

April 16, 2020

Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Comments on the Main Street Lending Program and Request for Meeting

Dear Chairman Powell,

On behalf of the American Council on Education (ACE) and the undersigned higher education associations, we submit the following comments in regards to the Main Street Lending program. Specifically, we ask that the Federal Reserve update the guidance to clarify that nonprofit private and public institutions are eligible for the Main Street Lending program. In addition, we also ask that student workers be exempted for the purposes of the employee threshold for the eligibility requirements (under 10,000 employees).

Institutions of higher education, often the largest or one of the largest employers in their local communities, are facing a major cash flow crisis in light of the reduced revenue and increased expenses imposed by the COVID-19 pandemic. Institutions expect to refund nearly \$8 billion in room and board charges alone. Some schools have also refunded tuition payments. Anticipated sources of auxiliary revenue have dried up as campus events have been canceled. Summer programs that provide revenue to many institutions also have been canceled.

At the same time, institutions are facing additional costs—such as deep cleaning campus buildings and increased security expenses. Other schools have absorbed increased costs because they have opened their facilities to help medical personnel and first responders. One large public university in the Midwest recently told its Board of Trustees that, as of April 1, it has faced reduced revenue and added costs that total \$71 million—not including the considerable financial impact on its medical center. Another university projects that total revenue losses through the spring semester will exceed \$100 million. A small college serving about 3,000 students is absorbing a hit to its budget of \$4 million. And one university system has estimated that for its campuses the potential financial losses total a minimum of \$340 million, including tuition and auxiliary activity refunds, additional costs of course delivery and student support, as well as cleaning and other general costs.

Many of our colleges and universities are seeking low-cost loans to help address the financial impact of the COVID-19 crisis and are interested in accessing the credit and

loans available under the Main Street Lending program recently announced by the Federal Reserve. Unfortunately, we are concerned with two major barriers keeping our institutions from accessing these programs:

- Institutions of higher education are often the largest, or one of the largest, employers within their community and larger region. There has been confusion about the Main Street Lending program and whether or not nonprofits are eligible, because the current guidance is silent. We ask that the Federal Reserve update the guidance to clarify that nonprofit private and public institutions of higher education, with direct borrowing authority, are eligible for the Main Street Lending program.
- We also ask that student workers be exempted for the purposes of the employee threshold for eligibility (businesses with under 10,000 employees). We hope that future guidance from the Federal Reserve will make it clear that our institutions can exempt student workers from the employee count. Many of our institutions of higher education employ student workers across campus as a part of their overall financial support to help pay for college and provide students with work experiences while keeping them close to campus for the purposes of their education. With the majority of our campuses closed for the spring semester and transitioned to online learning, all or most of these student employees have left campuses, and therefore should not be included for the purposes of the employee threshold.

It is vital to provide this access to low-interest loans to nonprofit colleges and universities financially devastated by the pandemic and struggling to continue to educate and assist students and employ the millions of faculty and staff who work on campuses around the country. As you draft the guidance for this important program, we also request a meeting with you to discuss how institutions of higher education can access these important programs. Sarah Spreitzer, ACE Director of Government Relations (sasprietz@acenet.edu), will be following up with you regarding this meeting request. We look forward to working with you on this and other important loan programs as the Federal Reserve responds to the COVID-19 crisis.

Sincerely,



Ted Mitchell
President

On behalf of:

Achieving the Dream
ACPA-College Student Educators International

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American College Health Association
American Council on Education
American Dental Education Association
APPA, “Leadership in Educational Facilities”
Associated Colleges of the Midwest
Association of American Colleges and Universities
Association of American Universities
Association for Biblical Higher Education
Association of Catholic Colleges and Universities
Association of Chiropractic Colleges
Association of Community College Trustees
Association of Governing Boards of Universities and Colleges
Association of Independent Colleges of Art & Design
Association of Jesuit Colleges and Universities
Association of Presbyterian Colleges and Universities
Association of Public and Land-grant Universities
Coalition of Higher Education Assistance Organizations
College and University Professional Association for Human Resources
Consortium of Universities of the Washington Metropolitan Area
Council for Advancement and Support of Education
Council for Christian Colleges & Universities
Council for Higher Education Accreditation
Council of Independent Colleges
EDUCAUSE
ETS
Great Lakes Colleges Association
Hispanic Association of Colleges and Universities
NAFSA: Association of International Educators
NASPA - Student Affairs Administrators in Higher Education
National Association for College Admission Counseling
National Association for Equal Opportunity in Higher Education
National Association of College Stores
National Association of Colleges and Employers
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of Schools and Colleges of the United Methodist Church
Network of Evangelical Lutheran Church in America Colleges and Universities
New American Colleges and Universities
Phi Beta Kappa Society
State Higher Education Executive Officers Association
UNCF
UPCEA
Work Colleges Consortium

Yes We Must Coalition