

HIGHER EDUCATION

# The number of 18-year-olds is about to drop sharply, packing a wallop for colleges — and the economy

*America is about to go over the ‘demographic cliff’*

by JON MARCUS January 8, 2025

Credit: Illustration by Camilla Forte/The Hechinger Report, Images via Getty Images

Pickup trucks with trailers and cars with yawning trunks pulled up onto untended lawns in front of buildings from which people lugged books, furniture, mattresses, trophy cases and artwork.

Anything else of value had already been sold by a company that specializes in auctioning off the leftover assets of failed businesses. At least one of the buildings was soon to be demolished altogether, its red-brick walls dumped into its 1921 foundation.



This story also appeared in [National Public Radio](#)

This was the unceremonious end of Iowa Wesleyan University, a 181-year-old institution that closed in 2023 after financial losses due in part to discounts it gave out as it struggled to attract a shrinking pool of students.



Old Main at Iowa Wesleyan University, which closed last year. More such closings are expected as the number of college-aged students declines. Credit: The Gazette

“All the things that are mementos of the best four years of a lot of people’s lives are sold to the highest bidders” when a college closes, said Doug Moore, founding partner of a firm that has shut down four of them

in the last few years, including Iowa Wesleyan.

There will soon be many more such scenes, a preponderance of evidence suggests. That’s because the current class of high school seniors is the last before a long decline begins in the number of 18-year-olds — the traditional age of students when they enter college.

This so-called demographic cliff has been predicted ever since Americans started having fewer babies at the advent of the Great Recession around the end of 2007 — a falling birth rate that **has not recovered since**, except for a slight blip after the Covid-19 pandemic, according to the Centers for Disease Control.

Demographers say it will finally arrive in the fall of this year. That’s when recruiting offices will begin to confront the long-anticipated drop-off in the number of applicants from among the next class of high school seniors.

But the downturn isn’t just a problem for universities and colleges. It’s a looming crisis for the economy, with fewer graduates eventually coming through the pipeline to fill jobs that require college educations, even as international rivals increase the proportions of their populations with degrees.

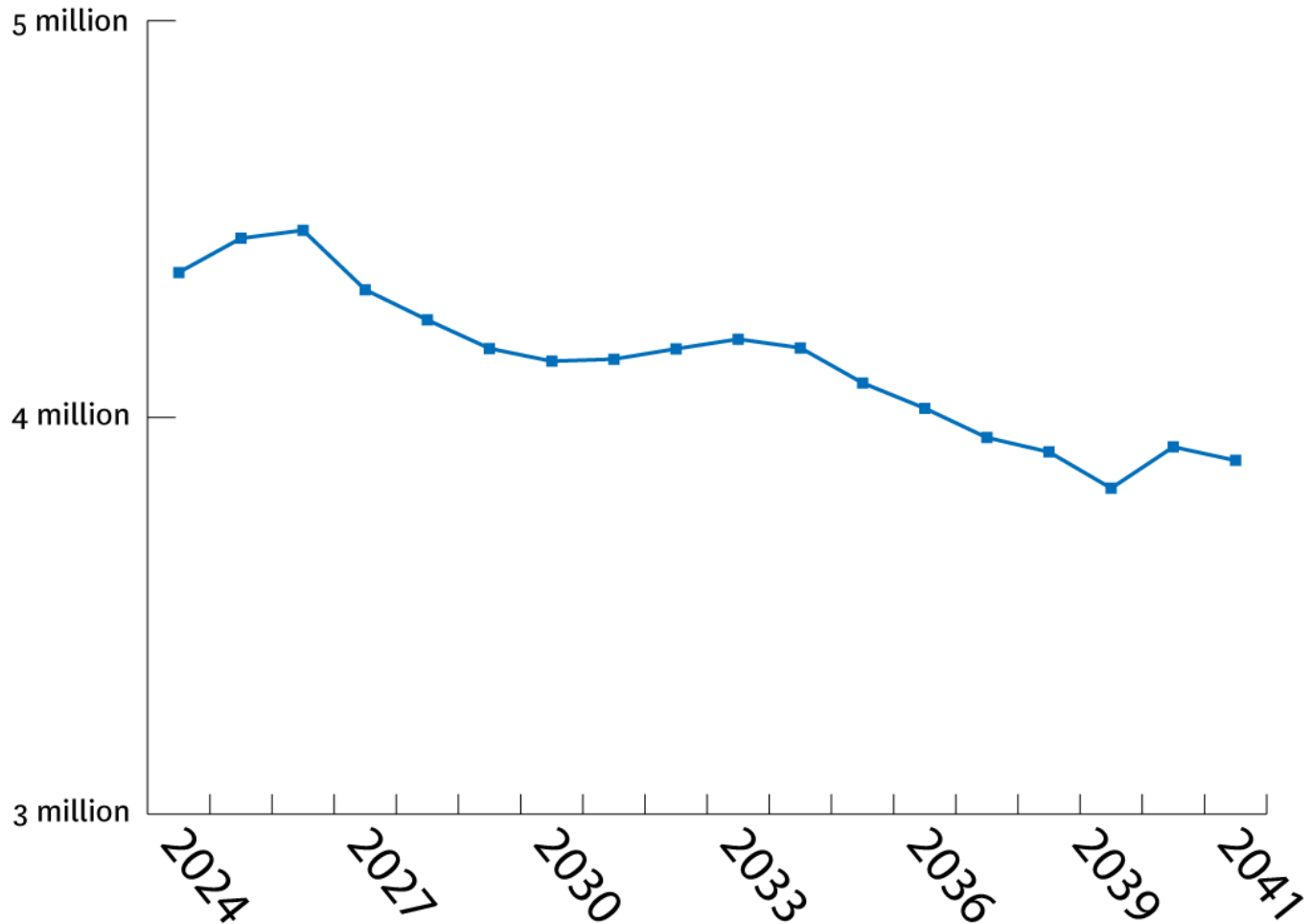
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“The impact of this is economic decline,” Jeff Strohl, director of the Georgetown University Center on Education and the Workforce, said bluntly.

As fresh data emerges, the outlook is getting only worse. An analysis by the higher education consulting firm Ruffalo Noel Levitz using the latest available census figures now projects **another drop** in the number of 18-year-olds beginning in 2033, after a brief uptick. By 2039, this estimate shows, there will likely be 650,000, or 15 percent, fewer of them per year than there are now.

# The coming demographic cliffs

*The long-predicted decline in the number of 18-year-olds will start to be felt soon, when recruiters face a dropoff in applicants for the freshman class that starts college in the fall of 2026, followed by another drop in 2033.*



SOURCE: Ruffalo Noel Levitz analysis of U.S. Census data

These findings sync up with another new report, released this month by the Western Interstate Commission for Higher Education, or WICHE, which says that the number of 18-year-olds nationwide who graduate from high school each year — and are therefore candidates for college — **will erode by 13 percent**, or nearly half a million, by 2041.

“A few hundred thousand per year might not sound like a lot,” Strohl said. “But multiply that by a decade and it has a big impact.”

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This comes after colleges and universities already collectively experienced a 15 percent decline in enrollment between 2010 and 2021, the most recent year for which the figures are available, according to the National Center for Education Statistics. That means they already have 2.7 million fewer students than they did at the start of the last decade.

In the first half of 2024, more than a college a week announced that it would close. Still more new research, from the Federal Reserve Bank of Philadelphia, projects that the pace of college closings could now accelerate.

Twenty-one higher education institutions defaulted on municipal bonds last year — their principal source of credit — or reported operating ratios that shrank enough to risk default, according to figures provided by the research firm Municipal Market Analytics. In 2023, the total was 17. Those compare to 22 in the previous five years combined. The bond-rating agency Fitch this month categorized the outlook for the higher education sector as “deteriorating.”

The news is not all bad. For students, it means a buyer’s market. Colleges and universities, on average, are admitting a larger proportion of their applicants than they did 20 years ago, new research by the conservative think tank the American Enterprise Institute finds. And tuition, when adjusted for inflation, is declining, according to College Board. (Housing and dining charges continue to increase.)

But the likely closing of more colleges is by itself a threat to the economy. Nearly 4 million people work in higher education, the National Center for Education Statistics reports. Though the most imperiled colleges tend to be small, each one that closes translates to, on average, a loss of 265 jobs and \$67 million a year in economic impact, according to the economic software and analysis company IMPLAN.

While the falloff in the number of 18-year-olds has been largely characterized as an existential crisis for colleges and universities, the implications are much broader.

“It’s a problem for our country,” said Catharine Bond Hill, an economist, former president of Vassar College and managing director of the higher education consulting firm Ithaka S+R.

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The United States has fallen to ninth among developed nations in the proportion of its population with some education after high school, according to the Organization for Economic Co-operation and Development, Hill pointed out.

“We should be aiming for Number 1, and we’re not,” she said. “In an economy that depends on skilled labor, we’re falling short.”

The diminishing supply of young people will contribute to “a massive labor shortage,” with an estimated six million fewer workers between now and 2032 than there are jobs needing to be filled, according to the labor market analytics firm Lightcast.

Not all of those jobs call for a college education. But many do. Forty-three percent of them will require at least bachelor’s degrees by 2031, according to the Georgetown center. That means more positions in the workforce will demand some kind of postsecondary credentials than Americans are now projected to earn. Still-unpublished research under way at Georgetown forecasts major shortages in teaching, health care and other fields, and some level of skills shortfalls in 151 occupations, Strohl said.

“If we don’t keep our edge in innovation and college-level education,” he said, “we’ll have a decline in the economy and ultimately a decline in the living standard.”

A scarcity of labor is already complicating efforts to expand the U.S. semiconductor industry, for instance, the consulting firm McKinsey & Company warns. It’s a major reason that production at a new \$40 billion semiconductor processing facility in Arizona has been delayed, according to its parent company.

A worker shortage of this magnitude hasn’t happened since the years immediately after World War II, when the number of young men was reduced by death and disability, said Strohl and others. And this one coincides with a wave of retirements among experienced and well-educated baby boomers.

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“It’s kind of a remarkable moment in our history,” said Luke Jankovic, an executive vice president and general manager at Lightcast. “We have a lot of people moving from economic producers to economic consumers, and there just aren’t enough people coming up behind them to replace them.”

The falling number of 18-year-olds is compounded by other issues, including a sharp drop in the proportion of Americans in the labor market — particularly boomers who retired early and men derailed by substance abuse



or incarceration. The proportion of men 20 and older in the workforce has declined from more than 76 percent at the start of the Great Recession to around 70 percent today, the Bureau of Labor Statistics reports.

Falling enrollment, meanwhile, has been made worse by a decline in perception of the value of a college or university degree. Fewer than one in four Americans now say having a bachelor’s degree is extremely or very important to get a good job, the Pew Research Center finds. Of the waning number of high school graduates, the proportion going straight to college has also fallen, from a peak of 70 percent in 2016 to 62 percent in 2022, the most recent year for which the figure is available.



The College of Saint Rose in Albany, New York, shut down in June. A long-predicted drop in the number of 18-year-olds is expected to accelerate the pace of college closings. Credit: Michael P. Farrell/Albany Times Union via Getty Images

“The sector continues to fight against that narrative that it’s out of reach from a financial perspective and that it’s not worth it from a value perspective,” said Emily Wadhwani, a senior director at Fitch who works on higher education. “The only thing then that will promote stability in the sector again is a renewed sentiment that it’s worth it.”

The drop in the number of high school graduates through 2041 is projected to be most severe in the Northeast, Midwest and West. In all, **38 states will see declines**, WICHE estimates, some of them much steeper than the national average: 32 percent in Illinois, 29 percent in California, 27 percent in New York, 20 percent in Michigan, 17 percent in Pennsylvania.

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"Institutions that continue to rely on the traditional undergraduate market to pay the bills are going to be in trouble," said Scott Jeffe, vice president for research at Ruffalo Noel Levitz.

In places where the number of high school graduates remains stable or increases, meanwhile, it will be largely because of one group: Hispanic students. The proportion of high school graduates who are Hispanic, nationwide, is expected to rise from 26 percent to 36 percent by 2041. But Hispanic college-going is below the national average and **has been going down**, U.S. Department of Education statistics show.

All of these things present "a combination of factors that we haven't seen before," Wadhwani said.

"The most perplexing set of issues to face higher education planners and administrators in a generation," WICHE President Demarée Michelau called them.

There are customers for colleges other than native-born 18-year-olds, of course, including international students, students who are older than 18 and graduate students.

But a rescue from these other sources may not come.

The number of international students **fell by 12 percent** when compared to competitor countries during Donald Trump's first term as president, researchers at Texas A&M University have found; now that he is about to start a second term, 58 percent of European students say they are **less interested in coming to the United States**, according to a survey by the international student recruiter Keystone Education Group.

Despite colleges' attempts to recruit them, the number of students over 25 **has fallen by half** since the Great Recession, the Philadelphia Fed calculates.

And the proportion of Americans aged 25 to 44 enrolled in graduate programs **is also down**, according to the higher education research and consulting firm Encoura.



Back on the campus of Iowa Wesleyan, the old gym was stripped of its wood flooring and whatever else had value, then ripped down. The cornerstone fell into the pile of rubble. It bore the date of the college’s founding: 1842.

“In so many of these towns, their identity is inextricably linked to the college that’s been there forever. It’s a huge source of local pride. It’s also a big source of good-paying jobs that are not replaceable,” said Doug Moore, the man who oversaw the university’s liquidation. “It is brutal and painful.”

More colleges and universities will likely go under the auctioneer’s gavel and the wrecking ball, however, Moore said.

“You have a staggering number of variables” facing colleges and universities, he said. “It’s supply and demand. You’ve got to evolve and adjust or die.”

*Contact writer Jon Marcus at 212-678-7556 or [jmarcus@hechingerreport.org](mailto:jmarcus@hechingerreport.org).*

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