

The Post-Pandemic Future of Collegetowns: Leveraging Innovation and Entrepreneurship

Hosted by the Center for Regional Economic Advancement at Cornell University
November 2020

About the Event

The Center for Regional Economic Advancement (CREA) at Cornell University hosted representatives from college towns across the U.S., and national thought leaders in innovation and economic development at a virtual conference on October 1 titled “The Post-Pandemic Future of College Towns: Leveraging Innovation and Entrepreneurship.”

The conference opened with a panel discussion moderated by Justin Baer of the Wall Street Journal whom has reported on the ongoing crisis in college towns since March 2020. The keynote speakers were:

- **Marcela Escobari**, Senior Fellow, Global Economy and Development Program, Brookings Institution;
- **Matt Marx**, Associate Professor of Strategy and Innovation at Boston University;
- **Philip Gaskin**, VP of Entrepreneurship, Ewing Marion Kauffman Foundation;
- **Robert D. Atkinson**, President, Information Technology and Innovation Foundation (ITIF).

Following the panel discussion, invited attendees participated in roundtable discussions, where they exchanged ideas and experiences of their institution’s strategy in supporting the regional economy of their college towns. Participants represented universities and towns across the country, including Texas A&M, The University of Maryland, Penn State University, Ohio State University, University of North Carolina at Greensboro, and Cornell University, among others.

The ongoing pandemic underscores the need for economic diversity in college towns as it continues to rattle the stalwart “eds and meds” institutions. College towns, typically small towns with large institutions of higher education like Corvallis, OR, Blacksburg, VA, State College, PA, and Ithaca, NY have been resilient to economic shocks in the past, in large part due to the strength of higher education employment. A single university in each one of these college towns employs at least 20 percent of the town’s population, and students typically make up at least 25 percent of the population, making universities the economic drivers of their regions. In 2008, economists and policymakers touted college towns as “recession-resistant,” as unemployment remained low despite the wider economic devastation wrought when the housing bubble burst. As COVID-19 continues to restrict operations and reduce student enrollment, universities and their college towns face unprecedented economic uncertainty. However, as universities face these challenges, new opportunities will arise for college towns to bolster their communities as important hubs of innovation and human capital, with the proper support.

The Way Forward

Universities and college towns are facing unique challenges during COVID-19, but there are several solutions available that can potentially mitigate some of the economic strain caused by the pandemic. Roundtable discussions with university administrators, entrepreneurs, government employees, and other stakeholders in college towns from across the country resulted in the following sets of recommendations.

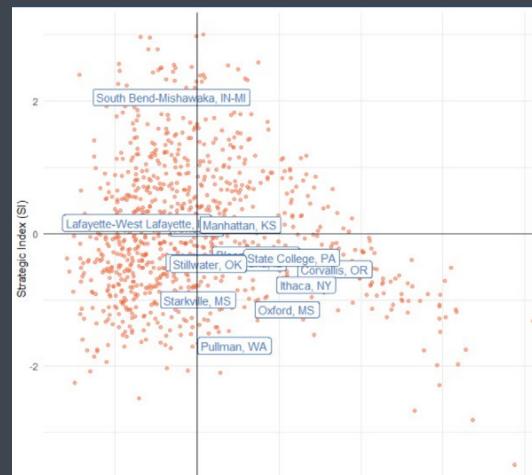
Create a program to establish a university-to-workforce local pipeline:

Justin Streuli (Director of the North Carolina Entrepreneurship Center and Launch UNCG at UNC Greensboro) emphasized how universities can be feeders for the regional entrepreneurship system, and how student and faculty involvement in startups can provide critical skills and knowledge to new businesses. Universities should encourage partnerships between researchers and local businesses to share expertise and expand the possibilities for commercialization of research products.

Derek Eberhart (Associate Vice President for Research and Executive Director, Innovation Gateway at the University of Georgia) discussed how integrating entrepreneurship into experiential learning programs can be valuable to both students who might not otherwise have exposure to startups, and serve as a trial basis of employment for startups who might be looking for full-time local talent. University career service centers can help make these connections.

Encourage buying local: Shifting the university's purchasing power to local businesses will stimulate economic development, especially in towns and cities where the university is the single major customer. **Jennifer Tavares** (President and CEO, Tompkins County Chamber of Commerce) recommends educating students on buying local, since the university itself may not be in a position to spend discretionary funding for the foreseeable future. If students are back on campus, the university should actively promote and partner with local businesses to bring products and services to the student body.

Escobari's analysis (see below) places Ithaca in a High Economic Complexity Index and Low Strategic Index quadrant. This means the city "probably has the talent and know-how to staff virtually every industry...but talent alone is not enough to create that diversification."



Identifying a college town's strengths and strategically planning growth involves some tradeoffs. For example, Escobari's analysis shows that software publishing and specialized design services have the potential to offer high quality jobs in Ithaca, and are two industries that make sense for Ithaca to develop given its highly educated population and educational resources. However, those industries offer less opportunity for workers without a bachelor's degree. "But if you look at electric manufacturing, that is an industry that is just as feasible for Ithaca, but it also tends to absorb workers that do not have a bachelor's degree," Escobari said.

Offer skill-building classes for low-wage workers looking to transition into new jobs: Carrie Whitmore (Director of Continuing Education and Workforce Development, Tompkins Cortland Community College) and Judith Sheft (Executive Director, New Jersey Commission on Science, Innovation and Technology) emphasized that community colleges should expand upon the successes of skills training programs. These programs should focus on translating skills that employees already possess into new roles that require specialized training, but not necessarily a four-year degree. Skills programs should also have a clear path to further education for those that wish to pursue it.

Focus university entrepreneurship work and business partnerships around social justice issues, and actively work to diversify organizations: Universities should strengthen diversity and inclusion efforts in their entrepreneurship programs, and direct resources to low-income students, underrepresented minorities and women. Brian Bauer (Competitions Director and Entrepreneur in Residence, Center for Regional Economic Advancement) highlighted social justice issues and sustainability as key areas that universities and businesses can tackle together.

Take advantage of state and federal funds designated for entrepreneurs and mobilize university lobbying power to advocate for additional funding: Justin Streuli discussed the One NC Small Business Fund, which provides a partial match to small businesses who receive SBIR or STTR. Entrepreneurs should seek out similar programs in their state or locality, and university innovation centers should serve as information hubs for these types of grants. Government grants such as the CARES Act can also be used to fund innovation and make long-term investments to improve infrastructure such as wireless networks and startup incubator spaces. Universities, with their significant lobbying power, should actively work to increase the amount of government funding designated for these purposes over the next several months by supporting bills such as the [New Business Preservation Act](#).

Actively promote the benefits of living in a college town to remote workers: While many of the benefits of working remotely from a college town may seem obvious, workers with no prior connection to the college town may not be aware of them. Kimberly Gramm (Associate Vice President of Innovation & Entrepreneurship, Texas Tech University) discussed how colleges and town development agencies need to tell a compelling story about living in rural communities. Promoting lower rent prices, access to university academic and cultural resources, and natural surroundings away from the rush of major cities can help sell remote workers on a rural college town. Clearly describing steps that the area is taking to improve resources such as public transportation and broadband access can also entice potential residents.

Themes for Building Economic Resilience in College Towns

To further build economic resilience, universities and colleges can play a collaborative role with college towns through:

1. community alignment
2. purposeful inclusion
3. working with government to increase the impact of university contribution to economic development
4. attracting new residents.

Community alignment: Aligning research, development, and commercialization activity with town needs

Leveraging a Region's Existing Economic Strengths

Universities play a key role in supporting new startups and innovation. However, rural college towns with major research institutions often struggle to retain startups and human capital as graduates relocate to major cities in search of jobs. Keynote panelist, Marcela Escobari of Brookings, says that a critical element of building innovation clusters and startup hubs is **recognizing the existing strengths of a region's economy**. Escobari presented data that illustrated how industries tend to grow by complementary businesses co-locating near one another. Universities and policymakers can benefit from analyzing industry cluster patterns to identify strategies for economic diversification. For example, rural college towns like State College, PA, Manhattan, KS, Pullman, WA, Corvallis, OR, and Ithaca, NY (all college towns with similar populations and characteristics) "tend to be very complex...but not very diversified in their industrial makeup," Escobari said. This means that college town economies are already well-developed and sophisticated, but only in a few industries. For college towns, that generally means a single university plays an outsize role in the economy. Escobari and the Brookings team have found that well-developed, but not well-diversified economies like college towns tend to grow by either growing **an existing industry or creating entirely new industries**. College towns are also likely to require policy interventions and a collaborative effort between universities, local and state government and existing private sector industries to create meaningful growth.



"College Towns and COVID-19 Recovery." Analysis by Marcela Escobari, Workforce of the Future Initiative, Senior Fellow, Global Economy and Development Program, The Brookings Institution, October 2020.

Identifying a town or region's unique capabilities for strategic diversification means the economic benefits of an educational institution in a small town can stretch beyond local spending done by students, faculty, and staff, as it increases the role of universities and colleges as key assets for building new employers in the region, and a talent pool for those new or growing industries.

Curriculum to Power New Industries

To align university activities with community needs, university officials may want to consider specific curriculum and research funding directed towards developing strategic industries. A strategic industry, for example, that could be feasible to grow in some college towns across the country is software publishing, according to Escobari's analysis. [A recent study](#) found that curriculum incorporating the study of a new technology helps local companies stay ahead of the curve and embrace these innovations as lead adopters. [Another study](#), co-authored by keynote panelist, Dr. Matt Marx, found that interdisciplinary research teams are more likely to commercialize their research than research teams made up of specialists in only one field—two important considerations when bridging the academic mission with regional needs.

Notable Quotes

Predictable paths to diversify: "The process of diversification is path-dependent...So not surprising, if you have a car company, car-part companies can also succeed in that place where car companies succeed." Marcela Escobari, Senior Fellow, Brookings Institution

Grassroots Development: "Poll neighborhoods and look at it from a ground-up perspective- what's the fabric of the area, what's the fabric of the community, what do young folks want to do, what are they interested in? Does what your university specializes in need to pivot to match the needs of the community?... Be true to what your university is and don't try to pivot to quickly to something else" - Philip Gaskin

Interdisciplinary teams likelier to commercialize: "When you compose a team from different areas, they have different views on what might be useful, they have different and non-overlapping networks to bring in human and financial capital." –Matt Marx, Associate Professor of Strategy and Innovation at Boston University.

Purposeful Inclusion: Providing Opportunities for Workers Without Bachelor's Degrees, As Well As Underrepresented Minorities and Women

As universities look to contribute to the regional economy, many will bolster their entrepreneurship programs, incubators and accelerators. Entrepreneurship and innovation are key to creating job growth both regionally and nationally. As universities encourage innovation, research commercialization and entrepreneurship, it is critical they address persistent inequities in entrepreneurship, innovation and employment for communities of color, women and those without bachelor's degrees.

When creating a strategy based on the industry paths described previously, it is important to consider all the auxiliary industries that can thrive in the same environment, which can employ workers with different levels of educational attainment thanks to the infrastructure and talent pool of existing industries. Especially with lessons learned from this pandemic, **it is important to explore adding local job and mobility opportunities outside of the service industry for those without bachelor's degrees.**

Purposeful inclusion also means addressing inequities for aspiring entrepreneurs and business owners who identify as members of underrepresented minority groups and women. Research shows a wide disparity in access to capital and other crucial support between white, male entrepreneurs and everyone else. Universities can play an important role in helping close that gap by paying special attention to underrepresented groups through funding opportunities and accelerator programs.

Notable Quotes

Inequity in entrepreneurship: “Inequities show largely in underrepresented populations, 40% of black owned businesses and over 30% of Latino businesses have closed during the pandemic” - Philip Gaskin, VP of Entrepreneurship, Kauffman Foundation

Diverse communities: “In 20+ years, a majority of people living in communities around universities will be made up of people of color”- Philip Gaskin.

Creating opportunities for mobility: “The question for many of these universities is how to work with the city...to diversify and become more resilient--and also create opportunities for mobility of the local population,” Marcela Escobari.

Texas Tech: Sitting at the Table with Leaders

The first time Texas Tech University's Innovation Hub applied for a grant to fund its Hub Fuel Fund, designed to invest local in startups, the Department of Commerce rejected their application. This prompted Kimberly Gramm, the Hub's associate vice president, innovation and entrepreneurship, to travel to DC with the government relations team to solicit feedback on their application. “They said we needed to tell a more compelling story about being in a rural community, and that we required a ‘cluster approach,’” she told attendees during the conference roundtable. Her team tapped 10 partners that “have a lot of skin in the game in terms of developing in roads here in our rural area,” and went back to the drawing board.

Their revised proposal included a fund structure where at least 50% is invested in ag-tech firms in West Texas, while 50% can be syndicated to ag-tech firms across the nation. In the backend is a fund manager based in Atlanta, GA with experience in this hybrid model. “The business thesis was that we wanted to be able to take money on the sidelines while educating people about investing in our local people here that are creating innovation. At the same time, if there wasn’t enough appropriate deal flow, the fund could still succeed.” To Gramm, the trip to the Department of Commerce director in DC was an example of how universities can sit at the table with leaders “to better serve communities and be open source about the things we are doing that are effective.”

Leveraging Government Policy to Increase the Impact of University Contributions to Economic Development

Policymakers and governments can play a major role in encouraging start-up development, cross-sector collaboration, and commercialization of university research, particularly as federal policymakers look to encourage growth outside of traditional technology hubs on the West and East coasts. For example, the bipartisan [Innovation Centers Acceleration Act](#), proposed by Senators Coons and Durbin in August 2020, positions universities as a key driver of growth which is an exciting opportunity for institutions looking to advance their innovation programs. However, the proposed bill limits federal funding and support to metro areas with populations of greater than 500,000 people. The research universities located in rural college towns with populations of less than 150,000 possess many of the same innovation assets as research universities located in larger metro areas. Smaller, more rural college towns with major research universities would also benefit from similar legislation or policy efforts at the federal, state or local level to center universities as innovation assets, and partner to develop equitable access to capital for local entrepreneurs, access to networks, and work in concert with university leadership to identify and address barriers to retaining startups in the region.

The Kauffman Foundation launched the Start Us Up: [America's New Business Plan](#) as a bipartisan policy roadmap, and a companion piece [“Rebuilding Better: Activating the Start Us Up Coalition in Response to Covid-19”](#) to provide recommendations to policymakers at all levels to better support entrepreneurs. For policymakers in rural college towns, there is significant potential to implement some of the recommendations in the plan in partnership with universities. For example, one of the most urgent issues facing entrepreneurs is lack of equitable access to bank loans or venture capital.

As a short-term goal, the plan recommends that state and local governments partner with philanthropic organizations to create funding pools that reduce fees and interest for short-term lending not eligible for SBA loans. In the long-term, the plan recommends that Congress make substantial funding available to states to expand capital access. The plan also recommends that Congress establish a startup visa that authorizes foreign entrepreneurs to start businesses in the United States. Both measures would substantially benefit college towns as international students at their research institutions would find themselves in a position to better access capital and establish residency in the U.S. through a startup visa, rather than rely on large, existing companies to sponsor their employment visa.

Notable Quotes

Opportunity, Funding, Knowledge, Support: “[America’s New Business Plan] has four pillars: opportunity—which means less red tape and a level playing field; funding for equal access to the right kind of capital, regardless of location; knowledge, including the know-how to start a business; and support, such as connections to resources in communities” - Philip Gaskin

An Increasingly Decentralized Tech Industry: “There’s a growing interest in Congress to say ‘How can we get more technology growth in the Heartland, if you will, and not in Boston, which has a lot of it--not in Silicon Valley, not in Seattle, they’re doing great. But, Upstate New York, or Columbus, Ohio, wherever these places might be.’ And this legislation really sees research universities as the core anchor to make those new technology hubs sustainable.” - Rob Atkinson, President, Information Technology and Innovation Foundation.

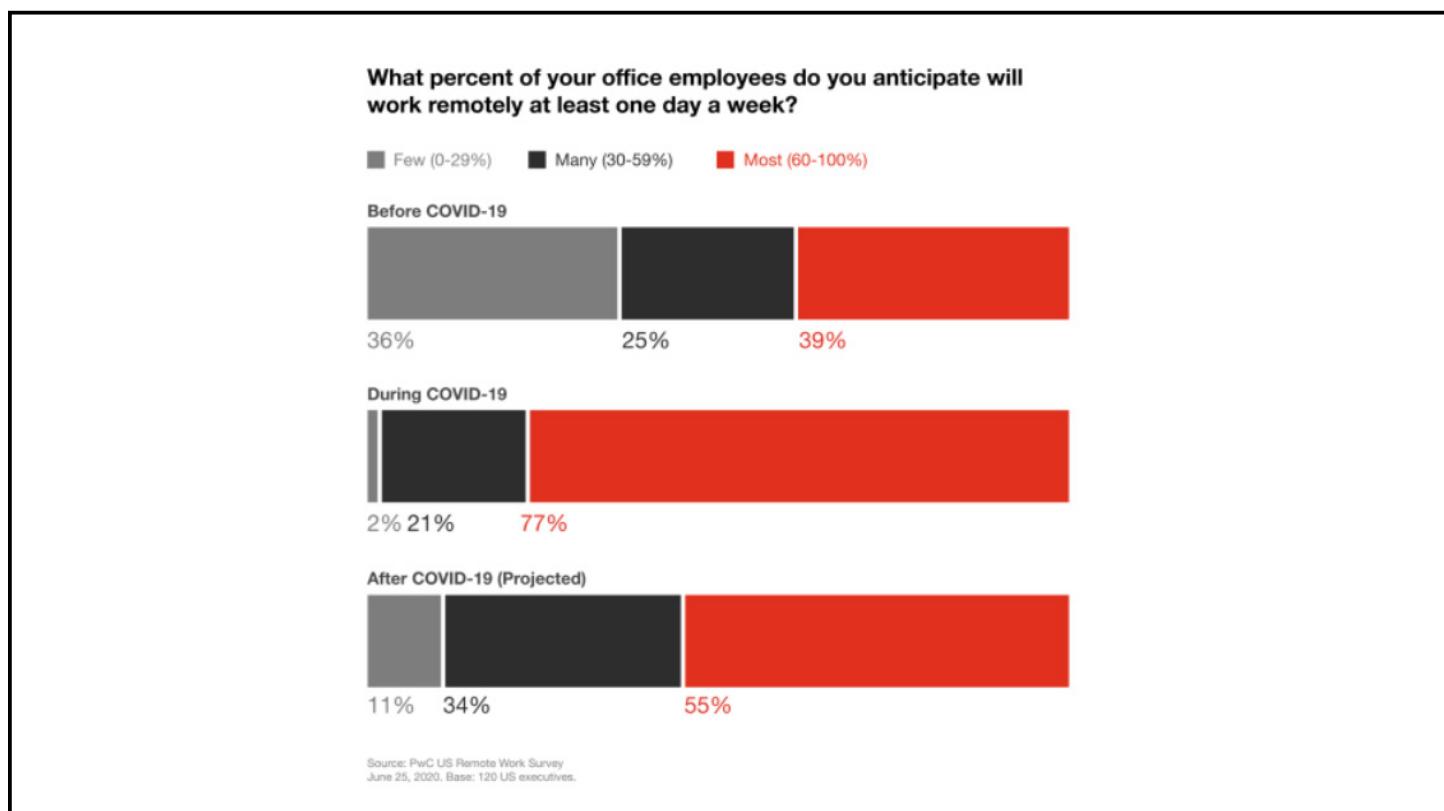
Attracting New Residents to College Towns in the Age of COVID-19

College towns are known for their quality of life. The pandemic is a unique opportunity to make college towns even more attractive as vibrant residential areas that offer an escape from major cities. Many remote workers in highly skilled jobs are gaining access to flexible work benefits, with some moving to fully remote work on a permanent basis.

Colleges looking to market their communities to outsiders should first look internally. Existing residents are likely the best source of information about what the best parts of the town-gown relationship are, and where it could be improved. According to EMSI, there are differences in how far and how often graduates move away based on the type of school (community college, online, regional, elite). The study shows there are differences in how far and how often graduates move away based on the type of school they attend (community college, online, state/public institution, private university). Graduates of elite, private institutions tend to move significantly further away from their university than graduates of state colleges. EMSI's 2018 study found that "state university graduates stay within state lines with an average distance of 330 miles from their alma mater, and 40% of are within 50 miles of the university." In contrast, graduates of elite schools "tend to move nearly 700 miles away from their universities. Nearly 40% are over 500 miles from the university."

Students and graduates of public and land-grant institutions have an opportunity to participate in and benefit from increased innovation and job growth stemming from university activity.

Emerging data indicates that many young people with jobs requiring a bachelor's degree may have more access to flexible work benefits and remote work. If that turns out to be true, recent college graduates, even at private, elite institutions may be more open to staying in their college towns than ever before.



Notable Quotes

Keeping Graduates Close By: “40% of state university graduates live within 50 miles of their university. But when you go to the elite schools, [the majority of graduates move away]. At the elite schools, kids tend to come and they tend to leave, and they go all over the place. Which is fine from a national perspective, but if you’re trying to convince a state legislature what the value is, one of the key values is when more than 40% of your students stay within 50 miles, that’s a pretty localized benefit that’s going to continue to accrue and pay benefits.” - Rob Atkinson

Perks of College Towns: “There are so many great assets- you have lots of knowledge workers to hang out with, the schools tend to be better, you have all the assets that universities can bring. The potential for college towns is very good but could be better if they understand the opportunity and if they open up their resources to bridge town and gown. Universities can position themselves as a core intellectual and cultural asset so that knowledge workers want to move there” - Rob Atkinson

Positive Takeaways: “[COVID] could be very positive for college towns- for people who want to live in a beautiful place, who don’t want to pay high rents. I’m very excited and think that we’re going to see more of these intellectual assets from universities translated into startups, regardless of where they come from in the country” - Matt Marx

Community Feedback

Ithaca-based roundtable attendees proposed additional considerations, including a joint communications plan between institutions of higher education in Tompkins county, the business community and local government to attract remote workers and new startup founders to set up their businesses in the region and take advantage of the unique, high-quality of life offered in rural college towns. They also recommended upgrading internet infrastructure to rural parts of Tompkins county to benefit students and local residents, and to attract remote workers. Providing internet subsidies to people living and working in and around Ithaca, as well as improving public networks in shared spaces, may encourage remote workers in cities to relocate.

About CREA

The Center for Regional Economic Advancement fuels economic growth and diversity in Upstate New York through entrepreneurship and innovation. We support and empower people to start and grow new ventures.

Contact

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