

From 3 Struggling Public Colleges, a New University Emerges

Enrollment declines, state underfunding and structural deficits created a crisis in Vermont's college system. Rather than close campuses, a statewide hybrid institution aims to cut costs and build long-term legislative backing.

By [Doug Lederman](/users/doug-lederman)

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Think higher education can't "transform" itself? Meet Vermont State University.

The newly accredited institution, the result of a merger of three financially challenged public colleges and universities scattered across more than 100 miles in Vermont, isn't the kind of change many academic idealists might want; the consolidation will eliminate scores of programs and will cost some employees their jobs. But it may be the sort of solution more states embrace in this era of declining enrollments, constrained resources and political doubts about higher education's value.

Like many radical changes in higher education, it was prompted by crisis: an [April 2020 recommendation](https://vtdigger.org/2020/04/17/vermont-state-colleges-chancellor-to-recommend-closing-three-campus/) by the then chancellor of the Vermont State Colleges system to close three of its campuses as pressure from the COVID-19 pandemic exacerbated a decade of financial strain. Blowback about the proposal forced the chancellor's resignation later that month, but the underlying issues that spurred his recommendation—including a \$25 million structural deficit within the Vermont system—remained.

"We had to ask ourselves, is there an alternative path to a sustainable future?" said Megan Cluver, a trustee of the Vermont system who by day is a senior manager on the higher education team at Deloitte Consulting.

In the two years since then, with the help of federal recovery funds, Vermont has undertaken one of the most dramatic restructurings in the recent history of higher education, essentially consolidating three institutions—Northern Vermont University, Vermont Technical College and Castleton University—into one, Vermont State University. That may seem like a story of subtraction, and indeed, the three institutions' 250 programs are shrinking to 100, and system leaders expect to eliminate the positions of dozens of managers.

But while advocates for the new arrangement concede that it was prompted by distress and insufficiency, they are hopeful (if something short of fully confident) that the refashioned institution will better serve students and state residents and be sustainable in a way its predecessor colleges were not. The new institution, which [earned accreditation](https://transformation.vsc.edu/wp-content/uploads/2022/06/2022-APRIL-VSC-SUB-CHG.pdf) this year from the New England Commission on Higher Education, will employ a new academic model that shares academic programs across campuses, reduces dependence on physical facilities and relies heavily on hybrid forms of learning.

"There's an opportunity to have a single greater reach, to lower our costs and most importantly to reduce the cost of education to our students," Sharron Scott, chief financial and operating officer at the Vermont State Colleges, said during a session last month at the annual meeting of the National Association of College and University Business Officers. That's no small thing in a state where students bear 84 percent of the cost of their educations, almost double the national average.

The biggest threat to the plan's success may be a factor that helped bring about the crisis in the first place: state financial support. Vermont's politicians, who have historically competed with those in neighboring New Hampshire to fund public higher education at the lowest level, have increased their investment as part of this arrangement, but their commitment lasts only five years.

A Slowly Unfolding 'Crisis'

Like most difficult situations, this one didn't develop overnight.

Public college enrollments in Vermont, historically the smallest in the nation, began declining in 2012 after the Great Recession and have fallen by about 10 percent. (That's before the demographic decline that many states will face later this decade, which is projected to reduce Vermont's postsecondary enrollment by roughly another 10 percent.)

As enrollments have dropped, the institutions in the Vermont State Colleges system have increased their tuition discount rates to try to limit the impact on students, as seen below.

(/sites/default/server_files/media/Pages%20from%20vermont%20powerpoint.pdf_1.jpg?width=500&height=500) Those trends had an unmistakable impact on the finances of the system's colleges: from 2013 through 2019, according to [data the system provided to the state](https://info.vermont.gov/assets/Uploads/36711d3e4b/WSophie-Zdatny-Chancellor-Vermont-State-CollegesFY23-Budget-2021-Profit-and-Loss-Statement2-11-2022.pdf) last year, the system's score on the composite financial index developed by NACUBO was under 1, on a scale from -1 (the worst) to 10 (the healthiest). Each of the institutions had accumulated a structural deficit.

That reality stayed under the radar screen in part because for many years system leaders didn't share clear data about the institutions' financial situations with board members. "When I first joined the board [in 2019], we were given a field of data that we could wander through, but it didn't spark conversation," Cluver said. "Everybody would look at the screen, smiling and saying, 'What's the next item on the agenda?'"

It wasn't until the pandemic hit and Chancellor Jeb Spaulding raised the specter of closing Northern Vermont's campuses in the towns of Johnson and Lyndon and shutting down Vermont Technical College's campus in Randolph that the severity of the situation could no longer be ignored. Critics objected that Spaulding's proposal to shutter campuses would strand place-bound learners in broad swaths of Vermont and eliminate key employers and bedrock cultural institutions in multiple regions of the state.

Dennis Jones, who as the longtime (now emeritus) president of the National Center for Higher Education Management Systems has seen more than his share of higher education financial and governance crises, said Spaulding's proposal in April 2020 "hit the state cold" and increased "the willingness of folks to consider radical changes. If not then, when?" (Jones couldn't help but add, seemingly in a plea to officials in other states, that it

"shouldn't take that level of crisis to prompt that kind of consideration. It shouldn't get that close to the brink.")

Spaulding withdrew his proposal a week later, and quit his job a week after that. But the drastic call woke the state up. "It made it so obvious," Jones said, "that the state couldn't just hold its breath and say, 'It's going to turn around.'"

In August 2020, the Legislature formed a Select Committee on the Future of Public Higher Education in Vermont to address "the urgent needs of the Vermont State Colleges (VSC) and [develop] an integrated vision and plan for a high-quality, affordable and workforce-connected future for higher education in Vermont." The panel was made up of trustees, legislators, business leaders and others, and NCHEMS and Jones were brought in to consult.

Over the course of six intense meetings, conducted over Zoom (it was in the heart of the pandemic, after all) in the second half of 2020, the select committee **laid out** (<https://www.insidehighered.com/quicktakes/2020/12/08/report-combine-and-fund-vermont-state-colleges>), what Scott called a "three-way path" to a more sustainable future for the system, requiring significant changes not just for the system but for the state officials who fund it.

Take Two

Under the plan, three of the system's four institutions—Castleton University, Vermont Technical College and Northern Vermont University, which had itself resulted from **a 2018 merger** (<https://www.northernvermont.edu/about/mission-and-history/history#:~:text=Founded%20in%201911%20as%20a%20were%20admitted%20in%20the%2040s.>) of Lyndon State and Johnson State Colleges—would combine into a single accredited institution, while the fourth, Community College of Vermont, would remain separate. Importantly, no physical locations would close; though some campuses would shrink, since the system estimated that about a half million square feet of space was underutilized, teaching and learning would happen on all existing campuses.

System officials committed to wringing \$25 million (the size of the structural deficit) out of the system's budget over five years, through a restructuring of administrative services and operations. The agreement required officials to continue to provide campus-based operations at the various campuses, though it granted flexibility in how those services would be provided.

And the state government, for its part, committed to provide bridge funding to help with the restructuring and to significantly increase its base appropriations to the system, by 58 percent. The money was largely made possible by the infusion of funds Vermont received from the federal government's American Rescue Plan in response to the pandemic.

Not everyone loved the plan: the labor unions within the Vermont system proposed [their own design](https://drive.google.com/file/d/1erJlu6ozBF5cqMMCnAADAvIaNNHP-5ic/view) for a unified public higher education system, which acknowledged the need for significant changes and suggested unifying the four colleges (including the Community College of Vermont) within a singular accredited institution. But it differed from the select committee's plan by emphasizing significant (and sustained) increases in state funding over cost-cutting, and calling for strong faculty and staff involvement in governance.

"The administration is in an impossible situation because of the lack of funding historically, and there was a lot of overlap in the two proposals, including calling for bringing the institutions together into one," said Linda Olson, a professor of education at Castleton and vice president of higher education at AFT Vermont, the state affiliate of the American Federation of Teachers union. "But the administration's plan didn't call for a long-term commitment for the state to pony up, and the administration fought our attempt to get faculty and staff representation in governance."

The strongest opposition came from officials and [faculty members at Castleton University](https://www.insidehighered.com/quicktakes/2021/11/05/castleton-faculty-fight-merger-vermont-state-colleges)—unsurprising, given that the university didn't face the existential threat its peers did under Spaulding's initial plan. "A lot of people at Castleton felt everything was fine there, and they were probably going to be safe if the others closed," Scott said.

From Concept to Reality

The opposition wasn't enough to stop the Vermont State Colleges board from [approving the select committee's plan last fall](https://www.insidehighered.com/quicktakes/2021/10/01/3-campus-unite-become-vermont-state-university)—and the months since have been focused on making it happen, as documented on the system's ["transformation" website](https://transformation.vsc.edu/).

System officials met their first-year commitment of cutting \$5 million from the budget by "consolidating a number of leadership positions," restructuring the infrastructure of the campuses' libraries and making "some reductions in the facilities footprint," which led to lower costs for heating (not much need for cooling in Vermont), public safety, cleaning and other services, Scott said.

Among the biggest challenges facing the new combined institution was how to rationalize the nearly 250 "competing and duplicative" academic programs offered by Castleton, Northern Vermont and Vermont Tech to serve their combined 5,500 students, which resulted in "tiny class sizes" and faculty members who were "stretched far too thin," Yasmine Ziesler, the chief academic officer at the Vermont State system, said at another session at last month's NACUBO conference.

Ziesler said that academic leaders from the three campuses and the system developed an overall framework for creating a single academic portfolio and then "took a very huge leap of faith" by asking groups of faculty members to "tell us how" to do that. "We asked them, 'How would you take your three English majors, your five business programs, and optimize them, to improve efficiency, serve students and strengthen alignment with student careers?'" Ziesler said.

Faculty leaders agreed with administrators that it wasn't "realistic" for three separate institutions to continue to operate so many programs, said Castleton's Olson, which is why their own restructuring proposal endorsed creating a single university with "majors across the system." "We're in favor of sharing our expertise with our colleagues at other campuses," she said.

But Olson rebuffs Ziesler's suggestion that this was a faculty-driven process. "It's not accurate to say it had faculty buy-in; it didn't go through faculty governance," she said. "They're asking the faculty to create what they already envisioned, rather than asking the faculty what would be the best way out of this situation."

Scott, the Vermont system's CFO, said that the still-unfolding process of merging academic programs isn't expected to reduce the number of faculty positions, but it will still save money. "The creative thinking our faculty has done has already saved \$1.5 million by reducing the number of faculty overload payments we make," she said.

It will be impossible to reduce the number of academic programs across the campuses and continue to give students at all physical locations the curricular options they need without a significant change in how courses are offered. Cluver said the system envisions Vermont State being the "first statewide hybrid institution," and Ziesler calls the evolving answer "face-to-face plus," in which courses will be delivered through a mix of in-person, virtual and other options so that students across the state can take any course.

Olson said faculty members worry that many courses will lose a face-to-face component entirely, which could be problematic given that surveys show the system's students prefer in-person learning. "Throwing them into an online program is probably not going to work for a lot of them," she said.

While system leaders and faculty groups may disagree about some aspects of Vermont's grand experiment, they generally agree that a major overhaul was needed in response to years of underfunding and enrollment declines—and the near certainty of continued demographic changes ahead.

They fall along a continuum in their confidence that the experiment will work.

“I’m confident we will succeed as long as we work together,” said Scott, the system CFO. “We didn’t get in this situation overnight, and we won’t get out of it overnight.”

Olson said faculty leaders are skeptical that the short-term funding the Legislature has provided will be sustained, given the many years of state underfunding that preceded it.

“I’m most worried about the fact that we’ve been thrown a life preserver that’s going to be pulled out from us after five years,” she said. “Unless the state makes a longer-term commitment, I’m worried that we’ll be back in the same situation five years from now.”

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