Asset Contribution Structures in Higher Education: A Valuable Tool in the M&A Playbook

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As the higher education sector continues to confront enrollment declines, financial pressures, and shifting market demands, mergers and acquisitions (M&A) have emerged as a strategic path for institutional sustainability and growth. Within this landscape, asset contribution structures, a transactional model in which one institution transfers selected assets and liabilities rather than executing a full legal merger, have gained attention for their unique benefits.

Asset contribution structures allow for the targeted transfer of real estate holdings, endowments, programs, intellectual property, and other defined assets from a challenged institution to a stronger enterprise. Unlike full mergers, these arrangements can offer greater precision and control, particularly for institutions seeking to preserve mission-aligned resources while avoiding inherited risks and liabilities. In asset contribution structures, most assets and liabilities can be contributed to the surviving entity prior to the "acquired entity" closing. The "acquiring entity" receives such assets and liabilities, in effect, rehiring selected identified staff and faculty.

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