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More States Turn to Public-College Mergers, but Easy Fixes May Remain Elusive

By Lee Gardner

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With a single paragraph, the governor of New Hampshire announced his intention to combine the state's 13 four- and two-year public colleges into one unified system. Gov. Chris Sununu, a Republican, included the proposal in the executive summary of his budget for the 2022-23 fiscal years, released this week.

New Hampshire joins a growing number of states, including Pennsylvania, Maine, and Connecticut, that are turning to different forms of public-college mergers in response to ebbing numbers of high-school graduates and increased competition for the students that remain.

But the experiences of other states have shown that college mergers are complex and time consuming even in the simplest of circumstances, and the benefits they create are far from assured. The budget promised a "glide path to full integration by fiscal-year 2023," only two years away. It also proposes an accompanying 9-percent cut in state support over two years for the combined system, from \$151 million in the 2020 fiscal year to \$138 million in 2023. System leaders and others in the state are now waiting for the devil in the details of how the mergers would be accomplished. The governor's office did not respond to an email before press time.

In his executive summary, Governor Sununu wrote that the merger of the University System of New Hampshire and the Community College System of New Hampshire was necessary to improve educational paths and realize cost savings and other efficiencies, and because the state's public colleges have "worked against each other to the detriment of students" for too long. Some campuses have experienced significant enrollment drops in recent years — first-time fall enrollment at Keene State College, for example, dropped from 1,267 in 2014 to 871 in 2019, before the pandemic, a drop of 31 percent.

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Competition between campuses isn't the only trouble. New Hampshire's public colleges are underfunded compared with their peers. In 2019, the state had the second-lowest level of state support in the country and the lowest level of annual state and local support per student, \$2,871. Granite State students' tuition dollars accounted for 78 percent of the total revenue at their public colleges, the second-highest level in the country.

The lack of state support has kept tuition relatively high. Annual tuition at the flagship University of New Hampshire campus at Durham for 2020-21, for example, was \$15,520, while the flagship University of Maine campus at Orono offers annual tuition as low as \$9,480 for in-state students. Out-of-state students who qualify for Maine's Flagship Scholarship Match can pay about what they would pay at their home-state flagship to go to Orono.

Nearly half of the Granite State's high-school students who went on to attend college in 2018 did so elsewhere, according to a Chronicle analysis. Vermonters were the only group of state residents to attend college out of state in greater margins.

The state system faces considerable competition from within its own borders. Southern New Hampshire University, which has established a national brand with its powerhouse online-education arm, announced last year that it would reduce tuition at its Manchester campus from \$31,000 a year to as little as \$10,000.

In principle, at least, using a merger to try to address the situation makes sense, says Aims C. McGuinness, a senior fellow at the National Center for Higher Education Management Systems, or Nchems. "This is not a naïve governor," he adds. "There is a major challenge facing the state, and just doing things the way they were done before is probably not an option."

Modest Savings, New Complexity

But college mergers take many forms and may bring with them nearly as many challenges as they solve. Combining every public institution in a state, marrying the four-year land-grant research university to the two-year technical college, may be especially tricky. And mergers are rarely a panacea.

Elected officials and higher-education leaders sometimes turn to mergers for reasons that can fail to live up to expectations. For example, cost savings are commonly invoked as a rationale for institutional mergers, and they do save money, mostly through administrators made redundant — two colleges that become one college no longer need two presidents, two provosts, and so on. But the savings from such personnel cuts are usually minor. When the University System of Georgia consolidated 18 of its campuses into nine new institutions during the 2010s, it found it "saved" about \$30 million a year, only 1 percent of its annual operating budget of about \$2.3 billion.

Combining institutions — especially many disparate institutions — can create significant costs for systems, says Robert E. Anderson, president of the State Higher Education Executive Officers Association, known as Sheeo. Data systems and back-office processes will probably need to be integrated, "and there are costs associated with the technical reconfiguration," he says. "In order to get it right, there has to be a front-end investment."

Cutting state support to colleges while attempting to merge them could cause a number of complications, especially in New Hampshire, says Sophia Laderman, a senior policy analyst at Sheeo. "It wasn't clear to me what an additional cut is supposed to do to help attract students if a large part of the reason students are leaving is that tuition is so high," Laderman says, since more cuts in state support will eventually lead to higher tuition.

In order to get it right, there has to be a front-end investment. New Hampshire's "Live Free or Die" spirit may make constituting an effective new system a particular challenge. The Community College System of New Hampshire asked Nchems to

prepare a report on institutional mergers. Among the challenges the report noted for New Hampshire was its lack of strong centralized system structures. “The system office does minimal things compared to most systems,” McGuinness says. “It’s very lightly staffed.”

That may not be enough to run a combined entity. “What we often see in consolidated systems is a robust structure at the state level,” Anderson says, “because what is expected of them, and what they have to answer to, at the state level, is fairly significant.”

Accreditation will provide another hurdle for the proposed new New Hampshire system to clear. It’s not apparent whether the new system would continue with all its campuses continuing to hold individual accreditations, but improving educational pathways and the student experience could lead to the pursuit of some kind of combined accreditation, the better to share educational resources. The University of Maine system is pursuing a unified accreditation from the New England Commission of Higher Education, its accreditor, known as Neche, for similar reasons. Connecticut proposed combining its 12 community-college campuses under a unified accreditation to Neche in 2019, and the accreditor asked for more information and later follow-up.

Anderson, of Sheeo, says that close communication with accreditors would be key for the success of any college merger. Lawrence M. Schall, president of Neche, writes in an email that the accreditor is “aware of the plans, but nothing has come before the commission yet.”

The complications are many, and daunting. Labor unions representing employees, for example, can make almost any part of the merger process more painstaking in practice than it may have appeared on paper. And trying to complete a merger in just a few years increases the difficulty. “It’s a fairly short runway to have it all in place,” Anderson says. He recommends working with an outside neutral entity that knows mergers, and careful planning on the front end. “Having seen what it takes regarding back-office functions to get those integrated, sometimes that can be a multiyear process,” he says, “but there’s no reason that you can’t be well down the road by 2023.”

Dan Bauman contributed reporting to this story.