

Federal Support for Students and Institutions

Colleges and universities are uniquely vulnerable to the impact of the COVID-19 pandemic, as our educational and research missions necessitate regular interactions in lecture halls, classrooms, dormitories, theaters, and stadiums. Like every segment of our society, higher education institutions have struggled to balance multiple concerns while prioritizing the health and safety of our students, faculty, and staff.

The impact has been profound. While closing campuses or moving entirely to remote instruction have been necessary steps in slowing the spread of the virus among students and staff, these shifts have caused massive disruption to students, institutional operations, and institutional finances.

This reverberates far beyond our campuses. Colleges and universities are the largest employers in many areas, and serve as economic, civic, and cultural hubs for their communities. Students and staff patronize and support innumerable local businesses, and the scientific research and development performed on campuses across the country drive our national economy and enhance our global competitiveness.

At this moment, the only knowable financial impact of the novel coronavirus on college and universities at this time is that it will be substantial. Already, Moody's has downgraded the higher education sector from stable to negative, explaining that "universities face unprecedented enrollment uncertainty, risks to multiple revenue streams, and potential material erosion in their balance sheets." Students and their families rightfully expect to receive the services they've paid for. Partial refunding of tuition and fees by schools that have closed, and partial refunding of other charges—on-campus housing and meal plans, for example—for those who have moved their instructional programs wholly online is ongoing. Some schools have kept campus housing operational for students that did not have anywhere to go, which also carries financial implications. But these actions will concurrently constrain the near-term cash flows that undergird institutions' day-to-day operations. Unlike for-profit businesses, non-profits and public institutions cannot make up these losses from future revenues.

Beyond these functional demands, institutions are tasked in new ways to help their students and preserve their campuses. Just a few examples of these new efforts include: the deep cleaning of campus buildings; providing shelter for foster, homeless, and international students; providing transportation to send students home; packaging and shipping personal belongings students had to leave behind; moving to remote food delivery; canceling uninsured events with caterers, venues, etc., and many more.

In order to remedy the damage COVID-19 has caused to students and schools, we believe the federal government should move quickly to implement four key efforts to address the challenges students and campuses are facing, and alleviate the harm they've already experienced.

These initiatives are:

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Emergency Aid to Students and Support for Institutions

While every student has experienced challenges during this period, certain categories of students are most impacted by institutions' efforts to move to remote instruction or close their physical campuses. These students, who may be low-income, homeless, or foster youth, will struggle to meet their basic needs, which include housing, transportation, food, medical care, and other needs without the direct on-campus support they usually receive. It is critical that the federal government help institutions ensure that these students are not harmed as a result of efforts to protect them from COVID-19.

Additionally, the financial impact of the novel coronavirus on colleges and universities will include lost revenue—refunds of tuition and certain other fees due to closure or moving instruction wholly online as noted above—as well as foregone revenue from reduced enrollments in the near term. But institutions will concurrently face increased expenses as they struggle to provide the social supports necessary to ensure their students are insulated from external ills such as lack of affordable housing and food insecurity.

Although the full size and scope of this situation is currently unknown, a federal program that provides grant support to reimburse institutions with demonstrable operating losses during this time would help colleges and universities continue their public service missions. Institutions that can show operating losses and increased expenses over a specified timeframe would be eligible for direct grants to help alleviate their short-term financial difficulties.

For this reason, we propose the federal government disburse direct support to students and institutions through the already existing Pell Grant disbursement system. This has the advantage of allowing for rapid disbursement of funding that is urgently needed.

We propose that grant funding be distributed to each institution based on a calculation of enrollment (which could include FTE, the number of Pell recipients, etc.). Of those funds, at least 25 percent would be given as direct emergency aid to students, with a maximum award of \$1,500. The remaining funds may be used by institutions as they deem best, provided that it is used to address revenue losses or additional expenses necessitated by the COVID-19 pandemic.

For-profit institutions and institutions with a substantial portion of their enrollment in online programs will only receive the student share and will not receive the institutional share.

Access to Low-Cost Capital

While much of Congress' focus has rightfully been on the impact on students, the financial consequences for institutions is likely to be historic and getting colleges back on their feet is of national importance. Access to affordable capital is a necessary lifeline

for institutions, and the communities they serve, if they are to weather the storm and return to normal operations.

As the federal support funding alone will be insufficient to sustain many institutions, it is also necessary to allow otherwise financially stable institutions to access new zero-interest loans to replace short-term revenue disruptions and expenses incurred as a result of COVID-19. This infusion of capital will enable institutions to remain solvent until the virus recedes and normal operations can resume. Access to such funds helps to relieve pressure on state budgets that will be severely taxed by declining tax revenue and increased health care and other expenses.

One way the federal government can help in this regard is by providing a zero-interest refinancing option for current, outstanding college and university debt. Institutions would thus be able to redirect resources currently used for debt service to support other aspects of their daily operations.

Technology Implementation Fund

While the shift to remote instruction poses significant challenges to campuses, it remains the safest way to serve students. Unfortunately, many institutions, even those with robust online learning tools, lack the capacity to rapidly transition to an exclusively distance education model. This is especially true at traditionally lower-resourced institutions such as community colleges, minority-serving institutions, and institutions with a high percentage of Pell recipients. Beyond the challenges facing schools, large numbers of students, by some estimates as high as 20%, do not have reliable access to online learning, either because they lack a capable computer or lack sufficient internet access. The federal government should provide grant funding in the amount of \$7.8 billion to ensure that institutions are supported in the transition to distance learning, while also ensuring that students do not lose access to their educations as a result of the shift. Doing so will assist colleges and universities in maintaining students' programs of study while minimizing the risk of exposure.

Temporary Flexibility

Many statutory and regulatory requirements that would be reasonable under normal circumstances can actively hinder efforts to assist students and offer coursework in a crisis. Existing law did not anticipate the specific problems imposed by this pandemic, and flexibility under federal law should exist to guarantee that students aren't harmed as a result of regulatory requirements. We would ask that Congress temporarily suspend certain provisions relating to the eligibility, determination, and disbursement of Title IV aid to assist schools in getting aid to students rapidly. As one example, students should not see their eligibility for Pell Grants reduced for a term in which their institution has closed due to COVID-19. Another example would be to lift restrictions on the transfer of funds between campus-based aid programs such as SEOG and FWS, and temporarily suspending limits on the amount of grant aid institutions can award while expanding the allowable uses of that aid.

In addition, we would ask that Congress provide the Secretary of Education with temporary authority to waive or suspend the large number of existing statutory and regulatory deadlines institutions are required to comply with. As one example, subjecting institutions to the current financial responsibility standards under the duress imposed by the pandemic would result in artificially poor scores, necessitating the suspension of aid, with the possibility of closures that would otherwise not occur. The Secretary of Education should also have the authority to waive compliance with significant and/or costly new regulatory requirements that may be introduced in this period, as institutions' ability to come into compliance will necessitate a substantial outlay of resources that are better allocated to other purposes at this time.