Struggling Communities Turn to Colleges

Small private institutions work to help ailing local economies

By KARIN FISCHER

Wilkes-Barre, Pa.

The dilapidated buildings across the street from King's College were an eyesore. Shattered windows pockmarked sagging facades. Reports of illegal activity drew police patrols.

For the Rev. Thomas J. O'Hara, King's president, the blight was more than just a nuisance. On more than one occasion, prospective students and their parents cut short campus visits after walking down that street. In letters to Father O'Hara, they expressed doubt that the small, Roman Catholic college would be safe to attend.

"The reality is, curb appeal matters," says Father O'Hara, an alumnus who has led the college since 1999. "If parents are worried about their son or daughter's safety, they don't even look at your biology department."

King's purchased and renovated one of the buildings, turning an old apartment house into a sought-after student residence. This month Kinship Square, a nonprofit community-development organization run by several King's graduates, announced plans to raze the other two properties, a former laundry and printer, which, like many small businesses, had deserted downtown Wilkes-Barre over the past several decades. A new building on the site will house a child-care center and classroom and dormitory space that the college will lease from the developer.

In old mill towns and declining manufacturing centers, in the Rust Belt's former company towns and in the rural South, small, private liberal-arts institutions like King's are assuming a greater responsibility for community and economic development. They and their alumni are raising money to purchase abandoned buildings. They are relocating college facilities, like bookstores and residence halls, to buoy up urban cores. They are working to better connect faculty experts with local entrepreneurs.

Father O'Hara and other small-college presidents say they understand that their future is closely tied to the economic well-being of the areas they serve and from which they draw their students.

"We can't ignore Main Street," says Joseph E. (Tim) Gilmour, president of Wilkes University, located a few blocks from King's in Wilkes-Barre's compact downtown.

Civic leaders say they are looking to colleges not simply to spruce up their city centers but also to help position them in an economy that values smarts more than strength.

"Colleges can help move their regions forward," says Teri Ooms, executive director of the Joint Urban Studies Center, a regional research organization started by Wilkes, King's, and five other colleges in northeastern Pennsylvania.

But unlike research universities and land-grant institutions, which have long viewed regional economic development as central to their missions, most liberal-arts colleges are relative newcomers to this work, and they
face real constraints. In contrast to powerhouse institutions like the University of Pennsylvania, which is largely credited with remaking West Philadelphia, these smaller colleges may not have the wealth to make upfront investments or to absorb the risk incurred in such deals.

The modest size of their endowments — King's College has just $60.3-million — mean that money spent on community projects must also benefit those on the campus. Faculty members are often expected to carry heavy teaching loads, leaving them with little time or inclination to engage in economic-development efforts. In addition, small colleges typically lack the administrative structure to support such efforts. It is no accident that the most successful revitalization projects, such as those in Wilkes-Barre, have some combination of government, foundation, and business support. Many also are done in collaboration with other colleges in the region.

Community Anchors

Despite the challenges, many observers say private colleges cannot afford to forgo an economic-development role, particularly in regions struggling to find their footing in a changing economy. For one thing, colleges often remain a stable presence even as other major employers have downsized or disappeared. Wilkes and King's, for example, have more than 900 full-time employees, 4,280 undergraduates, and a combined payroll of nearly $60-million. Together they pay $160,000 a year for city services.

"Higher education is a growth industry in Pennsylvania," says Don L. Francis, president of the Association of Independent Colleges and Universities of Pennsylvania. "One of the few."

Pennsylvania's governor, Edward G. Rendell, calls colleges "anchor tenants" in their communities and has sought to find ways to better capitalize on their presence. One of his signature economic-stimulus efforts is the Keystone Innovation Zone program, which provides tax incentives and grants to create "knowledge neighborhoods" of colleges, high-tech businesses, and work-force-development agencies to generate new jobs and products. Since 2004, Pennsylvania has handed out $10.8-million in funds for the program, including $800,000 in matching grants to college researchers in a two-county, 13-college consortium that includes King's and Wilkes.

Other states, too, have used public funds to encourage colleges and research institutions to form partnerships with local businesses. The Georgia Research Alliance, for example, pairs experienced entrepreneurs with faculty members to turn research into commercially viable companies.

Elsewhere, private foundations have stepped in to provide outside expertise or seed money to get colleges' economic-development projects off the ground. In Indiana the nonprofit Lilly Endowment has spent nearly $40-million over five years on 37 campuses, public and private, as part of an effort to stanch the brain drain of recent college graduates from the state. The University of North Carolina at Chapel Hill, through a grant from Jessie Ball duPont Fund, provides training and technical assistance to four small, private colleges in Appalachia for economic-development outreach in their counties. Part of the effort is to find ways to sustain such efforts once the grant funds run out (see list below).

"These colleges have the desire to engage in this kind of work," says Jesse L. White Jr., director of Chapel Hill's Office of Economic and Business Development and a former co-chairman of the Appalachian Regional Commission, a federal-state partnership. "But they don't always have the capacity."

In Pennsylvania the 85 members of the independent-college association voted three years ago to assess themselves additional dues to pay an outside company to advise them on their economic-development efforts and to run training seminars on issues such as energy-related development and finding public financing for community outreach.

A Ghost Town

In a historical sense, both Wilkes and King's have longstanding economic-development missions. Each college was founded — Wilkes in 1933 and King's in 1946 — to educate the children of the anthracite-coal miners who were the backbone of the region's economy. That industry, however, soon all but disappeared from northeastern Pennsylvania. Wilkes-Barre's economic slide was accelerated by Hurricane Agnes, in 1972, which pushed the
Susquehanna River over its banks, damaging or destroying 25,000 homes and businesses and leaving the downtown under 14 feet of water.

Agnes accelerated decades of exodus of businesses and homeowners from the low-lying city center to higher ground.

"This used to be a family neighborhood," says John Senunas, whose family has owned a bar and grill across the street from the King's campus for almost 50 years. "But we went through some tough times."

When Mr. Gilmour arrived at Wilkes, in 2001, a chain-link fence surrounded the fountain in the city's central Public Square, just two blocks from the campus. Abandoned buildings and poor lighting made the area feel unsafe, and students rarely ventured off the university grounds. If they did, it was by car, to a mall on the outskirts of the city. Downtown Wilkes-Barre, in a city of 43,000, was more ghost town than college town.

Bridget Giunta, who graduated from Wilkes in 2004, recalls trying to find a place to go to lunch with her parents when they helped her move in to her dormitory. Even a McDonald's on Public Square had closed.

"Sometimes I felt bummed out and jealous of my friends at other colleges," Ms. Giunta says. "We didn't have the cute coffee shop on the corner, we didn't have the boutique stores."

In the competition for students and faculty members, the quality of the living and working environment is more and more important, says Richard Florida, author of *Who's Your City: How the Creative Economy Is Making Where to Live the Most Important Decision of Your Life* (Basic Books, 2008).

"Without a vibrant community, colleges and universities may flounder," says Mr. Florida, a professor of business and creativity at the University of Toronto's Rotman School of Management. "Increasingly, young people are picking places to go to school, not just schools."

Administrators at King's and Wilkes acknowledge that their institutions were affected by the city's sad condition: In surveys, prospective students who had chosen not to attend one of those colleges said Wilkes-Barre itself was a primary reason for their decision.

When applicants and their parents saw downtown, says Lawrence M. Newman, vice president for community and economic development at the Greater Wilkes-Barre Chamber of Business and Industry, the colleges could "kiss those tuition dollars goodbye."

**Shared Goals**

Tackling economic revitalization, however, frequently means first surmounting town-gown tensions over such issues as students' off-campus behavior and real-estate development off the property-tax rolls. By the early part of this decade, relations between Wilkes-Barre and its two downtown colleges was so strained that a meeting between King's students and the mayor degenerated into a shouting match. City residents complained that students had little respect for their neighbors. The city's decision to ticket illegally parked cars on the campus when students were moving in only exacerbated the tension.

The first signs of rapprochement came from businesses, which began surveying students about what amenities they wanted downtown. A business group tapped Ms. Giunta to help throw a welcome-back party for her classmates on Public Square.

Another change was the election of Thomas M. Leighton as mayor, in 2003. Mr. Leighton, a King's graduate who preaches the gospel of economic revitalization with evangelistic fervor, says he saw the colleges as crucial partners in resuscitating the downtown. "I had to extend the olive branch," he says.

The mayor soon reached an agreement with Mr. Gilmour, president of Wilkes, for the university to buy a former telemarketing center after the city had defaulted on an a $14-million bond on the building.
The deal enabled the city, which would have been saddled with $1-million in annual debt-service payments, to stave off a major threat to its already shaky finances.

And Wilkes could consolidate its hodgepodge of administrative offices and build an indoor track and up-to-date athletics facilities in the 80,000-square-foot building. The $10-million cost was cheaper than new construction. "We did it because it was a good investment for us," Mr. Gilmour says. "We need to have projects that are wins for everyone."

Indeed, for economic-development partnerships to work, all those involved have to have similar goals, experts say.

For instance, King College, in Bristol, Tenn., had proposed, as part of its work with the University of North Carolina, to build a business incubator. But because rental space in the region is cheap, entrepreneurs were unenthusiastic, says Lorrie McGovern, an assistant professor of business at King. Now the college hopes to develop a clearinghouse to connect business owners to the right resources.

Canisius College, in Buffalo, N.Y., so angered neighbors over plans to demolish an old rectory that locals had the structure declared a historic site to stop the destruction.

Chastened by the experience, campus officials now always ask, "Is it good for the neighborhood?" before embarking on a development project, says John J. Hurley, executive vice president and vice president for college relations. Over the past 15 years, the college has spent $120-million, borrowing money from the state development authority and undertaking a capital campaign to finance specific projects, to renovate old buildings, buy homes from absentee landlords, and, most recently, convert a vacant Sears, Roebuck near the campus into an interdisciplinary science center. The former rectory, spared demolition, now houses Canisius's honors college.

Managing Risk

Because they operate on thin financial margins, without the buffer of a large endowment, leaders of small, private colleges say they have to be especially cautious in taking on economic-development projects.

Sometimes they decide that the long-term benefits outweigh the initial costs. Wilkes and King's agreed to shutter their individual on-campus bookstores to help attract a Barnes & Noble downtown, each contributing $150,000 in loans toward the construction of the store in a restored building. College officials, who say the year-and-a-half-old bookstore is crucial to helping lure other retailers downtown, expect to make back their investment within a few years through increased sales.

But in other cases, institutions may decide the risk is too great, at least to assume on their own.

Although King's spent $6-million in 2001 to purchase and renovate the apartment house across the street from its campus, Father O'Hara says it was not financially feasible for the college to rehabilitate the two adjacent properties, which are far more decrepit. They must be torn down and replaced; the project planned by Kinship Square, the community-development group, has a price tag of $19.4-million.

King's borrowed the money to finance the original project, raising funds in a capital campaign to pay off the debt. Seven years later, amid the tightening of the credit markets, Father O'Hara says it would not be fiscally responsible to take on additional debt.

"Could we have pulled it off? Probably yes," he says. "But I think we have the responsibility to be fiscally conservative. So we've looked for partners who could help shield us from the risk."

What's more, he notes, the city has welcomed the public-private partnership. Had King's purchased the property outright rather than lease the space, it would have been exempt from property taxes.

Turning a Corner

Given their limited resources, small-college officials say they also take care not to undertake development projects
that deviate too far from their core educational missions, even if the projects would be good for the community. Lisa Marie McCauley, vice president for business affairs and treasurer at King's, says she constantly turns down offers from people who hope to sell their properties to the college.

"You have to remember that you're not a real-estate developer, you're not the chamber of commerce, you're not a social-service agency," says Stephen C. Ainlay, president of Union College, in Schenectady, N.Y., which has worked to breathe new life into the city. "You're an academic institution."

King's has sought to tie its community work more closely to its curriculum by encouraging faculty members like Maureen A. Gaffney, an assistant professor of education, to incorporate service learning into their lesson plans. In Ms. Gaffney's popular class in educational and developmental psychology, students work as tutors for low-income, mostly Hispanic elementary-school students and apply the course's academic theories to that experience.

While the course material can be dry, Ms. Gaffney says, "I don't have to work to generate student interest."

But Thomas Baldino, chairman of the academic-advisory committee of the Joint Urban Studies Center, in Wilkes-Barre, says engaging his fellow faculty members in broader economic-development activities remains difficult.

"It's a harder sell to get my colleagues to value applied research," says Mr. Baldino, a professor of political science at Wilkes. While the provost and other top academic officials have voiced support for taking such work into account in tenure reviews, he notes, faculty members have not moved to formally amend the process to do so.

By and large, however, college and civic leaders in Wilkes-Barre say they think their partnership is yielding incremental but real results. Italian and Thai restaurants have opened in recent months, and, in the neighborhoods adjoining the colleges, young professionals, like Mr. Newman, of the chamber of business and industry, are restoring tumbledown homes to their coal-baron glory.

Just off Public Square, the Barnes & Noble hums one recent afternoon as workers on their lunch break browse stacks of best sellers and a group of King's students stakes out a section of the cafe for a study session. Nearby a pair of young mothers chitchat over lattes while their children doze.

For the two colleges, the proof may be in enrollment trends. Last fall King's welcomed a record freshman class, 575 students. Undergraduate enrollment at Wilkes has climbed 17 percent since 2003.

"I think Wilkes-Barre has turned a corner," says Father O'Hara.

As for Ms. Giunta, the Wilkes graduate, she decided to stay in Wilkes-Barre, where she works for the mayor and continues to organize an annual party for local college students. Last year, its fourth, it attracted more than 1,000 students to Public Square.

"Sometimes I look around," she says of the changes she's seen downtown, "and think, Can you believe that?"

OTHER COLLEGE AND COMMUNITY PARTNERSHIPS FOR ECONOMIC DEVELOPMENT

Anderson University, Anderson, Ind.

At its height, General Motors signed one of every three paychecks in this Central Indiana city, so when the carmaker shut its final plant, it "sucked the oxygen out of the area," says James L. Edwards, president of Anderson University. It was up to the 2,800-student Christian college to administer CPR to the region's economy, Mr. Edwards says.

Using $3-million in proceeds from the sale of a former factory GM had donated to the university, Anderson started the Flagship Enterprise Center, a high-tech business incubator. Dedicated in May 2005, the center has worked with 51 start-up businesses and created more than 400 jobs. It is organized as a nonprofit subsidiary of Anderson, "so as not to drown a little university with almost no endowment," Mr. Edwards says, and has attracted another $6-million
in support from the city, state agencies, and other sources.

Anderson students hold internships with the incubator's companies, and Anderson's business faculty members sometimes act as consultants for the firms. The university, in conjunction with Purdue University, has since built an adjoining academic building for business programs, including a new one in entrepreneurial studies. The university will benefit if it can help restore economic vitality to the city, Mr. Edwards says. "You have to tend your garden where it's planted," he says.

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College of Saint Rose, Albany, N.Y.

The College of Saint Rose is trying to be a good neighbor. The Roman Catholic college's 40-acre campus blends into the Pine Hills section of Albany, and when R. Mark Sullivan became president of Saint Rose, 12 years ago, there were concerns that the neighborhood could be in decline. Mr. Sullivan's previous appointment had been at Marist College, another New York institution with a strong reputation for community involvement, and he saw that the college could play a role in stabilizing the neighborhood. "Our success is inextricably linked to the success of the city," he says.

Under Mr. Sullivan's watch, the college has purchased 50 homes, many of which were in disrepair. It has renovated some and leveled others to erect new campus buildings like an athletics complex and a music-and-arts center, whose performances are open to the community.

Saint Rose has also formed a partnership with the city and local banks to offer $5,000 forgivable loans to college employees who purchase houses in the neighborhood. In all, the college has spent $70-million on its efforts, Mr. Sullivan says, incurring some debt and also raising money for the campus projects. The college, with an endowment of less than $30-million, may not be able to remake the city, but officials there believe it can have an impact on its neighborhood. "We're not Harvard or Yale," Mr. Sullivan says. "It's very strategic, realistic investment."

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Mars Hill College, Mars Hill, N.C.

When officials at this college, nestled in the Blue Ridge Mountains of western North Carolina, learned that the University of North Carolina at Chapel Hill had a $192,700 grant to help small, private Appalachian colleges develop economic-development partnerships, they leapt at the chance.

"We always had ad hoc relationships," says Smithson Mills, director of the college's Center for Assessment and Research Alliances, "but we saw it as a way to institutionalize our approach to economic development." With the University of North Carolina's help, the college identified three employment sectors — arts and crafts, home building, and sustainable agriculture — with growth potential and, last summer, enlisted student interns to do research to figure out what the college can do to support those industries.

The students discovered that Mars Hill could assist local employers in some basic ways, Mr. Mills says. One student, for example, is helping a group of farmers expand subscription sales of meat they have raised. The college is also setting up a small-business center in a former high school that now houses artists' studios. There, it will provide area artists with advice on developing Web sites and other promotional materials.

Mr. Mills hopes Mars Hill's efforts will show that student internships can be applied to economic development and persuade faculty members to integrate more real-world experiences into their classrooms.