

THE BOND BUYER

Municipal revenues steeply decline in college towns

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Athens, Ohio received \$460,000 in federal aid under the CARES Act, but Mayor Steve Patterson said he has been “struggling” with how to legally spend it because “the strings that are attached are tying my hands.”

Most students cleared out in March from the college towns around the nation that depend on them for their economic base, precipitating an economic dive that has been steeper than most other places around the nation.

These thousands of so-called college towns may be officially incorporated as cities, villages, or boroughs, but they all face common revenue shortfalls that range from a drastic drop in hotel occupancy taxes to another decline in water and sewer use.

The National League of Cities is focused on college towns as part of its effort to persuade the Senate to provide \$500 billion to local governments to offset their revenue losses, which are expected to continue into next year and beyond.

Irma Esparza Diggs, senior executive and director of federal advocacy for the NLC, said the municipal budgets in these communities are typically lean with a slim margin for error.

“For many, the university or college is the heart of their town, and their economy’s largest employer,” Diggs said. “As it became necessary to shut down, these communities were faced with challenges ranging from housing to small business support.”

The population of Athens, Ohio, dropped to 8,000 from 24,000 during the month of March because of the exodus of students and staff from Ohio University, according to Mayor Steve Patterson.



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Ames already has experienced a \$9.1 million budget shortfall.

“University communities are responsible for the safety of our student residents who will lead the next generation of American businesses and nonprofits,” Betcher said. “We’re the home of research institutions that contribute to COVID-testing programs, create and distribute PPE solutions for the nation’s frontline workers and train the scientists and doctors who will hopefully develop a life-saving vaccine for COVID-19. We continue to support the struggling small businesses and innovative startups that make college towns vibrant.”

Mayor Ronald Filippelli of the Borough of State College, Pennsylvania, said two-thirds of his community’s 42,000 residents are students at Penn State University.

“Our hotels are down, our sporting events are not happening, our summer festivals are not happening, so we’re pretty much the same position that I think most university towns are in,” Filippelli said.

Greg McDaniel, city manager at Maryville, Missouri, which is home to Northwest Missouri State University said cities in his state in general are predicting a 20% drop in sales tax revenue.

“In Missouri, locally approved sales tax measures are the lifeblood of our cities to be able to provide general services,” McDaniel said. His city also relies on sales tax revenue to pay down bonded debt that has been encumbered for past capital improvements.

Hickory, North Carolina, doesn’t have one large dominant university but it does have a community college and a 2,700-student private college, Lenoir–Rhyne University, that together have a significant impact on the local economy.

Catawba Valley Community College has a new workforce solution complex ensures a future pipeline of talent for high-tech jobs, said Hickory Mayor Frank Guess.

“Each of these schools plays a major role in our economy and in our identity as a city,” Guess said. “CVCC has a brand new addition is known as the workforce solution complex. This is a \$20 million facility that has computer-integrated machinery.”

That training center provides the skilled workforce needed by many local manufacturers.

Guess said Hickory's residents approved a \$40 million bond referendum in 2014 to help pay for new amenities to attract and keep manufacturing jobs, including the development of a Class "A" business park.

Athens received \$460,000 in federal aid under the CARES Act, but Patterson said he has been "struggling" with how to legally use it because of the federal regulations restricting how it is spent. Patterson said he needs flexibility "to better utilize that money."

The CARES Act included \$150 billion for a Coronavirus Relief Fund for state and local governments to offset their costs in fighting the pandemic. But there's been nationwide complaints about the federal restrictions on how to spend it.

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