



The Need for Additional Funding for Higher Education in the Next COVID-19 Supplemental Bill

Talking Points

Request

The U.S. system of higher education is the best in the world, but it faces a once in a generation crisis as a result of the COVID-19 pandemic. Congress should provide a minimum of \$120 billion for colleges and universities in the next supplemental spending bill to cover the costs of reopening, lost revenue, and emergency financial aid for students in the coming year.

Senate Republicans have introduced legislation that would provide \$29 billion for higher education, and the House passed a bill in October that provided \$39 billion. Both of these amounts fall far short of what is needed by colleges and universities and their students.

Justification

- All colleges and universities are acutely feeling the impacts of COVID-19, though different types of institutions face different challenges.
- If unaddressed, the ramifications will be felt for years. Many students who left higher education will not return, many students who did not matriculate because of the pandemic will never enroll, programs that were eliminated will not be restored, and some institutions will be forced to close, while many others will face severe limitations.
- The passage of the CARES Act in March temporarily staved off the worst consequences for students and schools, but significant new investments are required now.

Student Need

- Students struggling in a challenging economy need support to start or continue their college educations. Without an infusion of assistance of student assistance, educational access will be inhibited and income inequality will grow.
- Enrollments are down nationally, and most significantly among low-income students, freshmen and students of color, who are among the most vulnerable student populations. Those with families are impacted in unique ways.
- More than 25 million students are pursuing a postsecondary education, and the majority of them use some federal financial aid to finance their studies. Forty percent of these students are likely to have lost a job as a result of the pandemic. Without additional support, college will simply be out of reach for them.

Institutional Finances

- Regardless of how institutions have responded to the pandemic—whether offering education in person, online, or a blend—revenues are down significantly and costs have increased substantially.

- Based on detailed data submitted by institutions, an ACE analysis in June found that institutions across the country would need a total of approximately \$73.8 billion to safely reopen. It is now clear that these estimates, especially for testing and technology expenses, were far too low.
- Similarly, a conservative estimate by ACE in early April found that institutions would face \$46.6 billion of revenue losses and new expenses due to the pandemic. This estimate did not include losses of state support, declining charitable contributions, and other factors, nor did it anticipate that COVID-19 cases would still be surging this late in the year.
- State support for higher education is being slashed as states deal with budget shortfalls that will reach approximately \$200 billion, according to some estimates. Higher education is always first among areas of state budgets to be cut, and state financial aid programs are often eliminated as states cut spending, which doubly harms low-income students.

Economic Importance of Higher Education

- Higher education is an enormous sector of the American economy. Colleges and universities employ nearly 4 million people nationally, more than the accommodation and airline industries combined.
- Higher education generates more than \$650 billion in annual revenues nationally.
- Colleges and universities are located in every part of the country. On average there are 13 colleges and universities in each congressional district.
- The Bureau of Labor Statistics reports that between February and August of this year, nonprofit and public colleges and universities laid off 337,000 faculty and staff. Furloughs and additional layoffs are planned at numerous other institutions. In all likelihood, the worst is yet to come.
- Losses in employment hurt not only the institutions, but the communities in which they're located and in which they're often the largest employer.

Summary Points

- The \$29 billion in Senate Republican's legislation and the \$39 billion in HEROES 2.0 represent a fraction of the more than \$120 billion in needs we have identified (at least \$46.6 billion in financial impact on students and institutions plus at least \$73.8 billion in new reopening expenses).
- Without substantial federal support, many institutions will be forced to make financial cutbacks that will harm students and their communities. A number will be forced to shutter completely, crippling local economies and resulting in a long-term loss of productivity.