

April 23, 2020

The Honorable Nydia Velázquez
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Steve Chabot
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Marco Rubio
Committee on Small Business and
Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Ben Cardin
Committee on Small Business and
Entrepreneurship
United States Senate
Washington, DC 20510

Dear Chairwoman Velázquez, Ranking Member Chabot, Chairman Rubio, and Ranking Member Cardin:

On behalf of the American Council on Education and the undersigned higher education associations, we ask for consideration and support for the following changes to the Small Business Administration (SBA) programs created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, specifically the Paycheck Protection Program (PPP) and COVID-19 Economic Injury Disaster Loan (EIDL) Emergency Advance and Loan program.

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 small colleges and universities are trying to access the SBA PPP program, especially

given the forgiveness options for this important program. We ask that any future expansions of this program, and any future SBA loan programs created to address the COVID-19 crisis, address three issues:

- 1. Exemption of student workers under employee threshold eligibility standards**—Many of the loan programs created under the CARES Act include provisions regarding employee thresholds for purposes of eligibility. Institutions of higher education often 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. Removing student workers from calculations of eligibility for any loan program established to address financial difficulties because of COVID-19 would accurately reflect the size of institutions in their roles as employers and would allow more institutions of higher education to access these important loan programs.
- 2. Allow small public institutions, with fewer than 500 employees, to access any future expansion of the Small Business Administration Paycheck Protection Program**—Currently, the overwhelming majority of public institutions are not eligible for PPP due to the fact that they are not categorized as 501(c)(3) organizations. An expansion of this program to smaller public institutions of higher education would help institutions such as community colleges shore up finances, retain employees, and remain financially solvent during the COVID-19 crisis. States should be authorized to borrow on behalf of such institutions in cases where the institutions do not have the authority to borrow.
- 3. The size standard for institutions of higher education should be expanded beyond 500 employees for the purposes of the SBA programs**—The size standard used for institutions of higher education should be expanded for the purposes of determining eligibility under the PPP, the EIDL, or any future SBA programs. Given the importance of small colleges and universities to local economies and the ripple effect of these institutions becoming fiscally insolvent to their surrounding communities, it is critical that eligibility standards accurately reflect the average number of employees that colleges and universities maintain. Within the North American Industry Classification System size standards, other industries currently have exemptions for higher thresholds, including publishers and the research and technology sectors (which are both set at 1,000 employees).

We look forward to working with you and your respective committees as Congress works to support businesses and strengthen the economy, including support for our non-profit institutions of higher education, during the COVID-19 crisis.

Sincerely,



Ted Mitchell, President

On behalf of:

Achieving the Dream

ACPA-College Student Educators International

American Association of Colleges for Teacher Education

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"

Association of American Colleges and Universities

Association of American Universities

Association of Catholic Colleges and Universities

Association of Community College Trustees

Association of Governing Boards of Universities and Colleges

Association of Jesuit Colleges and Universities

Association of Public and Land-grant Universities

Coalition of Urban and Metropolitan Universities

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

Hispanic Association of Colleges and Universities

NASFA: 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 Colleges and Employers

National Association of College and University Business Officers

National Association of Independent Colleges and Universities

National Collegiate Athletic Association

State Higher Education Executive Officers Association

UNCF