

IDEAS

The Looming College-Enrollment Death Spiral

After many decades of democratization, higher education could once again become a luxury good.

By Jeffrey Selingo

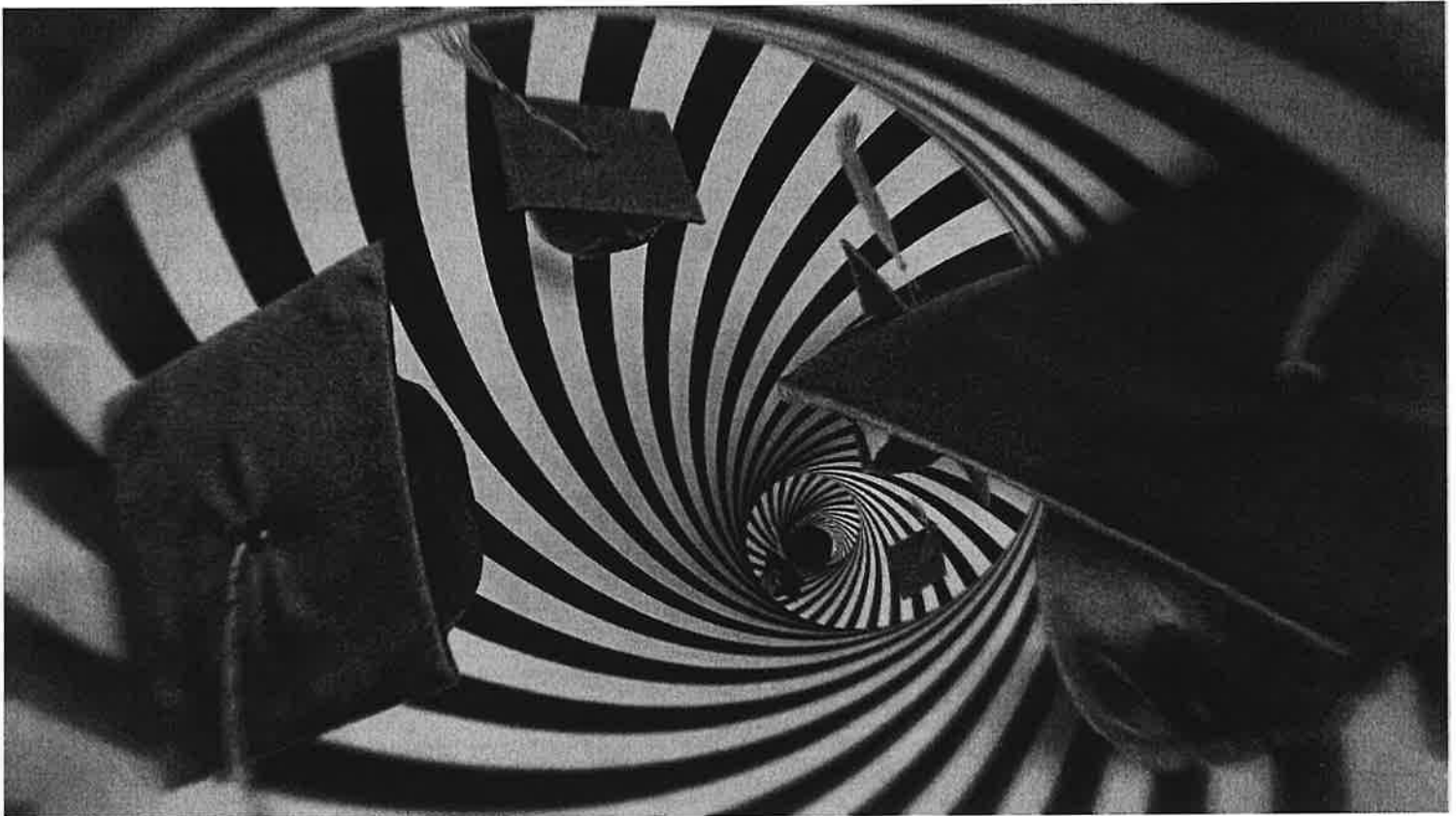


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APRIL 12, 2026

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THE “DEMOGRAPHIC CLIFF” is upon us. The number of teenagers graduating from American high schools peaked last year. It will begin declining this spring and keep falling steadily through at least 2041. The trend is more of a downward slope than an abrupt falloff, but the gradient is steep and represents a crisis to colleges dependent on filling classroom seats and dorm beds. The United States currently has about 4,000 colleges. According to a recent study from the Federal Reserve Bank of Philadelphia, about 60 are closing on average each year; that number could double in any given year if the bottom falls out of enrollment.

If the harm were only to the institutions forced to close because they’re running out of customers, that would be unfortunate but not tragic. But the causality runs in the other direction too, as students who otherwise would have gone to college find themselves with no viable option in the place where they live. American higher education has long consisted of two markets: one where high-achieving, typically affluent students compete for seats at national universities, and one where mostly middle- and lower-income students stay closer to home. Members of the first group will be fine even as college closures accelerate. The second group will suffer. After many decades of democratization, higher education could once again become a luxury good.

Over the past half century, as more teenagers have enrolled in higher education, what was once mostly a local business has become national, especially for top students, whose sense of distance has gradually shifted. Campuses that once felt far away now seem closer, thanks first to interstate highways, then to discount airlines, and then to technology. Parents in the 1980s might have talked to their college kid on a dorm-floor pay phone once every few weeks, if they were lucky. Today’s parents can text and FaceTime their kids multiple times a day.

Even so, roughly half of students at four-year colleges still attend one within 50 miles of home. The result is a market divided into two: one built on national brands that attract high-performing students from everywhere, and another that serves a local and regional population of place-bound students. In recent years, two markets have hardened in recent years. Applications to the regional campuses that accept fewer than

20 percent of applicants have skyrocketed, from nearly 800,000 two decades ago to more than 2.35 million today. This is largely why the admissions process feels so much more competitive to parents who went to college in the '80s and '90s. The pool of top students hasn't grown that much. What's changed is that the top students from Los Angeles and Chicago and Atlanta and Buffalo are now applying to the same schools, where the size of the freshman classes have barely budged since the '70s. And each student is applying to more of these schools.

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As they lost more and more local students to national universities, regional colleges found ways to stay afloat. They expanded access for underrepresented groups, added programs and amenities to attract students who might have skipped college otherwise, and partnered with the private sector to reach new markets online and internationally. For a long time, they could count on finding enough teenagers to fill their freshman class.

That era is over. Undergraduate enrollment nationwide has mostly been falling since 2011, even before the demographic cliff. Now, with fewer 18-year-olds in the pipeline, the enrollment machine at local and regional campuses is running out of fuel.

If you overlay a map of where colleges are located with projections of high-school graduates, you'll notice an immediate disconnect with supply and demand. The Northeast and the Midwest have the highest density of college campuses but will also see some of the biggest declines in the number of high-school graduates by the 2040s. In all, 38 states are projected to see a drop in the number of graduates. Only 10, most of them in the South, will experience growth.

Unlike a Home Depot or a McDonald's, colleges can't simply relocate when the nearby population shrinks. "When local options start to disappear, it can start a downward spiral," Nicholas Hillman, a professor at the University of Wisconsin at Madison who studies the geography of higher education, told me. Colleges come to

resemble zombie malls with fewer majors and students, eventually ending up in a doom loop they can't escape.

In 2022, Pennsylvania merged six schools in the 14-campus Pennsylvania State System of Higher Education into two new institutions. "We were built and operating as if we still had 120,000 students, when in reality we only had 85,000," Daniel Greenstein, the former chancellor of the system who oversaw the merger, told me. The merger preserved some physical presence, but at a cost, Greenstein said. Students who wanted to be on a campus could be, but many advanced courses with small enrollments and specialized faculty would be offered solely online.

Such hybrid options might work for some place-bound teenagers, but online courses aren't a replacement for most teenagers right out of high school. "If you're an 18-year-old and can't go the traditional route, you're probably not going to choose a degree program of any kind," Michael Koppenheffer, a vice president at EAB, an enrollment consulting firm, told me. Only about 16 percent of undergraduates ages 15 to 23 took classes for their entire degree fully online in 2019–20, the most recent numbers available from the Department of Education.

When local options for a campus-based experience disappear, so do students in higher education overall. The share of American teenagers enrolling in college after high school has dropped from a high of 70 percent in 2016 to 62 percent in 2022, the most recent year available. A lack of nearby options is one reason fewer high-school graduates are going straight to college, Hillman told me.

At the high school that I graduated from, in northeastern Pennsylvania, about 55 percent of graduates now go on to college. But the options around them have narrowed considerably since my childhood. The nearby Penn State campus is set to shut down in 2027, one of seven the university is closing around the state because of falling enrollment. Several neighboring private colleges also face financial challenges as they attract fewer students.

When enrollment falls, campuses  hen campuses disappear, enrollment falls further, because the local students most likely to attend those

institutions lose a nearby option. A vicious cycle emerges, and the worry is that the demographic cliff combined with campus closures will drive the number of college-going students only further downward. “When you close the campus, you lose the students who would have gone there,” Hillman said.

U.S. higher education is rooted in the nation’s founding and in the migration patterns that followed over the next two centuries. The spread of colleges into towns and cities across the country, which put a degree within reach of a growing share of the public, is one of the triumphs of postwar America. In the 1960s, Ohio’s governor, James Rhodes, outlined his vision of establishing a college within 30 miles of every resident and set about building regional campuses of large public universities across the state. He was mapping a future for a nation on the move, one with an ever-expanding higher-education system. We’re now at risk of the process playing out in reverse.

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