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MORE COLLEGES DROPPING OUT

Number of schools drops nearly 6 percent; for-profit universities hardest hit

By Douglas Belkin
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The number of colleges in the U.S. declined by nearly 6 percent between the past academic year and the year before, according to a new count by the federal government, and the rate of closings is accelerating.

The decline has been driven largely by closings of for-profit colleges that had low graduation and high student-loan default rates. [A regulatory crackdown under the Obama administration](#) drove many out of business.

Still, the broad decline lends credence to those who have long argued that higher education is ripe for a period of intense change and further declines.

"In the next 10 to 15 years, we'll see many fewer traditional colleges serving many more students," said Michael Horn, the co-founder of Clayton Christensen Institute, which champions so-called disruptive innovation, change that creates new markets and upends existing ones. "And an increased number of upstart educational programs serving students with online learning in shorter bursts throughout people's lives," he added.

There were 6,760 colleges – four-year, two-year and shorter-term programs – that were eligible to award federal financial aid in 2016-17, down from 7,416 in 2012-13, a nearly 9 percent drop, according to an annual survey by the National Center for Education Statistics. The decrease was particularly sharp – 5.9 percent – between 2015-16 and 2016-17.

The number of universities increased for decades in the U.S. as the population and demand for higher education grew. After World War II, the GI Bill paid for millions of returning soldiers to attend college. Then schools opened their doors more widely to women and minorities. The baby-boomer generation packed universities through the 1960s and '70s and their children fueled growth in the '90s.

During the recession that started in 2007, Americans flooded back to school to get retrained or escape the soft job market. But in recent years, stagnant wages, fewer high-school graduates and more tech-driven alternatives have made it harder for universities to fill classes.

That drop in demand has led to a loss of pricing power among some private institutions.

Schools across the country have cut staff, closed departments, merged with other institutions or [closed altogether](#).

States have also cut funding to public universities, prompting schools to raise tuition. As student debt has risen, many Americans have begun to question the wisdom of borrowing heavily to attend university.

To date, the vast majority of the schools that have closed have been for-profit colleges, which were the focus of much scrutiny by the Obama administration.

In March, the [Trump administration announced it would delay](#) enforcing some of those rules and the stock price of many of those schools rebounded.

This week, the Duluth Business University, a for-profit college in Minnesota that offers programs in business administration and health-care management, among others, announced it would close next summer after a nearly 130-year run. On Wednesday, a spokeswoman said declining enrollment was to blame.