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Press Contact: Kieran Turan
SMCC Board Member, Media Liaison
savemillscoalition@gmail.com

Mills College Has Alternatives to Closing or Selling Out
Higher Education Financial Expert Report Forwarded to
California Attorney General General Bonta

KEY POINTS:

- Expert analysis confirms that Mills’ current leadership prematurely concluded the College had no remaining alternatives other than closure or being acquired. Analysis indicates that operations can continue in a prudent and sustainable way.
- This finding was confirmed by Mills’ own accrediting agency, the WASC Senior College and University Commission (WSCUC), which concluded, just one year before the College’s closure announcement, that Mills had “sufficient reserves to support operational deficits for several years.”
- Reaccreditation is valid until 2028. This suggests a sudden and drastic change to Mills College’s historic mission is not necessary at this time, and that options for the College to continue remain available.
- Mills also retains significant resources which provide time to bring in skilled leadership committed to the mission of the college, as indicated by the expert. These include a substantial endowment, philanthropy and strong support from alumnae and community, its 135 acres in the highly desirable San Francisco Bay Area, and valuable artistic and literary collections that could be tapped in case of emergency.
- As a women’s college with a 169-year history, Mills’ unique identity, unparalleled diversity, and its mission devoted to women’s leadership and excellence in the liberal arts, deserves to be preserved. Mills College has had an enormous positive impact on its more than 26,000 alums, representing 64 countries, many of whom consider Mills to have been a turning point in their lives.
- Based on the conclusions by two independent bodies -- the accrediting agency and the expert analysis -- the Save Mills College Coalition asks the California Attorney General to engage in oversight to hold accountable or replace Mills College’s current leadership and trustees as part of an overall effort to stabilize the College and put it back on the path to sustainability.

OAKLAND, CALIFORNIA, AUGUST 4, 2021 -- Law firm Altshuler Berzon LLP, on behalf of the Save Mills College Coalition (SMCC), was asked by California Attorney General Rob Bonta’s office whether SMCC has an opinion of Mills’ financial situation that differs from the description provided by the College’s leadership used to justify its March 2021 announcement to close the College. In response, the SMCC commissioned a report by higher education financial expert Stefano Falconi, who conducted an in-depth analysis of Mills College’s current and recent financial condition.
Dr. Falconi is managing director and head of the higher education practice at Berkeley Research Group, with more than 30 years of experience in higher education finance and strategic planning at institutions such as Harvard, MIT, and Carnegie Mellon. He has been instrumental in the turnaround of small, financially distressed colleges, including Simmons College, a small Boston-based women’s college, where he served as Senior Vice President for Finance and Administration and Treasurer, as well as Stevens Institute of Technology, a research-intensive institution in Hoboken, New Jersey, where he served as Chief Financial Officer and Treasurer.

CONTEXT

Mills College is a 169-year-old historic women’s liberal arts college located in the heart of Oakland, California, and is also the oldest women’s college west of the Rockies. On March 17, 2021, President Beth Hillman announced the planned closure of Mills as a degree-granting college “because of the economic burdens of the COVID-19 pandemic, structural changes across higher education, and Mills’ declining enrollment and budget deficits.”

This was despite the fact that just one year earlier in February 2020, the college had received reaccreditation by the Western Association of Schools and Colleges (WASC), whose analysis concluded that despite financial concerns, Mills had “sufficient reserves to support operational deficits for several years.”

In addition, in January 2021, just two months prior to Hillman’s closure declaration, the College’s auditors had, with full cooperation from the College, signed off on the school’s financials, noting nothing of immediate concern. Yet only two months later, Hillman claimed the school was not financially viable and that closure was necessary. She also stated the College was pursuing negotiations with UC Berkeley and would cease enrolling first-year students after Fall 2021.

The March 17 closure announcement was followed by a subsequent announcement only three months later, on June 18, which implied that the UC Berkeley negotiations had ceased, and that the College was planning an imminent “merger” with a large East Coast university. The premature announcement of closure and ceasing of enrollment “surely weakened the leadership’s negotiating position as it continued to pursue alternatives,” according to Falconi.

KEY INSIGHTS FROM FALCONI’S REPORT:

- The administration’s premise for Mills College’s proposed closure is based on statements by President Hillman about supposed financial unsustainability. Yet Falconi’s findings do not support that premise.
- President Beth Hillman has consistently claimed that one of the main reasons Mills was forced to close was because of effects from the COVID-19 pandemic. Falconi found this to be incorrect. Instead, the pandemic actually gave Mills a financial boost due to the federal Payment Protection Plan and Higher Education Emergency Relief Fund subsidies the College received.
- Falconi takes particular issue with the administration’s rushed announcement of Mills’ closure in March 2021, without any clear or detailed plan in place. Falconi noted: “In my professional experience, I have never observed such a public announcement unless compelled by outside entities, such [as] an
accrediting body or a state oversight agency, or by an objectively untenable financial situation. In Mills’ case, neither explanation seems applicable.”

- President Hillman claimed that reduced enrollment was a primary cause for Mills’ decline. However, Falconi’s report observes that reduced revenue from tuition was far more impacted by the Mills administration’s failed “Tuition Reset” plan, which coincided with a sudden change of the focus of student recruitment, all over the course of a single year.
  - While Mills, like other women’s colleges, had traditionally attracted both national and international students, the College suddenly narrowed its recruitment to focus primarily on local and regional high schools. A process that would have required substantial time and expertise to forge durable relationships with counselors at high schools not accustomed to including Mills in their advice, and to properly assess the financial implications of the reset for both the existing students and the new, more financially needy cohort, was instead implemented over the course of a single year, with little apparent strategic or financial oversight.

- Falconi notes that Mills still retains significant assets that—if expertly utilized—can enable it to overcome its challenges and thrive, despite its now weakened financial state as a result of a number of unusual and premature decisions made by its leadership. These assets include, among other things, a substantial endowment, consistently high philanthropic contributions, strong support from its alumnae and community, full WSCUC reaccreditation through 2028, Mills’ ownership of 135 acres in a highly desirable San Francisco Bay Area location, and Mills’ valuable artistic and literary collections that could be tapped in case of emergency.

- If managed correctly and with sound leadership and strategic planning, the College has sufficient means to address its enrollment deficit and continue its mission as an independent women’s liberal arts college.

CONCLUSION

Mills College’s leadership has operated without crucial accountability and outside of their mandate as an institution of higher education. An example of this is its complete opacity on financial information. There has not been disclosure of financial data for the fiscal year that closed on June 30, 2021 – nor projections for the fiscal year that just started on July 1, 2021 – nor any information available on the negotiations that went on for one and a half years with UC Berkeley.

Likewise, there has been no further insight about its vaguely defined “Institute,” other than it would somehow continue the College’s historic mission and thus be funded by its approximately $200M endowment.

Even in the face of decisions such as an impending proposed merger that are presented as absolutely urgent and crucial to Mills’ survival, there has been no specific information provided on what is - or is not - being put “on the table.” Nor has there been an effort to include the broader Mills Community to pitch in and provide thoughtful advice or feedback. In short, there has been a complete lack of accountability.
Even while so little is known about Hillman’s latest negotiations with a large East Coast university, such a deal as described would certainly terminate Mills’ historic mission, character, and status as an independent women’s college. And the very leadership team whose actions have brought Mills College to such a precarious strategic and financial position are the same people in charge of the negotiation that would end its legacy.

Mills College’s longstanding commitment to both access and excellence in women-centered education and leadership continues to be deeply needed both in this country and around the world. Its success in producing a disproportionate number of women luminaries across such diverse fields as politics, music, science, dance, business, and many others, is matched by the unparalleled diversity of its student body, which is 65% women of color, making it truly unique among higher-education institutions. Losing Mills College would be a tremendous loss both to the State of California and to U.S. higher education as a whole.

Altshuler Berzon’s recent letter to the California Attorney General concludes that the failings by the current Mills administration’s leadership warrant not only an in-depth investigation into the College’s financial status and leadership’s decision-making, but also significant restructuring going forward.

In particular, Altshuler Berzon has asked Attorney General Bonta to take steps to replace Mills College’s current officers and trustees as part of an overall effort to stabilize Mills and put it back on the path to true sustainability.

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About the Save Mills College Coalition

The Save Mills College Coalition believes that Mills College, founded in 1852 as an independent, historic women’s liberal arts college located in the heart of Oakland, California, has long been and can continue to be an irreplaceable educational resource. Our ongoing purpose is to preserve Mills’ unique identity, broad educational focus, and current admissions policy, and to restore the college to financial viability with sound leadership and the needed resources to continue serving its historic mission for generations to come. Our 501(c)(3) status is pending. Learn more at savemillscollege.org.

About Altshuler Berzon LLP

Altshuler Berzon LLP is a San Francisco law firm dedicated to providing the highest-quality representation in the service of economic justice and the public interest. Altshuler Berzon LLP engages in public interest impact litigation promoting economic and social justice before federal and state courts and administrative agencies. Our cases frequently involve cutting-edge issues of law with far-reaching ramifications. We fight to enforce and expand the rights of labor unions, workers, voters, and other individuals, and to protect the environment and public health. We are also at the forefront of defending against legal efforts to cut back on those rights.