OHSU/PSU
Strategic Partnership Task Force Report

October 20, 2010—DRAFT
Executive Summary

The presidents of Oregon Health & Science University and Portland State University formed the Strategic Partnership Task Force to make recommendations on how the two universities could best collaborate, up to and including a merger. The goal: to find the best way for the two institutions to leverage limited state resources to meet educational needs in the Portland region and Oregon as a whole.

After nearly a year of deep study, frank discussions, and consultation with experts, the Task Force recommends that OHSU and PSU develop a strategic alliance to formally link the two universities and encourage future collaboration. A strong and deep alliance between OHSU and PSU would advance the educational and public service goals of the two institutions in the most efficient and productive way possible. The result could be transformational, leading to higher quality education, more research, greater community engagement, enhanced economic development, growing endowments, cost savings, increased revenue, and an edge in the increasingly competitive higher-education marketplace. By contrast, a structural merger would require a significant upfront investment and divert scarce resources and attention from the universities’ core educational and public-service missions. A strategic alliance would avoid the disruption of combining two successful institutions and accomplish the presidents’ goal of increasing the universities’ impact in Portland and statewide. The ultimate beneficiaries would be Oregon and Oregonians.

The Task Force submitted the following recommendations to OHSU President Joe Robertson and PSU President Wim Wiewel:

1) Develop an OHSU/PSU strategic alliance with a clear business model to encourage, facilitate, and monitor future collaboration.

2) Form a steering committee made up of representatives of both universities and the community to oversee and guide the alliance.

3) Pursue the formation of a new, collaborative School of Public Health.

4) Fully explore the creation of a joint non-profit research consortium to produce a joint OHSU/PSU research portfolio of more than $450 million per year.

5) Expand academic collaboration and programs in the fields of allied health, bioinformatics, basic science, and engineering, using the new Collaborative Life Sciences Building as a platform.

6) Remove administrative barriers and smooth the path to creating new partnerships and establishing closer collaborations between the two institutions. For instance, create models for handling student tuition disparities, transfer of credits, registration, faculty salary adjustments, and joint faculty credentialing.
7) Coordinate K-12 science education outreach programs to expand the pipeline of students who are prepared to pursue careers in health care and health sciences. Place a special emphasis on outreach to under-represented minorities and children in under-served communities.

8) Support additional operational flexibility for PSU, making it possible for the two universities to form partnerships more easily in areas such as health-care delivery and public safety.

The Task Force identified dozens of other areas of potential future collaboration and, in some cases, has already taken steps to pursue them. A formal strategic alliance between OHSU and PSU would open the door to even more opportunities to work together to achieve excellence in education and research and stimulate the economy in the metropolitan region and the state.

I. Introduction

Oregon Health & Science University and Portland State University are poised to form an innovative strategic alliance that will benefit the Portland metropolitan area, Oregon, and all Oregonians. In the past decade, the two urban neighbors have picked up the pace and intensity of their collaboration, recognizing that they can do more for the state when they combine their resources, especially in the fields of life sciences and public health. Yet they remain separate institutions committed to their public educational missions, as defined by state statutes. At the top of Portland’s Marquam Hill, OHSU provides state-of-the-art clinical care, health professions education, research, and community service in Oregon’s only academic health center. In Portland’s city center, PSU is growing into a major urban research university with a focus on sustainability, community engagement, and educational excellence for nearly 30,000 undergraduate and graduate students. Together, they contribute about $5 billion in economic activity and about 41,000 jobs to the region.1

Unlike many other large metropolitan regions, Portland does not have a comprehensive university with an academic health center. For several years, policymakers have debated whether combining OHSU and PSU into a single institution would better leverage the educational and economic impact of both schools. In 2005, Rep. Mitch Greenlick formally introduced the idea of a merger between OHSU and PSU in the Oregon Legislature with HB 2560. The bill would have pulled PSU out of the seven-member Oregon University System and established a new Portland Metropolitan Universities Board of Directors to plan for a merger of OHSU and PSU. The bill failed to pass, but both universities pledged to study the idea. To that end, Oregon University System Chancellor George Pernsteiner commissioned a feasibility study of an OHSU/PSU merger from The Learning Alliance for Higher Education, led by Dr. Robert Zemsky, chairman of the Alliance and a professor at the University of Pennsylvania. The 2007 report, “Considering the Possibility of Merging Oregon Health & Science University and Portland State University,” concluded that a merger would not produce significant savings to taxpayers. In addition, it identified several obstacles to a merger’s success, including differences in mission, culture, business model, scale, governance, growth, and envisioned future. To be successful, the report said, the merger would need strong champions on each campus; advocates in the legislative, executive, and local branches of government; more state revenue; major new philanthropy; and patience and perseverance. However, the

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1 Topogna, John, ECONorthwest; “OHSU and PSU: Economic Contributions,” Presentation to the OHSU/PSU Strategic Partnership Task Force; Jan. 14, 2010
scope of the Zemsky report was limited to the question of a full merger. It stopped short of considering
the full range of options for collaboration between the two universities.

In 2009, Rep. Greenlick introduced a new merger bill to the state Legislature, HB 3024, similar to the
2005 bill. In a hearing in the House Education Committee in April 2009, Greenlick stated that “inte-
grating and ultimately merging Portland State and Oregon Health & Science University into a single
institution over time” is the only way to create a major, top-ranked university in Portland.2 In his public
testimony, Greenlick called for PSU to break from the six other universities in the Oregon University
System for fiscal matters and gradually merge with OHSU, which has its own independent board. PSU
President Wim Wiewel and OHSU President Joe Robertson testified at the hearing that they support the
goal of strengthening higher education in Portland, but they questioned whether a merger is the best way
to achieve it. They asked for time to study the issue, and the Legislature gave it to them.

A parallel and related discussion is now underway in the Legislature over whether to grant PSU and the
other six universities in the Oregon University System more independence from state government to
manage their own finances and administration. The proposed change is relevant to the merger debate
because it would give PSU more flexibility to form strategic alliances with OHSU, which already operates
as a public corporation with its own governing board. Without more autonomy, PSU must follow the
same administrative and financial rules as a state agency, making it less nimble in forming new part-
nerships. PSU President Wiewel supports a call from Governor Ted Kulongoski’s Reset Cabinet and the
Oregon State Board of Higher Education to change the governance system for all seven public universi-
ties, including PSU.

For advice on how to best collaborate, Presidents Wiewel and Robertson created the OHSU/PSU
Strategic Partnership Task Force and charged it with considering the full range of possibilities up to and
including a merger. The 24-member Task Force included representatives of the faculty, staff, students,
board members and administrators of both universities, plus four community members. (Please see the
full roster on page 21 in the Appendix.)

To help guide the discussion, the Task Force turned to Dr. James Samels and Dr. James Martin of The
Education Alliance, a Massachusetts-based consulting firm with more than 20 years of experience study-
ing and working on mergers and consolidations in higher education. They urged PSU and OHSU to
consider a strategic alliance that is mission-complementary, sustainable and beneficial to both institu-
tions and the region. Based on their consolidation experience, Martin and Samels believe that universities
with different educational missions can achieve economies of scale, efficiencies of operations, and mutual
growth by building a sustainable business model to guide collaboration. PSU and OHSU have already
shown they can work together in creative ways, without a full merger. The Task Force has made signifi-
cant progress toward that goal in a short period of time by establishing a collegial atmosphere for build-
ing carefully planned, creative partnerships.

The Task Force formed three subcommittees to study the research, academic and administrative sides of
the issues.

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2 Transcript of Public Hearing on House Bill 3024, House Education Subcommittee, April 22, 2009
The Research Subcommittee, chaired by Dan Dorsa, Vice President of Research at OHSU, was charged with studying the potential research collaborative opportunities and the possibility of developing a nonprofit research model.

The Academic Subcommittee, co-chaired by David Robinson, Interim Provost at OHSU, and Roy Koch, Provost at PSU, looked at the potential for additional academic collaboration, how those opportunities match up with unmet educational needs in the Portland area and the state, and what resources are needed to support them.

The Administrative subcommittee, chaired by Lindsay Desrochers, PSU’s Vice President for Finance and Administration, considered possible administrative collaborations and whether additional resources would be needed from the state and local government.

Each subcommittee met multiple times and issued reports identifying dozens of opportunities to build on existing partnerships and create new ones. The full Task Force met six times and consulted key faculty, employee, and student groups. (A public hearing is scheduled for November 2.)

The Task Force formed its recommendations by closely studying the benefits and disadvantages of a merger and consulting economists, researchers, business leaders, and national experts on academic mergers and alliances. After careful consideration of all the options, including a full merger, Task Force members were united in their belief that both institutions and the Portland region benefit when OHSU and PSU work together. They identified a number of successful partnerships and areas that are ripe for deeper collaboration. They agreed that the two institutions should do everything possible to encourage and facilitate joint research projects, faculty appointments, facilities, and administrative oversight and processes, whenever collaboration makes sense. Task Force members saw a need to create new ways to strategize, plan and facilitate partnerships that meet the educational and economic needs of the region. However, Task Force members determined that a merger is not the best way to accomplish those goals.

This report will make a case for creating a strong and structured OHSU/PSU strategic alliance that maintains the independence of each institution while leveraging their individual resources to achieve excellence. The report will cover the history of university consolidations across the country, the lessons Oregon can draw from them, and the success stories that serve as a model for future collaboration between OHSU and PSU. The Task Force will recommend opportunities to expand partnerships in specific research, academic, and administrative areas and analyze the potential barriers and benefits to making them happen.

II. Academic Mergers and Alliances: History and Case Studies

Dr. Martin and Dr. Samels of The Education Alliance, who have been studying mergers and consolidations in higher education for 20 years, met with the Task Force on multiple occasions to provide members with historical context, case studies, trends, and analysis to help determine the right path for OHSU.
and PSU. They based their advice on lessons drawn from their experience following the history of academic alliances and mergers.

In their first book, *Merging Colleges for Mutual Growth: A New Strategy for Academic Mergers*, Samels and Martin chronicled the history of consolidations in American higher education. According to Martin and Samels, American colleges and universities have merged and partnered for over a century for a wide variety of reasons, most typically, to grow in an efficient and economically sustainable way. In the typical higher education merger or consolidation of times past, the merging institution would take over a smaller, more fragile institution – and then liquidate its assets and consolidate their collective resources to achieve a perceived larger good and, with that, a more competitive institutional position in the higher education marketplace. Many of these early mergers were mandated by statutory authorization and, in a number of cases, force-fit institutions with mutually exclusive heritage, missions, and future vision. Not surprisingly, not all of these mergers were successful.

In the most typical failed mergers, Martin and Samels say, the combined institutions have not attracted a critical mass of enrollment and endowment, and are thus caught in a perfect storm of fiscal instability. This is not to suggest mergers or consolidations can’t be successful, they say. Rather, it is important to be sensitive to the risks of shotgun academic weddings. The most successful health science alliances are based on a balance of power, control, and autonomy – rather than creating yet another layer of centralized bureaucracy.

**Case Studies of Successful Mergers**

**University of Illinois Chicago Circle and the University of Illinois Medical Center**

In 1979, the University of Illinois system executive leadership team publicized a plan to consolidate these two campuses to form the University of Illinois – Chicago. The merger was finalized in September 1982, three years after its announcement. The merger reportedly strengthened the University’s collective academic resources and scholarly productivity – and positioned the University as a major research institution.

In 2004, UI-Chicago considered the advantages and pitfalls of their merger. Faculty and administration reportedly reached a consensus that the merger increased academic prestige, faculty productivity, and research volume, and yielded a more selective and competitive student body. Other advantages included: a stronger UIC/state legislative relationship that promoted state funding opportunities and, significantly, an overall stronger position within the UI system – yet, not at the expense of the success of other UI locations. The merger allowed for new partnerships and collaborations with a variety of research and community centers. Further and importantly, the merger did not adversely impact faculty or staff, with no mass layoffs or major reductions in staffing levels.

In the case of the UIC Medical Center merger, university leaders recognized early that the process of merging is ongoing, constant, and evolving. Frequent, honest, and open communication helped the merger to occur more smoothly, even though a “two-culture” phenomenon still survived. It should be noted that at the time of this merger, Illinois had the financial resources to invest in combining the campuses, which were both within the University of Illinois system.
University of Toledo and the Medical University of Ohio

On July 1, 2006, the Medical University of Ohio (founded in 1964 as the Medical College of Ohio) merged with the University of Ohio. The Ohio government prompted the merger with House Bill 478 and renamed the institution as the University of Toledo Medical Center (UTMC). Over time, primary stakeholders for the two institutions proposed that a merger would yield an increased budget and greater research funding, while recognizing the challenge of unifying two very different campus cultures.

Steps taken during this process included: combination of existing boards of trustees, creation of a new organizational structure, and adoption of a new strategic merger plan. Staff representatives of the University of Toledo Medical Center reported that the merger has strengthened and diversified their institution. Today, UTMC has the third-largest operating budget of all University System of Ohio institutions. That said, like many other institutions, the University of Toledo Medical Center now faces more than 50 full-time employee layoffs as well as a $1 million budget cut for 2009-2010. Although this merger was legislatively prompted, it was not a shotgun wedding. Leaders in the two institutions supported the merger, and it was phased in over time.

The Medical College of Virginia and the Richmond Professional Institute

In 1968, the legislatively-authorized Wayne Commission Report prompted the Medical College of Virginia and the Richmond Professional Institute to consolidate, still operating under the name Medical College of Virginia. Since the merger, the medical school has added numerous programs and campus infrastructures. In 2004, the name Virginia Commonwealth University Medical Center was established and is now used in reference to all MCV hospitals and VCU’s medical schools. The merger took nearly 40 years to implement, because there was no urgency behind the process. But in the end it was considered successful.

Case Studies of Unsuccessful Mergers

Rutgers University and the University of Medicine and Dentistry of New Jersey

On June 16, 1970, the Governor of New Jersey signed The Medical and Dental Education Act, which merged the New Jersey College of Medicine and Dentistry with the medical school of Rutgers University under a universal board of trustees. This merger created the College of Medicine and Dentistry of New Jersey (CMDNJ). In 1981, CMDNJ was elevated to university status and became known as the University of Medicine and Dentistry of New Jersey (UMDNJ), now the leading research university in New Jersey. The National Science Foundation ranks UMDNJ No. 71 out of 630 research universities and colleges.

During the period between 2000 and 2003, the executive branch of government in New Jersey (under then-Governor McGreevey) proposed a special commission to study the need for merging UMDNJ with Rutgers University. After considerable study and debate, the New Jersey legislature resisted the temptation to force fit the two institutions – leaving UMDNJ as a comprehensive, unified health science university – based on the perceived success of other comprehensive health science universities and more specifically, the OHSU model. (See the Appendix for “We Were Wrong; Try Partnerships Not Mergers” in the Chronicle of Higher Education and the “Pitfalls of Merger” in the New Jersey Star Ledger.)
In May of 2010, Governor Chris Christie and former Governor Tom Kean proposed the consideration of a comprehensive merger of UMDNJ with Rutgers University and the New Jersey Institute of Technology with the goal of improving New Jersey’s college and university system. In effect, UMDNJ would cease to exist and become absorbed by Rutgers, NJIT, and possibly Rowan University. Representatives of UMDNJ oppose the proposition.

This proposed merger has been unsuccessful primarily because it is a forced political proposal that lacks support from key stakeholders.

Rice University and Baylor College of Medicine

In January 2010, the presidents and senior administrators at Rice University, a comprehensive university, and Baylor College of Medicine, a medical school, reportedly discontinued consideration of a proposed merger. Leaders of both institutions have, however, vowed to strengthen collaborative efforts between the two organizations. Critics reportedly believed that Rice called off the merger based on Baylor’s precarious financial situation. Baylor College of Medicine had been in financial turmoil since 2004. At that time, the university’s operating expenses exceeded its revenue by more than $300 million after ending a partnership with St. Luke’s Episcopal Hospital. Baylor is somewhat unique as a highly ranked medical school without a private adult hospital.

This failed merger shows the importance of sustainable resources to assure the financial viability of the combined institutions.

Pennsylvania State University’s Hershey Medical Center and Geisinger Health System

In 1999, the merger between Penn State, Hershey Medical Center (HMC) and Geisinger Health System officially dissolved. Officials from both institutions reportedly concluded that the merger failed for a variety of reasons, including dysfunctional executive leadership at cross purposes, mutual distrust among board members, lack of a shared vision for the merger, and mutually exclusive organizational cultures. The proposed consolidation was not a merger of equals. Indeed, Hershey physicians and staff felt strongly that they were being taken over by Geisinger, and there were disagreements about the process of selecting new leadership.

In retrospect, leaders and experts have concluded that the consolidation of the competitive clinical programs was not well planned and that the cultural differences between the two institutions were underestimated. It is important to note that predicted economies of scale and cost savings were never fully realized. This case is an example of what happens when a merger lacks strong champions in the faculty and administrative leadership of the institutions.

New York University and Mount Sinai Medical Center

On February 14, 1997, NYU and Mount Sinai Medical Center officially cancelled the proposed merger of the two institutions. Talks of the merger grew out of a mutual need of both institutions to weather cuts in government funding. A major factor in the failed merger was reportedly the superior ranking of NYU medical school over Mount Sinai. Another major reason was that the parties failed to reach a consensus on how the merger would be implemented.
In 1998, however, NYU and Mount Sinai rekindled talks of a merger in which the medical schools would consolidate, but their corresponding hospitals would not. Mount Sinai degrees would be conferred by NYU rather than by the City of New York, which had been conferring the degrees since 1968. The boards of trustees, faculties, debts, and assets of the two medical schools would remain separate; however, the school would be renamed Mount Sinai School of Medicine (MSSM) of New York University. In 2007, however, the proposed collaboration and academic affiliation was called off. Today, NYU continues to grant degrees for MSSM while Mount Sinai is going through the accreditation process to become an individual, degree-granting institution.

Cornell University Medical College and the College of Physicians and Surgeons of Columbia University

In 1996, Cornell University Medical College and the College of Physicians and Surgeons of Columbia University planned to negotiate a merger of the two institutions. Columbia’s school had been hit particularly hard by an influx of Medicaid cuts—a vital source of revenue—whereas Cornell’s school had not experienced the same trend. Further and significantly, the existence of seven medical schools in New York City in a time of financial strain was an issue that the medical school leaders reportedly considered. In the end, the two schools decided that a strategic alliance would be more beneficial for both institutions than a merger.

University of California San Francisco Medical Center and Stanford University Hospital

After five years of planning a merger between the University of California – San Francisco Medical Center and Stanford University Hospital, the merger was officially dissolved in less than two years. The failure of the merger can be attributed to the following factors: lack of faculty enthusiasm and engagement, significantly different and complex administrative structures and academic cultures, decline in federal funding for medical research, unsustainable growth, and massive financial deficits.

Lessons

Samels and Martin see a number of lessons for Oregon from these successful and unsuccessful mergers. As in the case of the University of California-San Francisco Medical Center and Stanford University Hospital, OHSU and PSU have complex and substantially different administrative structures and academic cultures that would be difficult to merge. Another major concern for the two Oregon universities is that mergers of two economically fragile institutions are likely to fail. Although OHSU and PSU are financially stable at the current time, both institutions have faced two decades of declining state funding and are at risk of additional cuts in the future given the state’s economic environment. Given this dynamic, it would be extremely risky to assume that the two universities would be able to obtain the significant upfront investment needed to launch a formal merger or the long-term resources necessary to sustain it and make it successful over time.

In these conditions, Samels and Martin conclude, strategic partnerships are preferable, more manageable, and more successful than mergers. Indeed, some institutions—such as Cornell/Columbia—have formed productive alliances and partnerships after an expensive merger attempt failed. A formal alliance would give OHSU and PSU the momentum and structure they need to foster collaboration and better serve the educational needs of Oregon. In any successful merger or collaboration, a comprehensive, thoughtful, and carefully considered strategic and business plan is required to ensure cultural fusion of the two sepa-
rate entities, as in the case of the successful Toledo/Ohio merger. Leaders of partnering institutions must be willing to honestly, candidly, and frequently address potential issues regarding differences in cultural perspective. The leadership also should attempt to reach a broad consensus on specific forms of collaboration among members of their respective faculty, professional, and classified staff, and other community stakeholders. This Task Force and other partnership discussions prove that OHSU and PSU’s leaders are willing to work together and with their respective stakeholders to resolve any differences and make an alliance successful.

(Please see the Appendix for the full list of criteria and additional materials supplied by Samels and Martin, including merger and consolidation research, teachings, and opinion articles.)

III. Putting the Needs of Oregonians First: The OHSU/PSU Strategic Alliance

In their charge to the OHSU/PSU Strategic Task Force last fall, Presidents Robertson and Wiewel challenged members to identify innovative approaches that would best leverage the strengths of the two universities to meet the needs of Oregonians. Based on a review of best practices, consultation with experts in the field, and a year of in-depth deliberations, it is the opinion of the Task Force that establishment of a formal strategic alliance between the two universities is the approach that most clearly responds to that challenge.

A strategic alliance has the advantage of facilitating the formation of new partnerships without adding significant upfront costs and an unneeded layer of bureaucracy. With a strategic alliance, PSU and OHSU can achieve the desired outcomes – cost savings, economies of scale, enhanced delivery of services to Oregonians and the leveraging of funding and support – while avoiding the structural upheaval of merger. The alliance would be flexible and nimble, allowing the universities to move quickly to create productive partnerships that improve their ability to serve the region and state. A steering committee would guide the alliance as the universities build on the success of existing joint projects, such as the Collaborative Life Sciences Building, Joint MBA in Healthcare Management, and Master of Public Health.

By contrast, a full merger might be attractive on the surface, but on closer examination has the potential to divert resources and attention from the core missions of PSU and OHSU. Merging the two universities would require a significant upfront investment of money and time to combine divergent goals, cultures, perspectives, and governance and fiscal systems. Given the current financial circumstances facing the state, it seems unlikely such an investment is possible. Even if it were, the Task Force questions whether it is appropriate to invest the state’s limited funds in pursuing a hard, structural merger when a better and more cost-effective alternative is available.

Collaborations between comprehensive universities and health science universities, such as PSU and OHSU, are most successful when they arise from mission-complementary partnerships that develop close, collegial growth strategies rather than a hostile takeover where a winner takes all, according to Martin and Samels. OHSU and PSU have already demonstrated their willingness and ability to work
together closely and voluntarily on a number of partnerships. The Task Force process has fostered even
closer relationships and more collaboration between the two institutions that would likely proceed even
without a more formal alliance. Regardless, the Task Force recommends that a formal alliance be formed
as a way to make certain appropriate collaborations move forward.

Forming a strategic alliance would give OHSU and PSU equal footing in creating partnerships while
keeping their administrative and financial operations largely separate and avoiding the distraction and
disruption of an attempted merger. A joint steering committee would ensure measurable results and keep
the parties focused, on task, and on time. Because the Task Force has embedded these best practices in
their recommendations, there is no need for a more disruptive merger or consolidation. In fact, given the
divergent cultures of OHSU and PSU and their differing decision-making processes and administrative
procedures, the case for mission-complementary partnerships is even more compelling.

IV. OHSU/PSU Collaboration Success Stories

The pace of collaboration between OHSU and PSU has picked up in the past decade with a number of
major initiatives that could be models for future joint educational and research ventures. For the most
part, these projects have grown out of the shared interests and goals of faculty and administrators, who
have worked around bureaucratic obstacles to make them a reality. Four such exemplary projects are the
OUS/OHSU Collaborative Life Sciences Building in Portland’s South Waterfront, joint faculty appoint-
ments and research, joint graduate degrees in health-care management and public health, and a proposed
new School of Public Health.

OUS/OHSU Collaborative Life Sciences Building

The OUS/OHSU Collaborative Life Sciences Building is the first of its kind in Oregon and considered
a model for future educational and research collaborations in the state. PSU’s parent agency, the Oregon
University System, partnered with OHSU to finance and build the new state-of-the-art, sustainable
facility, on 20 acres of undeveloped riverfront property in Portland’s South Waterfront, easily acces-
sible from PSU and OHSU by streetcar, buses and an aerial tram. Expected to open in 2013-14, the
279,000-square-foot complex will be home to education and research in biosciences and medical, dental,
pharmacy, nursing and other programs from PSU, OHSU, and Oregon State University. The project
aims to expand the health-care workforce and life sciences and biomedical research to stimulate economic
development and attract and promote private partnerships.

A collaborative project of this size is difficult, because each institution operates separately and differently.
However, the project proves that those obstacles can be overcome with strong leadership and commit-
ment to the project’s goals. OUS and OHSU are considered equal partners in the project, which will be
paid for with $110 million in state bonds to be repaid by the institutions, a $40 million private donation
to OHSU, and $10 million from TriMet for a light-rail project. OHSU is providing the land. During
construction, PSU will act as the fiscal agent and contracting authority and OHSU as the primary con-
struction manager. Success will mean a major step forward in forming long-term partnerships that will
have a significant payoff for Oregonians.
Joint faculty and research

OHSU’s Advanced Imaging Research Center, created nine years ago, has grown into an internationally competitive center for research in imaging science, bringing in about $3.5 million in federal grants this year. PSU’s chemistry department also has been growing at a fast pace, with outside research funding increasing from about $500,000 to $4.5 million in the past five years.

When the imaging center needed a chemist to develop the next generation of contrast agents two years ago, it asked PSU’s chemists for help with hiring. In interviews, the top candidates said they wanted to be affiliated with a larger university’s chemistry department with access to graduate students and research colleagues, as well as access to OHSU’s state-of-the-art imaging facility. Because OHSU lacks a chemistry department and chemistry graduate students, PSU saw an opportunity to fill its need for an inorganic chemistry professor and researcher. The two institutions pooled their resources and worked together to create a joint appointment with a competitive salary and start-up package. The professor now divides his time between OHSU and PSU and is considered a vibrant and productive faculty member who makes significant contributions to both institutions.

There were many administrative hurdles to this appointment, however. A strategic alliance would smooth the path to joint appointments and encourage more departments to initiate them. For instance, PSU’s Chemistry Department plans to relocate to the OUS/OHSU Collaborative Life Sciences Building, where the faculty hopes to create more joint appointments with OHSU. Other possible areas of partnership expansion include parasitology, cancer, toxicity, and biomedical engineering.

Joint MBA in Healthcare Management

In 2009, OHSU and PSU teamed up to start the Joint MBA in Healthcare Management Program to help fill a growing need for health-care managers with graduate-level business degrees. The three-year program is an additional option to PSU’s long-standing graduate health management programs in the College of Urban and Public Affairs: the Master of Public Administration in Health Administration and the Master of Public Health in Health Management and Policy (part of the collaborative Oregon Master of Public Health program). The new Joint MBA combines OHSU’s strength in the health-care industry with PSU’s comprehensive School of Business Administration to train busy professionals with a blend of online and on-campus instruction. The goal of both institutions is to prepare leaders for the rapidly changing health-care system.

Although the program has to follow the different rules of each institution, the faculty and administrators work well together and there have been no serious conflicts. The provosts for both schools were committed to the program and have cleared obstacles to make it happen.

Public Health

OHSU and PSU have worked together in the field of public health since 1994, when they, along with Oregon State University, started offering the Oregon MPH program to fill the need for new policy, research and education leaders and practitioners in public health. The program’s 320 graduate students enroll in a home university and can take courses toward their degrees on all three campuses, each with its own specialty. The collaboration allows students to benefit from a rich and deep range of courses, faculty, and research opportunities.
OHSU and PSU are investigating how to serve the growing public health needs of the urban and metropolitan regions of the state by expanding public health education and research. They are pursuing a new School of Public Health that would allow the universities to qualify for more research funding as demand grows for leaders in the fields of health policy and health services research. The complexity of health services in the United States calls for a workforce with skills in research, planning, analysis, and evaluation to help confront America’s most pressing health problems. Enhanced capacity to respond to the public health needs of Oregon will position the universities to provide expanded workforce development and engage in relevant scholarly activities that advance solutions to public health issues.

V. Top Subcommittee Recommendations

RESEARCH

The Research Subcommittee, chaired by Dr. Dan Dorsa, Vice President for Research at Oregon Health and Science University, was charged with examining the potential for partnership between OHSU and PSU in the research sciences. Before recommending potential collaborative research opportunities between the two institutions, the subcommittee first identified existing partnerships. To understand these existing partnerships, it is important to first appreciate some background about each research institution.

OHSU’s research mission is deeply ingrained in the culture of the university. Its research searches for new cures, new standards of care, and a better understanding of health and the biomedical sciences. OHSU researchers engage in new basic, clinical, and applied research, including environmental and biomedical engineering and information sciences. Most of its funding comes from federal grants, primarily from the National Institutes of Health (NIH). In 2010, OHSU earned $392 million in research awards.

PSU’s research mission builds upon its educational mission. As an institution it strives to conduct “research and community service that support a high quality educational environment and reflect issues important to the region.” While a large portion of PSU’s research funding also comes from federal grants (76% in 2009), a comparatively small portion of those federal funds (30%) comes from the Department of Health and Human Services, which awards all NIH grants. PSU has a long tradition of research in the social sciences, but has recently encouraged significant growth in research associated with the natural sciences as well as engineering and computer science. PSU’s research program is growing rapidly; it has doubled its grant awards in the last ten years. In 2010, research grant awards totaled $58 million. PSU’s goal is to grow its research funding to $100 million by 2017.

The subcommittee identified four general areas of existing partnerships: joint appointments, structural partnerships, subcontracts, and the management of specialized equipment. The subcommittee discussed three forms of structural partnerships currently supporting scientific research in Oregon. Notable structural partnerships include the Oregon Nanoscience and Microtechnologies Institute (ONAMI) and the Oregon Translation Research and Drug Development Institute (OTRADI). Currently OHSU subcontracts $2.1 million in research activities per year to PSU. Conversely, PSU subcontracts $500,000 each year to OHSU.
Much of the subcommittee’s conversation focused on potential collaboration in research between the two entities. In each case, some consideration was given to what structure would best support these collaborations. Many of the proposed collaborations could be achieved with a formalized partnership short of a merger with less cost to the state and the institutions.

OHSU has been exploring the possibility of forming a research non-profit entity outside of the larger institution and including another institution, such as PSU in that entity. Dr. Dorsa has given a presentation on this material to PSU and an abbreviated interview and presentation to Oregon State University and University of Oregon. To date, PSU has shown the most interest, and has hired the same consulting company to look at the viability of PSU making the transition as well. Until the evaluations currently underway by both institutions are complete, it is difficult to predict the benefits and risks to the institutions and the region.

The subcommittee recommended the following steps, to be completed by July 1, 2011:

1) Complete exploration of research nonprofit model at both institutions to determine if collaboration will be mutually beneficial.

2) Create a structured forum for communications between the two institutions to generate more opportunities for collaboration and overcome barriers in both the administrative and programmatic/scientific arenas.

3) Fully explore the opportunities afforded by shared research and academic space in the OUS/OHSU Collaborative Life Sciences Building to synergistically build the research portfolios of both institutions.

4) Jointly coordinate shared instrumentation such as imaging (MRI) tools, electron microscopy and mass spectrometers. Also coordinate core research resources such as super computers and entrepreneurial support to reduce cost and improve efficiency.

ACADEMIC

The academic subcommittee, co-chaired by David Robinson, OHSU’s interim provost, and Roy Koch, provost at PSU, was charged with evaluating the potential for additional academic collaborations between PSU and OHSU and assessing how the opportunities match unmet educational needs in the Portland area and the state. As articulated by the two provosts, while the missions of the two institutions are significantly different, they share a fundamental academic mission to strive for the best education for their students. A frank and open discussion about the environmental similarities and differences between the two institutions helped subcommittee members begin to identify where there might be natural relationships between the two institutions.

The subcommittee gathered background on faculty culture and work environment at a joint meeting held by the Faculty Senate leadership of both institutions. The student representatives of the subcommittee presented ideas and concerns about future collaborative opportunities. The committee also heard a presentation from WorkSource Oregon about community workforce needs. Findings from that presentation
showed that 12 of the top 20 high-wage/high-demand jobs through 2018 are health-related occupations. This statistic does not include administrative or managerial occupations within a health-care setting. The data illuminated the need for new workforce members to have basic science skills and projected high demand for health-care professionals, especially in allied health professions. Based on these discussions, the subcommittee recommends the following priorities in pursuing academic alliances between OHSU and PSU.

**School of Public Health:** Examine the feasibility of forming one or more Schools of Public Health. The presidents of OHSU, PSU, and OSU asked the provosts to form a task force to examine this possibility. The overriding concern in the analysis was how best to serve the public health needs of the state, within realistic institutional and accreditation constraints. The task force provided a report of their findings to the presidents of each institution on September 30, 2010, outlining the feasibility of the various possibilities. That report is being reviewed and next steps are being developed.

**Allied Health Programs:** Establish a task force to investigate the feasibility of establishing joint programs in various allied health fields such as physical therapy, occupational therapy, respiratory therapy, audiology, speech pathology, and clinical laboratory sciences, taking advantage of new shared space in the Collaborative Life Sciences Building whenever possible. The task force will be charged with delivering a report to the provosts at OHSU and PSU by December 31, 2010.

**Joint Academic Appointments:** Convene a combined working group of deans to discuss the opportunities and challenges of establishing an ongoing process of joint faculty recruitment and appointment to facilitate effective collaboration. The working group will deliver a report to the provosts of OHSU and PSU by June 30, 2011.

**Bioinformatics/Health Informatics:** Establish a task force to determine the feasibility of offering an undergraduate minor and potentially a major in informatics, bioinformatics and health informatics at Portland State by leveraging the existing faculty expertise at both OHSU and PSU. The task force should also look at possible ways to promote the increased flow of students into informatics fields at the master’s and Ph.D. levels. The task force will be charged with delivering a report to the provosts at OHSU and PSU by March 31, 2011.

**Enhancing Existing or Developing New Programs in the Basic Sciences and Engineering:** Establish a task force to leverage the expertise of both faculties to reduce duplication of course material, strengthen the curricula of existing programs by creating new courses or course content, and create new programs to meet the workforce needs of the state. The task force will be charged with delivering a report to the provosts at OHSU and PSU by June 30, 2011.

**Pipeline to Careers in Science:** Establish regular meetings between K-12 science educational outreach programs at OHSU and PSU to provide a more coordinated approach through collaboration and the sharing of ideas. Those involved will investigate methods for expanding the pipeline of students who are both interested and prepared to successfully pursue careers in health care and health sciences. A special emphasis will be placed on outreach to under-represented minorities and children from under-served communities by also involving the diversity programs from each institution. Quarterly reports of activities and proposed new initiatives should be presented to the provosts at OHSU and PSU to help them
monitor progress in this area. The provosts at OHSU and PSU will deliver a report to the presidents on what has been achieved by June 20, 2011.

**Academic Administration:** The provosts will identify key members from their Academic Affairs staff to examine the administrative issues that have been identified as potentially complicating the establishment of closer collaborations between the two institutions. These include, but are not limited to: alignment of academic calendars; tuition differences and sharing of tuition for joint courses and programs; transfer of credits; transfer of work hours for faculty; and differences in student information systems, financial aid systems and learning management platforms. Individuals will also be selected to explore the establishment of closer collaboration in the areas of academic and student support and faculty development, and how fundamental differences in faculty culture and life in the two institutions might be managed to promote more collaboration. These activities will be ongoing, but the provosts will be expected to give a progress report to the presidents by June 30, 2011.

**ADministrATiOn**

The Administrative Subcommittee, chaired by PSU Vice President Lindsay Desrochers, discussed all current administrative collaborations and identified additional areas suitable for future partnerships. The subcommittee developed the following list of recommendations, grouped by status and in order of priority.

**Active Projects**

**OUS/OHSU Collaborative Life Sciences Building**

The Collaborative Life Sciences Building should be operational in 2013-2014. Located in OHSU’s South Waterfront development, this state-of-the-art facility will provide OHSU, PSU, and Oregon State with 279,000 square feet of collaborative instruction and research facilities with shared lecture halls, classrooms, labs, specialty research areas, and offices for instruction in the health professions, undergraduate, and graduate education.

The Administrative Subcommittee suggests the Collaborative Life Sciences Building is a perfect model for future collaborations between OUS institutions and OHSU. The project is overseen by a Steering Committee made up of representatives from each of the campus stakeholders. This body is responsible for project timeline and delivery, scope articulation, and budget oversight. A Program Committee, made up of representatives from each project campus partner, manages the programmatic elements of the project.

**University Place**

In 2004, Portland State purchased the Double Tree Hotel (now University Place Hotel) at the corner of Southwest Fourth Avenue and Lincoln Street. The location and amenities of this facility make it a perfect venue to satisfy OHSU’s need for short term, temporary housing for patients and their families. Currently, these patients are forced to rent expensive hotel/motel accommodations to meet this need. Since most of OHSU’s facilities are removed from the downtown proper, this is inconvenient for their patients and families. In addition, PSU is working with OHSU to develop a wing of University Place as a
“medical hotel” space that will allow for 24/7 accommodation of patients and families in a more family-friendly and affordable environment than a working hospital.

**Analysis Underway**

**Research Corporation**

Were the two institutions to merge research operations, the joint OHSU/PSU research portfolio would be in excess of $450 million per annum. The Administrative Subcommittee is analyzing this idea because an expansion on this scale would have budget and administrative implications for the management of indirect costs within university budgets, human resource requirements, facility management issues, research accounting procedures, labor relations, and a host of other administrative functions.

**Information Technology**

OHSU and PSU have been collaborating in the area of information technology for some time now, particularly in shared purchasing for networking and telecom equipment. There are several other information technology areas both institutions are analyzing further; for example: shared contracting with the Banner purveyor, Sungard; expanded use of the Oregon Health Network, which provides high quality, live, point-to-point video conferencing throughout the state; disaster recovery and redundancy in the form of shared secure storage space for backup files; and cloud computing (also known as Internet-based computing) whereby shared resources, software and information are provided to computers and other devices on-demand – like the electricity grid.

**Purchasing and Contracting**

PSU and OHSU are two of the largest contractors and purchasers in the Metro region. Although OHSU’s medical supply requirements differentiate its needs from PSU’s, the two institutions make many routine purchases and contract for services that are common to both. Because the two institutions have different fiscal relationships to the state, they operate in separate regulatory environments and are subject to a different set of purchasing and contracting rules. Further analysis will be undertaken to determine what regulatory and statutory changes are needed to ensure PSU and OHSU have the flexibility necessary to enter into collaborative contracting and purchasing agreements.

**Analysis Planned**

**Facilities Planning**

The Collaborative Life Sciences Building represents a major new set of programmatic linkages between OHSU and PSU. This collaboration will also be the first time these two campuses have shared in the developmental planning and management of a capital project. Analysis of lessons learned from this experience could lead to future shared activities in the areas of facilities planning, construction, and management.

**Health-Care Delivery**

As a member of the state’s Public Employees Benefit Board system, PSU has no special arrangement with OHSU as a health services provider. However, OHSU’s employee plan may provide an important additional option to PSU employees; thus serious analysis should be undertaken to assess this possibility.
At PSU, student fees include a charge for basic health insurance for all students. A more comprehensive, non-mandatory plan is available, however its cost is increasing rapidly, to the point where it is becoming prohibitively expensive for many PSU students. OHSU has mandatory health insurance for all of its students. The committee would like to analyze the feasibility of combining the two student insurance programs into one, thereby benefiting from the economies of scale. If this proves impossible or imprudent, another option is to have OHSU students use the much larger PSU clinic for routine procedures and basic medical and dental needs.

Campus Public Safety

Both campuses have been undergoing an evaluation of their public safety needs, services, and capacity. Based on preliminary analysis, the most useful collaborations in this service area would be in dispatch. A shared dispatch unit would create savings for both institutions. In addition to dispatch, the other areas for consideration in Campus Public Safety are: contracting for training, administrative support, emergency management, and even the possibility of a shared State Police precinct located between the two campuses. A challenge to all of these ideas could be incompatibilities resulting from the two institutions having different enabling legislation. Further analysis is needed to determine whether the Oregon Revised Statutes that govern the two institutions hinder them from collaborating in this critical area.

Sustainability and “Greening the Campus”

In addition to its academic and research programs, as a signatory to the American College & University Presidents Climate Commitment, PSU is undergoing its first comprehensive environmental planning process. Phase One sets goals and strategies for all parts of campus operations related to climate mitigation (energy, buildings, commuting, travel, and materials). Phase Two will include goals and strategies related to storm water, potable water, habitat, and toxics reduction. Further analysis of the information generated by this planning process could identify processes and practices that are transferable to the OHSU’s environment.

Wellness Program

Wellness as a service is diversified throughout both campuses. Student Health Centers, Student Recreation, Student Affairs, Human Resources, and Campus Ministries all provide services in this area. Given the decentralized nature of this service area, it may be difficult to find specific administrative areas in which to collaborate; however, at the very least the two institutions plan to analyze and share best practices in this area.

For Further Discussion

Student Housing

PSU has ambitious plans to eventually house 25 percent of its students in campus housing. At OHSU, on the other hand, student housing is not provided directly to students. Since PSU has expertise in Student Housing and OHSU has demand, this area is ripe for collaboration. However, any collaboration in this area would need to address the needs of varied student populations at OHSU and PSU. That said, there is considerable interest in working together in this area in the future.
Transportation

Although this is an area in which there appears to be no need for collaboration – at this time – there are several areas that warrant further discussion in the future, such as: shared Transportation Demand Management (also known as alternative transportation planning) for the new Life Sciences Building; shared bike storage; and possible co-management of parking for the new Life Sciences Building (depending on the structure of the facility management deal).

Child Care

PSU has long waiting lists for its child-care facilities and is planning to expand in this area. If it is able to increase its overall child-care capacity (in particular for drop-in services), it might be able to make some slots available for OHSU students and employees. A more likely possibility – given OHSU’s recent commitment to the Children’s Creative Learning Center – is to collaborate in the more distant future, if the service demand increases to the point where it makes sense for the two institutions to collaborate on a shared facility or program at that time.

VI. Conclusion

A strong strategic alliance would enhance partnerships and foster deeper links between OHSU and PSU to improve higher education and stimulate the economy in Oregon. To launch and sustain a successful alliance, the universities need support from faculty, staff, and students at both universities, as well as city and state leaders.

The first step would be to form a Steering Committee made up of representatives from both universities and the community that would oversee and guide the alliance to make sure it meets its goals. The Steering Committee would establish indicators of success with milestones in a matrix of proposed partnership initiatives and corresponding time frames for completion. In addition, university leaders would identify staff members who are responsible for removing any administrative and academic barriers to establishing closer collaborations between the two institutions. The Oregon Legislature can help make the alliance strong and productive by granting PSU more flexibility in its operations, allowing it to become as nimble as OHSU in forming new partnerships.

Given Oregon’s budget projections, the Task Force understands that a significant investment from the state could be difficult during the 2011-13 biennium. The initial cost of forming a strategic alliance would be less than a merger because it would not require a complete restructuring of both universities. The initial investment for staffing, facilities, and new projects would come primarily from existing resources within the universities. It is difficult to determine the precise cost of starting a strategic alliance, but it should be modest because it primarily relies on existing staffing and governance structures. Supplemental funding might be necessary in the future to start major collaborative projects, such as the proposed joint School of Public Health. However, revenue from new research opportunities and enrollment growth and savings from non-duplication of programs and services may help offset any additional costs in the long term.
As noted by Dr. Samels and Dr. Martin, the best strategic alliances create demand by generating new revenue streams beyond state appropriations and tuition and fees. Typically, such external support comes from gifts, grants, contracts, and intellectual property revenues. The potential additional revenue would help OHSU and PSU ramp up collaborative research and expand joint educational opportunities in high-demand career tracks such as health care. A highly educated workforce combined with more research innovation could help the Portland region and Oregon attract and retain more businesses and industries that create new, sustainable, well-paying jobs and add to the metropolitan and statewide revenue base.

The OHSU/PSU Strategic Partnership Task Force has made significant progress toward the goal of creating a tighter partnership between the two universities. Task Force discussions have strengthened the spirit of collaboration at OHSU and PSU and set the stage for the formation of the proposed strategic alliance. The alliance would help bridge the gap between the academic health sciences center and the urban university, enhancing educational offerings for Oregonians, bringing in more research and other revenue, and boosting the national reputation of both institutions, without the major upfront investment required by a structural merger.

The Task Force urges Presidents Robertson and Wiewel to take the following actions immediately and continue to pursue other recommendations in this report.

1) Develop an OHSU/PSU strategic alliance with a clear business model to encourage, facilitate, and monitor future collaboration between the two universities and track progress.

2) Form a steering committee made up of representatives of both universities and the community to oversee and guide the alliance.

3) Pursue the formation of a new collaborative School of Public Health.

4) Fully explore the creation of a joint non-profit research consortium to form a joint OHSU/PSU research portfolio of more than $450 million per year.

5) Expand academic collaboration and programs in the fields of allied health, bioinformatics, basic science, and engineering, using the new Collaborative Life Sciences Building as a platform.

6) Remove administrative barriers and smooth the path to creating new partnerships and establishing closer collaborations between the two institutions and faculty. For instance, create a model for handling student tuition disparities, transfer of credits, registration, faculty salary adjustments, and joint faculty credentialing.

7) Coordinate K-12 science education outreach programs to expand the pipeline of students who are prepared to pursue careers in health care and health sciences. Place a special emphasis on outreach to under-represented minorities and children in under-served communities.

8) Support additional operational flexibility for PSU, making it possible for the two universities to form partnerships more easily in areas such as health-care delivery and public safety.
VII. Appendix

**OHSU/PSU Strategic Partnership Task Force Members**

**Portland State University**
- Dave Yaden, Member of the Oregon Board of Higher Education
- Lindsay Desrochers, Vice President for Finance and Administration
- Roy Koch, Provost
- Bill Feyerherm, Vice Provost, Research and Graduate Studies
- Sherril Gelmon, Faculty Senate
- Sean Green, Student Representative
- Marc Nisenfeld, SEIU Representative
- Jonathan Kenji Uto, AAUP Representative
- Margie McCue, AFT Representative

**Oregon Health & Science University**
- Charles Wilhoite, Board Member
- David Robinson, Interim Provost
- Dan Dorsa, Vice President, Research
- Irene Barhyte, Chief Financial Officer
- Charles Allen, Faculty Senate
- Peter Rapp, Health System Representative
- Rachel Pilliod, Student Representative
- Jaimie Sorenson, AFSCME Representative
- Harold Fleshman, ONA Representative

**Community Members**
- Tom Imeson, Port of Portland
- Ryan Deckert, Oregon Business Association
- Malia Wasson, US Bank
- John Miner, Pivotal Investments

**Staff to Task Force and Subcommittees**
- Lois Davis, PSU Chief of Staff
- Suzy Funkhouser, OHSU Government Relations
- Ryan Fisher, NW Public Affairs
- Alisa Dunlap, OHSU Government Affairs
- Rachel Martinez, PSU President’s Office
- Suzanne Pardington, PSU Communications
- Mark Wubbold, PSU Finance & Administration

**OHSU/PSU Strategic Partnership Task Force Subcommittees**

**Research**
- Dan Dorsa, Chair
- Dave Yaden
- Bill Feyerherm
- Charles Wilhoite
- John Miner

**Academic**
- David Robinson, Co-chair
- Roy Koch, Co-chair
- Sherril Gelmon
- Sean Green
- Jonathan Kenji Uto
- Margi McCue
- Charles Allen
- Rachel Pilliod
- Ryan Deckert

**Administrative**
- Lindsay Desrochers, Chair
- Marc Nisenfeld
- Irene Barhyte
- Peter Rapp
- Harold Fleshman
- Jaimie Sorenson
- Malia Wasson
**Key Criteria**

Samels and Martin provided the Task Force this list of key criteria to consider in their discussions of whether to merge or deepen their collaboration.

1. Impact on academic ranking and reputation
2. Mission complimentarity
3. Shared vision
4. Mutual trust and respect – personal and professional
5. Mutual profitability – surplus – cross subsidization
6. Positive impact on fundraising and friend-raising
7. Positive impact on primary stakeholders – students, faculty, staff, alumni, trustees, business and civic leaders, executive and legislative branch, benefactors and advocates
8. Positive impact on statewide and metropolitan Portland economies
9. Strengthening medical and health science educational resources, programs, facilities, technologies and discovery research
10. Avoidance of brand confusion
11. Sustainable, synergistic, value-added post partnership results
12. Institutional buy in and pride of ownership
13. Harmonious integration of campus cultures
14. Effectuating economies of scale and efficiencies in operation
15. Opportunities for non-duplication of programs
16. Expanded community of scholars
17. Geographic proximity
18. New competitive advantage – increased market share
19. Increased autonomy
20. Elevated visibility
Articles by Dr. James Martin and Dr. James Samels of the Education Alliance

- New Jersey *Star Ledger*, “The pitfalls of a higher ed mergers” – Samels, November 14, 2002
- The *Chronicle of Higher Education*, May 17, 2002 – “We Were Wrong: Try Partnerships, Not Mergers” – Martin & Samels
- The *Chronicle of Higher Education*, November 1, 1989 – “College Mergers Have Become Creative, Effective Means of Achieving Excellence and Articulating New Missions” – Martin & Samels
Charter University: A New Paradigm

The capitalist model for American academics is overcoming its beginnings as a challenged idea.

By James Martin and James E. Samels

It has now been nearly 15 years since the first public policy debates emerged surrounding the invention of charter colleges or universities.

Few higher ed insiders took these charter proposals seriously when they were first introduced. After all, the only credible organizations that were pushing charters were like-minded, conservative think-tank organizations (Pioneer Institute, Empire Foundation, et al.), as well as a few private businessmen who yearned for an opportunity to run institutions of higher learning "like their businesses."

Some observers soon recognized, however, that colleges and universities could be operated in a more businesslike fashion—empowered through fiscal and managerial autonomy and lured by public funding incentives in exchange for increased academic productivity and improved student performance.

Early on in the national charter conversation, public faculty unions successfully opposed the proliferation of charter college and university proposals based on prognostications of academic quality erosion, the creation of academic sweatshops, and the dire consequences of operating under the radar of public accountability.

Lost in the din of political static is a new wave of public expectation for doing more with less in public higher education that has rekindled the charter debate. As the middle class feels increasingly squeezed out of private higher learning options, the charter concept is likely to have increasing appeal in the court of public opinion.

As the middle class feels increasingly squeezed out of private higher learning options, the charter concept is likely to have increasing appeal in the court of public opinion. By agreeing to a predictable lump-sum state appropriation in consideration for broader autonomy, St. Mary's was able to increase both friend-raising and fundraising, improve student academic performance (higher conversion yield, retention, persistence, and program completion rates), and, impressively, increase its academic ranking, reputation, and ability to attract a well-credentialed liberal arts faculty and a better academically prepared student body.

While opponents to the original charter proposal predicted catastrophic implications—increased tuition pricing and loss of tenure—history has proven these concerns largely unfounded. Indeed, even though St. Mary's tuition increased significantly, increased external funding was reinvested in need-based financial aid, producing a more selective market position and a more diverse admissions pool.

OPTING OUT OF THE CHARTER DEBATE

For all of the apparent advantages to charter colleges and universities, many institutions remain on the sidelines of the debate out of concern that charter schools will drain the precious talents and resources from multicampus systems—creating an imbalance in favor of a few select institutions. On the other side of the fence stands a growing chorus of voices within the business community, people who recognize the upside of deploying a risk-and-reward system of targeted incentives.

Over time, the charter college and university movement has spread to a wide array of specialty institutions—like Colorado School of Mines and Massachusetts College of Art. There are even charter colleges of education—like the ones at California State University, Los Angeles and Berry College (Ga.).

For those who remain skeptical about the sustainability of the charter college and university movement, they need look no further than the most recent enactment by

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the Virginia Legislature, which designated charter status for UVA, Virginia Tech, and one of the nation's oldest and most venerable institutions, The College of William and Mary.

Clearly, charter college and university status is not for the faint of heart. In point of fact, the charter process is designed to place institutions in an open, competitive market position, relying on their intuitive wits to anticipate change and reinvent themselves in a highly fickle student consumer market.

Like the proactive mice-like creatures in Spencer Johnson's business epic Who Moved My Cheese?, charter colleges and universities that anticipate the winds of inevitable change in higher education will succeed as national role models—spurring peak performance from both public and private institutional peers.

### SPOTTING A CHARTER PROPOSAL

Recognizing a charter proposal as such can be a challenge because proponents may call the idea by another name. Here are some ways to sort it all out:

- **Know the likeliest candidates.** In most cases the charter institution will not be the venerable land-grant research university. It is more likely the proposal will focus on a small specialty institution—the kind of entrepreneurial college or university that needs to distinguish itself from other public campuses within the same statewide system.
- **Understand the concept.** The charter concept revolves around a set of covenants between a public institution and the state. The flexibility and latitude to establish new programs in response to fast-shifting demographic, educational-attainment, and career-preparation trends lies at the heart of the concept. In the purest form, charter colleges and universities must balance autonomy, nimbleness, and accountability.
- **Look for autonomy.** In virtually all cases, the charter institution has authority to set its own tuition and fees as well as retain both tuition and non-tuition revenues streams for future reinvestment. Similarly, most charter colleges and universities aim to enjoy a full measure of autonomy in budgetary, personnel, and administrative matters, including procurement, capital outlay financing, and construction.
The pitfalls of a higher ed merger

BY JAMES E. SAMELS

As a higher education consultant, I am regularly reminded that the "man on the street" is not familiar with the complexities of higher education reorganizations, much less the potential impact of the recent recommendations issued by the Governor's Commission on Health Science, Education and Training. Nor should he be. Indeed, the responsibility to provide compelling explanations for such far-reaching initiatives properly lies with policymakers. This is important to remember as state executives and lawmakers consider the pros and cons of the proposed restructuring of New Jersey higher education. After all, the average New Jerseyan wants to catch the highlights reading The Star-Ledger over a latte on his way to work.

To the public, the commission's deliberations moved quickly from a commissioned evaluation of health sciences education to an access-to-board reinvention of such venerable institutions as Rutgers University, New Jersey Institute of Technology and the University of Medicine and Dentistry of New Jersey. (The panel's report calls for merging the three institutions into a new system that would have universities in Newark, New Brunswick and Camden.)

The pace of the proposed changes alone could cause panic.

The architects and implementers of this new vision of New Jersey higher education must recognize that major change is not without risk. Special consideration must be given to "big picture" items that could scuttle the whole scheme.

Now it is essential for those state officials to step back, think and offer carefully studied opinions on the "whys" and "hows" of this ambitious undertaking. In the court of public opinion, decision makers have every right to make informed, probing inquiries - tough questions not meant to derail or detract but to focus and refine the process.

What follows, therefore, is a layman's guide to several possible pitfalls that must be considered and may be avoided before the proposed reorganization is implemented.

Pitfall 1: Replacing three bureaucracies with one larger one often generates significant costs.

Most folks think that consolidating three bureaucracies into one would be a more efficient, cost-effective system. After all, mergers of banks, hospitals and insurance corporations generally boost stock prices and investor confidence.

Unfortunately, in the near term, the public needs to know that mergers and consolidations cost money and, in some cases, are cost prohibitive. That's what experts in Texas concluded months ago, when considering a similar restructuring through the merger of a stand-alone health sciences university and traditional land-grant state university. Recently, Texas concluded that a statutory reorganization would hurt both institutions, hindering their ability to attract external funding while sapping precious resources.

However, you measure excellence and affordability, profound costs could result if the proposed reorganization is not carefully planned and flawlessly executed.

Pitfall 2: Governance that limits fiscal autonomy limits future growth and prestige.

Increasingly, public higher education systems nationwide are consolidating - in fact, encouraging - the entrepreneurial zeal and fiscal autonomy of their health sciences institutions. Even medical schools attached to traditional land-grant institutions and large multi-campus, statewide systems function as quasi-autonomous organizations that are able to set and achieve their own agendas without bureaucratic constraints.

Take Oregon Health Sciences University. Twenty-one years after the institution's original charter, the Oregon Legislature increased the university's autonomy, transforming the institution from a state agency into a public corporation with streamlined governance and plenary fiscal, personnel and legal powers.

Since then, the university has enjoyed a spectacular track record for attracting external funding. In the coming days of level funding at best - worse yet, revenue shortfalls - any opportunity to reduce, rather than increase, institutional reliance on state-appropriated funds should be encouraged.

Pitfall 3: Economic and work force development implications.

With power go jobs - the power to hire, fire, allocate and redeploy the higher education and allied work force. It is not unreasonable for the communities that host Rutgers, NJIT, and UMDNJ to ask pointedly self-interested questions about job distribution, attrition and possible retrainings.

State officials should ask whether the possible benefits of the proposed consolidation are worth the risk of stunting the growth of the existing institutions. And whether New Jersey would be better off if it simply launched a coordinated economic and work force development initiative that draws on the unique resources of Rutgers, NJIT and UMDNJ.

Better still, how about reinventing the statewide higher education system by recharting the missions and interrelationships of these institutions - and possibly others - as the "Colleges and Universities of New Jersey" - a new public higher education charter that preserves the unique mission, independence and ingenuity of each while expanding their shared vision - a vision of pursuing partnerships that create jobs, foster growth and capture big-time research dollars?

Despite the shift in focus from health sciences to a system-wide shake-up, the thoughtful and creative contributions of the commission were far from a waste of time. Instead, the commission's recommendations signal the need for state lawmakers to spend time and thought carefully evaluating available options and assessing their implications for future generations.

New Jersey deserves nothing less.

James E. Samels is the chief executive officer of the Education Alliance, a higher education consulting firm specializing in mergers and reorganizations. Samels is also the co-author of "Merging Colleges for Mutual Growth" (Johns Hopkins University Press, 1984) and "First Among Equals: The Role of the Chief Academic Officer" (Johns Hopkins, 1997).
We Were Wrong; Try Partnerships, Not Mergers

By James Martin and James E. Samels

Throughout the recent economic downturn, people both within and outside higher education have predicted that more mergers between institutions will occur. The Chronicle, in fact, published a cover story (March 23, 2001) projecting an acceleration in mergers across the nation.

But while such projections are understandable, they are misguided. Certainly, many small colleges and a significant number of larger universities will talk the talk of merger, but few will walk the walk. Instead, they will engage in what we call "partnering without tears," or strategic alliances.

We base that conclusion on more than 20 years of studying and consulting on college and university mergers. In 1994, we wrote a book on the topic, Merging Colleges for Mission Growth: A New Strategy for Academic Managers (John Hopkins University Press). At that point, we, too, believed that college after college would merge with others to save money, share resources, and enhance their educational missions—and that we were well on the way to a universe of mega-institutions.

But what actually happened? Few mergers occurred. National and regional databases, such as the annual Higher Education Directory, record only about six or eight mergers each year. Otherwise, it appeared as if we had predicted a partnership and no one was coming. We continued to consult and write about the new and interesting relationships emerging between parent and pair of colleges; the book continued to sell and was republished in 2001. But the signs were clear: We had to dig deeper.

We listened politely to yet another hopeful college administrator talk about how he or she wanted to find a partner and "build something new that we could never build by ourselves"—but, no, "our Board would never let us actually merge with them." Then the echo of recognition took hold: American higher education is not moving toward more mergers. Rather, we guessed, that, over the coming decade, strategic alliances will outpace mergers by at least 10 to 1.

What is a strategic alliance? Unlike a merger, which is static and irreversible, a strategic alliance is a fluid, temporary, focused set of understandings and covenants between two or more complementary learning institutions or organizations, or a learning institution and a business organization.

Such agreements and affiliations can preserve the distinct missions and identities of both institutions while combining their respective strengths to take advantage of market opportunities. Instead of merging permanently with another college or university, a higher education institution needs only to form such a partnership for the period that an educational program is effective and in high demand. When student preferences and employer demand shift, the alliance can be dissolved or reshaped.

In fact, strategic alliances offer multiple benefits. Through such affiliations, institutions can:

1. Preserve educational missions. Alliances have no need to grow outside the parameters of each partner's mission. In January, Northwestern University's Kellogg School of Management opened a joint executive M.B.A. program, for an inaugural class of 45 students, with the Schulich School of Business at Toronto's York University.

2. Strengthen and enrich fundamental objectives. Fifteen years ago, Johnson & Wales University was a small junior college, barely surviving in cramped quarters in Providence, R.I. Through a set of strategic alliances with name-brand corporations like Marriott Corporation and Legal Seafords Inc., the university has been transformed into "America's Career University." While the institution has still not divorced from its initial focus, it is now internationally recognized for its hospitality-management and culinary-arts degrees, with half a dozen campuses in the United States and Europe.

3. Maintain academic governance systems. By their nature, mergers can create significant governance problems. From differing academic cultures over all to more specific concerns—such as conflicting models of faculty rights or rules of progression for rank and seniority—governance issues can bog down a merger process from the outset.

4. Strategize alliances typically steer clear of such concerns. For example, for-profit Jones Knowledge, in Indianapolis, Ind., has formed an alliance with Sacred Heart University, in Fairfield, Conn., to provide e-learning platforms for future degree and certificate programs. There has been no friction regarding the role of Jones Knowledge in Sacred Heart's governance. It has and wants none.

Create new income streams. With surplus funds made available through partnership revenues, strategic alliances can have an immediate impact on the institutional bottom line. The Joseph L. Rotman School of Management, in Toronto, has formed an alliance with Microsoft Canada through which the Rotman school is scheduled to receive $300,000 in sponsorship, half in cash and half in software. It marks the first time that Microsoft has formed a partnership with a Canadian business school, and the funds have helped enhance Rotman's Web portal, among other initiatives.

In another instance, the Johns Hopkins University needed a way to turn a program that allows individuals to document lifelong knowledge and career growth into a system of projects that could be sold to communities to help prepare citizens to compete in the new economy. The university created an alliance with THINK Learning Solutions, a software company that works with business and government, to obtain the technology necessary to make the projects available.

Shove resources and cut costs. Enrollment reductions and other complex legal concerns can entice even the strongest mergers. For example, in some cases, covenants can place restrictions on specific scholarships and require tracking systems to ensure student eligibility—in fact, costing the institution money. Strategic alliances can avoid all that and still enhance financial stability. For instance, over the past two years, the Association of Independent Colleges and Universities of Pennsylvania coordinated a two-year contract for about 50 member institutions to purchase their electricity, achieving a combined savings of more than $3.5 million annually. Participating colleges can leave the arrangement at any point, without entangling regulations or legal ramifications. Similarly, three Chicago institutions—Columbia College, DePaul University, and Roosevelt University—will jointly own a residence hall to meet student demand yet keep costs down.

Provide new opportunities for teaching and research. The Iowa Coordinating Council for Post High School Education, a voluntary alliance of colleges and universities throughout the state, has developed an online-education partnership that lets the courses available at many of the participating institutions. As well as expanding access for students, the effort is expected to increase professional-development opportunities for faculty members.

But the outdated stereotype that "two weak links make one weak chair," mergers can, and will, still play a role in American higher education. Yet for their sometimes impressive ability to preserve and distinguish—rather than extinguish—otherwise fragile institutions, they will never dominate our increasingly fluid higher-education landscape because of their demands for control and permanence.

Meanwhile, alliances will continue to proliferate. Many different individuals—in alumni entrepreneur with a savvy, start-up company; a trusted former company president; or even a student on a field study—can introduce a college or university to untapped opportunities. Higher-education institutions should carefully and creatively nurture these opportunities or they will fly easily and immediately to some other institution or organization—perhaps a competitor.

In Europe, "soft harmonization" is a phrase currently used to describe how different member states in the European Union have begun to adopt complementary approaches to various aspects of policy making, while maintaining distinctive national and cultural characteristics. Soft harmonization also captures the spirit of strategic alliances. Colleges and universities stand to benefit greatly if they remain open and alert to such affiliations.

James Martin is a professor at Johns Hopkins University, president of the Education Alliance, a higher-education consulting firm specializing in strategic alliances and mergers. They are working on a book on presidential transitions to be published by John Hopkins University Press.

The Chronicle of Higher Education
Merger pros find easy acceptance at area colleges

by JULIE LANZA
JOURNAL STAFF

Take a stroll across any small Massachusetts college campus or sit in on a lecture and you’re not likely to hear much about internal financial planning, quality control or outcomes assessment.

But beneath the traditional academic debates and more recent clashes over multiculturalism, there is an entrepreneurial spirit awakening in higher education, according to college-merger gurus James Samels and James Martin.

The two consultants have been introducing this corporate-like lexicon to campuses since 1989, when they founded their firm, The Samels Group. They say their interest in the merger of Mount Ida College in Newton with three smaller schools—mergers they now say illustrate higher education’s proactive response to a new marketplace.

Samels has almost 20 years’ experience in higher education, including work on the merger of Boston State College with the University of Massachusetts at Boston in 1983. Martin, an ordained minister, is also the vice president for academic affairs at Mount Ida, and met Samels through their work on the college’s acquisition deals.

The first of these deals came in 1985, when Mount Ida picked up an animal science program from Newbury College in Brookline. Between then and 1989, under the leadership of its president, Bryan Carlson, Mount Ida acquired a commercial arts and design college, Chamberlayne Junior College (which brought with it another technical institute it had recently acquired), and the New England Institute of Funeral Service Education, both formerly based in Boston.

According to Carlson, Mount Ida did not have to actually purchase the schools, and the liquidation of some of their resources helped fund the building of new facilities on the Newton campus, where all programs are now based. Martin said that Mount Ida had about 850 full-time students in 1985; today it has nearly 1,500.

Exploring the possibilities

Carlson agreed the moves have been successful and added, “We continue to explore other possibilities of this type.”

John H. Duffy, a partner in charge of higher-education consulting at the Boston office of accounting firm Coopers & Lybrand, called mergers and acquisitions part of an “economic shakeout process” at some small colleges with narrow program offerings.

Duffy does not see any substantial increase in the activity, however. His firm is one of the few others toiling in this vineyard, and he says Coopers’ higher-education clients in the area number “a handful, not dozens.”

Since 1989, The Samels Group has brokered five college mergers and coordinated 10 other projects involving program transfers, affiliations or resource-sharing arrangements between institutions.

Business is growing at a rate of 20 percent a year, according to Samels. Only about one-third of clients talk mergers, acquisitions or program transfers; the rest, said Samels, are seeking advice on degree elevation and strategic planning that blends academic missions with financial realities.

Client charges, said Samels, can range anywhere from $60,000 to $100,000 for a merger, and up to $25,000 for academic master planning.

Health-care mergers

There are not exact figures available, but Martin said a conservative estimate would put the number of college mergers nationwide at 10 per year during the past five years. There have been “thousands” of smaller program transfers, he added.

Recent program acquisitions in the Boston area have focused on health-care fields, where an increasing demand for associate’s and bachelor’s degrees has forced small hospitals out of their traditional diploma-granting roles.

Three years ago a nursing program at Malden Hospital, which had been granting diplomas for nearly 100 years, found itself nearly obsolete. Beverly-based Endicott College came to the rescue.

The ensuing acquisition satisfied both parties. Endicott, according to president Richard Wylie, positioned itself well in a new and growing market. Meanwhile, Malden Hospital—and nearby Beverly
Hospital, which 12 years earlier had terminated its own nursing program—gained a pool from which to choose future staff without having to conduct costly professional recruiting.

The three cooperated on the actual costs of transfer and start-up, evenly splitting the $300,000 annual bill for the first two years. The nursing program, which began accepting new students for the fall 1990 semester, is now self-supporting (on a $500,000 budget) and filled to capacity, with 40 participants.

The partnership was so successful, said Wylie, that the three, joined by Addison-Gilbert Hospital in Gloucester, will jointly fund Endicott's launch of associate's degree programs in three related health fields.

**BU and Northeastern**

Similar successes are reported by Northeastern University, which four years ago took over Boston University's graduate nursing program. Today, with growing applications, the program is one of the bright spots in Northeastern's otherwise gloomy enrollment landscape.

Northeastern brought seven tenured nurses with doctoral degrees over from the BU program and paid $100,000 for the transfer of equipment, according to president John Curry. BU opted to give up its graduate and undergraduate programs after enrollments declined and UMass/Boston began to offer classes toward a nursing degree, said BU spokesman Kevin Carleton.

Part of the agreement between BU and Northeastern also specified that BU not return to graduate nursing for 10 years.

Not all mergers are smooth. Most often, especially with takeovers in the public sector, seniority disputes arise when staff or tenured faculty are brought over from the acquired campus. The intense wrangling associated with the folding of Boston State into UMass/Boston a decade ago is a prime example.

Another acquisition involving two state schools—the Blue Hills Technical Institute in Canton by Massasoit Community College in nearby Brockton in 1985—was spared a similar mess by the mere fact that Massasoit and Blue Hills didn't offer similar programs.

Martin and Samels said the obvious way to avoid difficulties is through early involvement of students and faculty in efforts that are usually led by trustees and administrators. But they also insist that the dreaded death-knell acquisitions are a thing of the past.

**Driven by demographics**

While Martin agreed that many consolidations are driven by volatile student demographics, troubled programs or campus downsizing, he insisted today's client is not frantic but focused on "preserving financial stability."

And that's a new twist to an older phenomenon. "You would never [in the past] get a phone call from a president or a board of trustees saying to you, 'We want to sit down and think about the next 10 years,'" Samels said.

To that end, Samels and Martin try to get campus communities to think of students as consumers. "Success" is measured more by the number of students employed in their chosen fields upon graduation than by grade point averages.

With 116 colleges and universities, Massachusetts is the logical place for his business, but Samels expects the Natick-based group to attract more clients from the West and South.

The two are working on a book on the subject, a sort of merger history and planning guide for higher education, and will be bringing their analysis of the American marketplace to a British audience when they speak to the Conference of University Administrators in Manchester, England, in April.
A CLOSER LOOK AT MERGERS

If you want to provoke resistance and suspicion among board members and chief executives, just whisper the word “merger.”

In our research on higher education mergers during the last five years, institutional leaders invariably challenged us with one of two questions. Some asked skeptically: “If this trend is as significant as you say, how many colleges and universities will disappear by the year 2000 because of mergers?” Others confronted us even more negatively: “Aren’t mergers simply corporate takeovers brought to the campus? They sound like just a clever form of asset stripping.”

Despite this cynicism and a rock-solid streak of independence, an increasing number of boards and senior leadership teams are realizing that a union with a mission-complementary partner might significantly augment their institution’s revenues and resources—and they have begun to see such a “mutual growth” merger as a practical, strategic option. In fact, the mutual-growth merger concept is one of the most aggressive strategies available to governing boards that want to diversify revenues while enhancing the quality of teaching and learning at their institution.

What is a Merger? Most of us now working on American and European campuses have never seen a “pure” higher education merger. Indeed, most never will. The Higher Education Directory reports that only 37 mergers occurred from 1988-92. This rate suggests that out of more than 3,400 institutions of postsecondary education in the United States, approximately 100 college and university mergers took place in the past ten years. (We believe these figures are extremely conservative; depending on how the term is defined, there may have been at least twice that many or more.)
But while there may have been only 100-200 pure mergers in the past decade, a surprising number of institutions have developed other structures that promote the objectives commonly associated with mergers: joint venture, resource sharing, and the enhancement of academic vision. While outside the classic definition of merger, such structures constitute a similar model of academic management adaptable to many campuses regardless of their size, mission, or reputation.

These institutional consolidations, consortia, and affiliations easily number in the thousands, possibly in the tens of thousands. Thus, even as many board members and chief executives can honestly say that mergers have not touched their campuses, they may at the same time recall a beneficial teacher-exchange program, a collaborative software-development agreement, a consortial purchase arrangement for laboratory equipment, or a joint admissions plan with a local community college or graduate school.

In other words, a trend toward merging does not necessarily mean the collapse and closure of more colleges. Rather, the definition of "merger" in higher education has broadened to include many types of arrangements. Examples of the following variations on the merger theme may be found in perhaps half the 50 states, as well as in such countries as Australia, England, Wales, Japan, and the United Arab Emirates.

1. Pure merger. In this model, one institution relinquishes its degree-granting authority and is dissolved into another with
the second (often larger) institution remaining as the sole surviving entity. Pure mergers, as noted, do not occur as often as the other forms of organizational agreement that often are mistaken for them.

Recent examples of pure mergers are the 1986 joining of St. Mary's College in Minneapolis with the College of Saint Catherine in St. Paul and that of Villa Maria College with Gannon University in Erie, Pa., in the same year.

2. Consolidation. In this arrangement, two or more institutions join to form a distinctly new unit, often with a mission and operating scope beyond the sum of the individual partners, as well as a new name. A classic consolidation in American higher education is the multiyear plan under which Case Institute of Technology and Western Reserve University combined to form Case Western Reserve University.

More recent examples include the formation of the University of Massachusetts at Lowell from Lowell State Teachers College and Lowell Technological Institute and that of the new Widener University from Widener College, Brandywine Junior College, Delaware Law School, and the Hahnemann Hospital Program in Clinical Psychology.

3. Program transfer. In this structure, one institution transfers the title, rights, and interest of one or more programs, which may or may not hold degree-granting authority, to a second institution. As an example, Boston University recently transferred its graduate degree program in nursing to Northeastern University.

4. Consortium. A consortium, sometimes called a federation or association, may involve five, ten, or an even greater number of institutional members. Typically, the agreement is multipurpose and involves a statement of mutual obligations and resource-sharing. For example, 12 colleges formed the Great Lakes College Association in 1963 to support and facilitate faculty and student exchanges, joint programming, and innovative curriculum development. The GLCA has since developed into a national model for consortia. The Council for Inter-Institutional Leadership, a national clearinghouse for higher education consortia in Kansas City, lists nearly 200 multipurpose college and university consortial agreements in its national database.

5. Affiliation. This is the most flexible and prevalent of all the merger agreements. In this model, two or more colleges retain their identities, missions, and governance structures while they identify and develop a specific collaboration for complementary growth and administrative and financial efficiencies. Affiliations are harder to record on a national scale than consortia, but the Council for Inter-Institutional Leadership estimates they could easily number in the thousands.

As examples, most faculty members and administratives today can point to such affiliations as an interlibrary access program, a cable television resource collaboration, a junior-senior college articulation agreement, or a student internship arrangement with a local school system.

Merging for Growth. In all these structures, we see evidence of a new entrepreneurialism in higher education management. Increasingly, governing boards and chief executive officers are seeking to accomplish academic and financial objectives more efficiently, accountably, and economically.

On many campuses, the drive for quality and accountability is taking the form of a "right-sizing" effort, accompanied by retrenchments and tightened budgets. Numerous colleges also have embraced current management strategies, such as Total Quality Management, in their "Year 2000" master plans. Yet the movement toward mutual-growth mergers predates these approaches in its mandate to improve efficiency in program planning and budgeting, staff development, institutional governance, and curriculum enhancement.

We can identify five phases as integral to well-planned mutual-growth higher education mergers.

Phase I: Institutional self-assessment. Before an institution begins any merger-related
strategic planning, it completes a rigorous institutional self-assessment. Administrators analyze such factors as demographics, enrollment, and competition; they also poll students and alumni, and they survey the employer market. The chief financial officers implement extensive economic-impact analyses. Only after this process will board members, administrative leadership teams, and key faculty members have enough information to determine whether their campuses will benefit—significantly and verifiably—from a growth merger.

**Phase II: Premerger strategic planning.** Faculty and administrative leaders, with guidance from the governing board, reach consensus on the list of institutions that might serve as mission-complementary merger partners. Institutional leaders then make initial overtures to the finalist institution or institutions and extend invitations to consider entering into a mutual-growth merger.

**Phase III: Premerger collaboration and negotiation.** The partner institutions assemble a “merger task force,” including key members of each board, administration, and faculty leadership. It should also involve officers from each student government and alumni association and possibly local business and community leaders. This group should immediately be charged to shape the mission and structure of the postmerger institution as well as the merging process. At this stage, leaders can address any issues unique to either institution or to the specific merger plan.

**Part IV: Merger implementation.** Only at this stage does “merging” actually occur. In this phase, interlocking subcommittees of the task force implement the mutual-growth blueprint. Committees will oversee such areas as curriculum revision, faculty and staff integration, financial and facilities planning, departmental consolidation, accreditation self-study preparation, and design of an instrument for assessing merger outcomes.

In some instances, the most effective vehicle for beginning the actual merging of two institutions is the work of the joint-faculty subcommittee on curriculum revision. Elevating the authority of curriculum to the center of the merger’s purpose and process challenges the combined faculties to design the structure, staff, and resources of the new institution by exercising skill and judgment in their areas of expertise.

**Phase V: Postmerger consolidation and community building.** This final phase, unique to the mutual-growth model, extends for a minimum of three to five years. People outside of the process often view this step as the actual “merger.” In fact, the institutions already have successfully implemented four phases of highly structured planning and negotiation. During this stage, the task force concludes its work, and members of the new institutional leadership team shift their focus to emerging issues such as endowment development, space utilization, and public-relations opportunities.

From the collaboration and planning involved in these steps, it is obvious that the higher education mutual-growth merger is a far cry from the “asset stripping” of a profit-driven, adversarial corporate takeover. Not only do all partners agree to the merger and the merging process, but the result, if all goes well, builds on the advantages and identities of all institutions that joined in the merger.

We would propose that the variety in mutual-growth merger structures, and the orderly, strategic process, serve to put to rest many of the lingering myths associated with college and university mergers. The mutual-growth merger movement is more than a trend; it constitutes a powerful, proven higher education management strategy worthy of consideration by governing boards.

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Alliances necessary in higher ed

By James Martin and James E. Samels

There are new ground rules shaping New England higher education, an industry in which institutional reputations can jet up or down with speed and frequency.

Many of the familiar benchmarks by which elite colleges once earned their prominence—extensive humanities electives or language courses from a half-dozen cultures—have been overshadowed by new measures of effectiveness such as programs leading to full-time jobs.

Increasingly, schools are experimenting with strategies such as merger, consolidation, acquisition and affiliation with other schools. These innovations accomplish new economies of scale and shared resources and, most significantly, provide the courage to compete for more money and students.

One goal of our forthcoming book, "Merging Colleges for Mutual Growth: A New Strategy for Academic Managers," is to outline a more active approach to managing the mission of colleges and universities. Without implementing at least some of these "strategic alliances," many New England colleges and universities will soon face daunting competition from those that do.

Earlier in this century, college mergers were designed essentially as hostile takeovers, hence the suspicions and distrust of many in higher education at the prospect of merging, whether for growth or other purposes.

Over the past decade, however, several New England campuses have constructed a powerful array of joint ventures, ranging from complex consolidations to more subtle forms of affiliation. In these new partnerships, a basic difference has been the planning each institution undertakes before and after the agreement. They have:

- told the truth about their school's educational identity;
- explored merger, acquisition and affiliation scenarios to determine the best, worst and most likely outcomes from each model;
- courted, with one initiating a focused conversation with its best-choice partner;
- waited until after several well-defined stages, involving everyone from board chairman to student government president, before executing a merger;
- undertaken post-merger community-building. This five-year process must be skillfully planned and managed for the joint agreement to succeed.

Massachusetts examples include the mergers of Mount Ida College with Chamberlayne Junior College, the Coyne School of Electricity and the New England Institute of Funeral Service Education; the consolidation of Becker and Leicester Junior Colleges into the new Becker College; and the transfer of Boston University's graduate program in nursing to Northeastern University.

With the uncertainties of a new century hardly more than a bacchanal away, campus leaders must consider the new definitions "merger" has assumed in New England higher education. Joint venture and strategic alliance can strengthen their reputations, enrich their programs and produce the competitiveness necessary to survive in a more aggressive higher education market.

James Martin, vice president for academic affairs at Mount Ida College, and James E. Samels, a higher education attorney, are co-founders of The Samels Group, a higher education consulting firm. Their book, "Merging Colleges For Mutual Growth: A New Strategy For Academic Managers," is to be published by The Johns Hopkins University Press in December.
Are mergers and acquisitions the next big planning initiative?

The New Kind of College Mergers

James Martin and James Samels

Something new is behind the most recent mergers taking place in American higher education. And entrepreneurial strategists and campus planners are often the ones who have initiated the change.

Mergers, acquisitions, and consolidations have been much more frequent in university history than most people realize. Think of Ohio's Case-Western Reserve University, or New York's Hobart and William Smith Colleges, or the University of Missouri-Kansas City, a merger of the University of Missouri and the University of Kansas City. Think of the mergers of single-sex institutions such as Radcliffe College and Harvard College or Tennessee's Carson-Newman College. Or the merger of Peabody College for Teachers with Vanderbilt University, or Parsons School of Design with the New School for Social Research, or of a medical center and under-

graduate school to form the University of Illinois-Chicago.

But until the 1980s nearly all these mergers came about either to merge adjoining single-sex institutions, to reduce the extreme financial difficulties of one of the institutions, or to consolidate two institutions for a more economical and less duplicative operation. As John Millett wrote in 1976, as Gail Chambers found in the early 1980s, and as speakers at a 1987 national conference at Wingspread, Wisconsin concurred, financial necessity by one or both of the merging colleges was the overwhelming reason that institutions decided to unite in the past. Managing decline rather than seizing an educational advantage has been the focus of traditional college and university mergers.

That so many new combinations in higher education in the past have been what we call bankruptcy—bailout mergers is a bit strange. After all, in the world of American business, mergers and acquisi-

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James Samels is founder of Samels Associates, a firm specializing in higher education law. He received an A.B. from the University of Massachusetts, an M.P.A. from the University of Rhode Island, a law degree from Suffolk University, and a doctorate in education from Massachusetts. He has been a faculty member and a general counsel to the Massachusetts Board of Regents, and has written on legal and financial aspects of higher education consolidations.
tions are usually initiated for the purposes of growth and diversity, not to prevent bankruptcy. As Joseph O’Neill said at the Wingspread conference:

Of the 100 top American universities, you can count on the fingers of one hand those that have been created by merger. In contrast, you would need several pairs of hands to total up the number of top 100 business firms... born from merger. (Mergers, p. 11-12)

But in higher education such has been the case.

The new outlook

During the past 15 years or so, however, a growing number of colleges and universities have been employing mergers and acquisitions to advance their quality and breadth of services and to, yes, provide a strengthened financial base. Without a planning model to follow, dozens of institutions have been attempting to use mergers or acquisitions strategically to enlarge their scope, deepen faculty resources, expand student opportunities, and achieve new levels of academic excellence. They are planning with the aid of mergers.

These proactive, entrepreneurial—planned—mergers begin with a distinctly different perspective. For one thing, the planners seek colleges that have roughly the same mission. They hope to complement what they are already doing and build a shared vision with their new partner. For another, the colleges that are now practicing what we call mutual-growth mergers, are often trying to move beyond strategic planning, which tries to reposition the existing institution. Instead, they hope to redesign the nature of the institution itself through an acquisition or merger. For still another, mutual-growth mergers are not primarily financially-oriented agreements but principally unions driven by mutual desires to enrich academic quality and improve student life. Both public and private universities are involved in this new kind of merger activity.

Among public institutions, for example, Macomb Community College in 1991 opened a 70,000-square-foot building called the University Center and began offering 16 bachelor’s degree programs in partnerships with Wayne State University, Walsh College, Oakland and Central Michigan Universities, and the University of Detroit Mercy. In 1990 the Kansas legislative approved the merger of Kansas College of Technology in Salina and Kansas State University, with the smaller college becoming Kansas State College of Technology, using Kansas State faculty.

In Great Britain there have been mergers at the University of Wales, the University of Ulster in Northern Ireland, and at the University of London. The University of London, which has implemented an aggressive plan of the late 1970s, has effected 15 mergers; it now enrolls roughly one-fifth of all university students in Great Britain.

As for private higher education, Pennsylvania’s Widener University merged with two Delaware institution, Delaware Law School and Brandywine College, forming a more comprehensive regional university where enrollment increased from 5,000 to 9,000 students. Also in Pennsylvania, Gannon University, a coeducational 2,400-student university in Erie merged in 1989 with Villa Marie College, a 600-student Catholic women’s college, hoping to strengthen each other. Two other Catholic institutions, the University of Detroit and Mercy College of Detroit, merged in 1990 to form the University of Detroit Mercy.

Mount Ida College in Boston over the past five years has implemented a strategy to broaden its array of vocational and career education offerings by merging with three other Boston colleges and a division of a fourth: Chamberlayne Junior College, noted for its design programs; Coyne School of Electricity, one of the state’s two largest colleges in the field; the New England Institute of Funeral Service Education; and Newbury College’s division of veterinary science.
Advantages of a merger

If the merger is driven by a growth strategy rather than an attempt to forestall bankruptcy, the advantages can be considerable. The curriculum and program offerings can be refined, and course redundancies can be stripped. Faculty resources in a department or division can be strengthened to a depth not available in the separate colleges. No merger can guarantee job security for the entire staffs of both institutions, but the mutual-growth approach tends to preserve faculty positions to an extent not possible in bankruptcy-bailout mergers.

The new mergers tend to stabilize or even increase enrollments in a time of declining demographics. We have observed that overall enrollments may often drop in the first year or two of the merger, but they tend to rise after three or four years. There are, of course, administrative efficiencies: one librarian or dean of students instead of two, a single business office, perhaps one computer center. And there are economies of scale that a larger, merged institution permits.

A mutual-growth merger presents an opportunity too for a major public relations and marketing effort, as the university tells the public about the “new” institution. The occasion presents a fine moment to redefine the university’s identity and enhance its reputation. The merger, which increases the institution’s alumni base, also allows the newly combined institution to launch a fundraising effort. While a bankruptcy-bailout merger can produce a sense of abandonment among graduates, a complementary mutual-growth merger can give graduates a sense of enhanced worth of their degree and their alma mater.

Mergers present difficulties too. Battles can rage as the two institutions negotiate over such items as which programs will be reduced and which enlarged, the size of faculty and administrator severance packages, the disposition of surplus revenues, the use of the two endowments, the ranks and tenure situations of all faculty, the need for new buildings, the size and composition of the new board of trustees, new promotion criteria, and combined academic governance mechanisms. If both institutions have faculty or staff unions with collective bargaining agreements, that complicates matters also. It is easy to see how even the most carefully planned partnerships may end instead in protracted legal entanglements.

Nonetheless, with careful merger planning a good deal of the possible friction, turf protection, and abrasive behavior can be prevented. This is especially possible if the presidents and trustees of both institutions display a powerful institutional will to unite so that both colleges can benefit.

What kind of planning?

Some critics have charged, “What’s so new about this higher education growth strategy? You’ve simply packaged corporate takeovers and mergers for the university world.” There is some truth in the charge. But there is no reason colleges cannot grow by acquisitions and mergers also; and, unlike the business world, there is no stripping of assets in higher education mergers. The new mutual-growth mergers should be viewed not as the disappearance of one college into another but as a new strategy for the different electronically-connected, regional and international, and financially strapped context in which all American campuses now live.

From our research and experience, the planning steps that will most likely help effect a relatively smooth merger are five in number:

1. Institution self-assessment
2. Premerger strategic planning
3. Premerger negotiation
4. Merger implementation
5. Postmerger consolidation and community building.

Both partners should begin with a rigorous self-assessment, focusing on both internal strengths and weaknesses and
internal ambitions, and on external enrollment trends, evolving conditions, and competitive challenges. After this assessment, a college can begin to reach consensus on the list of institutions that might serve as mission-complementary merger partners, and then make overtures to those best suited for merger.

Still within the premerger period, we recommend the creation of a Merger Task Force, composed of trustees, faculty, administrators, students, and alumni of the two prospective merger campuses to propose a structure for both the new post-merger institution and the process by which it might be achieved.

Then the hard merger negotiations can begin. This is the thorniest of the five stages. At this point the mutual-growth blueprint is implemented by various subcommittees of the Merger Task Force, which struggle to reach agreement on the new mission, programs, and curriculum of the united colleges; faculty staffing, rank, and promotions; compensation levels; integration of student cultures; collective bargaining agreements; and new administrative leadership arrangements. This stage typically requires an unprecedented combination of good will, delicacy, and perseverance by the members of both the Merger Task Force and the leaders of both colleges, particularly if one of the to-be merged institutions is smaller and weaker. For instance, it is wise to preserve tenure. As Gannon University officials said, "Villa Marie tenure means Gannon tenure." This eased a lot of minds.

Last, there is the actual consolidation process and new community morale-building, which usually takes three to five years.

In our view strategic, financial, and facilities planners will need to add mergers and acquisition to their portfolio of possibilities for change. A collection of forces—computers and telecommunications, new urban-suburban, regional, and international ties, and the runaway costs of a good college education—will draw more colleges and universities into multi-campus consortia, federations, affiliations, and mergers. In the future academic quality may increasingly depend on an institution's linkages or newly federated structures.

REFERENCES & SOURCES
Colleges That Join Forces Will Have a Future

By James Martin, and James E. Samels

OW does starting the academic year by serving turkeys to 1,000 students next to a hospital parking lot in Boston represent the future of higher education? If you're from New England, you may have read about the new "Colleges of Fenway," an innovative alliance of five venerable institutions nestled in Boston's Fenway neighborhood, not far from the famous ballpark. The grouping of colleges - Emmanuel, Boston University, Wheelock, Wentworth Institute of Technology, and the Massachusetts College of Pharmacy and Allied Health - represents a striking departure from traditional methods of delivering higher education to demanding student consumers.

These institutions are on the cutting edge of a trend to affiliate colleges, even across several states, to eliminate duplication of costly programs, achieve economies of scale, and, most importantly, provide enhanced educational services and professional development opportunities for students and faculty.

Sister Janet Esser, president of Emmanuel, a Roman Catholic women's college, notes, "The colleges in our group have been working together for 25 years on traditional cross-registration and a library consortium, and it seemed to all of us the right moment to achieve a new vision for a university."

The presidents decided against naming it the "University of Fenway" because they believed it would send the wrong message to students - and to contributing alumni. Instead of force-fitting their facilities and programs into a shapeless campus conglomerate, they designed this alliance to provide the "creative academic resources that small colleges are going to have more difficulty providing to their students and faculty in the future," according to Marjorie Belden, Wheelock's president. Put simply, these colleges have gone against the grain and designed a strategic institution that ends duplication and provides a small college experience backed by the resources of a large university.

Some have countered that these affiliations may work in Boston, America's most "college-rich" city, but will they work for the rest of the nation's 3,500 colleges and universities? The answer is emphatically yes, since strategic alliances, consortia, co-ventures, and even formal mergers have begun to transform not only traditional liberal arts colleges, but also religiously affiliated schools, community and technical colleges, and even major research and land grant universities. Imaginative campus executives, activist trustees, and consumer-oriented students have joined a movement that has already restructured the country's banking, insurance, and health care industries in little more than five years.

In 1950, only 2 percent of the American population over 25 held bachelor degrees; by 1996, that figure had risen to 21 percent. Colleges and universities are being forced without maps into new areas of competition, challenging to conquer cyberspace while breaking ground for environmentally complex underground parking garages and hotel-quality residence halls. This year, many schools are hearing the call for 24-hour libraries and class schedules that start at midnight. These goals simply can't be achieved on old-fashioned campuses, already carrying millions of dollars of deferred maintenance. The future demands combined forces.

Consider the recent merger between little Lees College, a historically black institution in one of Kentucky's poorer counties, and Hazard Community College. This represents an unusual blend of public and private interests in a "Kentucky Higher Education Consortium."

In New York, one plan being weighed by State University of New York leaders involves a major alliance among most of the SUNY system's agricultural and technology institutions via televised curricula and services. In Connecticut and New Hampshire, state legislatures have voted to regionalize their community and technical college systems. Here in Massachusetts, the "Fenway Five" joins the "Worcester Ten," "Five Colleges, Inc." in Amherst, and new consortia emerging in the Merrimack Valley, the North Shore, and other parts of the state.

These alliances allow both urban and rural higher education institutions to enhance their libraries, create computer centers, teacher training programs, and student support services. The latter are increasingly important. Many students now need an orientation course simply on how to "go to college." If no one in their extended family has ever experienced campus life, alliances provide the diversity of personnel to accomplish these initiatives.

To sum up, if serving hundreds of students turkey digs next to a hospital parking lot saves five institutional budgets thousands of dollars each, and those savings can be directly applied to purchasing connections to the Internet; building a shared, state-of-the-art physics laboratory; or inverting the cost of computing, then more education leaders should spend a few days this fall calling on their neighbors and bringing their own lunch.

James Martin, vice president for academic affairs at Mount Holyoke College, and James E. Samels, president of The Samels Group Higher Education Consultants, are authors of "Merging Colleges for Student Growth." (Johns Hopkins University Press).
More Small Colleges Merge With Larger Ones, but Some Find the Process Can Be Painful

By KAREN GRASSMUCK

For one college it brought an end to 50 years of "running on a shoestring." For another, it meant adding a small downtown campus to its sprawling suburban location and offering for the first time academic programs in art, design, and even funeral management. At a third in its era, some alumni that they waged a bitter two-year legal battle against the board of trustees.

Two-year colleges and vocational schools are also part of the trend.

To merging and sharing operations with other institutions, colleges can cut a variety of administrative costs, ranging from maintenance to recruiting. Mergers in the past few years have included Mundein College and Malone University; Loyola University; Mercy College with the University of Detroit; and Hartford College for Women with the University of Hartford; and Mennos College of Music into the New School for Social Research.

The change in the trend, too, have merged in the last few years, including the University of Tennessee. Business, and Massasoit Community College and Blue Hills Technical Institute. Last year, the total number of students had dwindled to 7,291, from 8,469 in 1988, according to Department of Education data.

Some observers have sought to draw a parallel between mergers in the 1990's and the corporate mergers and takeovers that occurred in the last decade. College mergers are very different, however, from the studied efforts of corporate predators to feast on one another's remains. Academic mergers, while occasionally contentious, are rarely hostile. Although controversial among alumni and students, mergers are increasingly being viewed by small colleges as a practical means of gaining financial stability to afford them a future. Often, as with Mundein College and Loyola University of Chicago, a falling small college initiates merger discussions with a larger institution.

In many cases, colleges merge to stay afloat and out of bankruptcy proceedings. In others, colleges are finding that even if their financial picture is relatively rosy, mergers offer a way to grow.

Current methods of counting the number of institutions that have merged are imprecise, relying largely on anecdotal information and news accounts. But one measure of the trend is provided by the editors of the Higher Education Directory. According to the directory's publisher, Frederick F. Hafner, 11 mergers occurred in 1988-89, 10 in 1989-90, and 6 in 1990-91. In the current academic year, 10 mergers are expected to be completed, Mr. Hafner says.

Some Plans Are Abandoned

Although mergers are happening regularly, the concept makes some in academe uncomfortable. Since growth has been the goal for most institutions over the past 50 years, many stand against the impulse to merge. Some attempts, such as a planned merger in 1983 between the Universities of New Haven and Bridgeport, are ultimately abandoned. Officials of each university say the other gave up on pursuing the arrangement.

Colleges that do merge often shun the use of the term to avoid the negative connotations associated with it in the corporate milieu. Academic institutions often prefer to use such terms as "association" or "joint affiliation," instead.

The whole concept of merger is virtually unknown in higher education," says James Martin, vice-president for academic affairs at Mount Ida College. "The business department on campus often says, 'Hey, let's get cookin' on this thing,' while humanists are saying, 'This doesn't sound..."
Wide Interest in Mergers Among Colleges Providing Brisk Business for Consultants

As more colleges seek to merge or to establish affiliations with other institutions, higher-education consulting companies report that they are doing a brisk trade in institutional match making. The marriages take a variety of forms, ranging from mergers of two or more institutions to affiliations among several institutions that retain their own independence. Consulting companies provide legal advice to colleges and even help come up with a new name for the merged institutions.

In addition, new businesses are springing up to fill the need for expert legal, managerial, and financial help as four-year and two-year colleges, as well as vocational and technical institutions, seek the right academic partners.

"Business is excellent," says James E. Samels, a Boston lawyer who created the Samels Group, a firm that specializes in arranging "academic marriages."

Mr. Samels and his partner in the business, James Martin, a vice-president for academic affairs at Mount Ida College, could be described as academic deal makers. As such, they approach their work with entrepreneurial verve.

Their company started in 1989 with one client, Mount Ida College. In the next 18 months, business grew fivefold, Mr. Samels says. Today, the firm represents as many as 40 colleges and universities, which pay fees ranging from $15,000 to $50,000 for its services. Most of them are candidates for mergers or affiliations, says Mr. Martin.

More Students, More Alumni

Proof of the zeal with which they approach their work is abundant at Mount Ida College: Thanks to the Samels Group, Mount Ida has doubled its enrollment, more than doubled the size of its faculty, and tripled the size of its alumni base in three years.

The secret was mergers. Through Continued on Following Page

Consultants Doing Excellent Business in College Mergers

Continued From Preceding Page

successive mergers with three separate institutions, Mount Ida has become an academic success story, they say.

Chamberlayne Junior College sought out Mount Ida, seeking to join with a college that offered the potential for four-year programs. Chamberlayne brought with it the Coyne School of Technical Electricity, which had merged with Chamberlayne about five years previously. Mount Ida found in the New England Institute another school seeking growth, and those two institutions joined forces in 1968, Mr. Martin says.

Improving Quality

Mr. Martin and Mr. Samels emphasize mergers as a positive means to improve quality and achieve academic excellence. Mergers, they say, have suffered too long under the stereotype that they are a last-ditch effort to avoid bankruptcy.

Instead, they believe colleges can embrace mergers as opportunities to grow and excel—something they call an "entrepreneurial, educational management strategy."

James E. Samels, right, with his partner, James Martin: Merging colleges must focus on "long-term growth, not near-term savings."

The key to successful matches, Mr. Samels says, is "mission complementarity to insure long-term mutual growth and not just near-term cost savings."

At merging colleges, he says, "the institutional goals, the curriculum, the scholarship focus, and aspirations of the students and the faculty need to be, if not on a par, compatible."

Mr. Samels views mergers as "collegial courtships" in which members of the faculties and the administrations "can have honest disagreements about everything from our students are better than yours, to our reputation is better than yours."

Mr. Martin and Mr. Samels have written a book, tentatively called Merging Colleges Through Maturity, Growth, in which they maintain mergers are an "appropriate means for institutional change higher education."

Fears and Doubts

In the manuscript, which is being reviewed for publication, Mr. Martin and Mr. Samels emphasize that mergers between colleges do happen overnight; they take five to 10 years to be completed. They also don't come easily, since the very concept of a merger arouses many fears and doubts among students, faculty members, and alumni, who mourn the possibility of losing their alma mater. Among the many concerns of those groups:

- Will students lose credits earned at the institution being taken over?
- How will faculty tenure, rank and promotion be addressed and preserved?
- Will administrators' jobs be eliminated or reduced?

Those concerns are very real, Mr. Martin says, adding that mergers often result in the need for staff reductions to eliminate redundant positions. "You don't need two assistant professors," he observes.

To assuage fears as much as possible, Mr. Martin notes that colleges contemplating a merger should "overkill with information on the subject to students, faculty members, alumni, and even residents of the surrounding community."

Members of all those groups need to be included in a merger from the outset, then involved every step of the way, says Mr. Martin, who adds: "One student with a sandwich board that says 'The administration doesn't care' can take you back two or three years in the process."

-KAREN GRASMUI
College Mergers Have Become Creative, Effective Means of Achieving Excellence and Articulating New Missions

By James Martin and James E. Samels

Academic mergers are on the rise in American higher education, and merger of mergers often provokes negative reactions. Indeed, academic mergers in the past were characterized by involuntary closings, financial involvements, forced reorganizations, and massive retraining of staff and programs. Managing decline, rather than seizing an educational advantage, was the usual focus.

However, driven by negative demographic trends and projected shifts in student enrollment, and attracted by lasting economies of scale, some colleges and universities have begun to see merging as a practical vehicle to attain complementary institutional visions and to raise the quality of faculty and students. College and university mergers in fact have become one of the most creative and effective means that academic planners now have to achieve academic excellence, to articulate new missions, and to solidify the strategic position of the surviving institution locally and regionally. A growing number of faculty members and administrators are learning that if planning from its onset is strategic and sensitive it includes faculty members and students as well as administrators—an open and collegial merger process can be achieved. Such a process can produce improved quality, expanded curricula and course offerings, and stronger associations of educational outcomes. Thinking of mergers as a positive way to improve quality—rather than as a means to avoid bankruptcy—adds a new perspective to thinking about the future of higher education.

College mergers are not automatically successful, however; certain faculty members will face reassignments and both current and prospective students may experience dislocations stemming from divergent student cultures and governance structures. For example, only one of the campuses has been allowed students a voice at faculty senate meetings or encouraged an aggressive student press. Even in the most sensitively planned mergers, student and faculty leaders may become anxious. How will tenure, rank, and promotion be addressed and preserved? Will students lose credits earned at the institution being taken over? Will the administrative staff be combined or reduced? Colleges are finally people and the educational experiences connecting them. How can those elements ever be "merged"?

We have consulted on, or been directly involved in, a broad range of college and university mergers during the past 10 years, three of them involving Mount Ida College, an independent college in Massachusetts. We have experienced firsthand the need to learn and respect the human considerations involved in joining two institutions. We have learned that it is imperative to approach the first merger discussions with clearly stated organizational principles, and with implementation procedures that spell out the proposed merger process in enough detail so that everyone concerned can understand it. Many issues must be tackled before the merger is completed, including integration of curricula and faculties, accreditation, collegial governance, student credits, confidentiality of records, financial aid commitments to students, and relationships with alumni.

In the public sector, state legislators, chief executive officers, and system-wide coordinating boards have recently explored the desirability of merging universities, state colleges, and community colleges in California, Georgia, Massachusetts, Minnesota, and Texas. While in a public system the impetus for merging may result from fiscal constraints or the desire to consolidate duplicative educational programs, this has not been the case recently in private higher education.

Much of the recent merger activity in the independent sector has been impelled by the recognition that colleges are pursuing similar or complementary missions, and by institutions' needs to preserve strength and competitiveness. Examples are occurring in every geographic region. Through much of this decade, Widener University in Pennsylvania has been completing a merger with two Delaware institutions, the Delaware Law School and Brandywine College. In this unusual venture, a law school, a junior college, and a small university have been integrated into one full-service regional university with an enrollment that has increased from 1,600 to 4,800 and a budget that has risen from $7 million to $14 million. In 1985, Tift College in Forsyth, Ga., approached Mercer University in Macon, Georgia, about discussing the possibility of merging with it to form a single entity. The proposal was rejected.

"It is imperative to approach the first merger discussions with clearly stated organizational principles."

I n U r spring, mergers have become an effective, innovative way to achieve academic excellence. By carefully planning complementary educational partners, by developing clearly defined and encompassing sensitivities that make a merger possible, and by responsibly communicating critical information to affected students, faculty members and administrators at each stage of the process, Mount Ida, for example, doubled its student enrollment, more than doubled the size of its faculty, and tripled the size of its alumni base in three years. More importantly, in an era of decline for some private colleges, Mount Ida and others have taken the initiative to evaluate their present missions and potential, and in doing so assured themselves of a stronger, more significant future.

James Martin is vice-president for academic affairs at Mount Ida College. James E. Samels, a partner in the law firm of Samels Associates, is assistant professor in the College of Management Science at the University of Lowell.