



For many small colleges, it's a challenge just to stay open

By Caroline Simon
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When Justin Hays, a senior at Saint Joseph's College, found out that his school [plans to close its doors](#) in the face of financial difficulties, it felt like "a punch in the gut."

Since the announcement last month, students, faculty and alumni at the small Catholic private school in Indiana have been working to raise money to save the school. For Hays, his community's dedication to saving the school is exactly why he's so sad to see it close.

"If there's anything good to come from this, it's the community aspect," he said. "The people that stick around you for four years are what makes this special."

Small, private institutions can often offer a familial atmosphere that just isn't possible at larger schools. But Saint Joseph's is only the latest in a string of college closures, particularly among small, private schools in rural areas.

And it won't be the last.

According to an [analysis](#) by Moody's in 2015, the number of small college closures is likely to triple in the next three years. And the number of small schools with a three-year growth rate of less than 2% jumped from 10% to 50% between 2006 and 2014.

Small schools that depend heavily on tuition dollars and can't rely on large endowments are in trouble because declining demand means declining revenue.

"You now have an even more perfect storm of growing costs, shrinking revenue, and for a

very small institution where they are more tuition-dependent than the bigger institutions ... it becomes a lot harder to make the economics work," said Jeff Denneen, a partner at Bain & Company and the founder of its higher education practice.

That problem is compounded when private universities are forced to compete with public ones by providing large amounts of financial aid, according to Alana Dunagan, a researcher at the Christensen Institute, a nonpartisan think tank. If schools are providing aid packages to their students, increased demand doesn't necessarily lead to increased revenue.

The changing demographics of college students aren't in small colleges' favor, either. College students of increasingly diverse ages and socioeconomic backgrounds might not be looking for a traditional, four-year, boarding school experience. They might also require more resources — like increased counseling and advising — to do well.

"Institutions that are successful are transitioning to serve more non-traditional students," said Jason Lane, a senior fellow at the Rockefeller Institute of Government. **"It's an increasingly diverse population that's coming into college, and that is bringing need for more student support."**

And rising college costs mean that more students want to go to school close to home. For small colleges in rural areas where there aren't as many college students, that means there just isn't as much interest.

"These small private universities are sensitive to the scale, they are sensitive to the cost,

and lastly, they are sensitive to the demographics of the region and the declining numbers of potential students who would be interested in their institutions,” said Jack Wilson, the former president of the University of Massachusetts and a current professor there.

So what can small colleges do to avoid closing?

They need to adapt, Dunagan said. Instead of trying to serve the needs of all kinds of students, like large research universities can, they should focus on doing a few things well and serving the needs of a niche population of students.

“One of the challenges with running a college like St. Joseph’s is they have less than a thousand students but they’re trying to have dozens of majors,” Dunagan said. “Being able to focus on a handful of programs you can do really well and be competitive is better than trying to be all things to all people.”

Denneen said small schools might consider merging entirely with other small schools, as some institutions in the Pennsylvania, Louisiana and Georgia state systems have done. They could also share resources — like police departments — with nearby institutions.

In certain cases, schools can raise enough money through alumni donations to save themselves. That’s what happened in 2015, when

Sweet Briar College, a small women’s college in Virginia, threatened to close due to financial difficulties but was rescued after an outpouring of alumnae assistance. In 2016, Sweet Briar saw [record numbers of applications](#).

That’s what St. Joseph’s College is trying to do, too. But it will need \$20 million in cash by June to stay afloat, Hays said, and that’s an unlikely possibility.

Wilson, who attended Thiel College, a small college in Pennsylvania, is sad to see the decline of schools like his alma mater. But he, too, said the best thing to do is evolve to keep up with the changing times.

“If you think you can keep doing the things you were doing and survive, you’re wrong,” he said.

And for students attending colleges like St. Joseph’s, it’s heartbreaking to watch their schools wither.

“For me, you know, this place is a small private liberal arts college, but there really is a family atmosphere here that I haven’t seen in a lot of places,” said Jose Arteaga, a senior at St. Joseph’s. “We truly do care for each other here.”

Caroline Simon is a University of Pennsylvania student and a USA TODAY College correspondent.