

DISRUPTION, DECLINE, & ADAPTATION

Signals of Distress: A Global Wave of University and College Closures

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The complex and difficult issue of university and college closures has received little attention but is of great importance, as many institutions do fail and close. The reasons are many, including demographic declines, leadership or governance failure, financial crisis, and others. Most vulnerable are private institutions, with warning signs including declining admissions, program cuts, and various governance issues. This crisis demands attention from academic communities and regulators to ensure institutional sustainability and quality.

Global higher education is undergoing a paradoxical shift. On one hand, student enrollment is booming, with over 254 million students currently enrolled in higher education institutions. On the other hand, despite this growing demand, university closures and mergers loom large in many countries. Much more attention needs to be focused on these failures, which affect students, staff, and society.

There are many reasons for this unhappy situation: population declines in some countries, a growing skepticism about the return on investment for a university degree, populist opposition to science and higher education, shifts in government funding away from higher education institutions, predatory private providers, technological disruption and the rise of online learning, among others.

The consequences are already visible: a wave of campus closures and mergers that are reshaping the higher education map in many countries. In many cases, closures and mergers represent desperate responses to institutional distress. While exact figures are difficult to determine, it is estimated that hundreds of universities and colleges worldwide have shut down or merged in recent years.

A Global Phenomenon

Universities and colleges in many countries are struggling to stay viable amid shifting demographics, rising operational costs, and evolving societal perceptions of higher education's value. Countries facing significant demographic declines, such as Japan, South Korea, and Taiwan, face especially serious problems—and in these countries the large majority of students are in private universities. In all three countries, the government has considerable power over private institutions. In Japan, 33 universities have closed in the past few years and another 29 have merged with other institutions—and these numbers will continue to grow. A similar number have closed in South Korea,

while others, called “zombie” universities, are kept alive through government funding. In both South Korea and Japan, most failed institutions are in provincial areas where population decline is especially evident.

Many predatory for-profit private universities, especially in the United States, have closed or been purchased by other universities in recent years. These institutions lured unsuspecting students with unrealistic expectations and access to loans, only to collapse when government regulators clamped down. For example, the University of Phoenix, once the largest university in the United States with 470,000 students, is now down to 80,000 and trying to sell itself to other institutions. Ashford University and Kaplan University suffered similar fates.

In the United States, approximately 79 universities have closed in the past five years and at least another 80 are in imminent danger. Most of these schools are private and in rural areas with declining populations, so enrollments have declined precipitously. Mergers are also increasingly common, although accurate statistics are unavailable. These take place when an institution is not viable on its own. A few are public: for example, in the state of Pennsylvania, which has a large number of small public colleges, the state government is merging these institutions to reduce costs.

In the United Kingdom, a majority of the nonelite universities have fiscal deficits and have been firing large numbers of academic and other staff. A decline in overseas student enrollments, stimulated by more restrictive government policies, will exacerbate financial problems, although it is unlikely that any institutions will fail. Similar challenges are evident in Canada and, to a lesser extent, in Australia. In the Canadian case, many vocationally-oriented colleges, some of which have engaged in shady academic policies, have deep financial problems: it is estimated that more than 80 public or

nonprofit colleges have already closed, although no universities are threatened.

Globally, closures and mergers do not affect research-intensive universities but rather institutions at the lower end of the academic hierarchy. Top institutions, such as those in the United Kingdom and those targeted in the United States under the Trump administration, may face crises, but not existential threats.

The Indian Case

India is not immune to these trends. At the same time, it is an unusual case since its population continues to grow and the number of young people seeking postsecondary education is expanding as well, with plans to raise the gross enrollment ratio to 50 percent by 2035. While the number of universities and colleges in India continues to expand, smaller institutions, especially private engineering and management colleges, are facing closure.

In 2020, the All India Council for Technical Education (AICTE) imposed a two-year moratorium on the establishment of new engineering colleges in traditional areas of engineering, lifted only in 2023. In the current academic year, the AICTE approved the closure of 27 private colleges nationally. These institutions have stopped accepting new students. Furthermore, many affiliated colleges under the supervision of state universities are quietly being phased out. For example, in 2024 alone, 14 colleges affiliated with Mahatma Gandhi University in the state of Kerala shut down due to declining enrollment and financial difficulties. The Karnataka state government is currently reviewing the continuation of nine newly established public universities. Unfortunately, neither national agencies, such as the University Grants Commission, nor state governments provide an accurate picture of college closures nationally. Only the AICTE provides detailed data on closures. Competition and institutional closures are natural in any sector, including higher education. However,

ignoring warning signs makes the situation worse. India currently benefits from a large youth population, but changing birth rates will lead to a demographic decline in the future, similar to the East Asian and North American experience. This potential shift emphasizes the need for sustainable strategies to ensure the stability and quality of higher education institutions.

A college or university in crisis typically shows many early warning signs. In India, common indicators include a consistent drop in student admissions over time, which affects both public and private institutions. Overreliance on tuition fees can also be considered a sign of crisis. Academically, signs of trouble include the reduction or closure of programs, nonrenewal of faculty contracts, and the resignation of prominent faculty members without proper replacements. Governance issues, such as frequent leadership changes, and reputational challenges like poor campus infrastructure, unpaid electricity bills, and inadequate student support services further signal decline.

Recognizing Failure

There are many reasons for failure, and some of them may be existential and lead to institutional collapse. Some of these factors, such as demographic decline, are obvious and can sometimes be ameliorated by mergers, innovative programs, or other means. Institutional failure can also be caused by poor leadership or management, inadequate governance, or other internal factors. In some ways, these challenges are exceptionally difficult to correct. The current higher education environment globally is especially challenging—including not only the attacks by populist governments, but also issues raised by artificial intelligence, changing labor markets, and many others. All of this requires careful attention not only by the academic community but also by quality assurance agencies, government regulators, and others. Of course, students and families, too, must be aware of the challenges that academic institutions are facing.

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