Colleges Have Been a Small-Town Lifeline. What Happens as They Shrink?

Declining student enrollment is hitting the rural areas that rely on universities. They're trying to adapt to survive.

Clarion University in Pennsylvania, now part of PennWest. Its student body has dwindled by nearly half since 2009. Ross Mantle for The New York Times

By Lydia DePillis
Lydia DePillis, who covers the economy, reported from several towns in Pennsylvania.

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For decades, institutions of higher education provided steady, well-paid jobs in small towns where the industrial base was waning. But the tide of young people finishing high school is now also starting to recede, creating a stark new reality for colleges and universities — and the communities that grew up around them.

As Americans have fewer children and a diminishing share of young adults pursue a degree, the onceburgeoning market for college slots has kicked into reverse. Although undergraduate enrollment stabilized somewhat in 2022, it's still down about 7.6 percent since 2019.

"It looks like the future is declining numbers of young people likely to attend college, even in growing areas like the Mountain West," said Nathan Grawe, an economics professor at Carleton College in Minnesota who studies the demand for postsecondary education. "We'll start to have some tough stories."

Evidence of a shrinking student body is everywhere in the western Pennsylvania borough of Clarion, population 3,880, which has taken immense pride in the graceful campus of Clarion University since the institution was founded as a seminary 156 years ago.

Since 2009, when it had 7,346 students, the university has shrunk by nearly half. With the drop in enrollment has come the loss of nearly 200 staff members, mostly through attrition. Last year, the school even lost its name, as it was merged with two of the 13 other universities in the Pennsylvania State System of Higher Education, creating a multicampus university called PennWest.

Tracy Becker, who looks out on Main Street from her broad desk at the city's chamber of commerce, says there aren't as many young volunteers for community events like the annual Autumn Leaf Festival, which has been held during homecoming weekend since 1953.

Kaitlyn Nevel's cafe used to be staffed mostly with university students; now she has one such employee. As foot traffic lightened, she branched into catering. "Ideally, I would love to see the university stay and thrive, but you just have to try and have however many backup plans," Ms. Nevel said.

As Ms. Nevel's resigned optimism suggests, declining enrollment doesn't necessarily spell doom for college towns. Despite the lower student head count, few empty storefronts mar Clarion's downtown. It has even attracted new businesses like Mechanistic Brewing, which Chelsea Alexander started with her husband in 2019 after moving back from Washington, D.C.

Ms. Alexander is one of 28 people in her family to attend the local university. Since 1905, her family has run a clothing shop in town, which sells a line of T-shirts that trade on alumni nostalgia for favorite eateries that have long since closed and for towering dorms that have been demolished. But as graduating classes shrink, even alumni visits will taper off.

Ms. Alexander's father, Jim Crooks, operates the store, and he has organized local merchants to spruce up the compact main street and market their businesses to potential visitors who may have no such connection to the town.

"For many years, the university was carrying a lot of the businesses," said Mr. Crooks, who has also converted four apartments above the shop from student housing into Airbnb lodgings. "Everybody's just saying, 'We can't depend on the university.'"

Although Pennsylvania's university system had been shrinking for a decade, along with the rest of higher education, it experienced a sudden shock when students disappeared during the pandemic. Among those who noticed: the leaders at the Federal Reserve Bank of Philadelphia, whose territory across Pennsylvania, New Jersey and Delaware has a higher density of colleges and universities than most.

Along with large hospital systems, which are often affiliated with universities, educational institutions make up a substantial share of local economies that used to be dominated by manufacturing, logging and mining. Patrick T. Harker, the president of the Philadelphia Fed, wanted to find out how big that share was — since the education and medical sectors were starting to show cracks as well.

"Traditionally, 'eds and meds' have been thought of as recession-proof," Dr. Harker said. "This pandemic showed that is not true."

Not all of those institutions are equally vulnerable, however. Rural hospitals have been drying up even as large health care chains build new facilities in fast-growing suburbs, while the dwindling pool of students flocks to state flagships. "They're stronger than ever, while the regional systems are really struggling," said Deborah Diamond, an economic development expert at the Philadelphia Fed.

Dr. Diamond put together a tool that showed how much different regions depended on health care and higher education. The places at the top of the dependence list were predictable, like the Durham-Chapel Hill area of North

Carolina, with two powerhouse universities. But they also included smaller areas, like the one surrounding Bloomsburg, Pa., two and a half hours east of Clarion on Interstate 80. There, institutions including Geisinger Health and Bloomsburg University — another state-owned school — make up 21.9 percent of local employment and 18.3 percent of regional income.

“As we’ve seen some declines in manufacturing employment, their economic relevance is higher than it’s ever been,” said Fred Gaffney, the president of the area’s chamber of commerce.

A similar set of factors is evident in Clarion County, where the university is still the largest employer, followed by Clarion Hospital. Walmart comes next, and then a few plants making building materials and prefabricated housing, several social service organizations and the county government. The county used to have more manufacturing, including a large glass plant that closed in 2010. As that receded, so did the county’s population; its labor force dropped to 16,000 in 2022, from about 21,000 in 2008.

In the same period, Clarion University’s enrollment began to fall, as did state funding, raising the price of attendance. In 2021, Daniel Greenstein, the chancellor of the State System of Higher Education, proposed forming two clusters of three schools each, to consolidate operations and offer more classes across campuses.

“We had to align our costs with our new enrollment numbers,” Dr. Greenstein said in an interview. “We were built out as if we were still having 120,000 students when we had 85,000. You just can’t do that. Like every American family, you have to live within your means.”

At the same time, Mr. Greenstein requested more money from the State Legislature to enable the system to freeze tuition and offer more scholarships, which he said was critical to arresting the slide in enrollment. The state increased the system’s base funding by 15 percent in 2022 and threw in $125 million from a federal stimulus measure. The freshman class grew slightly last fall, but not enough to offset another overall drop in enrollment.

For the merged schools, swooning enrollment underestimates the degree to which student presence has faded on campus. To bolster their course catalogs, the schools are offering more of their classes online. That allows some students to show up in person only a few days a week — a trend that may accelerate as the system pursues more adult students, some of whom just need to finish degrees or complete shorter certificate programs.

Clarion's mayor, Jennifer Fulmer Vinson — another Clarion graduate — sees that as a loss for the borough. History classes come less often to her antiques shop, which sits in a century-old house reclaimed from a long-gone fraternity, stuffed with curios including an old Coke machine and a cabinet full of war medals.

"Why are students going to come pay to live on campus when they never leave their room?" Ms. Vinson said. "It's become more of a ghost town." (The university says that the first-year student experience is meant to be campus-centered and that most courses will remain in person.)

About an hour's drive west on Interstate 80 from Bloomsburg, the town of Lock Haven also has a university that last year merged with two others in the state-owned system. As the school has shrunk and well-paid staff members have moved away, the state's substantial tax-free land holdings have started to grate on local residents.

Gregory Wilson, the city manager, has created a handout showing what the median property owner pays in taxes to subsidize Lock Haven University: $186 annually.

"I think the hope has always been that the investment they're making to have the university here is somehow returned to them," Mr. Wilson said. "But that becomes a harder sell as the university becomes smaller."

The contraction has come alongside another recent and unwelcome development: The local hospital, which the sprawling University of Pittsburgh Medical Center bought in 2017, announced in January that it would shutter its inpatient operations, forcing residents to travel at least a half an hour for serious care.

All of it has been profoundly frustrating for Angela Harding, a Clinton County commissioner, who says that while she values the hospital and the university, drawing new residents to Lock Haven becomes harder as those economic anchors lose their grip.

"I'm sick and tired of having to fight for every single crumb that we get," Ms. Harding said.

Colleges and the towns they occupy can do little about demographic currents. But they should, experts say, reinforce each other — the university can offer space for community functions and support for small businesses, for example, while the town can throw events for prospective students and their parents. Vacant student housing could be converted into homes for new residents who might be able to work remotely or want a quiet place to retire.

Tracy Becker, of Clarion's chamber of commerce, says there are fewer young volunteers for community events than in the past. Ross Mantle for The New York Times

Matthew Wagner, the director of programs for Main Street America, a group dedicated to the development of small downtowns, says he sees less town-gown tension now that municipalities and schools understand their shared fates.

"Much like if you had a manufacturer that was facing headwinds, we need to think of the university as an economic development retention program, and direct our assets and resources that way," Dr. Wagner said.

Lock Haven has taken that idea to heart. Its main street is vibrant, with several new boutiques interspersed with longstanding local restaurants. Fabre Sanders, whose father runs a window-treatment store, moved back from Boston a few years ago to start a candy and gift shop. During the pandemic, she said, residents did everything they could to keep the shops alive.

“They looked around and said, ‘If we don’t support the local we have, we’re going to have nothing,’” Ms. Sanders said.