

April 9, 2020

Representative Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

Representative Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy,

On behalf of the organizations listed below, we wish to express our appreciation for the support provided to postsecondary students and institutions in the CARES Act. As Congress prepares additional legislation to address the ongoing coronavirus crisis, we want to identify the significant remaining needs that students, educators, and institutions still face.

American higher education is facing unprecedented challenges as a result of the COVID-19 pandemic. Students are struggling to adjust to rapid changes in their families' financial circumstances, while institutions are grappling with closed campuses, wholesale shifts in how they teach, and the unanticipated expenses that arise from serving their students safely during a pandemic. The CARES Act was an important step towards ensuring that students, especially the most vulnerable, have their basic needs addressed. Similarly, federal funds to support colleges and universities will help keep institutions operating, even as they attempt to plug massive holes in their budgets. But the amount of money for students and higher education institutions contained in the CARES Act does not come close to filling the gap. As Moody's reported, the total support to institutions provided in CARES will only be "equal to around 1 percent of total university expenditures," and higher education "continues to face significant financial challenges heading into fiscal year 2021, including potential losses of tuition revenue, state funding, endowment income and gifts."

One only has to look back to the Great Recession to get a sense of the magnitude of problems students and colleges face during a severe economic downturn. Students, states, and schools will all have fewer resources, and greater needs. But this crisis is unique and reaches further. The pandemic is striking during the height of the admissions process, and the requirement to close physical campuses for extended periods, along with justifiable concerns among current and prospective students about when and if to return to campus, are problems higher education did not have in the Great Recession. For these reasons, college and university leaders are fully expecting significant, potentially unparalleled, declines in enrollment, both from students who do not come back, and those who will never start.

The federal government has the sole ability to provide the type of assistance to students, their families, and institutions of higher education that will not only allow colleges and universities

to meet the needs of our students and staff, but to continue as engines of local and regional economies. Efforts to stimulate the economy must necessarily include the nearly 4,000 degree-granting, two-year and four-year, public and private colleges and universities. These institutions educate roughly 20 million individuals, generate total revenues of about \$650 billion (in 2016-17 according to Department of Education data) providing a corresponding economic impact in their communities, and employ nearly 4 million Americans across campuses in every state and congressional district.

Supporting higher education at this moment is an essential component of growing the economy and preserving employment for tens of thousands of Americans in the public and private sectors. In 2018, the University of Notre Dame had a regional economic impact of \$2.46 billion and supported 16,700 jobs. Another study showed that in 2018, the University of Georgia pumped \$5.7 billion into that state's economy. In a number of states, such as California, Iowa, and Maryland, universities are the largest employers. Individuals with a postsecondary education degree earn more, pay more taxes, and are more likely than others to be employed, according to the College Board's Education Pays 2019. For instance, in 2018, the median earnings of bachelor's degree recipients with no advanced degree working full time were \$24,900 higher than those of high school graduates, and those individuals also paid an estimated \$7,100 more in taxes. The benefits of a higher education are not simply economic. Having a college degree is associated with reduced unemployment, a healthier lifestyle, lower health care costs, and higher levels of civic engagement. Indeed, on any measure of wellness that demographers can devise, college graduates fare significantly better than those who did not go to college.

Based on extensive conversations with our members and our colleague associations, we have prepared conservative estimates of the support needed to at least partially restore institutions. Many students and families will be earning less, and will have less available to spend on postsecondary education. For that reason, we estimate that a 20% increase in the current level of unmet need of nearly \$60 billion will require an additional \$12 billion in need-based financial aid. On the institutional side, we estimate that enrollment for the next academic year will drop by 15%, including a projected decline of 25% for international students, resulting in a revenue loss for institutions of \$23 billion.

Auxiliary services, which are not related to instruction but provide services to students, faculty, and others, including dormitories, food services, bookstores, health and recreation facilities, and the like, generate revenues for schools. These revenues support day-to-day operations including instruction, academic support, and student services. We estimate auxiliary revenues will decline by 25 percent, which is conservative relative to the numbers institutions have been reporting so far. In FY 2017, America's colleges and universities realized \$44.6 billion in auxiliary revenue, so the expected loss is \$11.6 billion.

All of this adds up to a total estimated need of \$46.6 billion, which would be divided equally between students and institutions.

Emergency grants to students totaling \$23.3 billion will enable them to begin or continue their college educations. Similarly, institutions will be able to use their share to begin filling financial gaps created by the pandemic.¹

It is important to note that these are conservative estimates, excluding numerous areas where institutions are facing additional challenges. We've excluded \$374 billion in revenues—from sources such as charitable giving, hospital revenues, and investment income to name a few—from this calculation even though a large percentage will undoubtedly be lost. We also do not factor in the significant state disinvestment in higher education that is expected due to substantial financial pressure on states stemming from COVID-19. Accordingly, the figure of \$46.6 billion represents just the floor of the overall impact confronting colleges and students as a result of the pandemic.

To meet both existing needs and to ensure students and families have the resources to return to college in the fall, we propose that the funds continue to be split equally between institutions and students. However, we also request that the funds targeted to students in this supplemental bill be provided by institutions in the form of need-based financial aid, with sufficient flexibility to address sudden changes in students' circumstances that arise from the economic downturn the pandemic has caused.

In order to address these urgent needs, it is necessary for the federal government to provide these critical funds to students and campuses as rapidly as possible. The allocation and distribution formula created in the CARES Act has the benefit of allowing for swift disbursement of assistance, putting resources in the hands of students and institutions as quickly as possible. Because the Department of Education will have already devised the necessary mechanism for delivery of CARES Act funding, use of the same process again will further expedite disbursement. To ensure that federal aid is appropriately targeted, we also support the inclusion of reasonable safeguards on this funding, similar to those included in the CARES Act.

In this short letter, we have attempted to outline the enormous and unprecedented challenges facing higher education as a result of the COVID-19 pandemic. We have not attempted to define or enumerate the manifold benefits the nation derives from a diverse and robust network of colleges and universities that offer high quality education and training.

We thank you for the support Congress has already provided to higher education through the CARES Act, and are grateful for the understanding Congress has shown of the sizable remaining needs of students and institutions. We appreciate your attention to these comments, and look forward to working with you to ensure that this critical funding is included in the supplemental bill currently under consideration.

¹ Please see the attached document that outlines the data sources used, and assumptions made, in producing these estimates.

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
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
Association of Research Libraries
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 for Opportunity in Education
Council of Graduate Schools
Council of Independent Colleges
Council on Social Work Education
EDUCAUSE
ETS
Hispanic Association of Colleges and Universities
International Association of Campus Law Enforcement Administrators
NAFSA: Association of International Educators
NASPA - Student Affairs Administrators in Higher Education

National Association for College Admission Counseling
National Association of College and University Business Officers
National Association of Colleges and Employers
National Association of Independent Colleges and Universities
National Association of Student Financial Aid Administrators
National Collegiate Athletic Association
Phi Beta Kappa Society
TMCF
UNCF