College and University Mergers: An Update on Recent Trends

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Context

Given the ongoing pressures on colleges and universities to cut operational costs, lower tuition and simultaneously provide more services to students, parents and the employment sector, mergers are increasingly visible in American higher education. (See this series’ previous July 2009 paper on mergers here for background and a short discussion of the history of mergers in higher education.)

This paper provides an updated snapshot of recent proposed or actual mergers and considers the issues they raise.

Observations

The complexity of college and university mergers continues to grow, regardless of whether the full-fledged merger of two institutions or a merger of departments within a single institution is being considered. An updated snapshot of recent proposed or actual mergers in American higher education includes the following:

• A proposed merger between two separately controlled state universities in New Jersey (Rutgers-Camden and Rowan University);

• A consolidation of eight public University System of Georgia institutions into four, scheduled to take place by Fall 2013 (Gainesville State College merging with North Georgia College & State University; Macon State College merging with Middle Georgia College; Waycross College merging with South Georgia College; Augusta State College with Georgia Health Sciences University);

• A merger that was studied but not entered into between two campuses of the University of Maryland (University of Maryland, Baltimore and University of Maryland, College Park); instead, a “University of Maryland Strategic Alliance” described as “an innovative and structured collaboration” was proposed.

As can be seen by the examples (two state universities under different control, a consolidation of eight separate universities in one state system, and two campuses under the same umbrella), the intricacy of merger types continues to increase.
Cultural challenges, while intangible on a balance sheet, must be addressed during any merger process. The University System of Georgia board of regents acknowledged “blending of institutional cultures” at South Georgia College and Waycross College as a challenge in its presentation on campus consolidations. Echoing this sentiment, Associate Vice Chancellor Shelley Nickel said in a news article about the consolidation, “The challenge is more cultural than the bricks and mortar and the technology.” Although the Georgia mergers are still in progress (as of the publication of this brief), the board of regents’ public acknowledgment of the necessity to deal with merger-related cultural and logistical factors is promising. In the case of Rutgers-Camden and Rowan University, the cultural challenges of a merger are readily apparent. While Rutgers-Camden itself was created in 1950 via the merger of the South Jersey Law School and the College of South Jersey with Rutgers University, the roots of Rutgers University as a whole date back to 1766 and its charter as a male-only college. In 1826 Rutgers was renamed Rutgers College to honor a Revolutionary War veteran who served as trustee, and in 1864 it was named New Jersey’s land-grant institution. Given the length of this history and Governor Chris Christie’s statement that Rutgers-Camden would lose its name in any merger with Rowan University, it is unsurprising that cultural issues have become prominent in merger discussions.

In fact, Rutgers-Camden students, faculty and alumni started openly protesting once news of the proposed merger broke. As of May 2012, more than 13,000 people have signed an online petition to keep Rutgers-Camden independent. At a February 2012 protest at the Camden campus, buses brought students from the Rutgers-New Brunswick campus to join protesters at a board of governors meeting held at Rutgers-Camden. In addition, the Rutgers AAUP-AFT chapter announced an action plan to fight the merger, as well as propose a consortium alternative.

Larger state-level political issues can particularly affect mergers of public institutions. For example, the proposed Rutgers-Camden and Rowan University merger has attracted considerable attention not only from Rutgers-Camden students, faculty and alumni, but in New Jersey political circles as well. New Jersey governor Chris Christie vocally supports the merger and originally stated it would happen by July 2012, despite questions from lawmakers regarding his legal authority to force a merger without legislative approval. Meanwhile, the state higher education secretary testified on April 10, 2012 that a cost estimate for the merger would not be available for two months—a state of affairs the state Senate Budget Committee chair termed “insulting.”

While a discussion of the particular complexities of New Jersey politics is outside the scope of this paper, it should be noted that Senator Frank Lautenberg (D-N.J.) was spurred to request that the U.S. Department of Education review the proposed merger, stating, “Suspicions have been raised that this decision has been crafted to benefit powerful political interests without regard for the impact on students, the academic institutions themselves, and the community.” The letter was copied to U.S. Attorney General Eric Holder and U.S. Attorney for the District of New Jersey Paul Fishman. Previously, the senator had requested information on the merger directly from Governor Christie, and then from both Governor Christie and state Senate President Steve Sweeney.

This led to rancorous public responses by not only the governor (who referred to the senator as a “partisan hack”), but by other New Jersey politicians. An open letter of response by 24 elected officials, including Senate President Sweeney, alluded to a perceived divide between North Jersey and South Jersey in terms of political representation. The letter stated in part that the senator “seems to forget he was elected to represent all the people of New Jersey, not just those who live north of Trenton” and “On this issue, Sen. Lautenberg ignores how the people of South Jersey have been shortchanged in funding for higher education;” the letter also called the senator’s remarks “uninformed and vengeful.”

The issues raised by these impassioned exchanges illustrate the complex ways in which larger state-level politics can affect potential mergers of public institutions. Mergers may be viewed by some as a way of solving larger problems of equitable
representation, college access and fund allocations in different parts of a state. However, hotly contested mergers may create as many political problems as their supporters envision them being able to solve.

**Auxiliary enterprises can be a complicating factor in mergers.** Auxiliary enterprises are part of modern university life. The National Association of College and University Business Officials (NACUBO) defines them as “‘auxiliary’ in that they support the mission of the institution and provide essential services to the campus community . . . [and as] ‘enterprises’ in that they are generally self-supporting, recovering their costs through the fees or prices they charge for their goods and services.” Some examples include parking, student or faculty housing, college bookstores, arenas and health services (including university-affiliated hospitals).

Given that institutions often outsource some or all of their auxiliary enterprise management and have contracts in place with said vendors, this adds to the complexity of merger discussions. In the case of the ongoing Augusta State University and Georgia Health Sciences University merger, the board of regents of the University System of Georgia noted “complexity associated with current Health System structure [referring to Georgia Health Sciences University] would be further complicated by integration.” This illustrates the merger-related challenges faced by institutions with particularly intricate auxiliary enterprises.

**Geography—despite the popularity of online education—is a factor.** When considering or implementing mergers, the physical geography of the campuses in question must be considered. This raises questions such as:

- Which campus will be the “new” physical main campus?
- Will property on one or both campuses be sold or renovated?
- Will one campus become the satellite of the other?
- Where will laboratories and classrooms—not to mention faculty and administrative offices, including student service offices—be moved and/or consolidated? Will renovations be necessary as a result?
- Will existing residence halls be relocated or need significant renovation to accommodate more students?
- How far will commuter students have to drive to get to a new, merged campus?
- How much parking for students, faculty and staff will be available on the new campus? Will the campus community have to pay more for parking?
- What will the new campus foot and vehicular traffic patterns look like?

In the case of Augusta State University and Georgia Health Sciences University, their geographical proximity (approximately two miles apart) means that some geographic issues are potentially easier to solve. However, while merging Gainesville State College and North Georgia College & State University, the board of regents plans to retain the Gainesville State College Oconee campus located in Watkinsville (roughly 60-plus miles apart) with the caveat that “implementation will need to consider how to best optimize the role of that campus.”

When two campuses are not geographically contiguous—such as Rutgers-Camden and Rowan University—geography becomes a bigger potential problem to solve. Rutgers-Camden is located in North Jersey; Rowan University is located in South Jersey. The campuses are roughly half an hour apart by car (assuming no traffic delays) or between 45 minutes to over an hour apart by bus. This illustrates that simply getting students, staff and faculty to and fro between campuses of one merged university can become an issue that those considering non-contiguous geographic mergers will have to face.

**Physical assets—and their legal control—can be problematic in mergers.** The above discussion of geography is not the only physical issue related to mergers. As noted in the previous AASCU policy brief on mergers, the Middle States Commission on Higher Education reminds those contemplating a
merger that “Most institutions of higher education are corporations established under the provisions of state law, and may have legal responsibilities (holding title to real property, for example) that may require the continued existence of the corporation after the educational activities of the institution have been terminated.”

A different facet of this reminder about institutions’ holding title to real property manifested itself in early May 2012 when the Rutgers University board of trustees—which controls the physical assets of Rutgers-Camden—“overwhelmingly” rejected the merger proposal by a vote of 32-4, adopting a measure stating that the merger was “inconsistent with the mission of Rutgers University.”

The Rutgers University mission statement names the regional campuses, including Rutgers-Camden, as the way in which Rutgers University as a whole carries out its mission. It also rejected the July 1 deadline set by Governor Christie for the merger to take place, though it did leave open the possibility of an alternate proposal that would keep Rutgers-Camden part of Rutgers University.

Since the Rutgers board legally controls the physical assets that make up the Rutgers-Camden campus, the university cannot dispose of those assets as originally planned in the proposed merger without the board’s consent. As news coverage put it on May 4, 2012, “Unless a compromise between the trustees and the Christie administration is reached, today’s action effectively stops the plan in its tracks.” This illustrates the importance of the legal control of physical assets in a merger.

(As of the publication of this brief, a different merger alternative has just been proposed that would create a new, combined institution in South Jersey retaining some form of the Rutgers name but governed by an independent board. It is unclear at publication time how the Rutgers board’s control of physical assets would assist or hinder this new proposal.)

Conclusion

Given higher education’s current process of reinvention and the history of mergers as part of American higher education in particular, it is unsurprising that mergers continue to be seen as a way to solve many of the cost issues facing colleges and universities today. It is also unsurprising that mergers are growing more complex given the modern university environment’s assorted real and intellectual property, related enterprises, and physical assets.

However, the unique mission of public-sector higher education (as discussed in the previous policy brief) still should be considered when contemplating, proposing or implementing public college mergers in particular. American public higher education is not a monolithic system; its components range from research universities to regional comprehensive institutions to community and technical colleges. Thus, different types of institutions’ constituencies and missions may not necessarily be best served by a merger, despite what a balance sheet might predict in savings. Or, depending on the circumstance, two institutions may be better served by something less than a full merger that preserves their unique strengths while allowing them to leverage combined resources to better serve more students and community members.

In the end, every merger is different and no single set of operating principles can guarantee its success. The only certainty is that the proposed and actual mergers discussed in this policy brief will provide researchers, political stakeholders and campus officials a larger pool of knowledge from which to draw when considering future merger proposals.

Resources


Endnotes


4 See [http://www.camden.rutgers.edu/page/campus-history](http://www.camden.rutgers.edu/page/campus-history).


18 Ibid.

19 Ibid, p. 12.


