Decisioning

The A.B.C.s of Financial Survival in Higher Education:

Appeal. Borrow. Cut.

External Rescue, Debt, and Institutional Retrenchment as Financial Coping Behaviors Among Colleges and Universities

Higher Education Efficiency and Management Consulting Services, LLC.

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Financial distress rarely emerges overnight.

More often, developing gradually as institutions struggle to align enrollment, revenue, organizational structure, and mission with swiftly changing realities.

When these pressures mount, many colleges and universities fall into a predictable cycle:
appeal (***beg***), **borrow**, and **cut**.

What often begins as temporary stabilization gradually becomes a substitute for **strategic reinvention**.

APPEAL
Seeking external rescue and support.

BORROW
Increasing debt to bridge the gap.

CUT
Reducing capacity, programs, and services.

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1. Introduction

Financial pressures continue to intensify across higher education. In response, leaders seek external support, institutions assume additional debt, budgets are reduced, programs are eliminated, positions are left vacant or removed, and capital projects are deferred. While the specific circumstances may differ from one institution to another, the pattern itself has become increasingly familiar across the sector, forming what might best be described as the A.B.C.s of financial distress in higher education:

Appeal. Borrow. Cut.

To be clear, there is nothing inherently wrong with seeking support, using debt strategically, or reducing expenditures when required. The more important question is whether these actions are functioning as temporary tools within a larger strategy or becoming coping mechanisms. Exploring the A.B.C.s of financial distress offers an opportunity to examine why colleges and universities repeatedly turn to these responses, what they accomplish, and where they fall short.

Scope and Purpose. This article is intended as an analysis of institutional responses to financial distress. It should not be interpreted as a technical review of higher education debt instruments, finance practices, bankruptcy proceedings, or other specialized areas of finance. It is also not intended to evaluate, criticize, or second-guess the decisions of individual leaders, governing boards, or institutions. Rather, the purpose is to identify and examine common patterns of institutional behavior that appear to emerge as colleges and universities respond to mounting financial pressures.

Each section, **Appeal, Borrow,** and **Cut**, considers why these responses may appear rational under conditions of financial stress, distinguishes between strategic and reactive approaches, presents illustrative cases, and synthesizes the themes, observations, and takeaways emerging from the review. Readers may use the table of contents above to navigate directly to any section. Select financial terms are briefly explained when introduced.

2. Appeal: Fundraising as a Financial Distress Response

Appeal occurs when institutions facing financial distress turn outward in search of resources, support, or intervention to stabilize financial conditions. These appeals include emergency/distress fundraising campaigns, special appropriations from state governments, requests for donor assistance, foundation grants, alumni giving initiatives, public rescue efforts, and institutional partnerships.

Colleges and universities have long relied on philanthropy, public investment, and community support to advance educational missions and navigate periods of uncertainty. The Council for Advancement and Support of Education (CASE) notes that in fiscal year 2025, philanthropic giving to U.S. colleges and universities rose 4% to $78B. Half of this giving went to student financial aid, with the remainder supporting academics, faculty and staff positions, and research, respectively. Voluntary giving accounts for roughly 10% of college and university education and general expenditures. Minimal amounts of this giving are left unrestricted.

This article differentiates between the traditional comprehensive campaign and *distress fundraising*. Traditional comprehensive fundraising is designed to diversify revenue, grow endowment, and protect affordability and academic quality over several years. Emergency or distress fundraising (the focus) is a rapid-response effort aimed at meeting immediate obligations, reassuring accreditors, regulators, and stakeholders, or avoiding closure.

Why Appeal Feels Rational

Appeal is one of the least disruptive responses to financial distress. Unlike layoffs, program closures, or organizational restructuring, appeals for support allow institutions to seek additional resources without immediately reducing services or capacity. Fundraising is also the least balance-sheet-destructive response with no repayment obligations.

Strategic vs. Reactive Appeal

Strategic appeals are connected to a clear vision for the future and a well-defined plan for achieving it. Leaders communicate how external resources will support transformation, strengthen competitiveness, improve student outcomes, expand workforce partnerships, or create new sources of revenue. Donors and stakeholders are invited to invest in a future state where appeals become catalysts for innovation and institutional renewal. On the other hand, immediate budget gaps, enrollment shortfalls, liquidity concerns, or emerging financial crises often trigger reactive appeals.

Lessons from Documented Cases of College and University Rescue Appeals

The institutions highlighted in this section became highly visible examples of publicly appealing for financial assistance during periods of significant financial distress. Through fundraising campaigns, public statements, legislative requests, donor outreach, merger discussions, and media coverage, each institution sought external support in response to mounting financial challenges. Their situations received substantial attention in higher education publications and regional and national news outlets. These institutions are examined to determine the extent to which such efforts contribute to long-term recovery.

Table 1. Illustrative Cases of *Institutional Rescue Appeals* as Financial Coping Behaviors in Higher Education.

INSTITUTION	TYPE	LOCATION	AGE	DATE/ PERIOD	TYPE OF APPEAL	CAMPAIGN NAME	AMOUNT SOUGHT	OUTCOME
Birmingham-Southern College	Private nonprofit liberal arts	Birmingham, Alabama	169	Dec.2022 to March 2024	**Hybrid rescue strategy** combining public funding requests and private fundraising.	*The Next Chapter*	$37.5M public support; $200M endowment goal	Public funding denied; $46M in private donor pledges.
Bloomfield College	Private nonprofit liberal arts (MSI)	Bloomfield, New Jersey	156	Oct. 2021 to March 2022	**Public appeal** for financial assistance, coupled with a search for a strategic partner.	*Sustain Bloomfield College*	$10M unrestricted support; $1M in crowd-funding	Received $12.5M in state support. Merged with Montclair State University.
California College of the Arts	Private nonprofit Art and Design	San Francisco & Oakland, California	120	Sept. 2024 to Feb. 2025	**Fundraising turnaround campaign** tied to deficit reduction and institutional stabilization.	*Institutional fundraising and stabilization efforts*	$20M	Raised $45M in state and private support.
Guilford College	Private nonprofit liberal arts (Quaker-affiliated)	Greensboro, North Carolina	188	Jan. 2025 to Dec. 2025	**Intensive fundraising campaign** tied to accreditation recovery.	*For the Good of Guilford*	$5M initial campaign goal	Achieved. Removed from accreditation probation.
Hampshire College	Private nonprofit liberal arts	Amherst, Massachusetts	55	2019 to 2024	**Multi-year fundraising campaign** tied to budget reductions and organizational restructuring.	*Change in the Making*	$60M campaign goal	Raised $55.8M.
Limestone University	Private nonprofit (Christian-affiliated)	Gaffney, South Carolina	180	April 16 – 29, 2025	**Emergency fundraising campaign** to prevent closure.	*Together for Limestone*	$6M	Raised $2.1M.
Northland College	Private nonprofit Environ-mental liberal arts	Ashland, Wisconsin	133	March to April 2024	**Emergency public fundraising campaign** to avoid closure.	*Fund a New Northland*	$12M	Raised $1.5M.
Saint Augustine's University	Private nonprofit HBCU	Raleigh, North Carolina	158	2024 to 2025	**Sustainability campaign** to address financial and accreditation challenges.	*Falcon Pride Initiative Fund; Power of One Campaign*	$5M	Undisclosed.
Sweet Briar College	Private nonprofit Women's liberal arts	Sweet Briar, Virginia	124	2015	**Emergency alumnae-led fundraising campaign** tied to rescue financing.	*Saving Sweet Briar*	$12M+	Raised $12.143M.
The King's College	Private nonprofit Christian liberal arts	New York, New York	87	Feb. 2023 to July 2025	**Emergency donor appeal campaign**.	*Go-Forward Plan*	$2.6M	Raised $678K.

Themes and Patterns

Theme One: Limited Margin for Error. All ten institutions examined were private nonprofit colleges and universities with enrollments averaging approximately 1,000 students. These institutions have minimal margins for error. Highly tuition-dependent with limited economies of scale, they generate little or no research revenue, receive minimal state support, and maintain modest endowments relative to their operating expenses. Except for California College of the Arts, these institutions are also located in rural or semi-rural markets and face challenges related to institutional visibility and differentiation, while possessing limited pricing power in an increasingly competitive enrollment environment. California College of the Arts, a specialized art and design institution located in San Francisco and Oakland, operates within a distinct academic niche and a higher-tuition model. At the same time, incurring significantly higher operating costs consistent with urban infrastructure.

Unlike larger universities with diversified revenue streams, substantial reserves, significant research activity, or strong state support, small tuition-dependent institutions often have fewer financial buffers available to absorb unexpected shocks. A modest enrollment decline or a period of sustained operating deficits can rapidly escalate into a significant financial challenge. These institutions, though differing considerably in mission, location, academic focus, and organizational structure, pursued similar responses when financial pressures intensified. Public appeals to donors, alumni, foundations, legislators, and community stakeholders became central components of their efforts to preserve institutional viability.

Theme Two: Funding Survival Rather Than Transformation

A second pattern emerges when examining the nature of the appeals themselves. In most cases, institutions were not seeking resources to launch new academic programs, expand into new markets, develop innovative delivery models, build workforce partnerships, or strengthen their long-term competitive position. Instead, the funds being sought were primarily intended to address immediate financial needs, including operating deficits, liquidity shortages, payroll obligations, debt service requirements, and general balance sheet stabilization.

Northland College's $12m emergency campaign was designed to prevent closure. The King's College sought $2.6m to meet immediate operating needs and avoid shutting its doors. Limestone University pursued $6m to continue operations. Saint Augustine's University launched a $5m sustainability campaign amid significant financial and accreditation pressures. California College of the Arts' fundraising efforts were tied directly to closing a substantial operating deficit and restoring financial stability. Guilford College's fundraising strategy emphasized unrestricted cash, revenue alignment, and accreditation compliance. In all cases, the requested resources were intended to stabilize existing operations.

Theme Three: Appeal as a Market Test

Appeals for assistance were rarely limited to fundraising alone. Institutions pursued blended rescue strategies that combined philanthropy with government or state support, institutional partnerships, and other forms of external intervention. Birmingham-Southern College sought a combination of public funding and private philanthropy. Bloomfield College coupled its public appeal with a search for a strategic partner, ultimately leading to its merger with Montclair State University.

For financially distressed institutions, a public appeal often serves as a market test of whether the external constituency is willing to invest in the institution's future. Donors evaluate whether the institution remains worthy of support. Legislators determine whether public resources should be committed to private non-profits. Foundations assess the likelihood of long-term impact. Potential partners examine whether a merger or alliance is viable. Community stakeholders decide whether the institution continues to serve an important role. The appeal, therefore, becomes a referendum on institutional relevance and viability.

Some institutions secure sufficient support to stabilize operations or facilitate a merger. Others attract only partial support, raising enough resources to delay difficult decisions without fundamentally changing their trajectory. Still others fail to generate meaningful external interest, signaling that key stakeholders may have concluded that the institution's current model is no longer sustainable. In this sense, appeal is a test of whether external stakeholders believe the institution has a future worth financing.

The most difficult reality for institutional leaders is that the results of this market test may not always align with institutional aspirations. Stakeholders are often willing to support transformation, innovation, and renewal. They are less willing to repeatedly finance operating deficits, declining enrollment, and unresolved structural challenges. As a result, the success or failure of an appeal may reveal as much about stakeholder confidence in the institution's future as it does about the institution's immediate financial needs.

Appeal as a Distress Financing Strategy: Does Rescue Lead to Recovery?

One of the central arguments advanced by institutional leaders during periods of financial distress is that external support will provide the time and resources necessary to stabilize operations and pursue recovery. The question, however, is whether these appeals ultimately lead to long-term renewal.

Table 2. Outcomes of Institutional Rescue Appeals Among Financially Distressed Colleges and Universities

INSTITUTION	RESULT
Birmingham-Southern College	Closure
Bloomfield College	Merger
California College of the Arts	Pending Closure / Acquisition
Guilford College	Survival
Hampshire College	Pending Closure/ Continued Distress
Limestone University	Closure
Northland College	Closure
Saint Augustine's University	Bankruptcy Reorganization/ Continued Distress
Sweet Briar College	Survival
The King's College	Closure

Of the ten institutions examined, four (40%) ultimately closed, two (20%) are expected to close by the end of the 2026–2027 academic year, one (10%) merged with another institution, and one (10%) continues to experience significant financial challenges. Only two institutions (20%) appear to have achieved a measure of stability through fundraising, restructuring, cost reductions, and organizational adaptation.

Takeaway: Based on this qualitative review, and recognizing the limitations of a relatively small sample size, emergency rescue appeals do not appear to confer a high probability of long-term institutional stability for small private colleges and universities experiencing severe financial distress. Among the ten institutions examined, only two (20%) appear to have achieved a measure of stability through rescue appeal efforts. Institutional leaders should therefore be cautious about viewing emergency rescue appeals as institutional saviors without broader strategic, financial, and organizational changes.

The strongest evidence for the potential power of emergency fundraising remains Sweet Briar College. The mediated settlement that reversed the institution's planned 2015 closure required and ultimately secured more than $12m in rescue contributions from alumni and supporters. The college survived and continues to operate today under a smaller operating model. Philanthropy successfully prevented immediate closure but did not restore the economics of the institution's previous operating model.

Hampshire College offers a different lesson. Following its 2019 financial crisis, accreditation concerns, and enrollment challenges, the institution launched a five-year, $60m fundraising campaign while simultaneously reorganizing around a substantially smaller operating model. The campaign achieved 93% of its goal. Fundraising helped offset declines in tuition revenue and provided resources to support the transition. Yet subsequent financial reports continued to reflect financial fragility, including significant declines in assets and investments. Hampshire demonstrates that fundraising can create valuable time and support institutional redesign. However, if enrollment, revenues, and expenses do not reach a sustainable equilibrium, philanthropy alone is insufficient to produce long-term stability. Hampshire College is expected to close in December 2026.

Guilford College also illustrates that substantial, intensive fundraising efforts can contribute to short-term stabilization, organizational recovery, and the repair of its accreditation. In contrast, California College of the Arts (CCA) illustrates that even doubling above your appeal does not guarantee survival. CCA raised $125m in 2021-2022 to build a new academic building, bringing its academic programs and student living together on a single campus. This effort was successful, and the building opened in Fall 2024. That same year, CCA laid off 10% of its staff. In 2025, it appealed for $20m, raising $25m in private donations and $20m from the state of California. Subsequently, in January 2026, College leaders announced that its tuition-driven model remained unsustainable and that the institution would be closing at the end of the 2026-2027 academic year. Vanderbilt University acquired the campus.

Birmingham-Southern College, Limestone University, Northland College, and The King's College demonstrate that even highly visible rescue campaigns can fail when financial challenges are too severe, stakeholder support is insufficient, or the resources required exceed what can realistically be raised within the available timeframe (in some cases, a few weeks).

Another important consideration is that fundraising capacity is highly uneven across higher education. Donor networks, alumni wealth, institutional prestige, and philanthropic visibility vary dramatically. CASE fundraising data consistently show that a relatively small number of institutions receive a disproportionate share of charitable giving. As a result, a strategy that may be feasible for a nationally recognized university, flagship institution, or wealthy private college may be structurally unavailable to small, tuition-dependent privates, regional publics, or open-access colleges.

Table 3. Summative Results of Institutional Rescue Appeals as Financial Coping Behaviors in Higher Education

MEASURE	DOCUMENTED TOTAL
Institutions Examined	10
Total Amount Sought*	Approximately $170M
Total Amount Received/Documented	Approximately $81M
Percentage of Funding Obtained	Approximately 48%
Institutions Meeting Fundraising Goal	2
Institutions Currently Remaining Open	5
Institutions Closed, Merged, or Bankrupt	5

Across the ten institutions examined, leaders publicly sought approximately $170m in external support, excluding Birmingham-Southern College's separate long-term objective of raising $200m for its endowment. Publicly available information documents approximately $81m in support ultimately received, though several institutions did not disclose final fundraising totals. Even using the documented amounts, collectively these institutions secured less than half (approximately 48%) of the funding sought.

The evidence, therefore, supports a relatively narrow conclusion. Fundraising is most effective when paired with a credible turnaround strategy, organizational adaptation, and a clear path toward long-term sustainability. It is least effective when used primarily to close budget gaps, support ongoing operating deficits, or preserve structures that are no longer financially viable. Appeals can generate resources, create time, and expand options, but by themselves, do not resolve the strategic challenges that produced the financial distress in the first place.

Additional Observations: The Institutional Rescue Mindset, the Credibility Challenge, and Donor Fatigue

Reviewing media reports, interviews, and institutional communications suggests that, in some cases, a *rescue mindset* becomes visible in the language institutions use when seeking assistance. Leaders frequently emphasize the need to attract external supporters, strategic partners, philanthropists, or benefactors capable of preserving the institution. Leaders publicly stated that disclosing their financial circumstances was intended to attract "potential partners and major philanthropic donors." In at least one instance, leaders expressed the hope that the amount sought would represent little more than "a drop in the bucket" to the right benefactor. Similarly, after suspending operations and attempting to avoid permanent closure, The King's College launched an extensive search for strategic partners and "like-minded Christians" willing to assume the institution's charter, name, and intellectual property, in hopes of resuming operations. The cautionary lesson for presidents and governing boards is that fundraising should not be approached with the expectation that a benefactor possessing both the capacity and willingness to close a multimillion-dollar funding gap will necessarily emerge, particularly within a quick timeframe.

A rescue mindset can also emerge when institutions place *excessive confidence in the continued support of a single major donor* or a small group of benefactors. This approach can create a false sense of hopeful security. Rather than addressing underlying structural issues, leaders may assume that future gifts will fill budget gaps, sustain operations, or provide the resources needed to continue operating largely as before. Donor priorities change, economic conditions fluctuate, and benefactors may no longer be in a position to provide support. In some cases, the death of a major donor can abruptly remove a critical source of institutional funding. The King's College illustrates this. For nearly a decade, the institution benefited from significant support from two wealthy benefactors. Those donations ceased when the couple passed away. The reliance on a limited donor base created long-term vulnerability. When an institution's financial strategy becomes dependent on the continued generosity of a few individuals, external support ceases to be a supplement to sustainability and instead becomes a coping mechanism.

Appeals may be viewed as a shift of responsibility outward, creating a *credibility problem*. Alumni are asked to save programs. Donors are encouraged to close budget gaps. Legislators are asked to provide emergency funding. Community partners are called upon to preserve institutional operations. While many stakeholders are willing to help, they often expect evidence that institutional leaders understand the causes of the distress and possess a credible plan to address them. Donors, alumni, legislators, and community partners may become increasingly reluctant to assist if they perceive financial crises and recurring calls for funding without meaningful change. What begins as a compelling case for support can gradually become viewed as an ongoing request to sustain a model that no longer works. Stakeholders begin asking difficult but reasonable questions. *Why is additional funding needed again? What changed after the last campaign? How will this investment produce a different outcome?* Such questions are often confused for opposition rather than viewed as signs of accountability. Institutions that repeatedly seek rescue without demonstrating progress toward sustainability may find that future appeals generate less enthusiasm, less confidence, and ultimately fewer resources.

Across these cases, it should be noted that institutional decline may become self-reinforcing. As financial pressures intensify and uncertainty grows, highly sought-after faculty, staff, and administrators may pursue opportunities elsewhere. The resulting loss of institutional knowledge, fundraising expertise, enrollment capacity, and leadership talent can hollow out the organization and weaken its ability to meet recovery targets. In one case, departures within the advancement division reportedly left fundraising efforts to be supported primarily by a sophomore student intern. Illustrating that turnaround plans depend not only on financial resources, but also on maintaining sufficient human capital to implement them.

Another largely unexplored question concerns the cost-effectiveness of maintaining advancement operations during periods of significant financial distress. While successful fundraising campaigns can provide critical resources, little information is typically disclosed regarding the cost of sustaining advancement offices, including salaries, benefits, campaign expenses, and donor engagement activities. Institutions contemplating emergency fundraising campaigns should undertake due diligence to assess the expected return on investment of advancement activities, including personnel costs, campaign expenditures, and the likelihood of achieving fundraising targets within the available timeframe.

There is also a broader consequence that extends beyond any single institution. Each public announcement of financial distress, emergency fundraising campaign, bailout request, merger discussion, or institutional closure contributes incrementally to public uncertainty about higher education itself. Prospective students and families begin to question institutional stability. Donors become more cautious. Policymakers become more skeptical of additional funding requests. Over time, repeated stories of institutional distress can erode confidence in the sector's ability to manage its own affairs. While most colleges and universities remain financially viable, the cumulative effect of highly visible financial crises can weaken public trust in higher education as a whole.

The Loss of Institutional Capital

One striking characteristic of the institutions examined is their age. Collectively, these ten colleges and universities represent approximately 1,376 years of institutional history, with an average age of nearly 138 years. Eight of the ten institutions are more than 100 years old, and several have served students for more than a century and a half. These are not startups struggling to find their place in the market. They are institutions that have survived world wars, economic depressions, demographic shifts, technological change, and multiple generations of transformation in higher education. Yet despite their longevity, each eventually found itself publicly appealing for financial assistance.

When an institution closes, merges, or experiences severe financial decline, the loss extends far beyond a balance sheet. Communities lose employers, students lose educational options, alumni lose an institution that helped shape their lives, and regions lose cultural, intellectual, and civic assets built over decades and centuries. Colleges and universities accumulate relationships, traditions, community partnerships, and institutional knowledge that cannot easily be recreated. Many of these assets are now permanently lost.

Appeal may buy hope, but not stability.

3. Borrow: Debt as a Financial Distress Response

Borrowing remains an important and legitimate component of higher education finance. Many institutions would not possess the facilities, infrastructure, technology, and academic resources they rely upon today without prudent use of debt. Borrowing is also one of the most powerful and potentially consequential responses to financial distress, providing immediate access to capital while allowing institutions to maintain operations, preserve programs, fund projects, or address short-term financial pressures.

For purposes of this analysis, *distressed borrowing* refers to debt, credit facilities, refinancing arrangements, bridge loans, related-party financing, endowment borrowing, letters of credit, or other financing mechanisms obtained primarily to address liquidity shortages, operating deficits, financial distress, accreditation concerns, debt covenant violations, or closure risk. In these situations, borrowing is used to stabilize operations, preserve institutional viability, or provide additional time to address immediate financial challenges.

Why Borrowing Feels Rational

Borrowing often appears attractive because it provides immediate solutions to immediate problems. Institutions facing cash flow challenges, deferred maintenance obligations, aging facilities, technology needs, or enrollment-driven revenue declines view debt as a practical way to preserve operations. Borrowing feels less disruptive and is politically easier to implement. Leaders believe that enrollment will recover, fundraising efforts will succeed, new programs will generate revenue, or economic conditions will improve before repayment obligations become problematic.

Strategic vs. Reactive/Distress Borrowing

Strategic borrowing is linked to a clear and credible plan for future sustainability, in which debt is used to support initiatives that strengthen institutional competitiveness, improve student outcomes, generate new revenue opportunities, modernize critical infrastructure, or advance a broader transformation strategy. Reactive borrowing is driven primarily by immediate financial pressure. Debt is used to address budget shortfalls, liquidity concerns, declining revenues, or operational challenges.

Strategic borrowing is typically undertaken to support long-term institutional priorities and investments, such as constructing residence halls and academic buildings, modernizing technology, expanding research facilities, financing enrollment growth initiatives, refinancing debt to reduce costs, or funding projects expected to generate future revenue. Distressed borrowing, by contrast, is often pursued to address immediate operational challenges, including meeting payroll obligations, covering operating deficits, alleviating liquidity shortages, responding to accreditor concerns, resolving debt covenant violations, avoiding closure, refinancing to prevent default, or securing short-term survival funding.

Lessons from Documented Cases of College and University Distress Borrowing

Identifying institutions engaged in distressed borrowing is considerably more difficult than identifying institutions that have launched public fundraising appeals. Colleges and universities routinely issue bonds, refinance debt, maintain lines of credit, and engage in other financing activities as part of normal operations. The existence of debt alone is not evidence of financial distress. Similarly, many institutions restructure debt, refinance bonds, or modify financing arrangements for strategic reasons unrelated to institutional viability.

To develop this analysis, more than thirty institutions were initially reviewed based on media reports, credit rating actions, financial statements, audit findings, bankruptcy filings, and public disclosures. The list was then narrowed to institutions where media reporting, public filings, or official institutional documents directly linked borrowing activity to financial distress, liquidity shortages, operating deficits, accreditation concerns, covenant violations, going-concern warnings, or closure risk. Institutions engaged primarily in routine refinancing, capital project financing, or ordinary debt management were excluded.

Institutions utilizing liquidity-support borrowing were excluded unless the borrowing was publicly linked to acute financial distress, closure avoidance, covenant violations, high-cost financing, endowment-supported distress financing, or going-concern uncertainty. This distinction was made because revolving lines of credit and working-capital facilities may reflect routine cash-flow management and temporary liquidity needs rather than financial distress.

The resulting sample consists of ten institutions that publicly borrowed, sought to borrow, or accessed alternative financing mechanisms as a direct response to significant financial challenges. While not representative of all financially stressed colleges and universities, these cases provide insight into how colleges and universities have used borrowing to address immediate financial pressures and the outcomes that followed.

Table 4. Illustrative Cases of *Institutional Borrowing* as Financial Coping Behaviors in Higher Education.

INSTITUTION	INSTITUTION TYPE	LOCATION	DATE/ PERIOD	BORROWING CATEGORY	BORROWING TYPE	AMOUNT	PURPOSE	OUTCOME
Albright College	Private nonprofit liberal arts	Reading, Pennsylvania	2025–2026	Endowment Borrowing	Endowment loan / self-funded line of credit	Up to $25M	Liquidity support and financial recovery	Approved
Albion College	Private nonprofit liberal arts	Albion, Michigan	May 2024–Jan. 2025	Debt Restructuring Borrowing	Bond forbearance agreement associated with existing debt obligations	Approximately $48.9M in outstanding bonds are subject to the forbearance agreement	Address financial performance concerns, covenant issues, and budget realignment efforts	Approved
Birmingham-Southern College	Private nonprofit liberal arts	Birmingham, Alabama	2023–2024	Distressed Survival Borrowing	Proposed Alabama state rescue loan	$30M	Avoid closure and stabilize operations while pursuing fundraising efforts	Denied

INSTITUTION	INSTITUTION TYPE	LOCATION	DATE/ PERIOD	BORROWING CATEGORY	BORROWING TYPE	AMOUNT	PURPOSE	OUTCOME
Cazenovia College	Private nonprofit liberal arts	Cazenovia, New York	2022–2023	Debt Restructuring Borrowing	Debt refinancing and restructuring attempt	Approximately $25M	Debt restructuring and institutional survival	Failed
Hampshire College	Private nonprofit liberal arts	Amherst, Massachusetts	October 2024	Distressed Survival Borrowing	Charitable trust note	$4.5M	Liquidity support during covenant failures and refinancing challenges	Approved
Iowa Wesleyan University	Private nonprofit liberal arts	Mount Pleasant, Iowa	2023	Distressed Survival Borrowing	Existing USDA loan and proposed state rescue loan	$26M existing debt; additional $12M requested	Continue operations and avoid closure	Denied
Northland College	Private nonprofit environmental liberal arts	Ashland, Wisconsin	2023–2024	Endowment Borrowing	Endowment borrowing	Approximately $22M	Cover operating deficits, cash-flow shortages, and repay credit obligations.	Approved
Northpoint Bible College	Private nonprofit Bible college	Haverhill, Massachusetts	2024–2025	Related-Party Borrowing	Related-party promissory notes from board-affiliated lender	$3M	Working capital, operating support, and liquidity during a period of going-concern uncertainty	Approved
Saint Augustine's University	Private nonprofit (HBCU)	Raleigh, North Carolina	2024–2025	High-Cost Distressed Borrowing	Line of credit and additional emergency financing support	$7M line of credit at 24–26% interest	Operating expenses, payroll, audits, accreditation requirements, and institutional liquidity	Approved
The King's College	Private nonprofit Christian liberal arts	New York, New York	Feb.–Apr. 2023	Distressed Survival Borrowing	Interest-free donor loan	$2M	Immediate operating support and institutional survival	Approved

***Notes:**

*1. Outcome: **Approved** indicates that financing was obtained, extended, or otherwise made available to the institution. **Denied** indicates that the proposed financing was not approved. **Failed** indicates that refinancing or restructuring efforts were unsuccessful. Subsequent institutional outcomes are presented in Table 5.*

*2. Borrowing Type: **Bond forbearance agreement** refers to an agreement in which lenders temporarily refrain from exercising remedies associated with loan defaults or covenant violations. **A charitable trust note** refers to a borrowing arrangement secured by trust assets or philanthropic resources. **Debt covenant violation** refers to a failure to satisfy lender-imposed financial requirements associated with outstanding debt. **Related-party borrowing** refers to financing provided by trustees, affiliated entities, or other institutional insiders. **Line of credit draw** refers to funds borrowed from a revolving credit facility to meet short-term liquidity needs.*

Themes and Patterns

Theme One: Financially Distressed Institutions Utilize Multiple Borrowing Strategies

The examined borrowing cases reflected several distinct categories of financially motivated borrowing, suggesting that institutions facing financial distress employ a variety of mechanisms to extend their operating capacity, preserve liquidity, and avoid closure. Again, it is noteworthy that the ten institutions examined were all private nonprofit colleges and universities enrolling, on average, approximately 1,000 students. Four institutions engaged in distressed survival borrowing to maintain operations, meet payroll obligations, preserve accreditation, or avoid institutional closure. Two institutions pursued debt restructuring borrowing to refinance or renegotiate existing obligations. At the same time, two utilized endowment-supported financing through borrowing, drawdowns, or trust-related mechanisms to provide liquidity support and sustain operations. One institution relied on related-party borrowing from a board-affiliated lender, and another obtained high-cost distressed borrowing through a line of credit with interest rates of approximately 24-26%.

These patterns suggest that institutions experiencing financial distress employ a range of financing approaches carrying differing levels of risk, flexibility, and long-term implications for institutional sustainability. More difficult to ascertain is whether the type of borrowing pursued was appropriate given the institution's age, enrollment, endowment resources, market position, debt burden, fundraising capability, and the probability of achieving a sustainable recovery.

Theme Two: Borrowing Buys Time, Not Transformation

Borrowing creates flexibility by shifting financial obligations into future years. The danger is that future obligations eventually become present obligations. Institutions that borrow without materially improving enrollment, revenue generation, operating performance, or competitiveness may discover that debt service consumes resources needed elsewhere. What initially appears to be a solution gradually becomes an additional financial constraint. Debt can buy time, but it cannot guarantee that time will be used effectively to course correct.

The cases examined here illustrate this distinction. Most distressed borrowing was directed toward operating expenses, payroll, liquidity support, debt service, meeting accreditor requirements, covenant compliance, and closure avoidance. None of the institutions borrowed primarily to launch new academic programs, enter new markets, expand workforce partnerships, or create new revenue streams. Borrowing ultimately extended the institutional runway but did not fundamentally change the institutional trajectory.

Theme Three: Distressed Borrowing Often Signals Deeper Structural Problems

Some Colleges relied primarily on private rescue-style financing rather than traditional public bond offerings. Northpoint Bible College obtained two board-related notes, including one that was interest-free. Hampshire College secured a $4.5m note from a charitable trust while facing failed debt covenants and refinancing challenges. Northland College borrowed heavily from its endowment over a decade for operational expenses, cash-flow shortages, and the repayment of a line of credit. By the time the institution closed in January 2026, its endowment had fallen from $22M to $3.3M.

Albright College sought court approval to borrow up to $25 million from its endowment after reporting that available external financing options carried interest rates as high as 25%. The college's Board of Trustees could not unilaterally authorize the use of these donor-restricted funds for operating purposes. Court approval was required as Pennsylvania law subjects donor-restricted endowment assets and charitable funds to oversight by the Orphans' Court and the Pennsylvania Attorney General, who has enforcement authority over charities and nonprofit entities. Allowing it to review nonprofit conduct and seek judicial remedies when charitable assets are used improperly or contrary to donor intent. The approved arrangement permits Albright to use endowment resources as a self-funded line of credit and to provide quarterly reports to the Attorney General on any draws.

Perhaps a cautionary warning to all institutions, the 2025 NACUBO-Commonfund Study of Endowments reports that participating institutions withdrew $33.4B during FY2025, an increase of nearly 11% from the prior year. The average spending rate rose to 4.9%. More than 5% of withdrawals represented special appropriations above normal spending policies. While endowment resources can provide valuable flexibility during difficult periods, sustained reliance on endowment spending may weaken future purchasing power and reduce an institution's long-term financial resilience.

Theme Four: The Debt Dependency Trap

A particularly concerning pattern emerges when institutions repeatedly use borrowing to address recurring financial pressures. Rather than serving as a tool for strategic investment, debt becomes a mechanism for sustaining operations that are no longer financially self-supporting. As institutional risk increases, access to conventional financing becomes more limited, expensive, or unavailable. With borrowing, as financial obligations accumulate, the focus shifts from institutional renewal and transformation to paying down debt and taking on additional debt to offset existing debt. Less attention is paid to institutional revitalization, exacerbating decline rather than reversing it.

Borrowing as a Distress Financing Strategy: Does Debt Lead to Recovery?

Borrowing has long been an accepted mechanism for financing capital projects, managing cash flow, and supporting strategic investments in higher education. Increasingly, however, some institutions appear to be turning to debt not to fund growth or innovation, but to address operating deficits, payroll obligations, accreditation pressures, and immediate liquidity challenges. This raises an important question: when institutions borrow in response to financial distress, does debt provide a pathway to recovery, or does it simply postpone difficult decisions while adding new financial obligations?

Table 5. Outcomes of Institutional Borrowing Among Financially Distressed Colleges and Universities

INSTITUTION	RESULT
Albright College	Continued Distress
Albion College	Turnaround
Birmingham-Southern College	Closure
Cazenovia College	Closure
Hampshire College	Pending Closure
Iowa Wesleyan University	Closure
Northland College	Closure
Northpoint Bible College	Continued Distress/ Accreditation Withdrawn
Saint Augustine's University	Bankruptcy Reorganization/ Continued Distress
The King's College	Closure

Among the ten borrowing cases examined, financing was approved in seven instances, denied in two cases, and one refinancing effort ultimately failed. Yet, across these ten institutions, six ultimately closed or announced plans to close, one entered bankruptcy proceedings, two remain in significant financial distress, and only one appears to be pursuing a viable turnaround strategy. In sum, 60% closure, 10% bankruptcy, 20% continued distress, and 10% turnaround. These outcomes suggest that distressed borrowing, while capable of extending institutional runway, frequently proves insufficient to restore long-term viability.

Table 6. Summative Results of Institutional Borrowing as Financial Coping Behaviors in Higher Education

MEASURE	DOCUMENTED TOTAL
Institutions Examined	10
Additional Financing Sought	More than $130M
Additional Financing Obtained	Approximately $63.5M
Percentage of Financing Requests Obtained	Approximately 49%
Existing Debt and Financial Obligations Before Additional Borrowing	More than $200M
Institutions Closing or Announced Closure	6 institutions (60%)
Institutions Entering Bankruptcy Proceedings	1 institution (10%)
Institutions Remaining Financially Distressed	2 institutions (20%)
Institutions Pursuing an Active Turnaround Strategy	1 institution (10%)

Across the ten institutions examined, more than $130m in additional financing was sought in response to financial distress. Approximately $63.5m, or about 49% of the financing sought, was ultimately approved. These institutions were not starting from a position of financial strength. Collectively, they already carried more than $200m in existing debt obligations and other financial commitments.

Takeaway: Based on this qualitative review, and recognizing the limitations of a relatively small sample size, distressed borrowing does not appear to confer a high probability of long-term institutional recovery for small private colleges and universities experiencing severe financial distress. Among the ten institutions examined, only one institution (10%) appeared to be pursuing a viable turnaround strategy. In contrast, the remaining institutions closed, entered bankruptcy proceedings, or continue to experience significant financial challenges. These findings suggest that borrowing may extend institutional runway, but it rarely appears sufficient to restore long-term viability absent broader strategic, financial, and organizational changes.

Additional Observations: Liquidity-Support Borrowing - Maintaining Liquidity or Masking Distress?

Liquidity-support borrowing generally consists of revolving lines of credit, working capital facilities, and short-term bank borrowings intended to manage cash flow timing differences and provide operating flexibility. Such arrangements may be entirely appropriate and routine under certain circumstances. However, persistent reliance on borrowed liquidity, particularly when accompanied by operating deficits, enrollment declines, credit downgrades, covenant violations, going-concern uncertainty, or auditor concerns, may warrant closer examination as an earlier indicator of financial vulnerability.

This review focused primarily on borrowing associated with institutional distress, survival, and financial restructuring. Several institutions examined in the borrowing cases, including Albright College, Hampshire College, Northland College, Northpoint Bible College, Saint Augustine's University, and The King's College, used liquidity-support mechanisms alongside other forms of distressed borrowing. At present, it remains unclear when liquidity-support borrowing reflects prudent treasury management and when it signals the emergence of more significant structural financial challenges. Illustrative examples identified outside the primary borrowing review include Regis College (Massachusetts), Hellenic College Holy Cross (Massachusetts), Ohio Wesleyan University (Ohio), Washington College (Maryland), and La Salle University (Pennsylvania), all of which have publicly reported using liquidity-support borrowing. Additional research is needed to understand better the prevalence, purpose, and long-term implications of liquidity-support borrowing in higher education.

A comparison of the borrowing cases with institutions examined in the Appeal section revealed that five of the ten institutions identified as engaging in distressed borrowing also appeared among institutions making public appeals for financial assistance. This overlap is not unexpected, as fundraising campaigns and borrowing are often complementary responses to the same underlying financial pressures. The findings suggest that appeals and borrowing are interconnected financial coping behaviors used by institutions seeking to maintain operations. Neither alone nor combined proved sufficient for the majority of the cases.

Borrowing may buy time, but not transformation.

4. Cut: Retrenchment as a Financial Distress Response

If an appeal seeks external rescue and borrowing attempts to buy additional time, retrenchment represents the most direct effort to align institutional expenditures with available resources. Retrenchment encompasses a wide range of actions, including academic program closures, workforce reductions, administrative reorganizations, budget reductions, and facility closures. These measures are often undertaken to reduce operating deficits, improve cash flow, satisfy creditors, maintain accreditor expectations, or avoid more severe outcomes such as financial exigency, merger, bankruptcy, or closure. Unlike appeals or borrowing, which rely on external constituencies to provide relief, retrenchment places the burden of adjustment largely on the institution's executive leadership.

Why Retrenchment Feels Rational

The appeal of retrenchment is understandable. Many colleges and universities operate with thin margins, limited reserves, deferred maintenance obligations, and significant dependence on tuition revenue. Governing boards, creditors, and rating agencies often expect evidence of immediate action when financial indicators begin to deteriorate. Bond covenants, debt servicing requirements, lender expectations, and federal financial responsibility standards create incentives for institutions to demonstrate financial discipline and operational control. Cutting expenditures is visible, measurable, and relatively easy to communicate through budget presentations and financial reports.

Strategic vs Reactive Retrenchment

Strategic retrenchment is purposeful, data-informed, and connected to a broader vision for institutional sustainability. It begins with a clear understanding of mission, market position, student demand, program performance, and long-term financial realities. Decisions are sequenced with resources redirected toward areas that strengthen institutional relevance and competitiveness. Strategic retrenchment recognizes that some activities may need to be reduced or eliminated, but also identifies where reinvestment is necessary to support future growth, innovation, and differentiation. In this sense, retrenchment becomes one component of a larger transformation strategy. Reactive retrenchment is a decision often driven by urgency, fear, political pressures, or immediate budget gaps. Cost reductions are frequently applied across the board regardless of strategic value, program demand, market opportunity, or mission contribution.

Lessons from Documented Cases of College and University Retrenchment

To better understand the nature and scale of retrenchment, announcements were reviewed using publicly available information from *The Chronicle of Higher Education*, *Inside Higher Ed*, *Higher Ed Dive*, *College-Cuts.com*, institutional press releases, and other media reports. College-Cuts.com is an independent website that compiles and tracks publicly reported higher education retrenchment and closure activities. As of June 2026, the website reported 306 retrenchment-related actions since 2024, affecting an estimated 29,414 students and 14,377 faculty and staff across 47 states. In addition to documenting institutional reductions, the website serves as a resource for faculty and staff affected by retrenchment, connecting displaced employees with employers seeking talent from higher education. The website's database provided a useful supplementary resource for identifying institutions and corroborating publicly reported announcements.

Particular attention was given to announcements made during the most recent ten-week period to capture emerging patterns and provide a contemporary snapshot of institutional responses to financial pressures through retrenchment. The institutions presented here should not be interpreted as a comprehensive inventory of colleges and universities experiencing financial stress. Rather, the review focused on publicly reported retrenchment actions announced between *April 1, 2026, and June 15, 2026.* Institutions reporting deficits, revenue uncertainty, or financial distress without mentioning any accompanying reductions were not included. Announced institutional closures were also not included. On the flip side, retrenchment activities reported without institutional deficit were included. Likewise, institutions, some highly visible, that announced significant budget reductions, layoffs, hiring freezes, or other retrenchment actions before April 1, 2026, are not included in this analysis.

The resulting sample includes 83 colleges and universities representing community colleges, regional public universities, flagship institutions, private liberal arts colleges, religiously affiliated institutions, and research universities. Institutions were classified according to the primary actions emphasized in their public announcements. The objective is to examine what recent announcements collectively reveal about how institutions are responding to financial pressure using the retrenchment approach.

Themes and Patterns

Theme One: Academic Retrenchment

Program eliminations, consolidations, suspensions, and academic restructuring

Colleges and universities announced the elimination, consolidation, suspension, or reorganization of hundreds of academic programs, majors, certificates, departments, and colleges. In some cases, institutions targeted programs with persistently low enrollment, limited workforce demand, or high instructional costs. In others, reductions appear to reflect broader efforts to align academic offerings with available resources, demographic realities, or revised institutional priorities.

Table 7. Illustrative Cases of *Academic Retrenchment* as Financial Coping Behaviors in Higher Education.

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
4/1/2026	Tarrant County College	2-Year Public	TX	N/A	Program Elimination	Eliminated 10 Career Technical Education programs
4/1/2026	University of New Orleans	4-Year Public	LA	N/A	Program Elimination	Discontinued, restructured, or taught out multiple programs during the transition to LSU New Orleans
4/1/2026	Ivy Tech Community College	2-Year Public	IN	N/A	Program Elimination	Suspended or eliminated 10 programs under Indiana HEA 1001
4/1/2026	Indiana State University	4-Year Public	IN	N/A	Program Elimination	Suspended or eliminated 11 programs under Indiana HEA 1001
4/1/2026	University of Southern Indiana	4-Year Public	IN	N/A	Program Elimination	Suspended or eliminated 4 programs under Indiana HEA 1001
4/1/2026	Vincennes University	4-Year Public	IN	N/A	Program Elimination	Suspended or eliminated programs under Indiana HEA 1001
4/1/2026	Syracuse University	4-Year Private	NY	N/A	Program Elimination	Sunset 93 majors, master's, and certificate programs
4/2/2026	University of North Texas	4-Year Public	TX	45	Program Elimination/Program Consolidation	Closed or consolidated 80 academic programs
4/3/2026	Portland State University	4-Year Public	OR	35	Program Consolidation	Reducing 19 programs
4/8/2026	Harrisburg Area Community College	2-Year Public	PA	10	Program Elimination/Program Consolidation	Restructured 9 programs into meta-majors and eliminated 6 academic programs
4/9/2026	Southern Oregon University	4-Year Public	OR	20	Program Elimination	3 Program closures
4/9/2026	University of Texas at Arlington	4-Year Public	TX	44.2	Program Elimination	Proposed elimination or consolidation of 8 academic programs
4/9/2026	Iowa State University	4-Year Public	IA	N/A	Program Elimination	Proposed closure of 10 programs and consolidation of 13 programs under Iowa state-mandated Program Vitality Review
4/17/2026	Kent State University	4-Year Public	OH	18	Program Elimination	Eliminated 19 programs
4/22/2026	Lane Community College	2-Year Public	OR	4.2	Program Elimination	Closed 2 programs: Criminal Justice and Health Information Management
4/23/2026	University of Iowa	4-Year Public	IA	N/A	Program Elimination	Eliminated 7 academic programs
4/23/2026	University of Northern Iowa	4-Year Public	IA	N/A	Program Elimination	Closed 3 graduate programs
4/24/2026	University of Nebraska at Kearney	4-Year Public	NE	4.5	Program Elimination	Eliminated 4 degree programs
4/30/2026	East Carolina University	4-Year Public	NC	25	Program Elimination	Discontinued 44 academic programs
5/4/2026	Wright State University	4-Year Public	OH	N/A	Program Elimination	Eliminated 4 programs under the Ohio SB1 mandate
5/9/2026	Baldwin Wallace University	4-Year Private	OH	20	Program Elimination	Eliminated 35 programs
5/13/2026	Peninsula College	2-Year Public	WA	1.8	Program Elimination	Discontinued 3 programs and paused 2 additional programs
5/15/2026	Oakland City University	4-Year Private	IN	4	Program Elimination	Suspended residential undergraduate operations affecting approximately 17 majors and more than 50 concentrations

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
5/19/2026	State University of New York (SUNY) Fredonia	4-Year Public	NY	8.1	Program Elimination	Eliminated 14 degree programs and 7 minors
5/22/2026	University of Houston	4-Year Public	TX	N/A	Program Elimination	Eliminated 1 program - BA in Religious Studies and other low-enrollment minors/certificates
5/29/2026	Linfield University	4-Year Private	OR	5	Program Elimination	Eliminated or suspended 12 degree programs
6/2/2026	The New School	4-Year Private	NY	48–60	Program Elimination	Paused admissions to most PhD programs
6/5/2026	University of Montana	4-Year Public	MT	18	Program Elimination	Eliminated 2 programs - MA in Literature and MA in Economics; placed selected minors under moratorium
6/8/2026	South Puget Sound Community College	2-Year Public	WA	3.4–4.0	Program Elimination	Eliminated 3 programs - Baking & Pastry Arts, Culinary Arts, and Paralegal.
6/8/2026	Kentucky State University	4-Year Public	KY	N/A	Program Elimination	Eliminated 3 programs - Political Science, Childhood Development, and Music.
6/8/2026	Doane University	4-Year Private	NE	N/A	Program Elimination	Sunset 5 majors and 4 minors
6/10/2026	Marshall University	4-Year Public	WV	10	Program Elimination	Discontinued the 7 degree and certificate programs

***Notes.**

1.N/A indicates that a budget deficit or financial gap was not publicly reported, could not be verified from available sources, or was not directly associated with the retrenchment action.

*2. The terminology used in institutional communications or media reporting is retained, as terms such as **elimination**, **closure**, **suspension**, **consolidation**, and **sunsetting** may carry different operational and regulatory implications. For example, elimination often implies permanent removal from institutional and state inventories, whereas closure or suspension may indicate that a program remains authorized but is temporarily inactive.*

Summary Analysis. Academic retrenchment was identified at 32 institutions during the 10-week review period. Four-year public institutions accounted for the majority of cases (20 institutions), followed by (6) two-year public colleges and (6) four-year private institutions. Collectively, these institutions announced the elimination, suspension, consolidation, or sunset of approximately 524 academic programs, majors, minors, certificates, and concentrations.

Large-scale programmatic retrenchment concentrated among a relatively small number of colleges and universities. Syracuse University reported the largest number of affected programs, sunsetting 93 majors, master's, and certificate programs, followed by the University of North Texas, which closed or consolidated 80 academic programs. Together, these two institutions accounted for nearly 33% of the 524 documented program actions identified during the ten-week review period. Oakland City University suspended residential undergraduate operations affecting approximately 17 majors and more than 50 concentrations, while East Carolina University discontinued 44 academic programs and Baldwin Wallace University eliminated 35 programs. Collectively, these five institutions accounted for approximately 61% (319 of the 524) of the documented program eliminations, closures, consolidations, suspensions, and sunsets identified during the review period.

These institutions suggest that academic retrenchment is increasingly employed across diverse institutional sectors in response to financial pressures, enrollment shifts, policy mandates, and strategic realignment efforts. The dominant retrenchment actions were program elimination, program consolidation, and program suspensions. Some actions, such as those of Indiana University, Iowa State University, and Wright State University in Ohio, were state policy-driven rather than strictly deficit-driven.

Among the institutions that publicly reported financial conditions, 18 disclosed budget deficits totaling approximately $ 324m-$337m, with an average deficit of $18m. The largest reported deficits were The New School ($48-60m), the University of Texas at Arlington ($44m), and the University of North Texas ($45m). The lowest reported deficit was Peninsula College ($1.8m).

Theme Two: Workforce Retrenchment

Layoffs, buyouts, early retirement incentives, vacancy eliminations

Institutions announced layoffs, voluntary separation programs, faculty buyouts, early retirement incentives, reductions in force, along with the elimination of vacant positions as mechanisms to reduce expenditures and realign personnel costs with available revenues. In some instances, these actions were targeted toward specific units or programs; in others, institutions implemented institution-wide workforce reductions affecting faculty, staff, administrators, and support personnel.

Table 8. Illustrative Cases of *Workforce Retrenchment* as Financial Coping Behaviors in Higher Education.

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
4/3/2026	Portland State University	4-Year Public	OR	35	Workforce Reduction	Potential 52 staff and faculty layoffs
4/7/2026	Terra State Community College	2-Year Public	OH	11.5	Workforce Reduction	Cutting 17 full-time and 10 part-time jobs
4/9/2026	University of Texas at Arlington	4-Year Public	TX	44.2	Voluntary Separation/ Buyouts	Buyouts for 234 employees
4/9/2026	Southern Oregon University	4-Year Public	OR	20	Workforce Reduction	Eliminating 66 full-time jobs
4/10/2026	Lane Community College	2-Year Public	OR	4.2	Workforce Reduction	Eliminated approximately 23 positions, reduced administrative expenditures, and implemented operational cost-saving measures to address a projected FY2026–27 budget deficit.
4/11/2026	University of California, Berkeley	4-Year Public	CA	24.3	Workforce	The athletics unit laid off approximately 25 staff
4/13/2026	Syracuse University	4-Year Private	NY	N/A	Voluntary Separation/ Buyouts	Proposed 175 faculty buyouts
4/12/2026	Harrisburg Area Community College	2-Year Public	PA	5	Workforce Reduction	Eliminated 87 filled positions, 41 vacant positions, and retrenched 2 faculty members,
4/15/2026	University of Oregon	4-Year Public	OR	65	Workforce Reduction	Potential layoffs of 110 faculty and 57 adjuncts
4/19/2026	Hood College	4-Year Private	MD	2.9	Workforce Reduction	Freezing vacant positions
4/27/2026	University of Maryland – College Park	4-Year Public	MD	15	Workforce Reduction	Eliminated 150 positions through layoffs, retirements, or the cancellation of vacant positions.
4/29/2026	Colorado State University Pueblo	4-Year Public	CO	2.4	Workforce Reduction	Eliminated about 9 FTE staff positions and 8 vacant positions
4/30/2026	Harvard University	4-Year Private	MA	113	Workforce Reduction	Radcliffe Institute laid off staff, reduced roles, and eliminated vacant positions.
4/30/2025	George Washington University	4-Year Private	DC	24	Workforce Reduction	Laid off 43 staff members
5/1/2026	Indiana University Bloomington	4-Year Public	IN	N/A	Workforce Reduction	Eliminated 19 positions across IT Services and the School of Informatics, Computing, and Engineering
5/4/2026	Kent State University	4-Year Public	OH	18	Workforce Reduction	Eliminated 45 positions
5/6/2026	Muhlenberg College	4-Year Private	PA	10	Workforce Reduction	Workforce reductions
5/7/2026	University of Kentucky	4-Year Public	KY	N/A	Workforce Reduction	Laid off 96 employees due to federal grant terminations
5/7/2026	Bowie State University	4-Year Public	MD	18	Workforce Reduction	Eliminated 79 positions
5/7/2026	Colorado State University	4-Year Public	CO	36	Workforce Reduction	Staff layoffs and elimination of vacant positions
5/8/2026	University of North Dakota	4-Year Public	ND	N/A	Workforce Reduction	Cut 27 positions and furloughed 13 at the Energy and Environmental Research Center.
5/15/2026	Oakland City University	4-Year Private	IN	4	Workforce Reduction	Issued a WARN notice affecting 167 employees
5/19/2026	University of Nebraska System	4-Year Public	NE	40	Voluntary Separation/ Buyouts	Employee buyouts

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
5/21/2026	University of Connecticut	4-Year Public	CT	134	Workforce Reduction	Reduction in graduate teaching positions
5/21/2026	Naropa University	4-Year Private	CO	N/A	Workforce Reduction	Eliminated 11 faculty and approximately 40 instructor positions
5/21/2026	Peninsula College	2-Year Public	WA	1.8	Workforce Reduction	Eliminated 12 staff positions
5/27/2026	Columbia College Chicago	4-Year Private	IL	40	Workforce Reduction	Laid off 6 tenured faculty in the fourth round of cuts
5/28/2026	Loyola University Maryland	4-Year Private	MD	20	Workforce Reduction	Laid off 29 employees and eliminated 37 vacant positions
5/28/2026	Santa Monica College	2-Year Public	CA	14.7	Workforce Reduction	Terminated 45 hourly employees
5/29/2026	Indiana University	4-Year Public	IN	N/A	Workforce Reduction	Eliminated 13 IT positions
6/1/2026	Ursinus College	4-Year Private	PA	4	Workforce Reduction	Eliminated 26 full-time and 10 part-time employees, representing 15% of the nonfaculty staff
6/1/2026	Western Michigan University	4-Year Public	MI	5	Voluntary Separation/ Buyouts	Voluntary early separation program
6/2/2026	Colorado School of Mines	4-Year Public	CO	N/A	Workforce Reduction	Eliminated approximately 16 positions
6/2/2026	University of Utah	4-Year Public	UT	N/A	Workforce Reduction	Eliminated 32 advising positions
6/2/2026	The New School	4-Year Private	NY	48 – 60	Workforce Reduction	Eliminated approximately 400–460 positions
6/2/2026	Harvard University	4-Year Private	MA	365	Workforce Reduction	Faculty of Arts and Sciences administrative layoffs
6/3/2026	Alfred University	4-Year Private	NY	N/A	Workforce Reduction	Eliminated 11 positions campuswide
6/8/2026	Evangel University	4-Year Private	MO	10	Workforce Reduction	Eliminated 40 positions and reduced athletic scholarships
6/15/2026	University of Minnesota	4-Year Public	MN	N/A	Workforce Reduction	Proposed 165 job cuts

*__Note.__ *N/A indicates that a budget deficit or financial gap was not publicly reported, could not be verified from available sources, or was not directly associated with the retrenchment action.*

Summary Analysis. Workforce retrenchment was identified at 38 institutions during the review period, concentrated primarily among four-year public universities (20 institutions), followed by four-year private institutions (13) and two-year public colleges (5). Workforce retrenchment was dominated by layoffs and position eliminations, followed by voluntary separation programs, faculty buyouts, early retirement incentives, furloughs, and vacancy freezes. Collectively, institutions announced the elimination, proposed reduction, buyout, furlough, or non-replacement of more than 2,461 faculty, staff, administrative, graduate assistant, and support positions over the 10 weeks. Conservatively, workforce retrenchment actions are more likely to be between 3,000 and 3,200.

The largest workforce reductions were reported at The New School (approximately 400-460 positions), University of Texas at Arlington (234 buyouts), Syracuse University (175 proposed faculty buyouts), University of Minnesota (165 proposed job cuts), Oakland City University (167 affected employees), University of Maryland-College Park (150 positions), University of Oregon (167 potential faculty and adjunct layoffs), and Harrisburg Area Community College (130 positions).

Of the approximately 2,461 projected workforce retrenchments identified, most personnel actions were reported in aggregate terms (such as *employees*, *positions*, *jobs*, or *buyouts*), making it difficult to determine the full distribution of retrenchment burdens. Among actions in which employee categories were explicitly identified, faculty, instructors, and adjunct personnel accounted for approximately 401 projected retrenchments, while staff retrenchments totaled at least 125 positions. Only two retrenchment actions explicitly referenced administrative positions (Harvard University, MA, and Lane Community College, OR), although the number of administrators affected was not disclosed.

Of the institutions included, approximately 28 publicly disclosed budget deficits or financial gaps ranging from approximately $1.135B-$1.147B. Ten institutions did not publicly disclose deficit amounts. Consequently, the actual financial pressures associated with these retrenchment actions are likely substantially higher.

The largest reported deficits were associated with Harvard University ($478m), the University of Connecticut ($134m), the University of Oregon ($65m), The New School ($48-60m), the University of Texas at Arlington ($44.2m), and the University of Nebraska System ($40m). Harvard University reported two workforce-related retrenchment actions associated with deficits of approximately $113 million and $365 million. Both figures were retained as publicly available information indicated that they represented different financial conditions, including a university-wide operating deficit and a structural deficit within the Faculty of Arts and Sciences, respectively, with both accounting for more than 40% of the documented deficits among institutions undertaking workforce reductions.

Several patterns emerged from the review. First, workforce retrenchment was more prevalent among larger public research universities than academic retrenchment, suggesting that reducing personnel costs may be viewed as a more immediate mechanism for addressing budget shortfalls. Second, institutions attempted to minimize involuntary separations by relying on buyouts, voluntary separation programs, attrition, and vacancy eliminations. Third, institutions coupled workforce reductions with academic, organizational, or physical retrenchment strategies, indicating that personnel actions often represent one component of broader institutional restructuring efforts rather than isolated cost-saving measures.

Theme Three: Operational Retrenchment

School mergers, administrative restructuring, and unit consolidation

Operational retrenchment represented a third approach institutions employed to respond to financial pressure. Rather than immediately reducing academic offerings or workforce capacity, some colleges and universities pursued administrative reorganization, unit consolidation, budget restructuring, and changes to institutional operating models. These efforts were intended to achieve efficiencies by reducing managerial layers, consolidating departments, schools, and colleges, or redistributing services. In others, institutions implemented across-the-board expenditure reductions affecting virtually all units regardless of mission, enrollment demand, or strategic importance.

Table 9. Illustrative Cases of *Organizational Retrenchment* as Financial Coping Behaviors in Higher Education.

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
4/1/2026	Temple University	4-Year Public	PA	85	Budget Restructuring	Implementing a centralized budget model
4/2/2026	Keene State College	4-Year Public	NH	3.3	Academic Reorganization	Reorganized into three schools
4/8/2026	HACC	2-Year Public	PA	5	Academic Reorganization	Restructured 9 programs into meta-majors
4/9/2026	University of Maine	4-Year Public	ME	N/A	Across-the-Board Budget Cuts	7% departmental reductions
4/13/2026	Saint Michael's College	4-Year Private	VT	12	Academic Reorganization	consolidated 20 academic departments into four interdisciplinary schools.
4/14/2026	Colorado State University	4-Year Public	CO	36	Across-the-Board Budget Cuts	Directed colleges and administrative units to reduce expenditures, implement hiring restrictions, leave vacancies unfilled, and identify additional cost-saving measures to address a projected FY2026–27 budget shortfall.
4/22/2026	University of Nebraska-Lincoln	4-Year Public	NE	N/A	Service Redistribution	Closed the Gender and Sexuality Center and redistributed services
4/23/2026	University of Wisconsin at Madison	4-Year Public	WI	N/A	Across-the-Board Budget Cuts	5-7% in department budget cuts
4/23/2026	University of Iowa	4-Year Public	IA	N/A	Academic Reorganization	Dissolved 2 academic units
4/30/2025	George Washington University	4-Year Private	DC	24	Across-the-Board Budget Cuts	Implemented a 3% university-wide budget reduction, suspended merit increases, imposed a hiring freeze, and reduced travel and capital expenditures.
5/4/2026	Southern Oregon University	4-Year Public	OR	20	Academic Reorganization	Proposed consolidation of 13 academic units

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
5/5/2026	University of Montevallo	4-Year Public	AL	1.5 – 3	Academic Reorganization	Merged theater and music programs
5/6/2026	University of Chicago	4-Year Private	IL	288	Across-the-Board Budget Cuts	Department and unit budget reductions
5/13/2026	University of Vermont	4-Year Public	VT	12	Administrative & Budget Restructuring	Administrative reductions, staffing reviews, spending controls, and budget reductions are intended to avoid broad layoffs.
5/18/2026	University of Wyoming	4-Year Public	WY	15	Across-the-Board Budget Cuts	Approximately 2% reductions across colleges and divisions to address the FY2027 shortfall
5/20/2026	Georgetown University	4-Year Private	DC	46.5	Across-the-Board Budget Cuts	Budget restructuring initiatives
6/2/2026	The New School	4-Year Private	NY	48 – 60	Academic Reorganization	Consolidated four colleges into two colleges
6/8/2026	Kentucky State University	4-Year Public	KY	N/A	Academic Reorganization	Began state-directed transition toward polytechnic institutional model
6/8/2026	Evangel University	4-Year Private	MO	10	Academic Reorganization	Restructured the College of Online Learning into the main degree programs.
6/11/2026	University of Denver	4-Year Private	CO	5.8	Academic Reorganization	Consolidate 5 schools and colleges into 2

Notes.
1. N*/A indicates that a budget deficit or financial gap was not publicly reported, could not be verified from available sources, or was not directly associated with the retrenchment action.*
2. ***Academic Reorganization** includes restructuring schools, colleges, departments, academic units, meta-majors, and institutional missions. **Across-the-Board Budget Cuts** include proportional expenditure reductions, hiring restrictions, vacancy management, merit freezes, and spending controls. **Administrative and Budget Restructuring** includes modifications to budgeting approaches, staffing reviews, and administrative operations to improve efficiency or avoid layoffs. **Service Redistribution** includes the discontinuation of units or centers accompanied by the reassignment of functions elsewhere within the institution.*

Summary Analysis. Organizational retrenchment was identified at 20 institutions during the review period. Four-year public institutions accounted for the majority of cases (12 institutions), followed by (7) four-year private institutions, and (1) two-year institution.

Of the 20 operational retrenchment actions reviewed, academic reorganization was the most frequently observed strategy, accounting for 10 actions (50%). These actions included reorganizing into new schools and colleges, consolidating academic departments and colleges, creating meta-majors, restructuring online learning operations, and transitioning toward alternative institutional models. Across-the-board budget cuts represented seven actions (35%), typically involving departmental expenditure reductions, hiring restrictions, vacancy management, merit freezes, and other cost-containment measures. Administrative and budget restructuring accounted for two actions (10%), while service redistribution represented one action (5%). Collectively, these findings suggest that institutions facing financial pressures may increasingly seek to modify academic and operational structures to preserve institutional capacity.

Among the institutions reporting financial conditions, 15 disclosed budget deficits totaling between $612m and $626m. Reported deficits ranged from approximately $1.5m-$288m, including the University of Montevallo ($1.5-3m), the University of Denver ($5.8m), George Washington University ($24m), Temple University ($27m), Colorado State University ($36m), Georgetown University ($46.5m), and the University of Chicago ($288m).

Theme Four: Physical Retrenchment

Campus, center, facility, and auxiliary reductions

Physical retrenchment represents the most visible form of institutional contraction. Unlike academic or workforce retrenchment, which may occur within the institution's internal structure, physical retrenchment changes what students, employees, alumni, and community members can see and access. These actions include campus closures, facility closures, building sales, suspension of residential operations, closure of centers, elimination of auxiliary programs, and reductions to athletics or other co-curricular activities.

Table 10. Illustrative Cases of *Physical Retrenchment* as Financial Coping Behaviors in Higher Education.

DATE ANNOUNCED	INSTITUTION	INSTITUTION TYPE	STATE	DEFICIT ($M)	RETRENCHMENT TYPE	RETRENCHMENT ACTION
4/1/2026	University of Montevallo	4-Year Public	AL	N/A	Academic support program closure	Closed MADE student support program
4/8/2026	Evergreen State College	4-Year Public	WA	3	Facility or Campus Closure	Suspended campus pool operations; transitioned textbook sales to online model; additional budget proposals under review
4/9/2026	Aviator College of Aeronautical Science and Technology	2-Year Private	FL	N/A	Facility or Campus Closure	Closed Fort Pierce main campus
4/12/2026	Harrisburg Area Community College	2-Year Public	PA	10	Facility or Campus Sale	2 buildings
4/14/2026	Quinnipiac University	4-Year Private	CT	N/A	Non-academic Program Closure	Athletics Realignment. Downgraded the Division I women's rugby program to a club level.
4/16/2026	Walla Walla Community College	2-Year Public	WA	4.3	Facility or Campus Closure	Closed satellite campus
4/23/2026	University of Wisconsin–Madison	4-Year Public	WI	N/A	Facility or Campus Closure	Closed the UW Space Place Outreach Center
4/23/2026	Harrisburg Area Community College	2-Year Public	PA	10	Non-academic Program Closure	All varsity sports discontinued
4/24/2026	University of Arkansas	4-Year Public	AR	N/A	Non-academic Program Closure	Discontinued men's and women's tennis programs
4/24/2026	Harrisburg Area Community College	2-Year Public	PA	5	Non-academic Program Closure	Eliminated varsity athletics and initiated building sales
4/27/2026	Saint Louis University	4-Year Private	MO	N/A	Non-academic Program Closure	Discontinued men's and women's tennis programs
4/28/2026	Illinois State University	4-Year Public	IL	N/A	Non-academic Program Closure	Discontinued men's tennis program
4/30/2026	Webster University	4-Year Private	MO	N/A	Non-academic Program Closure	Eliminated the Susan Polgar Institute for Chess Excellence
5/5/2026	University of Montevallo	4-Year Public	AL	1.5 – 3	Non-academic Program Closure	Eliminated four athletic programs
5/5/2026	California State University - East Bay	4-Year Public	CA	N/A	Academic support program closure	Shut down the INSPIRE first-year student success program
5/15/2026	Oakland City University	4-Year Private	IN	N/A	Facility or Campus Closure	Suspended all residential undergraduate instruction
5/22/2026	Averett University	4-Year Private	VA	N/A	Non-academic Program Closure	Discontinued men's and women's tennis programs
6/1/2026	University of Denver	4-Year Private	CO	20 – 30	Facility or Campus Closure	Closed the Center for a Regenerative Future
6/8/2026	Rider University	4-Year Private	NJ	21.8	Non-academic Program Closure	Discontinued Westminster Conservatory band and orchestral instrument departments

***Notes.**
1. *N/A indicates that a budget deficit or financial gap was not publicly reported, could not be verified from available sources, or was not directly associated with the retrenchment action.*
2. ***Academic Support Program Closure** refers to the discontinuation of student success, advising, or other academic support initiatives. **Non-academic Program Closure** refers to the elimination or reduction of athletics, outreach activities, institutes, conservatories, and other auxiliary functions. **Facility or Campus Closure** refers to the closure or suspension of campuses, buildings, centers, or residential operations. **Facility or Campus Sale** refers to the sale or disposition of institutional property undertaken to improve financial conditions.*

Summary Review. In this review, physical retrenchment was identified at 19 institutions. Institutions undertaking physical retrenchment were evenly distributed between four-year public and four-year private institutions, with each representing 7 of the 19 actions reviewed (37%). Two-year public institutions accounted for 4 actions (21%), while one action involved a two-year private institution (5%).

Among the 19 physical retrenchment actions reviewed, non-academic program closures represented the most frequently observed strategy, accounting for 9 actions (47%). These actions primarily involved the discontinuation of athletics programs, conservatory offerings, outreach centers, specialized institutes, and other auxiliary activities. Facility and campus closures accounted for 6 actions

(32%), including the closure of satellite campuses, suspension of residential undergraduate instruction, and termination of campus operations. Academic support program closures represented 2 actions (11%), while facility sales accounted for 1 action (5%). Institutions undertaking physical retrenchment were slightly more likely to be public institutions (58%) than private institutions (42%), and most actions occurred at four-year colleges and universities (79%).

Reported deficits ranged from approximately $75.6 million to $87.1 million. However, eleven institutions did not publicly disclose budget gaps, suggesting that the actual financial pressures associated with physical retrenchment are likely substantially higher.

Cuts as a Distress Financing Strategy: Does Retrenchment Lead to Recovery?

During a ten-week review period, 83 colleges and universities announced retrenchment actions associated with reported deficits and budget gaps exceeding $2.2B, affecting approximately 524 academic programs, majors, minors, certificates, concentrations, and related offerings. These institutions announced layoffs, buyouts, early retirement incentives, furloughs, vacancy eliminations, and other personnel actions affecting more than 2,461 employees and positions. These figures likely understate the true scope of retrenchment as many institutions did not publicly disclose complete information on budget deficits, staffing impacts, program reductions, or organizational restructuring. Accordingly, the figures presented here should be interpreted as minimum documented estimates rather than comprehensive sector-wide totals. Regardless, ***the scale of retrenchment is substantial.***

Retrenchment actions were reported predominantly among public institutions (82%), including 55 four-year public universities and 13 community colleges. Private nonprofit institutions accounted for approximately (17%) of the sample, while (1) institution was a private for-profit college. These findings suggest that retrenchment is not confined to a single institutional sector, although public institutions were disproportionately represented among publicly announced retrenchment actions. Public institutions may be more transparent about retrenchment due to open meetings, public records requirements, governing board agendas, and media scrutiny.

Regionally, retrenchment announcements were most frequently reported in the Midwest (34%), followed by the Northeast (27%), West (24%), and South (16%). Oregon and Indiana each accounted for seven institutions, followed by Pennsylvania (6), Texas (5), Colorado (5), and New York (5). This may also signal that enrollment decline is expanding from the Northeast, now hitting the Midwest strongly, and marching steadily West.

Table 11. Summative Results of *Retrenchment* as Financial Coping Behaviors in Higher Education

MEASURE	DOCUMENTED TOTAL*
Institutions reporting retrenchment actions	83 institutions
Institutions reporting a deficit or budget gap	More than 50 institutions
Combined reported deficits (none duplicated)	Approximately $2.23B–$2.29B
Academic programs proposed for elimination, closure, consolidation, suspension, pause, moratorium, or sunset	Approximately 524 programs and related offerings
Employees affected by layoffs, buyouts, early retirement offers, furloughs, or position eliminations	Approximately 2,461 positions
Institutions reporting academic retrenchment actions	32 institutions
Institutions reporting workforce retrenchment actions	38 institutions
Institutions reporting operational retrenchment actions	20 institutions
Institutions reporting physical retrenchment actions	19 institutions

DEFICITS BY RETRENCHMENT CATEGORY

Category	Institutions Reporting Deficits	Aggregate Deficit (LOW)	Aggregate Deficit (HIGH)
Academic Retrenchment	18	$324.2M	$336.8M
Workforce Retrenchment	31	$1.22B	$1.24B
Operational Retrenchment	16	$612.0M	$626.0M
Physical Retrenchment	8	$75.6M	$87.1M
TOTAL ESTIMATE	**73**	**$2.23B**	**$2.29B**

***Notes.**

1. Totals represent publicly reported figures and likely understate actual impacts because many institutions did not disclose complete information regarding budget deficits, personnel reductions, organizational restructuring efforts, or programmatic changes.

2. Some institutions employed multiple retrenchment strategies and therefore appear in more than one category. After accounting for identifiable overlaps, the unduplicated deficits associated with institutions undertaking retrenchment are estimated to range from approximately $2.1B - $2.2B. This estimate remains conservative as many institutions did not publicly disclose budget gaps.

Several observations emerge from the aggregate deficit analysis. Workforce retrenchment accounted for the largest share of reported financial pressures, representing approximately 54-55% of documented deficits. Operational retrenchment accounted for about 27% of reported deficits, while academic retrenchment accounted for approximately 14-15%. Physical retrenchment accounted for the smallest share, representing only about 3-4% of documented deficits. These findings suggest that institutions confronting financial challenges may be more likely to pursue personnel reductions and modifications to operating structures than rely solely on academic program eliminations or reductions in physical assets.

Workforce retrenchment was associated with the largest documented financial pressures, exceeding $1.2B among institutions publicly reporting budget gaps. Operational retrenchment represented the second-largest category, accounting for approximately $612m-$626m in reported deficits and reflecting substantial restructuring efforts at institutions such as the University of Chicago, Georgetown University, Colorado State University, Temple University, and The New School. Academic retrenchment was associated with reported deficits of approximately $324m-$337m. Physical retrenchment represented the smallest category in terms of documented deficits, totaling approximately $76m-$87m.

Considering Broader Patterns

The magnitude of these reductions suggests that retrenchment has become a widespread management response to enrollment pressures, rising operating costs, demographic shifts, declining state support, federal policy changes, and growing uncertainty regarding future revenues. Equally important is what these figures represent beyond dollars and positions. Approximately 524 academic programs, majors, minors, certificates, concentrations, and related offerings reflect reductions in educational opportunities, potential disruptions to students, diminished disciplinary breadth, and changes in institutional mission. More than 2,461 personnel actions represent the loss of faculty expertise, staff capacity, institutional memory, and community purchasing power.

These reductions may also generate costs that are rarely discussed in institutional financial recovery plans, including unemployment insurance obligations, severance payments, outplacement assistance, legal expenses, and increased demands on public workforce systems. While unemployment compensation costs vary considerably by state and institution, large-scale layoffs can create additional financial obligations that can nullify anticipated short-term savings.

IMPLAN.com, an economic data analysis firm, estimates that the closure of a single college results, on average, in the loss of 265 jobs, $14m in labor income, $21m in gross domestic product, and $32m in economic output. The economic effects of layoffs are also reflected in unemployment insurance expenditures.

The Urban Institute notes that for the twelve months ending April 30, 2026, the average weekly unemployment insurance benefit in the United States was $483.42, with an average duration of 15.7 weeks, resulting in an average benefit cost of approximately $7,590 per claimant. At that rate, every 100 displaced employees could generate roughly $759,000 in unemployment benefits. A thousand displaced employees could generate approximately $7.6m in unemployment benefits, excluding lost household income, reduced local spending, and potential increases in employer unemployment insurance taxes. These costs are rarely visible in institutional budget documents, yet they represent a tangible consequence of workforce retrenchment borne by employees, communities, and public systems.

The level of academic retrenchment invites a broader question: at what point does program reduction cease to represent operational efficiency and instead become institutional redesign? While some reductions undoubtedly reflect efforts to align academic offerings with student demand and available resources, the scale of these actions suggests that many colleges and universities are not merely trimming around the margins but are redefining the scope, character, and educational experiences they offer. Whether these changes strengthen long-term competitiveness or unintentionally weaken institutional distinctiveness remains an open question.

One of the first questions financially challenged institutions should ask before implementing academic reductions is: *Where is the money we are spending actually going?* Discussions about financial distress often quickly turn to faculty positions, academic programs, and instructional expenditures. Yet broader institutional spending patterns frequently reveal a far more complex picture.

IPEDS finance data provide a useful illustration. Across approximately 1,581 public and private nonprofit degree-granting institutions, instructional expenditures accounted for approximately $13,491 per full-time equivalent student at four-year institutions in 2024. By comparison, institutions reported roughly $4,502 in academic support, $2,684 in student services, $4,150 in institutional support, and another $4,017 in other core expenses per full-time equivalent student. In sum, at four-year institutions, instruction represents roughly 35% of core expenditures ($13,491 of $38,334 per FTE). This means nearly two-thirds of spending occurs outside direct instruction. Before institutions reduce instruction, they should examine whether the broader cost structure has been fully evaluated. If administrative layers, facilities costs, institutional support, debt service, underutilized space, procurement practices, technology systems, and other non-instructional expenditures remain largely intact, academic retrenchment may shrink the institution's value proposition without addressing the larger financial model, which continues to decline. Cutting the academic core while preserving the surrounding structure can weaken the institution.

Another important question institutions should ask before implementing additional cuts is whether their instructional spending levels remain aligned with enrollment realities, market demand, and institutional mission. National IPEDS data reveal a substantial and persistent difference in instructional spending between public and private nonprofit institutions. In 2020–21, private nonprofit four-year institutions spent approximately $20,060 per full-time equivalent student on instruction compared with $13,538 at public four-year institutions. More notably, this gap has existed for more than a decade. While public instructional spending remained essentially flat between 2010–11 and 2020–21, after adjusting for inflation, private nonprofit institutions continued to spend 3% more per student on instructional activities. In tandem, the Urban Institute found that private bachelor's institutions collected, on average, only 54% of gross published tuition and fee revenue. In essence, spending has increased while revenues have decreased.

Institutions experiencing enrollment decline should carefully examine whether their instructional model remains aligned with student demand, pricing strategy, and long-term financial sustainability. In some cases, instructional expenditures may reflect deliberate differentiation. In others, they may represent legacy cost structures built for larger enrollment levels and different market conditions. Understanding that distinction is essential before leaders conclude that additional cuts alone will solve their financial challenges.

Takeaway: The four forms of retrenchment can be understood as affecting different dimensions of the institution. Academic retrenchment changes *what is taught*. Workforce retrenchment changes *who delivers it*. Operational retrenchment changes *how it is managed*. Physical retrenchment changes *where it is delivered*. Collectively, these actions suggest that retrenchment is not simply an exercise in cost reduction but a process reshaping the academic portfolio, workforce, organizational structure, and physical footprint. At sufficient scale, retrenchment may represent not merely institutional preservation but institutional transformation, redefining an institution's character, capacity, and identity. Whether retrenchment is viewed as positive or negative largely depends on perspective. To some, it represents necessary adaptation and strategic right-sizing. To others, it signals contraction, reduced capacity, and the erosion of institutional distinctiveness. Ultimately, the consequences of retrenchment are likely determined not by the cuts themselves but by whether they are part of a credible plan to create a stronger, more sustainable institution.

Additional Observations: The Normalization of Retrenchment

Retrenchment has become culturally normalized within higher education. Terms such as *rightsizing*, *optimization*, *resource alignment*, and *strategic reductions* are common features of institutional planning and communication. While these phrases may accurately describe certain actions, they can also obscure the cumulative effects of repeated contraction. Over time, retrenchment risks becoming an automatic response rather than a carefully diagnosed intervention. The question is gradually shifting from *What is causing the problem?* to what *should we cut next?* This distinction is important, as institutions may be confusing *stabilization, retrenchment,* and *transformation* activities. The risk of not clearly defining the difference is that institutions become highly effective at managing decline while becoming progressively less capable of pursuing renewal and long-term sustainability. Some institutions may also engage in *preventive or defensive retrenchment*, implementing targeted expenditure reductions before experiencing severe financial distress.

Institutional leaders should also be cautious about assuming that strategies adopted by peer institutions. Enrollment decline, for example, is often cited as a rationale for retrenchment. However, enrollment trends are not uniform across the sector. According to the National Student Clearinghouse Research Center, total spring 2025 enrollment increased 3%, while fall 2025 enrollment increased a further 1%, reaching 19.4 million students. While some institutions continue to experience enrollment pressures, others are growing, indicating that challenges and opportunities remain highly institution-specific. Leaders should therefore resist the temptation to emulate others' coping behaviors without first diagnosing the underlying conditions affecting their own institution.

In tandem, institutions should be cautious about characterizing routine provost office responsibilities, such as catalog cleanup, inactive program removal, and academic inventory maintenance, as major retrenchment actions unless those activities materially affect students, faculty, staffing, finances, or institutional capacity. When routine portfolio maintenance is communicated in the same language used for program closures, layoffs, or teach-outs, it can distort public understanding of institutional change, influence perceptions of institutional stability, and complicate efforts to assess the true scale of retrenchment across higher education.

Retrenchment may buy balance, but not renewal.

Table 12. Comparative Summary of External Rescue, Borrowing, and Retrenchment as Financial Coping Behaviors in Higher Education

CHARACTERISTIC	APPEAL	BORROW	CUT
Why It Feels Rational	Preserves mission, operations, and accreditation	Extends liquidity and institutional runway	Produces immediate expenditure reductions
Strategic Form	Campaigns aligned with transformation, partnerships, or repositioning	Financing revenue-generating investments, capital improvements, or refinancing to reduce costs	Targeted realignment supporting institutional priorities and long-term sustainability
Reactive Form	Emergency fundraising to avoid closure or insolvency	Loans to meet payroll, address liquidity shortages, or avoid default	Across-the-board reductions, program eliminations, workforce actions, and deferred investments
Institutions Examined	10	10	83
Period Examined	2015–2026	2022–2026	April 1–June 8, 2026 (10 weeks)
Financial Amounts Reported	More than $170M requested through rescue appeals	More than $130M in additional financing sought	Approximately $2.1B in reported deficits and budget gaps
Existing Debt Obligations Prior to Action	N/A	>$200M	N/A
Funds Obtained	$81M (48%)	$63.5M (49%)	N/A
Academic Programs Affected	N/A	N/A	Approximately 524 programs and related offerings
Personnel Actions Reported	Limited reporting	Limited reporting	More than 2,461 positions affected
Observed Outcomes	4 closures; 2 pending closures; 1 merger; 1 continued distress; 2 survived	6 closures or pending closures; 1 bankruptcy; 2 continued distress; 1 turnaround	Outcomes remain uncertain for many institutions
Approximate Survival or Turnaround Rate	20%	10%	Too early to determine
Typical Time Horizon	Immediate to short-term	Short- to medium-term	Immediate to medium- to – long-term
Principal Risk	Donor fatigue, reputational damage, and dependence on external intervention	Increased leverage, higher borrowing costs, and insolvency	Reduced institutional capacity, morale, and competitiveness
What It May Buy	Hope	Time	Balance
What It Does Not Necessarily Buy	Renewal	Transformation	Growth

5. Considerations for Institutional Leaders

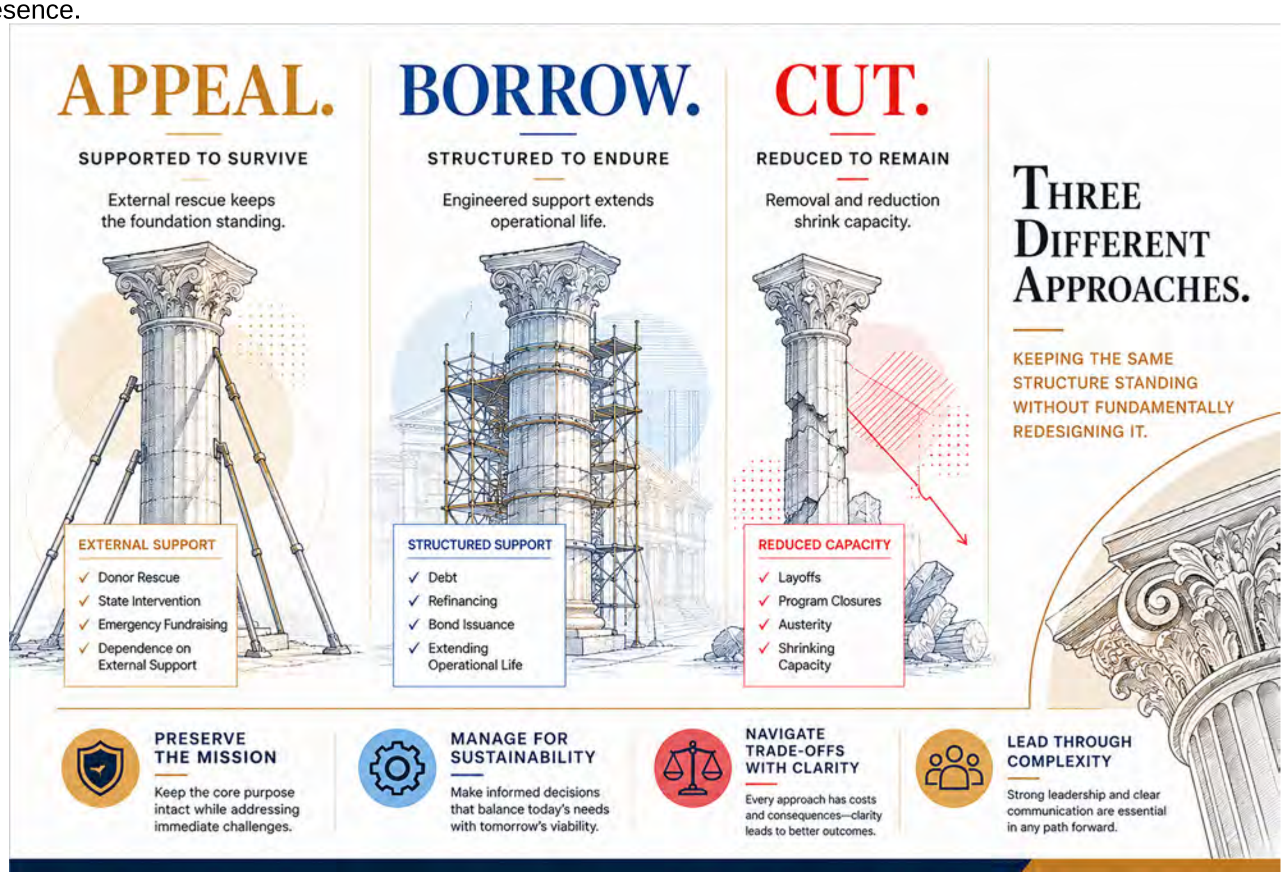
Collectively, these examples underscore that there is no universal solution to institutional financial distress. Appeal. Borrow. Cut can be understood as a financial coping mechanism employed in response to sustained institutional stress. Appeal seeks external support to preserve the existing structure. Borrowing extends institutional life through debt, refinancing, and other engineered forms of support. Retrenchment reduces institutional capacity through layoffs, program closures, and austerity measures.

Although this framework is presented as Appeal, Borrow, and Cut, the sequence is often different in practice. Increasingly, colleges and universities are beginning with cuts. Hiring freezes, deferred maintenance, workforce reductions, program reviews, and budget reductions frequently represent the first visible response to financial pressure.

Fundraising may be the least harmful financially because it creates no repayment obligation. Still, it is often slow, restricted, and more accessible to wealthy or highly selective institutions than to open-access colleges and tuition-dependent privates. Borrowing can help address timing mismatches, refinance existing obligations, and support capital investments, but it also increases fixed costs and may accelerate distress when used to finance recurring operating deficits. Retrenchment can quickly improve cash flow, yet the short-term savings often come with long-term academic, enrollment, reputational, and workforce consequences.

Program eliminations and faculty reductions often occur simultaneously. While such actions may produce short-term budget relief, they may also reduce instructional capacity, narrow academic choice, and weaken the very assets institutions depend upon to attract and retain students. If institutions reduce academic programs and the faculty responsible for delivering them, what organizational and educational capacity remains to support enrollment growth, student success, and long-term renewal must be clearly understood. While operational retrenchment may appear less disruptive than layoffs or program eliminations, these actions can significantly alter decision-making processes, institutional culture, and long-term organizational capacity. Physical retrenchment may carry significant symbolic and community consequences. Closing a pool, satellite campus, outreach center, athletic program, conservatory unit, or residential undergraduate operation can signal a deeper institutional contraction even when the institution remains open. These reductions may generate short-term savings, but they can also diminish campus life, community engagement, student recruitment appeal, alumni attachment, and the institution's regional presence.

The question for leaders is whether preserving the structure is equivalent to positioning the institution for long-term sustainability. External support, debt, and retrenchment may temporarily stabilize an institution. Still, none necessarily addresses the more difficult question of what the institution must become to remain viable in a fundamentally different higher education environment. These three approaches can be visualized as damaged columns, intended to capture the effect, while also serving as a reminder of the financial reality confronting many colleges and universities. Appeal acts as a temporary brace, borrowing adds scaffolding, and cuts remove portions of the load-bearing structure. One column remains standing through external rescue, another through debt and financial engineering, and a third only after sections have been chipped away. The structure endures, but its capacity, balance, and long-term integrity may be compromised. The institution survives, at least for a while, and increasingly finds itself reacting to financial pressures rather than intentionally shaping its future. Before institutions appeal, borrow, or cut, leaders should first answer a more fundamental question: *What financial model will allow the institution to remain viable, relevant, and mission-driven over the next decade?*



A NOTE ON DATA SOURCES AND LIMITATIONS. The information presented in this article was compiled from publicly available media reports, institutional announcements, financial statements, and other secondary sources. Because institutional circumstances evolve rapidly and public reporting may not always reflect the most current information, some details may be incomplete or subject to change. Readers who identify errors, omissions, or updated information are encouraged to contact HEEM Consulting so that future versions may be revised accordingly.

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