merger of two public institutions is accomplished by state law. In one instance the merger agreement between an independent nonprofit higher education corporation and a state university was followed by a case under probate law to make certain that all legal obligations of both boards of trustees had been fully performed. In this instance it was thought desirable to have formal court adjudication approving or modifying the merger agreement.

*Role of Faculty and Students* It may be worthy of repetition to observe that in all but two of the merger procedures faculty and students had a negligible role. There was some faculty and student concern voiced in these merger procedures, and of course faculty and student representations had their influence during the legislative process necessary to the merger of the two public in-

stitutions. But as a general circumstance in eight of the ten cases we studied, faculty and students were not important actors in the process of merger. The primary reason for this circumstance would appear to be the absence of an institutionwide point of view on the part of both groups. The faculty point of view was essentially one of protecting employment security, status, or working conditions. This point of view was of little use in a situation where the income-expense relationship was out of balance and where there was no realistic prospect of generating additional income or reducing the current level of expenditures. The student point of view was mostly concerned with completion of degree programs under existing degree requirements, although in three instances there was some preference for the intimacy of the small college. Student spokesmen had no answer to the question about how a small college should be supported, except to expect ~~someone else to do so.~~ It is noteworthy that in one instance student leaders took the initiative that helped to lead to merger.

In the merger of the University of Buffalo with the State University of New York, some student concern was voiced about three issues: fraternities, football, and parking. The board of trustees of SUNY had taken a policy position opposed to both fraternities and intercollegiate athletics. The State University of New York at Buffalo was required to conform to these policies. The availability of parking for commuting students could be resolved only by the construction of a wholly new campus.

In another instance, because of faculty concern voiced about how merger would affect instructional departments as such, seven committees of the two institutions were created composed of administrators and faculty. These seven committees were assigned the following tasks: professional personnel and programs, non-academic employee policies and procedures, space and facilities, budget and accounting, publications and public relations, legal arrangements, and general coordination. The committee arrangement proved useful in providing a sense of participation and in ensuring a better understanding of planned relationships. But this merger was one not involving immediate financial difficulty.

*Time* When an independent institution is merged with a public institution, or when the state government legislative



process is in some way involved in a merger arrangement, a considerable time may be required in order to achieve the desired outcome. In one instance six years elapsed from the first consideration of merger until its final accomplishment. In this case the active period of negotiation took two years. In another instance of an independent university becoming part of a state university system, two years were required to bring about the formal change of status. The merger of two public institutions took three years to bring about as an active matter of legislative consideration. While only one year was involved in the merger of Mellon Institute and Carnegie Institute, two years were required for the merger process of Case Institute and Western Reserve. Other mergers we examined were accomplished in a period of months, from two months to twelve months. Merger is a time-consuming process.

*Objectives* There is a considerable difference between a merger process under the lash of financial stringency and a merger process where the objectives are essentially ones of building a strengthened university. A merger accomplished in the 1960s was more likely to represent the second set of circumstances, while a merger accomplished in the 1970s was more likely to be occasioned by financial difficulties. The difference between the two mergers was essentially one of ability to offer reassurances to faculty, students, and staff. Mergers in the 1960s involved working out arrangements so that all personnel had assurances of continued employment, and students were readily accommodated in the enlarged institution. Public financial support made possible an assurance of faculty employment security in the instance of merger of the School of Engineering and Science with Polytechnic Institute in 1973 and in the instance of the creation of the University of Lowell in 1975. But in four other mergers of the 1970s, no continued employment security could be guaranteed by the agreement of merger.

*Structure* Finally, some comment about the term *merger* may be needed. The second president of the merged Case Western Reserve University preferred to speak of a "federated" university rather than of a merged university. The preference was in part a

matter of reassurance to the alumni, contributors, and faculty of the former Case Institute of Technology. Many of these individuals felt that they were somehow being disadvantaged by being joined with the departments of the arts and sciences of Western Reserve. They felt that they were intellectually and financially stronger than the departments they were being merged with. Even the preservation of Case Institute as the organizational unit of the university offering programs in the physical sciences and engineering was not entirely satisfying to those persons who disliked and feared the merger.

The term *federation* may indeed have a connotation of greater autonomy for the component units than the term *merger*. But *merger* seems to be the more accurate descriptive label when certain definite outcomes are expected from the process of consolidation: (1) the organization of a single board of trustees where two boards previously existed; (2) a single chief executive officer in whom the authority and responsibility of leadership are entrusted; (3) a single structure of support services; (4) a consolidation of comparable instructional departments. It may be feasible, as was the case in several of our illustrations, to maintain a merged college as an identifiable instructional or research entity within the merged institution. This arrangement characterized seven of the ten mergers studied here. But in each of these instances the four outcomes just enumerated were achieved.

Labels are of little importance in relation to the substance of institutional consolidation. In a merger the most important consequences have to do with governance, leadership, support activities, faculty structure, and use of plant. These consequences are especially important where financial difficulties have precipitated consolidation.

### Summary

The process of merger is not a simple procedure. The advantages of merger must be clearly articulated, and even then these advantages cannot be expected to be acceptable to all faculty members, to all students, to all alumni, to all staff. The limitations of

merger are seldom expressed by advocates, and tend to be exaggerated by opponents.

The process of merger may be precipitate, or it may be extended in time. The difference is likely to be one of financial urgency. When the process is one of haste, many issues remain to be resolved after the formal merger itself. Consultants may help in underlining the problems of merger, and in helping to achieve a better understanding of the objectives of merger.

Merger in an atmosphere of financial urgency is likely to be less well-planned, less open, less satisfactory to the persons most concerned with the consequences. Financial intervention by a state government can soften the economic blow of merger, if there is a disposition to intervene. We have found that disposition only in New York State.

Merger is a legal act, involving legal agreement and legal relationships. As such, legal assistance and advice are essential.

Merger is not a process calculated to make all participants happy. Yet it is also a process that results in the preservation of essential educational services and opportunities.

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## FOUR

# The Consequences of Merger

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As we have emphasized several times, the particular mergers analyzed in this study were of quite different kinds. Accordingly, it is not surprising to find that the consequences were quite varied. The obvious question to ask, of course, is whether or not the objectives of merger were realized. To the extent that mergers did have defined purposes, we may inquire about their realization. Since the purposes were often somewhat lacking in precision, their actual attainment is also somewhat uncertain.

The major purposes of the mergers we studied were these:

- To obtain support for the urban mission of previously independent universities.
- To strengthen quality.
- To consolidate complementary institutions in the interests of more economical operation and unified management.
- To meet financial difficulties and to liquidate debts.
- To preserve some identity of a campus and academic operation.

In some circumstances a merger might indeed have sought to achieve two or more of these five objectives. Yet in varying degrees the particular mergers we studied tended to have a

predominant purpose that overshadowed all other possible purposes. That purpose was financial, and there were unexpected or unanticipated consequences as well. These consequences deserve attention.

### **The Urban Mission**

In the instance of both the University of Buffalo and the University of Kansas City it must be asserted that the merger with the state university systems did accomplish the basic objective of support for an urban mission. The results in the instance of Buffalo were quite spectacular. At the same time there were difficulties encountered so that the change of status was not entirely so great a blessing as anticipated.

The mergers of the University of Buffalo and of the University of Kansas City with their respective state university systems occurred at a strategically critical time, in 1962 and 1963. Higher education was on the verge of great expansion in enrollment, in programs, and in financing. It is difficult to believe that either institution as an independent university could have participated effectively in this expansion except by reason of merger with their respective state systems.

The timing was strategic in another way. Those administrators and those faculty members who found the new status as a state university campus too restrictive for their personal preference were able to move elsewhere. Substantial additions to faculty and staff were made throughout higher education in the 1960s. Opportunities for movement were extensive. As a result, those members of each academic community who wanted to go someplace else generally were able to do so. And this movement did take place. Evidence from each campus substantiates the fact that almost all staff and faculty members who disliked the fact of merger had gone to other campuses within four years of the merger. In addition, substantial numbers of new staff and faculty were recruited in these years. There were few staff and faculty by 1970 with any personal experience of the premerger period of either university.

In the autumn of 1962 the University of Buffalo had an enrollment of 15,000 students; by the autumn of 1970 the enrollment had expanded to 19,000 students. The state of New York committed \$650 million to building an all new campus for the university outside the city. The current operating budget had increased from \$20 million a year to \$80 million. Tuition charges to students had been reduced. Faculty salaries had tripled. The number of graduate programs had expanded and the quality of faculty personnel was judged by one review to have become substantially better. Annual library expenditures went from \$150,000 to over one million dollars. The State University of New York at Buffalo in the 1970s was gaining a reputation for distinguished scholarship and programs.

The story of the University of Missouri at Kansas City is less dramatic but nonetheless substantial. Enrollment increased from 4,000 students in 1962 to 9,500 students by the autumn of 1970. New departments were created, new buildings constructed on the campus, a new library was built, additional faculty positions were created. Graduate programs were expanded. Faculty salaries were increased by about 80 percent. Very little of this expansion would have occurred, it was felt, without the change of status and the merger with the University of Missouri.

In both instances individual members of the boards of trustees expressed considerable enthusiasm for the mergers. These persons had been disturbed by the inability of the board to develop needed resources for its university. They were also relieved to be freed from continued concern with the financial circumstances of each university.

### **The Costs of State Merger**

The State University of New York at Buffalo was advantaged because of the sizable commitments of the state government to higher education in the many years of political leadership by Governor Rockefeller from 1959 to late 1973. The consequences of this merger would have been much less spectacular without that political leadership. Shortly after the merger in 1962 some

officials of the University of Buffalo, in their new role as state university officials, complained that the state university campus was not obtaining all the increased support they had anticipated. By 1967 these particular criticisms had ended as the Buffalo campus participated in the general advance of state expenditures for higher education.

Even so, there were two sources of conflict that developed between the campus and the state university system headquarters in Albany. One conflict involved pension settlement. Faculty members wanted all the years of service at the University of Buffalo to be included in the retirement benefits program of the State University of New York. The university system administrators argued that the New York pension structure could apply only as of the time of the merger. Then the system officers insisted that all research grants and contracts should be administered from the central office rather than from the campus office. This arrangement was the source of a good deal of conflict between the campus and the system.

With a new president (later chancellor) of the New York State university system after 1963, there was a general tendency for the system office staff to expand and to require more information about and more approvals of campus operation. The reduced autonomy of the Buffalo campus was particularly evident to those administrative officers and faculty members who continued in office after the merger. There was a disposition by some persons to believe that the campus was paying a high price for its new status. In turn, system officials in Albany complained that Buffalo administrators did not understand the requirements of state university operation imposed by state law. Moreover, system officials pointed out that a system necessarily imposed certain standards of procedure and of management in terms of systemwide objectives and resources. System officials were unhappy about what they considered to be unjustified griping from officials of the Buffalo campus.

The problems within the University of Missouri system were somewhat different. Prior to 1963 the University of Missouri system was comprised of two campuses, the main campus in Columbia and a school of mining and metallurgy in Rolla. With the addition of a campus in Kansas City and the gradual develop-

ment of a campus in Saint Louis, the university was suddenly confronted with the need of an administrative staff to act on a systemwide basis. The administrative officers of the university were identified primarily with the Columbia campus and were considered from the distance of Kansas City to be especially protective of Columbia interests. The Kansas City officials believed strongly that their campus was not receiving an equitable distribution of the state appropriation for the support of the University of Missouri. The business office of the University of Missouri tended to act as if the Kansas City campus was located in Columbia. The academic departments on the Kansas City campus perceived the academic departments in Columbia as hostile to their program development, their management of personnel, and their course offerings.

Although students were pleased with the prospect of reduced tuition, they were disappointed because these reductions were small and slow in appearing. Kansas City officials explained that because the campus was not obtaining its "fair share" of the state appropriation, student fee income was needed to provide essential levels of support. Although faculty members were pleased with the increased salaries made possible during the 1960s, they perceived that campus autonomy had been substantially impaired and were somewhat unhappy about their "second-class" status within the University of Missouri system.

The tensions that developed in the 1960s between the University of Missouri at Kansas City and the University of Missouri system were still evident during the 1970s. These tensions were those familiar within a university system: the allocation of appropriation resources, limitations upon the inauguration of new degree programs, controls over campus management, information requirements, and academic standards. The slowness with which the university system developed as a system, the identification of the system with the flagship campus in Columbia, and the only gradual understanding that campuses within the system had different missions and different needs—these factors helped to perpetuate the conflicts of the 1960s into the decade of the 1970s.

The costs of merger at both Buffalo and Kansas City were summarized in a single sentence: "The expectations were greater than the events." Events came closer to matching expectations in New York than they did in Missouri.



### **The Strengthening of Quality: Case Western Reserve University and Carnegie-Mellon University**

The story of the aftermath of the creation of Case Western Reserve University was a story of community, regional, and national acceptance of the desirability and benefits of merger far exceeding the internal evaluation of results achieved. In particular, the faculty members of the former Case Institute generally considered themselves more disadvantaged than advantaged by the merger. This internal hostility after 1967 was to complicate and harass the leadership and management of the university for the next ten years. Only as of 1976 had these internal hostilities begun to evaporate and had the realities of merger begun to be generally accepted. The acceptance of mergers takes time.

As we observed earlier, the merger of Case Institute and Western Reserve was at the outset essentially a merger of top governance, of leadership structure, and of support service management. The merger of academic departments and of instructional programs took much longer to accomplish. There were times when it was uncertain if the merger could ever be accomplished. The major difficulties were three, although there were certain other complications also to resolve. Case Institute was essentially a school of engineering and science, with departments in the humanities and social sciences largely as a service to the basic thrust of the institute. Western Reserve University consisted of three undergraduate colleges: Adelbert for men, Flora Stone Mather for women, and Cleveland for part-time students and adults. The graduate faculty in the arts and sciences was drawn from the three undergraduate groupings, but mostly from Adelbert and Mather.

After the merger, Case Institute continued to be, in effect, a school of engineering and science. Western Reserve College was established as an instructional entity for undergraduate education in the arts and sciences. A school of graduate studies was established as a coordinating mechanism for graduate education. Several new faculties or schools were created: humanities and arts, social and behavioral sciences, science and mathematics, and engineering. Devising this organizational structure and making it operable was a first major problem growing out of the 1967 merger.

A second problem was the actual consolidation of academic departments within which faculty members of Case and Western Reserve could function together in a spirit of academic goodwill and acceptance. A merger of departments was difficult to effect. Faculty members from Case science departments tended to think of themselves as superior in qualifications to faculty members from Western Reserve science departments (other than those within the school of medicine). Faculty members from Western Reserve departments in the humanities and social sciences tended to think of themselves as superior in qualifications to faculty members from Case Institute. Merging these departments and finding a place for every faculty member was a major undertaking. Only time, with its usual accompaniment of retirements and resignations, could provide a full realization of the objective of departmental merger.

A third problem was that of program development within an organizational structure which in essence provided three faculties (humanities and arts, social and behavioral sciences, science and mathematics), and several program units (Western Reserve College, school of engineering, school of nursing, school of graduate studies). Developing a philosophy and practice of undergraduate education in this organizational setting proved almost impossible. The university was still struggling with this problem in 1976. Committees had been established and reports had been prepared, but obtaining both the necessary faculty approvals and the essential departmental implementation proved difficult.

The "federated" university began operation in 1967 with a forty-one member board of trustees bringing together prominent individuals from both boards, a president from Case, a chancellor from Western Reserve (the position was not continued after his retirement), administrative associates from both campuses, a combined plant of 110 buildings representing an initial cost of \$165 million on an 128 acre city campus. In the first year of federation Case Western Reserve experienced a deficit in its current operations of \$3 million. In the following year, 1968-69, the deficit grew. The financial difficulties were not created by merger, but the new organizational structure had to resolve the problem. By 1969 the university had one million square feet of new space to

operate, much of it built for faculty research, while federal government grants in support of research were declining. The new Cleveland State University with substantial new facilities was beginning to make its mark in the community. Case Western Reserve began to experience enrollment losses in 1969, at both the undergraduate and the graduate levels. In 1970 the president of the university resigned and the dean of the law school became the new president.

Case Western Reserve had only two avenues open to it to cope with the fact of a deepening deficit. One avenue was to seek more income. In 1969 the university was constrained to ask and did receive financial support from the state of Ohio for its school of medicine. Gift income was sought also, and in 1976 the university launched a major fundraising campaign for endowment. The other avenue was to reduce expenditures. Some former Case faculty and staff leaders felt that their colleagues bore the brunt of this policy; faculty positions at Case Institute were reduced from 280 positions in 1966-67 to 200 positions by 1974.

Faculty compensation had been higher on the average at Case Institute than at Western Reserve. The salaries of former Case faculty members tended to be held stationary while the salaries of former Western Reserve faculty members were advanced. This kind of equalization within an environment of financial stringency helped to exacerbate internal difficulties for the merger.

Some of the essential statistics of merger were these:

	1967	1970	1975
Enrollment (FTE)	8,411	7,994	7,155
Faculty			
Full-time	1,154	1,157	1,217
Total	2,010	1,870	2,238
Support Personnel	2,003	1,931	1,660

In 1966, in his assessment of quality in graduate education, Allan M. Cartter made a comparative study of graduate departments in twenty-nine disciplines. Cartter found the rated quality of the departmental faculty at Western Reserve to be strong in four disciplines (bacteriology, biochemistry, physiology, and zoology), and "adequate plus" in five disciplines (including chemistry). The quality of the faculty at Case Institute was rated

as strong in two disciplines (electrical and mechanical engineering), good in one discipline (physics), and "adequate plus" in three disciplines.

In 1970 the American Council on Education published a new rating of graduate programs prepared by Kenneth D. Roose and Charles J. Anderson. The rating scale was somewhat different from that of the Cartter assessment, and the number of disciplines was increased to thirty-six. Case Western Reserve now was rated in the first group of distinguished and strong departments in nine disciplines (biochemistry, botany, developmental biology, microbiology, molecular biology, pharmacology, physiology, electrical engineering, and mechanical engineering). The university was rated in the second category of distinguished departments in five disciplines, and in the third category in six disciplines. Thus, while Case and Western Reserve separately had received ratings in fifteen disciplines in the 1966 assessment, the federated university received ratings in twenty-two disciplines in the 1970 assessment.

*Carnegie-Mellon University* The merger creating Carnegie-Mellon University in 1967 had a somewhat less complicated route to travel than did the merger of Case and Western Reserve. The first year of deficit in the current operating accounts did not occur until 1970-71. The endowment of Carnegie Institute was expanded by 50 percent through merger. The reorganization of departments was accomplished without too much difficulty and made fully effective by 1971. The new university established a Carnegie Institute of Engineering as one major component and a Mellon Institute of Science as a second major component. To these were added a college of humanities and social sciences and a school of urban and public administration, both of which admitted their first students in 1969. A college of fine arts and the Margaret Morrison Carnegie college continued as organizational arrangements. The university was not notably successful, however, in developing its undergraduate instructional programs on a coherent, universitywide basis. The deficit was reversed by 1972-73.

In the Cartter ratings of quality in graduate departments published in 1966, Carnegie Institute received mention in four fields,

three good (chemistry, civil engineering, and mechanical engineering), and one "adequate plus" (mathematics). In the Roose-Anderson ratings published in 1970, Carnegie-Mellon University received ratings in nine fields, eight in the first category of rating (economics, psychology, chemistry, physics, chemical engineering, civil engineering, electrical engineering, and mechanical engineering) and one in the second category (mathematics). The contrast in ratings between the years 1965 and 1969 was thus quite marked, and suggested the success of both the developmental efforts at Carnegie preceding 1965 and the merger.

Like many other institutions, Carnegie-Mellon suffered some enrollment losses in engineering at the end of the 1960s, and this reduction helped to bring about the financial difficulties experienced in 1971 and 1972. A reversal of this enrollment trend, careful husbanding of available resources, and growing student recognition of distinguished graduate programs assisted financial recovery. This experience was probably made possible in good part as a consequence of the merger.

There were faculty complications in the merger of Carnegie Institute and Mellon Institute as there were at Case Western Reserve, even though the conditions for avoiding this difficulty would seem to have been propitious. The two faculty groups were suspicious that merger would tend to disadvantage their status, and the necessity for some expenditure retrenchment seemed to enhance these suspicions. To some participant observers it seemed that it took at least eight years to bring about some general faculty satisfaction with the new organizational arrangement.

### **Consolidation**

Three of the merger situations we studied appeared to represent a thrust toward consolidation of complementary institutions. The question of consequences is then a question about the effectiveness of such consolidation. An opportunity presented itself for merger in these particular instances and the consolidations were then effected. Presumably the anticipated benefits would eventually be realized.

In the instance of the University of Lowell the consequences of the merger effected as of July 1, 1975, were too recent to permit careful evaluation. At the same time it was evident that the existence of a merger planning board, which functioned for about eighteen months preceding July 1, 1975, had done a great deal to help bring about the necessary merger arrangements. Primary attention was given to a merger of various support services, such as library management, student services, and business management. The college of general studies at the Lowell Institute campus was moved to the Lowell State campus, physical education was consolidated at the Lowell State campus, and the physical science departments were merged with those on the Lowell Tech campus. As a consequence, the colleges of engineering, pure and applied science, and business management were located on the Lowell Tech campus, while the colleges of liberal arts, education, music, and health were located on the former Lowell State College campus. The general view one year after merger was that the consolidation had been helpful in strengthening academic programs and in achieving some economies in support programs.

Vermont College merged with Norwich University in 1972 and continued to function after that date very much as it had functioned before. The administrative structure was consolidated, but the academic program and performance remained largely unchanged. The academic program at Vermont College continued to be strongly occupational in objective and two-year in scope. While Vermont College was now open to enrollment by both men and women, the student body had a majority of women.

The principal advantage in the merger was the introduction of some economies in the performance of support services. The university officers also insisted upon some economies in the operation of academic programs in order to ensure that support as well as output costs were met by student charges. Almost all of the administrative staff of Vermont College were dismissed; the position of academic dean was retained, although a new individual was named for the post. The position of dean of students was also retained, as well as that of secretary for alumnae relations.

All faculty members of Vermont College were required to submit their resignations after the merger. Those faculty members who then wished to apply to Norwich University were invited to

do so. All who applied were hired. By 1976 some 50 percent, or approximately twenty, of the former Vermont College faculty members were still employed. Some faculty members did not apply for reappointment because they were made aware that they did not meet Norwich University standards for faculty status. The student body of Vermont College was little affected by the merger. The university held a separate commencement for Vermont College, and the students received a degree in the name of Vermont College of Norwich University.

In general, it appears that the merger of Vermont College with Norwich University has worked quite well. Problems may lie ahead, however. The purposes and program objectives of the two campuses must still be clarified. Will the Norwich campus become coeducational and less military in emphasis? Will Vermont College expand the enrollment of males and offer four-year programs? Will the instructional departments of the two campuses be consolidated? These questions, as of 1976, remained to be answered. The two campuses had little in common prior to merger except geographical proximity and some male-female student social relationship. The future role of the two campuses might be different from that existing at the time of merger.

The merger of Marymount College with Loyola University to become Loyola Marymount University was administrative recognition of a geographical fact; the two institutions shared the same campus. Enrollment grew after 1968 from about 1,300 men and 300 women to an enrollment in the autumn of 1975 of 2,000 men and 1,000 women students. A good deal of attention has been given in the past three years to a study of desirable instructional programs and the appropriate course offerings within the consolidated institution. These study and discussion efforts were still continuing in the spring of 1976.

The Sisters of the Religious of the Sacred Heart of Mary who previously had owned Marymount College decided to devote the energies of the order to activities other than education. The order sold its campus in Palos Verdes where it had operated a senior high school and a junior college and discontinued both operations. New challenges in the urban setting were accepted by the order.

## **The Polytechnic Institute of New York**

The consolidation of the School of Engineering and Science of New York University and the Polytechnic Institute of Brooklyn to form the Polytechnic Institute of New York represented a special case and must be mentioned as such. As indicated earlier, it is doubtful indeed if this particular merger of two essentially similar institutions would have been accomplished except for the dire financial circumstances of New York University in 1972 and the political intervention of the state of New York in providing the administrative initiative and the financial support needed to bring about the consolidation.

The new president of the Polytechnic Institute who took office on October, 15, 1973, faced three formidable problems: the merger of the two faculties, a reduction in staffing to fit available financial resources, and the initiation of vigorous efforts to expand undergraduate enrollment. As of September 1, 1973, the Polytechnic Institute had addressed invitations to 88 individuals in the School of Engineering and Science to join the 207 current faculty members of Polytechnic. Some 66, or three-quarters, of the school faculty accepted the offer. All department chairmen were asked to resign and acting chairmen were designated. Search committees were then constituted to recommend new chairmen. For the most part this procedure worked well and tended to resolve some potentially harmful situations.

All academic departmental programs were reviewed by panels of consultants brought in from outside the institute. These panels submitted recommendations about the development of program strengths and about course offerings. The faculty members moving from New York University to Polytechnic Institute tended to be bitter about what they considered to be their betrayal by the university. On the other hand, there can be no doubt but that the sale of the Bronx campus to the state of New York saved New York University from financial collapse.

Only about 40 percent of the students of the School of Engineering and Science transferred to Polytechnic Institute, and only about one quarter of the nearly two million dollars in research contracts and grants at the school were transferred to Polytechnic. On the other hand, student enrollment had increased



by 20 percent by 1975, and research funding at the Polytechnic Institute of New York was up one-third by 1975-76. The current deficit was steadily reduced and was expected to be eliminated by 1976-77. The student-faculty ratio was increased as enrollment expanded and as research activity absorbed more faculty time.

In addition to the panel review of programs and courses, the Polytechnic Institute retained outside consultants to study student services, administrative structure, and faculty productivity in relation to financial resources. These studies were helpful in paving the way for needed internal adjustments. Efforts were also made to improve the appearance of the campus and the facilities in downtown Brooklyn.

The new Polytechnic Institute explored various possibilities for adding new programs and services that would attract new students and new sources of income. Several such ventures had been undertaken by 1976. New attention had also been given to fundraising in order to increase the financial resources of the institute. Under new and effective leadership, and with considerable effort, it appeared by 1976 that the Polytechnic Institute of New York might be headed toward new achievement in enrollment, quality of programs, scope of services, and varied financial support.

### **Merger Settlements**

In the instance of the merger of Newton College with Boston College, Boston College acquired the Newton campus of some seventy acres and took over the nearly four million dollars in debt accumulated by Newton College. The campus was a desirable addition to the physical property of Boston College. Boston College was able to house 750 students on the campus; it used the campus for a general education program for freshmen students; and it made plans to locate its law school on this campus.

From the merger agreement, Newton College obtained severance pay for all staff and the promise of employment by Boston College of those faculty members and staff who met the Boston standards and were needed by Boston College. Eventually Boston College decided that it did not need any of the New-

ton faculty, but ten of the long-term Newton faculty members were given faculty fellowships enabling them to teach for two years at Boston College. These fellowships were given to faculty members having the doctorate, having ten years or more of service to Newton College, and having promise as teacher/scholars. The expectation was that these individuals would either find other employment at the end of two years or would be absorbed within the Boston College faculty. Boston College did take over all of the clerical staff and all of the maintenance staff of Newton College, but retained only two persons from the administrative staff, one in admissions and one in alumnae relations. Two individuals from the Newton College board were added to the Boston College board.

Only about one-third of the former Newton College students transferred to Boston College. All of the creditors of Newton College were paid off.

At the time of the merger with Miami University, Western College had 320 students and a staff of 81: 36 faculty members, 38 support staff, and 7 administrative officers. Miami University offered employment to 18 faculty members, but only 12 accepted. All but two of these individuals were gone by the summer of 1976. Faculty members from Western College found the departmental pressures within a large state university uncomfortable, and they sought other employment. Miami University offered positions to 26 of the 38 persons on the support staff and 20 of these individuals accepted employment. Most of them are still so employed two years later. Miami University gave positions to two of the seven administrative officers.

Practically none of the Western College students transferred to Miami University. Presumably as of the autumn of 1974 these students had obtained admission to other higher education institutions considered more like the Western College academic environment.

Miami University acquired 251 acres of land adjacent to its own campus and by 1976 had made plans to construct two or three new facilities on the land thus obtained. Miami University paid off all the debts of Western College. Some bitterness was engendered, however, about the disposition of some personal property and of a financial surplus accumulated by Western

College by June 30, 1974. Miami University considered the university to be entitled to all personal property and to the cash surplus. Eventually, an additional agreement was entered into with the Western board of trustees whereby the funds remaining as of June 30, 1974, were to be distributed as follows:

First \$100,000 to Western board  
Next \$210,000 to Miami University  
Next \$100,000 to Miami University  
Next \$210,000 to Western board  
Remaining \_\_\_\_\_ to Miami University

As of the summer of 1976 it was expected that about \$300,000 would remain to be distributed according to this formula.

It should be added that the effort by Miami University to launch an experimental college making use of the Western College facilities had not been notably successful by the end of 1975-76. Enrollment in both 1974 and 1975 was only about 60 percent of the desired goal, and there continued to be considerable Miami faculty opposition to the operation of the entire academic enterprise. It seemed likely that Miami University would eventually absorb the entire Western campus into its "normal" academic endeavors.

In the merger of Lowell Institute of Technology and Lowell State College, all personnel of the two institutions were retained. The president of Lowell Tech was designated as acting president of the combined university from July 1, to December 31, 1975, while a search for a new president was undertaken. When the new president took over on January 1, 1976, the acting president became executive vice president of the university. The president of Lowell State was given the title of chancellor of the university until the time he reached retirement age, when the position was to be abolished. The deans remained unchanged. Some shakedown in staffing was expected with retirements and with resignations.

### Identity

An important part of most merger arrangements was continued identification in some fashion of the college or institute being

merged. In the instance of Buffalo and Kansas City, both campuses continued to be identified with their location: the State University of New York at Buffalo and the University of Missouri at Kansas City. In the instance of the Lowell merger, the University of Lowell, the successor institution, was still identified by the place name.

Case Western Reserve University and Carnegie-Mellon University both represented a combination of the names of their predecessor organizations. Moreover, Case Western Reserve University continued the designation of Case Institute of Technology as an organizational component of the parent university. Similarly, a Carnegie Institute of Engineering and a Mellon Institute of Science were established at Carnegie-Mellon University.

Loyola University, after the merger with Marymount College, became Loyola Marymount University. Polytechnic Institute of Brooklyn became Polytechnic Institute of New York after the merger with the School of Engineering and Science of New York University. Vermont College remained a campus and an organizational entity of Norwich University after merger. Newton College became the Newton campus of Boston College. Miami University established the Western College as an organizational entity, although the future viability of the structural arrangement was somewhat uncertain by the summer of 1976.

In every instance, then, some provision was made to recognize and preserve the identity of the merged institutions. This continuity appeared to be of some importance in making merger more acceptable on campus after the actual process of merger had been completed.

## **Conclusion**

Once the procedure of agreement has been concluded, the task of accomplishing the objectives of merger remain to be achieved. Among the consequences of merger, three or four results appear to be quite evident. Mergers did permit the payment of creditors where the financial exigency of one particular institution was a paramount influence motivating the need for merger. Mergers also produced certain definite benefits in campus expansion, in

financial improvement, in enrollment, in quality of instructional programs. These benefits were not evenly distributed, but in varying degrees they were evident in the story of the mergers studied here.

A third generalization is warranted. It proved to be easier to merge boards of trustees and administrative and support staffs than to merge faculties. In terms of subsequent faculty disappointments, frustrations, and hostilities, faculty opposition to mergers in the first place becomes understandable. Mergers mean change. Mergers in the social and economic climate of the 1970s are likely to mean reductions in the number of faculty positions needed or financially supportable by the successor institution. The larger university absorbing a smaller college offers a very different academic environment from that which the faculty members of the smaller college have known. Many faculty members find the new environment unsatisfactory and tend to drift away.

When a small college is absorbed by a larger university, only a small proportion of the students appear to be interested in transferring to the larger institution. Students also drift away, presumably to an environment more nearly similar to that they have known before the merger.

Mergers have consequences. And the consequences are not uniformly satisfactory to all participating groups involved.

## FIVE

# Closing: An Alternative to Merger

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There is always an alternative to merger for a troubled college or university. That alternative is closing. A closing may be voluntary or involuntary. A closing may involve some new use for the property, it may leave many creditors unsatisfied, or it may result in paying off most, if not all, creditors. Closing may bring unhappiness to students, loss of employment to faculty and staff, income reduction for the community. Closing is an unpleasant experience for all involved. Yet closing remains as an option when a college is unable to operate in the black and has no immediate prospects of merger.

As a part of this study, we examined five college closings occurring between 1971 and 1975. The National Association of Independent Colleges and Universities and the National Center for Educational Statistics identified 56 independent colleges as having closed between 1972 and 1975.\* Of these 56 colleges, 36 were four-year colleges and 20 were two-year colleges; 37 were coeducational, 15 were women's colleges, and 4 were men's colleges; 26 were independently sponsored, 22 were affiliated with

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\**Chronicle of Higher Education*, September 22, 1975.

the Catholic Church, and 8 were related to Protestant denominations. It is obvious that closings do occur.

In our study we found that the closing of a college presented even more sensitive issues than those involved in a merger. One reason for this sensitivity is that a closing is very likely to result in litigation. Indeed, in four of the five cases we examined, the closed college was in a state of bankruptcy. One bankruptcy was involuntary, three were voluntary. In the one case where bankruptcy had not been declared, the president was suing the board of trustees for personal damages on the grounds that the board had retained his services fraudulently. The former president asserted that as of the time he became president the board had already decided to close the college but had not informed him of this decision. Furthermore, he declared that the closing had damaged his academic career and had brought disrepute to his leadership performance, a wrong that entitled him to personal damages from the board of trustees individually. The case was still in litigation as of the summer of 1976.

The fact of actual litigation or bankruptcy in the instance of all five college closings selected for study made those conversant with the history of each situation reluctant to talk at all, and absolutely unwilling to talk if there were any possibility that their statements might be quoted or their names identified in any way. In the age of extensive litigation the ordinary citizen is learning that he or she must be quite cautious about conversation that might become relevant to a pending or possible legal action. Applied social science study has yet to learn how to cope with this new circumstance.

As a consequence, we believe it is not feasible to identify four of the five closings we studied in some detail. We shall have to be satisfied simply to report and to analyze certain obvious aspects involved in these college closings. Although we shall not attempt to conceal these identities with false or misleading information, we shall not offer any specific clues to these identities either.

### General Characteristics of Closed Colleges

Of the five college closings we studied, four were four-year colleges and one was a two-year college. Four colleges were independent or nonséctarian in sponsorship; one college was related to an order of the Roman Catholic Church. Three of the colleges were coeducational; two were colleges only for women. Two of the colleges had been established in the 1960s; one of these had to close its doors in 1973 and the other in 1974. But one of the colleges was almost 150 years old when it closed and another was nearly 100 years old.

The two colleges founded in the 1960s were colleges that probably never should have been created at all. In one instance, an attractive location noted primarily for its recreational interest was selected as a site for a college. A retired faculty member living in the area undertook to translate some vague local interest into the reality of a college operation. In the other instance, a small community identified by a church survey as an appropriate location for a college became the site of a college largely because of the extensive efforts of a local minister. Both colleges were founded in the early 1960s when national attention had been drawn to the possibility of a shortage of opportunities for college students. By the early 1970s that shortage no longer existed.

In one instance the curriculum of the new college was quite traditional in scope and form. In the other instance the curriculum was quite innovative. Neither arrangement attracted the number of students expected according to the original and optimistic enrollment projections. The one academic program was not sufficiently different from programs available in many other colleges. A nearby and well-established college doubled its enrollment during the years of the 1960s, in part by offering some variety of undergraduate programs mostly oriented toward career objectives. The new college, without any definite curriculum plan and with only the conviction that a "liberal education" is useful, was never able to develop the needed enrollment for a viable operation. The innovative college was apparently regarded by many as too different, as not having some definitely specified instructional objective. It never attracted the desired enrollment either.



The two-year college for women and the Catholic four-year college for women were apparently outdated by the 1970s. Both suffered enrollment losses after the mid 1960s. In one instance it quickly became evident that a two-year independent college for women could not compete for enrollment or support with a new public community college. The new community college was more responsive to the social expectations of the 1970s than the independent college for women was. In the instance of the Catholic college, the hoped-for support from the Catholic community of a large metropolitan area never materialized in the 1960s. New attitudes toward education and society on the part of Catholic communicants and changing circumstances of the religious order combined to make the college for women no longer viable. In both instances the boards of trustees took action to recognize that in neither situation was the college any longer a useful or needed element in the structure of American higher education.

In the fifth instance, one can only observe the tragedy of a useful college gone wrong. Poor leadership, bad financial management, the smokescreen of publicity that created a false image of prosperity, a board of trustees unable to cope with a progressively deteriorating situation—all of these factors joined to bring an end to a college that had had a history of solid performance. The only comment that seems adequate is to say that the personality and integrity of presidents do make a difference. At the same time one must express sympathy with a board of trustees confronted with the difficult task of understanding the difference between progress and bombast.

### **The Precipitating Events**

In all five college closings an income-expenditure gap was the immediate event that precipitated the decision to cease operations. In every instance also, enrollment had tended to decline and so to reduce income. None of the colleges was able to reduce expenditures in the same proportion as the curtailment of income. As a consequence, the gap between expenditures and income tended to broaden, and the accumulated deficit in the current fund general

account tended to become larger each year. In colleges with little if any endowment or reserves, an accumulated deficit can be sustained only for a limited period of time. Three years proved to be that limit in these five instances.

A small enrollment is apparently not necessarily a certain predictor of college failure. In these five instances, two of the colleges had fairly substantial enrollment at one time, one with an enrollment of nearly 1,500 students and the other with an enrollment of over 5,000 students. The other three colleges had peak enrollments during the 1960s of 544, 455, and 385 students. When these enrollments began to decline, regardless of the size of the peak, the college entered a period of financial stringency ending with closed doors. Each college had built up an expenditure level that could be sustained only by a continuation of enrollment and of student fee income provided by the peak enrollment. When enrollments declined, expenditures were not cut proportionately. Each college was thus launched on the course that led to demise.

In some instances it is relatively easy to identify the causes of enrollment decline. The plans for a community college helped to bring about enrollment loss at the two-year college for women. Unrealistic budget plans based upon an enrollment projection that was never realized, coupled with the loss of regional accreditation and with extensive controversy about institutional performance, seemed to spark enrollment decline at another college. Location of a third college in a badly deteriorating neighborhood once occupied by upper middle class families, along with newly expanded public higher education facilities, apparently brought enrollment loss at another college. In the instance of the two newly created colleges, enrollment was built to a high of 544 and 455 students respectively, but these peaks occurred in one year only. Enrollment then began to decline substantially. In both instances the enrollment came almost entirely from out of state, and presumably more extensive public facilities at less tuition cost in various states helped to motivate students and their families to prefer higher education closer to home.

All five colleges had one characteristic in common. Not one had any endowment of any size. One college obtained 95 percent of its current operating income from charges to students. The other four were in the 90 percent bracket. Not even the two older

colleges of considerable history had been successful in obtaining any large gifts or bequests and in developing a helpful endowment. The college dependent upon student charges is not just especially vulnerable to enrollment loss. Such colleges have also been caught in the inflationary pressures and the rising costs of operating common to all of higher education in the years after 1968.

Three of the colleges, moreover, had accumulated substantial debt. Both new colleges had borrowed funds from banks and insurance companies in order to finance the purchase of land and the construction of buildings. One of the older colleges in its rush to enrollment expansion did the same thing. In its last year of operation, one of these colleges found itself with an annual operating budget of \$2.5 million, one-fifth of which was committed to debt service costs. With income down to less than \$1.5 million in the final year of operation, this college could meet neither current operating costs nor debt service expense.

There is considerable evidence of poor planning, poor budgeting, and poor leadership in each of the closed colleges. Perhaps the best of planning and budgeting and the most dynamic leadership could not have reversed any of the situations confronting these five colleges. But when both adverse circumstances and poor management join hands, there is little hope for college survival. ~~One college had four presidents in six years.~~ No one of them was able to turn the tide. It might even be asked whether or not any one of these presidents ever had time or opportunity to change the downward spiral.

In general, the faculty, staff, and students were aware of the financial difficulties confronting each college. Perhaps the presidents did not reveal the full extent of impending disaster. But all constituent groups were certainly informed of the dire financial situation. Faculty salaries were not increased, some faculty and staff payroll periods were missed or met only in part, appeals for more gift support were directed to the respective communities. All five colleges refrained from increasing student tuition charges after 1968 because of the fear that higher charges would simply bring about even larger enrollment losses.

No one seemed to have any solution to impending doom. Students did little or nothing to encourage community support. In all five communities, on the contrary, there was evidence of a

growing community disenchantment with student-behavior. The wealthier families in each community seemed little disposed to help the college fundraising efforts. In every instance presidents launched last minute desperation drives to raise current operating gifts. In every instance these drives were failures.

Faculties were disturbed and anxious about the financial difficulties of their respective colleges, but there is no evidence of any faculty groups devising a plan to strengthen the financial condition of a college. After the event, various individual faculty members (except in one instance) were quite critical of the failure of presidents and boards to prolong the life or to bring new health to the college. The only concrete action evident in these criticisms was the observation of a few faculty members that, instead of reducing faculty salaries across the board, the college should have terminated the appointments of more faculty members.

In every instance there was some criticism that boards of trustees in the end acted decisively without any warning and without any faculty consultation. There is no reason in any instance to believe that the closings could have been avoided by such consultation, but some faculty members seemed to be disturbed by the absence of prior notice and discussion that the end was at hand. Administrators generally indicated that the final action came too fast to permit any niceties of internal governance.

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### **Special Circumstances**

Every college and university is a peculiar and unique enterprise. For that reason some special emphasis must be given here to the particular circumstances of each college closing. We have found each case study to have its own individual elements of drama. It would be interesting if each of these stories could be retold individually and separately. For reasons already mentioned, this recounting is not possible. But perhaps some bit of the flavor of the individual events can be suggested here.

One of the newly established colleges was essentially the creation of certain people interested in local development who joined with a retired physicist to begin a college. The group decided that

a college was a good thing for the community and that it would bring additional income into an area largely dependent upon tourism for its economic well-being. With some reluctance the physicist, who had his retirement residence in the area, agreed to help start the college. The college began to operate in 1967 and was closed in December, 1973. The land was purchased and the buildings constructed with mortgage financing. The leadership of the college was uncertain of institutional purposes, the college was unable to obtain regional accreditation, the enrollment began to decline in 1970, and in September, 1973, the board of trustees announced that the college would close as of December. Bankruptcy papers were filed in the local court, the property was eventually sold for about a half million dollars, the indebtedness to local banks was paid off. Other creditors, including faculty and staff, received no payment for services and supplies provided in the last six months. The students presumably enrolled elsewhere. A nearby college offered to receive all students as transfer students.

The Catholic college for women in a large urban community closed in the spring of 1975 after a considerable period of difficulty. The character of the neighborhood had radically changed, and the religious order, unable to finance relocation of both the college and an adjoining academy, relocated the academy rather than the college. ~~They apparently decided the college might survive at the existing site, but this expectation proved unrealistic. Moreover, in the transition to governance by a board of trustees on which lay members predominated and in the selection of a lay president, the commitment of the order to the continuation of the college may have suffered some diminution. In any event, communication between college management and the religious community became a problem. With an increase in the number of lay faculty members, the financing of the college required increased tuition charges to students. Enrollment began to decline in 1968, and by the autumn of 1974 the number of students was 40 percent below the peak figure of 1964.~~

It was generally known by 1974 that the future of the college was precarious. A fundraising drive was undertaken but failed to reach its objectives. When it became apparent that the college might have to close, there was some talk by one or two legislators

of the area about finding state assistance, but this prospect quickly proved to be illusory. There was no leadership in the general neighborhood interested in maintaining the college, and in the larger metropolitan area there proved to be very little interest in its continuation. An effort to interest another higher education institution in the property failed when it was decided that the location presented too many problems. As a consequence, the board of trustees voted by a four-to-one margin to close the college. The lay faculty and staff lost their jobs, the students were left to enroll elsewhere, and the disposition of the property was still to be determined in mid-1976.

The two-year college for women had a very different experience. Essentially the problem was whether to continue in operation or to sell the campus to a newly created community college district. The state government had embarked in the 1960s upon an extensive program of community college development, and the state junior college board had decided to locate a community college in the city where the independent college was located. The independent college launched a fundraising campaign to provide financial security for the college, but the effort was a failure; it reached only 30 percent of its objective. The college then began to explore the possibility of some kind of cooperative arrangement with the community college. After some ~~months of negotiation the board of trustees~~ decided that the preferable course of action was simply to close the college and to sell the entire property to the state for the use of the local community college. This opportunity to sell the property was the deciding factor in the determination to close the college.

The negotiation of the sale proceeded quite smoothly, without any bitterness or rancor. The entire faculty was absorbed by the community college and all students who wished to transfer were accepted. All the staff, with the exception of the president and the housemothers, was employed by the new college. The independent college received nearly five million dollars for the property and, after payment of all obligations, transferred the remaining cash assets to a newly created foundation, named for the college, promoting education for women. The foundation has made various grants to colleges and universities for projects and has provided assistance also to the community college. By 1975 new

buildings had been built on the campus and the enrollment of the community college had risen to over 5,000 students, compared with 250 women enrolled in the last year of operation by the independent college. The community was quite enthusiastic about the transformation. Educational opportunity in the community had not been contracted but had been greatly expanded.

An innovative college opened in 1966 near a city of some 30,000 population had quite a different history. Initially encouraged by church sponsorship, the college was founded as an independent rather than as a church-related institution. Considerable attention was given to careful planning of a curriculum that would be different. In due course a campus was built, a faculty was recruited, students enrolled, and accreditation obtained. But the college was never able to become a viable educational enterprise in financial terms. A student-faculty ratio of ten to one was expensive to maintain. A combined nine months charge to students of \$3,100 was relatively expensive, especially when combined with travel and personal costs. Enrollment reached a peak of 455 students in 1969 and then steadily declined to around 200.

The college never had any real tie to the community other than geographical proximity. The community was in process of developing a community college when the independent college was started. The independent college sought a student body from ~~the region and the nation, not from the community or the state.~~ No more than 5 percent of the students were ever enrolled from the state where the college was located. The plant was developed with borrowed funds, and the hoped-for gifts in sizable amounts were not forthcoming.

Financial disaster overtook the college in the autumn of 1974 and the institution was thrown into bankruptcy to protect the investment of a local bank in the property. A court-appointed trustee was named to manage the property, and alternative use of the plant was carefully explored. Such possible uses as that of a state police academy, a community college campus, a branch campus of a state university, and a branch campus of an independent university were all given consideration. None of these possible uses had materialized as of the spring of 1976, and a desirable economical operation of the plant was still being sought. Bankruptcy costs were running around \$15,000 a year, plus

maintenance and security of the property. There was no hope of paying off the creditors, including faculty and staff, until the property itself could be disposed of.

One of the motivating forces in the creation of this innovative college was the ostensible desire to establish a new "independent" college. The argument was used that students ought to have a choice between a public university and an independent college. It was also claimed that the independent college could and would emphasize the humane values of liberal learning. The independent college would stress the worth and the dignity of the individual. The low ratio of students to faculty would encourage more active participation of students in the teaching/learning process. Faculty members would be recruited who were committed to undergraduate education rather than to research and public service.

These arguments may have been intended more to recruit large gifts than to recruit a large enrollment. A vigorous and persuasive case was needed for a new and innovative college. In one instance the case was apparently successful in attracting the interest and support of one general purpose foundation, but continued reliance upon this one source of gift assistance proved disastrous when that support was terminated in 1973.

This experience raises especially a question about the fate of innovative undergraduate education. Two aspects of innovation ~~were evident in the history of this particular college.~~ The number of students who could be recruited, even on a nationwide basis, to enroll in a purposefully different kind of undergraduate curriculum proved to be disappointingly small. It appeared that educational planners are disposed to be more enthusiastic about innovation than are students. Secondly, it quickly became evident that the kinds of students attracted to an innovative college tend to be different from other students, not just different in intellectual interest but markedly different in appearance and behavior. The appearance and behavior of the students tended to alienate rather than to attract the community. The prevailing opinion in the community as sampled by our study seemed to be that the students were all "hippies."

The fifth college we studied will be identified by name because the whole episode has had so much nationwide publicity. Parsons College in Fairfield, Iowa, was thrown into bankruptcy by exter-



nal creditors, particularly two large insurance companies, on June 1, 1973. There is no need to recount the Parsons College story here. But our study of this particular episode was rewarding in several ways. There are aspects of the Parsons College story that have not been clearly understood, despite all the publicity.

A careful examination of the record indicates that the innovation in class size and in instructional procedure had little to do with the Parsons collapse. The fact that Parsons College was a second-chance college had little to do with the college's demise, although the enrollment drawing power of a second-chance institution began to decline after 1969 and 1970. The problems at Parsons College were essentially two-fold: financial mismanagement and a very substantial gap between what the president said he was doing and what he was actually doing. As early as 1961 we found that the faculty had petitioned the board of trustees to evaluate carefully the performance of the president. The board did not do so. North Central probation for Parsons College came in 1963; North Central accreditation was withdrawn in 1967. At first the response of the college and the president to this action was the initiation of legal action against the North Central Association. The final response of the board of trustees was to terminate the employment of the president.

Although Parsons College struggled valiantly after 1967 to overcome the accumulated consequences of eleven years of mismanagement, there proved to be no successful way out of the financial complexities of a large debt, substantial current operating expense, and declining enrollment and tuition income. North Central accreditation was regained in 1970, but this action was not sufficient in itself to overcome the basic difficulties of financing. Parsons College had been essentially an institution with a local and area orientation from 1875 to 1955. Suddenly, overnight, the college was transformed into an institution attracting nationwide attention because of the claim that the college had discovered the magic road to economic self-sufficiency based upon tuition income. For a time, expanding student enrollment and an expanding physical plant lent some credence to the claim. Eventually the financial facts of the situation revealed otherwise. The Parsons College bubble burst, and no sustained recovery proved possible.

At its peak the college had an enrollment of 5,000 students who were spending at least three million dollars annually in the community. The college employed a total of 800 people and had an annual operating budget of \$14 million. For a time Parsons College brought considerable prosperity to the local community. The population of the town declined 25 percent after the downfall of the college.

The trustee in bankruptcy sold the library holdings to a state university in Texas. Students and faculty members scattered after 1973. The trustee rented the property in 1974 to Maharishi International University, with some understanding about eventual rental or purchase of the plant. We found that after some misgivings about both the organization and the kind of students the university might attract, the community had been quite reassured by actual contact and was prepared to welcome the new endeavor. The contrast of 1976 with the turbulent years of the 1960s was indeed notable.

### Summary

Business failures are a common phenomenon of the economic system. There is no reason why such failures may not also occur in the higher education system. ~~Private enterprise in higher education involves risk, and risk means the possibility of failure as well as of success. There appears to be no particular reason why a venture in higher education must be certain of success.~~

Our study of five college closings in the independent sector of the higher education system revealed certain generalities and certain individualities. All five colleges closed because their financial circumstances did not permit continued operation. All five colleges were largely dependent upon student tuition charges for current operating income. All five colleges sought endowment and gift support but for various reasons were unsuccessful in this quest. The leadership and the management circumstances of each college contributed to eventual failure.

Enrollment size as such did not appear to be the controlling factor in the closings. Enrollment decline was the cause of disaster. No matter how small or how large, when a college begins to

lose enrollment it begins to experience financial and management troubles.

The colleges had their peculiar circumstances as well. In one instance a small two-year college for women was no longer a viable enterprise in a particular community; it was replaced by a public community college that is apparently thriving in terms of enrollment and community interest. A four-year Catholic college for women suffered a loss of enrollment arising from an unsatisfactory location in a large central city of a metropolitan area, along with changing circumstances within the religious community sponsoring the college and within the larger community of the Catholic population.

Two newly created colleges were thought to be desirable early in the 1960s but were not needed in the 1970s. One college lacked a carefully articulated educational mission and program. The other college had such a carefully articulated mission and program but lacked students. Both closed their doors in bankruptcy.

The Parsons College story is still different from any of the others. The lesson may well be a dilemma: how to distinguish charismatic leadership of integrity from charismatic leadership without integrity. Discrimination between the two types of leadership may well be difficult, especially when particular audiences are hearing what they want to hear.

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Perhaps the principal conclusion is a simple one. The social expectations about higher education do change. When these changes occur, all higher education confronts troublesome issues of adjustment and retrenchment. The colleges at the margin of the higher education endeavor are likely to be the ones to fail, to have to close their doors. And the principal vehicle of failure is bankruptcy. Bankruptcy may be followed by revival, or new use. But there is no guarantee that from bankruptcy new educational endeavor will follow.

## SIX

# The Do's and Don'ts of Mergers

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Although this limited number of case studies of mergers and closings may not provide an adequate base for generalizations, we would like to present some common sense guidelines for ~~mergers. Here are some procedural and substantive proposals~~ and cautions—for academic administrators who may toy with the possibility of a changed status.

### Do Recognize the Signs of Weakness

Administrators in bureaucracies, including the “organized anarchies” of colleges and universities, often see their first obligation to be perpetuation of the enterprise. Boards of trustees are likely to pursue the same objective. Local economic and other interests may push for survival. But colleges can only endure in an economy of change, price inflation, and varied patterns of resource allocation if they adjust effectively to different social expectations and different circumstances of cost and income. Adjustment

may take various forms, including increased cooperation among various institutions. Adjustment may include merger or closing. And mergers and closings have been characteristic of the history of higher education in the United States for nearly two hundred years.

The signs of weakness are these:

- Planned purposes are no longer viable and have not been replaced with new plans for new purposes.
- Program objectives are not being accomplished and cannot be accomplished with currently available resources.
- Enrollment is declining, or no longer increasing.
- Current operating expenditures exceed current operating income.
- Management of the enterprise lacks the dynamic of leadership: the capacity to inspire new effort, to bring about change, to demonstrate integrity of purpose, to produce needed income.

### **Don't Expect a College or University to Survive Just Because It Exists**

~~Faculty, students, alumni, staff, and boards often seem to believe~~ that because a college or university exists, it will always exist. The fact is that existence is not necessarily a guarantee of survival. Intelligence that accepts change as a biological and social reality sometimes seems unable to accept the reality of higher education change. Moreover, because a college is small it is not thereby assured of survival. On the contrary, smallness may be a liability rather than an asset. William Shoemaker of the Council for the Advancement of Small Colleges has counted 1,483 independent colleges and universities in the United States. He found that 1,308 or 88 percent of these had an enrollment of under 2,500 students, and that 942 or 63 percent had an enrollment of fewer than 1,000 students.\* In turn, Lupton and his associates in their

\**AGB News Notes*, July 1976.

study for the New Jersey Commission on Financing Post-Secondary Education found that nearly 65 percent of all institutions of higher education with an enrollment of under 1,000 students were unhealthy or relatively unhealthy in their financial condition.\* Lupton and associates also found independent institutions more likely to be in financial difficulty than public institutions, baccalaureate colleges more likely to be in financial difficulty than other kinds of institutions, church-related institutions more likely to be in financial difficulty than non church-related institutions, and single-sex institutions more likely to be in financial difficulty than coeducational institutions.

The small independent college may have two or three basic financial weaknesses. It is likely to have a high expenditure per student, both in terms of total expenditures and in terms of educational and general expenditures. It is likely to be very heavily dependent upon charges to students for operating income, and therefore vulnerable to enrollment decline and the competition of low-priced public higher education. It is likely to have a high proportion of its operating expenditures in "fixed" costs, such as academic support, student services, plant operation, institutional support, auxiliary enterprises, and debt service. In a study of six independent baccalaureate colleges, Norman A. Parker found that the larger the FTE student enrollment, the smaller the proportion of total expenditures required for support costs.\*\* The largest college, with an enrollment of 2,700 students, spent 49 percent of its operating budget on support programs, including auxiliary enterprises and student aid. The smallest college, with an enrollment of 990 students, had a comparable ratio of 58 percent.

Merger may be the desirable response to some of these circumstances.

\*Andrew H. Lupton, John Augenblick, and Joseph Heyison, "The Financial State of Higher Education," *Change*, vol. 8 (September 1976), p. 21.

\*\*Norman A. Parker, *A Study of the Support Operations of Independent Liberal Arts Colleges* (Washington: Academy for Educational Development, 1975).

### **Do Consider Merger as a Potential Good**

Merger with another institution may be preferable to closing and bankruptcy. Merger may be the means to achieving the mission of an institution more effectively. Merger may be the means to developing enhanced quality in the performance of educational programs. Merger may be the means to larger enrollment and reduced costs per student in the performance of support programs. Merger may be the means to diversification of program and student clientele. Merger may be the means to expanded financial resources. Merger may be the means to continued use of facilities for higher education purposes. Mergers may be a means to liquidating a deficit and to paying off creditors. All of these objectives in merger should be continually borne in mind in higher education planning.

It has been suggested on occasion by some government planners and consultants that all colleges and universities ought to have contingency plans for possible failure in their efforts at survival. Some persons refer to these contingency plans as "doomsday" plans. Most college and university administrators are reluctant to prepare contingency plans. They fear that such plans may actually help bring about the unhappy circumstances they project. They believe such plans may arouse special anxieties within the institution. They think that knowledge of such plans may discourage student enrollment, governmental grants, and philanthropic support. Administrators prefer to be optimistic and to plan for survival. Only when survival becomes clearly impossible are such administrators ready to plan for merger or closing.

It may well be that certain circumstances that encouraged mergers in the 1960s will not be repeated in the late 1970s or in the 1980s. The transfer of independent status to public status, especially for universities in major urban areas having an urban service mission, was a desirable and feasible act in the years when public higher education was undergoing substantial expansion. A time when public higher education enrollment is expanding only slowly, or even declining, is not a period when governors and state legislators will look with favor upon merging independent institutions in a state system of higher education. Two mergers discussed in this study were of this type, and such mergers may well be no longer needed.

In the 1960s the federal government had a definite policy of seeking to expand the quality of some universities in order to expand the national capacity for basic research and the education of top scientific and engineering talent. "University science development" through institutional grants to a selected number of universities was a major objective. Two mergers included in this study were of this type, and such mergers may well no longer be needed.

It seems likely that financial stringency and the need to reduce costs per student may be the major reason for consideration of mergers in the future. If this prospect should hold true, the advantage of merger would still deserve careful exploration and could be beneficial in realizing one or more objectives concerned with institutional survival and appropriate use of property.

#### **Don't Plan a Merger With the Anticipation of Faculty, Student, or Alumni Approval**

Presidents and boards of trustees plan mergers. If excluded from such planning, faculty members are likely to feel that their proper role in governance of the institution has been slighted or ignored. Students also tend to believe that they should participate in such planning, and those alumni who contribute to the institution or otherwise have had some role in institutional activities are likely to express the opinion that they should be consulted in some way. In recent years in particular, participation in decision making by various internal constituencies or groups of the academic community has been a common expectation and a fairly widespread practice. Often participation in decision making is considered also to extend to the planning that precedes decision.

The experience in mergers suggests that faculty, students, and alumni can be expected to be opposed to a merger. Faculty in particular fear merger if their institution is smaller than the institution with which merger is contemplated. Even faculty members in the larger institution may feel concerned lest they be expected to absorb as colleagues persons whom they have not selected and have not approved of. Faculty members are concerned about rank, tenure, compensation, and general status in the in-



stitution of which they are a part. In practice, our evidence suggests that faculty of a smaller institution absorbed in a larger institution find their new environment less congenial and less satisfying than the one they formerly knew. Only a few make a satisfactory transition. Moreover, in the 1970s and 1980s, when mergers may arise from circumstances of financial exigency, the services of many faculty members in the merged institution may not be needed, or may not be financially feasible.

Students likewise tend to think the academic environment where they are enrolled is better than a larger, quite different environment. Much as students may like to complain about all the unsatisfactory aspects of the college where they are enrolled, they seem to prefer the dissatisfactions with which they are familiar to the dissatisfactions with which they are not familiar. In those instances where merger involved consolidation, we found generally that only a few students actually transferred to the new institution. Students were more likely to go someplace else, someplace they perceive as more like the institution where they were previously enrolled.

Alumni also tend to have a strong sense of identification with the institution which they attended and from which they may have obtained a degree. They are less than enthusiastic about being absorbed into a larger body. And again, especially in consolidations involving independent institutions, we observed a tendency for the new or successor institution to make some special effort to cultivate and retain the interest and loyalty of the alumni of the former institution. This effort might include retention on the staff of an administrative officer concerned with the alumni relations of the previous institution, and some special designation or status for the actively interested alumni of the institution.

While the opposition of faculty, students, and alumni may be anticipated, their assistance in preventing or overcoming the circumstances that may lead to planning for merger cannot be counted upon. Here is one of the ironies of merger experience. Faculties, students, and alumni may not like the idea of merger, but these groups may not have any counter plan to offer that is realistic and possible of execution. To avoid the pressure of financial difficulty, a college or university must increase enrollment, provide new services at a price sufficient to meet direct and in-

direct costs, reduce expenditures, or obtain enlarged gift support. Indeed, some combination of all of these actions may be necessary.

Unfortunately, faculty, students, and alumni may have little assistance to give to presidents and boards on any of these needed actions. Faculty members are reluctant to cut expenditures, unless the cuts are made in support programs. Later they may complain about the inadequacy of support services. Moreover, faculty members seldom help to recruit students; recruitment is an administrative chore. Students are opposed to increased tuition charges, and are often of limited assistance in helping to enlarge enrollment. Students are apt to believe that the current enrollment, whatever it is, is about right, if indeed it is not too large. Alumni who have been cultivated for years in the financial support of an institution are not likely suddenly to increase that support; and if the alumni have not been cultivated it may well be too late to do so when crisis is imminent.

Regardless of the complications involved, the advice still cannot be offered to exclude faculty, students, and alumni from institutional planning or institutional budgeting. On the contrary, if these groups have been included fully in institutional planning and budgeting over a period of time, the circumstances that suggest the need for merger should come as no shock. Current trends in higher education governance have encouraged greater faculty, student, and alumni participation in discussion of institutional affairs. Administrators and boards may have been at fault in the past in not sharing their problems with all constituent groups of the academic community. This situation was evident in several of the merger circumstances we studied. The more ~~successfully accomplished mergers were those where some~~ preparation for change preceded the fact of change.

### **Do Define the Objectives of Merger**

The objectives of a merger may be several. In this study we found various objectives: the acquisition of resources necessary to fulfill an urban mission, the consolidation of complementary institutions in order to develop additional resources for educational

quality, the consolidation of complementary public institutions into a comprehensive university serving the same urban community, the transformation of single-sex institutions into coeducational institutions, the consolidation of like institutions in the same urban community to achieve educational strength and to obtain economies in support costs, and the acquisition of useful property while paying off creditors who might otherwise go financially unsatisfied. Any one or any combination of these objectives may be sufficient cause for seeking a merger.

It may be argued whether or not all of these outcomes should be labeled "mergers." In one instance a president found it more acceptable internally to refer to the action of merger as federation. In another instance one party to the transaction perceived the action as merger, while the other party came to view the transaction simply as one of purchase of desirable property at the price of payment sufficient to satisfy all creditor claims against the debtor institution.

The difficulty about terminology seemed to reflect primarily a confusion of objectives, or a misunderstanding about the nature of the transaction being entered into. In the haste with which merger was planned in certain instances, considerable opportunity was presented for confusion about the objectives, or the expected outcomes, of merger. The process of negotiation involving different interests and purposes on the part of the two parties to the transaction helped to generate somewhat different expectations about outcomes. With a difference of purpose between the parties, perhaps some confusion about expectations was inevitable.

The fact that planning for merger may and does tend to arouse opposition among some groups of an academic community may encourage reluctance to articulate objectives clearly. Some confusion of purpose may allay hostile action designed to prevent merger. Some confusion of purpose may afford an opportunity to offer varying interpretations of expected outcomes in order to placate opposing individuals and groups. Some confusion of purpose may even arise simply because the objectives to be achieved appear different to different groups.

It seems readily evident that the institutional perspective of presidents and boards of trustees is quite different from that of faculty members, students, and alumni. Presidents and boards are

concerned about institutional mission in a broad sense, about program objectives in general terms, about institutional quality as a whole, about institutional effectiveness in the utilization of available resources in total, about institutional viability in matching all expenditures with general and restricted income. All of these concerns are shared only in a limited way by faculty, students, and alumni. These groups are essentially individualistic rather than institutional in their point of view. The members of these groups tend to be concerned about their individual role, their individual status, their individual future. The teaching learning process is an individualized relationship of faculty member and student. The research and public service processes reflect the competence of a single person, or of a small team of persons. The alumni relationship testifies to a remembered past valued for some particularized benefit. None of these roles is oriented to a concern for institutional welfare as such.

Perhaps it is unrealistic to expect faculty members, students, and alumni to share the same understanding of institutional well-being as that shared by presidents and boards of trustees. Perhaps no matter how carefully presidents and boards seek to clarify the objectives of merger, no shared understanding of a shared purpose is possible. If purpose is not shared, it is difficult indeed to achieve a shared understanding.

One may ask what ought to be the objectives of merger. To this question surely no standard answer can be offered. Objectives may be different in different circumstances. Obviously all merger experience seems to have at least two characteristics in common. One characteristic is some degree of strengthening for the successor institution in meeting the changing circumstances and changing social expectations of the future. A second characteristic is the strengthening of financial viability, or the financial satisfaction of creditors.

From an institutional point of view it seems unfortunate that faculty members, students, and alumni do not clearly understand that institutional strength cannot be preserved or advanced unless continual efforts are made to accomplish this purpose. And it seems unfortunate that faculty members, students, and alumni do not clearly understand that without income equal to costs there is no future for a college, or for a university. If the objectives of

operation are not clearly perceived by all constituent groups, there should be little surprise that the objectives of merger are not clearly understood.

It would be useful if mergers could be planned and presented in as positive a fashion as possible. In some instances it may be preferable to speak of federation instead of merger. In some instances it may be preferable to speak of merger rather than of closing and sale of property. In some instances it may be preferable to speak of merger rather than of transfer from independent to public sponsorship. Since we live in a communication world of stereotypes and labels, it is probably necessary in a planning and negotiation process to use terms with the greatest possible positive connotation for the intended purposes.

Moreover, it should be remembered that outright closing and bankruptcy remain an alternative to merger. Fear may be an undesirable motivating agent for action, but realism in higher education calls for acknowledgment of the fact that colleges do close, do go into bankruptcy. A merger that preserves the educational use of property, that strengthens a successor institution, that provides employment for some part of the staff of the merged institution may still be preferable to closing and bankruptcy.

Finally, the objective of merger needs to be defined in terms of its impact upon the community in which higher education institutions are located. In studying two situations where plans for merger did not result in the action of merger, we found two principal stumbling blocks. If merger involves closing an institution in one community and moving operations to another community, ~~the first community will exercise all possible leverage to prevent~~ such action. The disadvantaged community economically and educationally will seek to prevent such a merger if there is any way to do so. A merger of administration and of support operations with continuation of educational service in the locality might have saved this merger effort. In the other instance, there was a fear of a loss of unique identity in the event of merger. The practical advantage of merger in achieving some operating economy was acknowledged, but the surrender of elements of unique educational role seemed too high a price to pay. Here the institutions involved decided to make yet a further effort to finance their

own particular role. Merger was postponed for consideration in a later, more desperate circumstance.

### **Don't Plan a Merger in the Expectation of Miracles**

Mergers don't accomplish miracles. A merger provides simply a new set of circumstances that offer new opportunities for accomplishment, and perhaps new pitfalls for failure. The expectation in mergers often is that everyone involved will suddenly have new advantages. This expectation is entirely unreasonable. Mergers always have a price. The price to be paid is often not clearly perceived, or is not clearly defined in the merger process. There are no miracles in higher education, and there are no miracles in the merger of higher education institutions.

It is unrealistic to expect that an independent institution, when it becomes part of a state university system, can continue to behave and operate as if it were still an independent institution. It is unrealistic to expect two somewhat different public institutions to be merged into a comprehensive public university and to continue to operate as before. It is unrealistic to expect two somewhat similar independent institutions to be merged into a single institution and to continue all programs unchanged. It is unrealistic to expect two single-sex institutions to be merged into a coeducational institution and to continue to operate in the same way as before. It is unrealistic to expect two institutions to merge because one is in financial difficulty and then for the successor institution to continue the programs and the policies that brought about the financial difficulties in the first place. It is unrealistic to expect two complementary institutions to be joined into one and then to continue to behave as if the merger had never occurred.

Mergers are desirable, even necessary, in certain particular circumstances. But the thrust to merger is an acknowledgement that some difficulties are apparent in separate operation. Merger then attempts to overcome these perceived difficulties. Mergers are not planned when all is well. Mergers are planned when there are troubles, either immediate or in the foreseeable future. Mergers cannot overcome difficulties by preserving the past. Mergers are intended to bring about change. To expect otherwise is to believe

in miracles. And miracles today appear to be in short supply, especially in higher education.

### **Don't Expect the Postmerger Experience to Be Painless**

Just as it takes time to accomplish the objectives of merger and to evaluate the results achieved, so also must it be recognized that there is no such thing as a painless merger of two colleges or universities. There is a price to be paid for a merger, and that price is change. The circumstances of two institutions after merger cannot be expected simply to replicate the circumstances before merger. Merger is an effort to accomplish change, perhaps several changes. And change never affects all persons involved equally, or necessarily improves the status of all persons.

In one instance we were told that the merger came about too quickly. There was too little communication to faculty and staff about the necessity for merger, and about the objectives of merger. In another instance we were told that the merger took too long to bring about, and the very period of indecision led to anxieties and unrealistic expectations. The two quite different reactions to the timetable of merger simply emphasized that whether or not accomplished in haste, mergers are likely to cause pain for some participants.

### **Do Recognize that the Accomplishments of Merger Take Time to Achieve**

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In a formal sense the merger of two colleges or universities can be accomplished at a specified time. In an operational sense merger takes much longer to achieve. All of the evidence in this study suggests that from five to ten years may have to elapse before the successor institution is an acceptable reality to faculty and students. It may take even longer before alumni accept the fact that their loyalty is desired and deserved by a different enterprise.

The formality of merger involves the legal definition of a new organizational arrangement. The leadership structure of merger

involves a single board of trustees and a single executive officer. The management structure of support programs involves a consolidation of academic support, student services, plant operation, auxiliary enterprises, and institutional support. These aspects of merger can be carried out in a fairly short period of time.

The troublesome part of a merger is the consolidation of academic or instructional departments. As we have noted several times already, faculty members tend to have little enthusiasm for merger, and faculty behavior after merger tends to indicate this absence of enthusiasm. Yet if merger is to be meaningful in an operational sense in higher education, it necessarily entails the joining together of faculty members into a new departmental structure for the management of instructional, research, and public service programs. This joining together is difficult in the first instance, and eventually realizes some degree of stability and acceptance only after the passage of several years. It is unreasonable to expect faculty members from two different institutions to join together freely and happily. The nature of academic man is not so constituted.

In addition, it is unreasonable to expect students to accept merger without complaint or resistance. Students who have enrolled in one kind of institution of higher education tend to feel some sense of betrayal when confronted with the reality of a new and different kind of institution. Fortunately, a student generation, undergraduate or graduate, tends to pass from the academic scene within three years and new student generations are encouraged to enroll in and to accept a new kind of institution.

The observations set forth here apply, of course, to a particular kind of merger, the kind of merger that involves the actual consolidation of two campuses into a single instructional enterprise. Some mergers analyzed here did not fit this kind of pattern; and in those instances both faculty and student attitudes were different from those just indicated. Yet even in these cases it took time to adjust to the realities of a new organizational arrangement.

It is no exaggeration to say that most mergers take about ten years for the wounds to heal and for the new realities to be generally acceptable and workable for faculty, students, and staff. For alumni memories ten years may not be enough time.



Moreover, it may well take ten years before a merger can be evaluated carefully to determine whether or not the desired objectives were realized. In one instance we had available to us the report of a visit to an institution eight years after merger by a regional accreditation team. The greater part of the report was devoted to the subject of progress in realizing the objectives of merger; the report was in effect an evaluation eight years after the event. It was obvious that many faculty members had wanted to talk about their real or perceived difficulties in carrying out the consolidation of two institutions. The report gave high praise to the president for his sensitivity and caution in bringing about the merger of the institutions.

In one instance we have found an elaborate and formal post-merger agenda prepared by a president and approved by the board of trustees. This agenda set forth a time table for departmental consolidation and then set various objectives calculated to make this consolidation effective: vigorous effort to recruit more students, expanded research activity, new instructional programs, enlarged governmental grant support, increased gift support, a careful assessment of quality accomplishments, a strengthening of departments judged not to meet desired standards of performance, an improved informational program to enhance the institutional reputation and public image, and introduction of a long-range planning process involving participation of all groups in the academic community. This postmerger agenda and its effective communication throughout the institution appeared to do much to focus faculty attention on the opportunities of the future rather than upon the complexities of the present.

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To conclude, then, the negotiation of a merger is an important option for college or university management. While it may be true that mergers are not simply procedures, that they usually are considered in times of trouble, that they bring change often painful to all constituencies of the institution, it is also true that mergers can preserve the educational use of property, that they can strengthen a successor institution, that they can provide continued employment for part of the staff of the merged institution, and that they may well provide expanded educational opportunity in a community.

# Appendix

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108

99

# A Check List for Merger Situations

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This check list might be used by a board of trustees or others in evaluating the desirability of or need for merger with other colleges or universities. We have attempted to suggest some of the major questions an institution must answer; the particular situation of an institution will present others. If a board of trustees or others do not know how to evaluate the answers to questions like these, the institution needs help, and quickly.

## I. What Is the Current Operating Situation?

- ~~1. What is the ratio of current operating expenditures divided by current operating income?~~
2. What is the ratio of total current operating expenditures per student divided by total current operating income per student?
3. What is the ratio of student fee income divided by total educational and general income?
4. What is the historical experience in the relationship of expenditures to income for the past five years?

5. What proportion of educational and general expenditures is required for mandatory transfers for debt service?
6. What proportion of educational and general expenditures is required for support services (academic support, student services, plant operation, institutional support, and mandatory transfers)?

## **II. What Is the Current Enrollment Situation?**

1. What has been the trend in autumn head-count enrollment over the past five years?
2. What has been the trend in autumn full-time equivalent student enrollment over the past five years?
3. What has been the trend in full-time autumn enrollment of students 18 to 21 years of age for the past five years?
4. What has been the trend in part-time students over 21 years of age for the past five years?
5. What is the trend in enrollments by instructional programs for the past five years?
6. What is the trend in admission inquiries, admission acceptances, and actual freshmen enrollment over the past five years?
7. What is the trend in the quality of admissions in terms of test scores and rank in class over the past five years?

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## **III. What Is the Current State of Academic Competition in the Geographical Area?**

1. What other colleges and universities are located nearby?
2. What competing instructional programs do these colleges and universities offer?
3. What are the financial and enrollment trends in these colleges and universities?

4. What consideration has been given to interinstitutional cooperation in the area? What cooperative ventures have been undertaken?
5. What studies might be made looking to increased cooperation and mutual reduction in costs?
6. What is likely to be the competitive situation five years from now?

**IV. What Is the Current State of Academic Planning in the Institution?**

1. What plans are being considered to change the mission of the institution?
2. What plans are being considered to change programs in instruction, research, public service, and student financial aid?
3. What plans are being considered to stabilize objectives and costs of support programs?
4. What plans are being considered to develop new or expanded programs, and thereby to generate new income?
5. What plans are being considered to increase philanthropic support, and what are the prospects for such increased support?
6. What plans are being considered to increase governmental support, and what are the prospects for such increased support?
7. What are the capital plant needs of the institution, and what are the prospects for meeting these needs?

**V. What Is the Current State of Academic Leadership in the Institution?**

1. Is the academic leadership attuned to a changing environment and a changing set of social expectations for the institutions?

2. Is the academic leadership innovative in responding to current challenges?
3. Does the academic leadership evidence integrity in its planning, communicating, and reporting?
4. Does the academic leadership have a reputation for performance in the external community?
5. Is the academic leadership generally acceptable to the various constituent groups of the internal community?

## **John D. Millett**

John D. Millett, Senior Vice President of the Academy for Educational Development and Director of its Management Division since 1972, acts as a consultant in management to colleges, universities, and state systems of higher education. He, along with the staff of the Management Division, conducted a three-year program of continuing education and publications for college and university administrators for the Kellogg Foundation, undertook a study of governance in higher education, sponsored by the Lilly Endowment, and is currently involved in the development of planning procedures for colleges and universities with the assistance of the W. K. Kellogg Foundation.

After serving on the staff of the Social Science Research Council and the staff of the National Resources Planning Board in 1941, Dr. Millett was commissioned a major in the Army of the United States in 1942; he was advanced to the rank of Colonel and was decorated with the Legion of Merit. From 1946 to 1953 he was a member of the faculty at Columbia University; he became professor of public administration in 1948.

Dr. Millett served as President of Miami University in Oxford, Ohio, from 1953 to 1964. During these years he was a consultant to the University of the Philippines, a consultant to the Ford Foundation, consultant to the Office of Education, a trustee of both the College Entrance Examination Board and the Educational Testing Service, president of the State Universities Association and secretary-treasurer of the National Association of State Universities. He was also active in two state government bodies studying Ohio's problems in higher education.

In 1964, Dr. Millett became the first Chancellor for the Ohio Board of Regents, a state board of higher education with planning and coordinating authority. He developed a uniform information system, a formula budgeting system, and two master plans for higher education. He retired from this position in 1972.