

Another Bungled College Closing

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All around the United States, in recent years, small liberal arts college are facing tough choices resulting from increasing costs but declining enrollments. Part of this is the result of a demographic trend: the post World War II population explosion that produced huge student pools of baby boomers a few decades ago has receded as boomers, themselves, produced far few children. For these colleges, there have been wrenching challenges and – sometimes – difficult decisions resulting in closures. Some of these shut-down situations were handled as well as possible under the circumstances; others, though, were mishandled badly, in secret, and announced abruptly and without warning to shocked faculty, students, staff, alumni, and the local community.

A few years ago, we reported on the saga at Virginia's Sweet Briar College. There, the board of directors, strong-armed by the administration, made a controversial decision to shut down the 100-year-old women's college without – in the opinion of many stakeholders – exploring other options. When, seemingly out of the blue, the board announced the college's closure, a determined group of stakeholders rose up immediately and were – fairly quickly – successful in ousting these decision-makers and reversing the closure decision.

Since then, there have been more college closures, under similar circumstances, often without happy endings. In April 2018, Mt. Ida College of Newton, Massachusetts, became one of the latest in this string of sad higher-education stories.

Struggling College Abruptly Closes

Mt. Ida College was founded in about 1899 as a two-year finishing school for young ladies. The lovely campus was in a suburban community outside Boston; undoubtedly, back then, it was a world away from that bustling metropolis.

Over the years, it changed into a four-year, coeducational, liberal arts, college. In the 2017-2018 academic year, there were about 1,500 students, about a third of whom were the first-ever members of their families to go on to higher education. Tuition was about \$35,000 a year, along with about \$14,000 in additional housing and food costs.

As the annual commencement ceremonies approached, the college appeared to be ready to embark

on a 2018-2019 year. Incoming freshmen had been selected; many made firm plans to attend, plunking down deposits. For many returning students, substantial financial aid packages had been awarded.

But Mt. Ida College had been struggling for some time and could not obtain outside financing. In 2012, a new College president, Barry Brown, came on board. He “led the college through a period of expansion, borrowing \$30 million to invest in the campus in hopes of attracting more students. But while the academic profile of the school improved, it couldn’t keep up with its debt.”

About two years ago, Mt. Ida College received help from a “mysterious” donor who lent a substantial amount of money. (This transaction has now come under scrutiny because of close ties between President Brown and an elderly benefactor.)

There were negotiations beginning in 2016 about a possible merger with nearby Lasell College, but those talks ended unsuccessfully in March 2018.

It had become clear to the board, though, by early in 2018 that – absent this merger – Mt. Ida would not have enough cash to meet the June 2018 payroll. In March, the board publicly announced that the institution would close down permanently at the end of the academic year. There was no notification to state regulators, though, of this plan to shut down or of new negotiations taking place in late March and early April that led to a quick deal with UMass Amherst to acquire the campus.

Under this eleventh-hour agreement, Mt. Ida students would be allowed to finish out their education and earn degrees at the University of Massachusetts Dartmouth. That is the only campus where all Mt. Ida credits will be accepted.

As is becoming all-too-usual in this modern era of instant and abrupt communications, the sad news was delivered by an email on April 6, 2018. “The financial pressure on small colleges has never been greater, and our limited resources obligate us to consider the long-term future of our community,” wrote Mount Ida president Barry Brown.

President Brown characterizes the deal as “... in the students’ best interest [providing] them with better educational opportunities.”

“We enter this period of transition with compassion and concern for you, and our top priority is to offer our support and guidance,” he wrote. He continued: “I know that no institution can replace Mount

Ida, and that you cherish the campus and culture we have built together.”

There was shock and bewilderment at the news which included layoff notices for the 280 full- and part-time Mt. Ida employees. Existing students, although guaranteed the right to continue on towards their degrees at UMass Dartmouth, face other challenges – especially those dependent on the financial aid packages already awarded for the upcoming academic year which disappear with the closing of Mt. Ida.

The incoming freshmen are left to scramble for different college opportunities well after many institutions of higher education had already selected their incoming first-year students for 2018-2019 and awarded financial aid packages. One incoming student, who planned to “room with her best friend and study political science and history,” decided to take up Mt. Ida’s acceptance and pay a \$300 deposit. “Money was a big factor in her decision,” she explained because she was promised some \$27,000 in scholarships.

The only apparent winner here is UMass Amherst which had long wanted a location closer to Boston and was glad to snatch up the now-available the 72-acre Mount Ida campus. “It’s a big deal,” said Amherst chancellor Kumble Subbaswamy.

Conflicts of Interest Involving College President

Many questions have been raised about the circumstances – shrouded in secrecy – leading up to, and including the sudden shutdown of this established institution of higher education.

First, the transactions and relationship between president Brown and a woman in her late 90s (whose considerable wealth Brown had been involved in managing for many years) has raised questions, despite the board of trustees indicating they were aware of the circumstances and approved the 2016 transaction that had temporarily helped hold off financial catastrophe.

“[T]he conflict is nonetheless problematic, according to eight experts in nonprofit ethics and college governance who reviewed the situation for the [Boston] Globe. The deal led the experts to question whether Brown and trustees had students’ interests as their top priority.”

In Mount Ida College Closing Raises Questions about Potential Conflicts of Interest, editor-in-chief of The Nonprofit Quarterly, Ruth McCambridge, outlines serious questions raised “...about what was going on in the lead-up to the action, which left Mount Ida students and parents adrift in terms of their educational relationship” and “an odd nest of relationships at the center of the nonprofit that could represent conflicts of interest.”

State Officials Have Questions, Concerns

Second, the Massachusetts Attorney General, Maura Healey, and state legislators, are seriously concerned about this development. “According to an official at the state Department of Higher Education, both Mount Ida’s closure and UMass’s plan to open a satellite campus are subject to approval by the state Board of Higher Education.”

By mid-May 2018, the Post Audit and Oversight Committee of the Massachusetts State Senate had called hearings on the matter. President Barry Brown and chief financial officer, Jason Potts, “did not accept invitations to testify.” Instead, Carmin Reiss, the chair of the board of trustees “... was left to answer pointed questions from committee members who pressed her on whether students or faculty at the school were misled about the extent of the school’s financial distress that ultimately led to its demise.” According to Sen. Dean Tran, “[w]hat baffles my mind is that neither the leadership of Mount Ida nor the board of trustees disclosed the financial problems to the students,...” The panel was left to proceed with issuance of subpoenas and further hearings.

Left with few options, Attorney General Healey reluctantly cleared the sale of Mount Ida College to UMass. Separately, in late May 2018, AG Healey asked the Legislature and Governor Baker “to approve money for a new office of financial oversight at the state Department of Higher Education” to “oversee private schools designated by the U.S. Department of Education as ‘at risk’ and require them before closing to have plans in place for their students to complete degrees at other institutions.”

According to the Attorney General, the decision by Mount Ida’s trustees to “close without warning” made it clear to her that if the state does not “take proactive steps, the chaos, the distress experienced by Mount Ida students, staff and faculty is just going to happen again.” She added: “We’ve got to act now, because there will be more Mount Idas.”

Conclusion

Experts predict a major drop in the number of high school graduates overall after the year 2025 — especially in New England — because people have had fewer children since the 2008 economic recession. There will surely be more Mount Idas and other financially strapped colleges that will face daunting challenges.