



December 2 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Room H-305, The Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Room H-204, The Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Room S-230, The Capitol  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Minority Leader  
United States Senate  
Room S-221, The Capitol  
Washington, D.C. 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and  
Minority Leader Schumer,

Since the onset of the pandemic in March, colleges and universities across the country have made herculean efforts to quickly adapt so that we can educate our students safely, conduct critical research, protect our workforces and support our communities. These efforts have been consistently hampered by the shifting public health situation and, most importantly, by a significant decline in the resources available to institutions coupled with the massive new expenses campuses are incurring.

Federal support to students and institutions from the CARES Act was vital to keeping students enrolled and colleges running in the spring, but the scope of the financial duress of students and institutions has only grown. Our associations have previously shared detailed estimates identifying at least \$120 billion in new expenses and lost revenue that are the direct result of the pandemic. While it is too soon to have a detailed summary of all the losses and new expenses institutions are facing on a national level, we have been able to survey institutions and provide a clearer picture of the pandemic's impact on students and colleges. In almost all areas, the impact is worse than anticipated.

In making prior estimates, we examined available data in the following categories: enrollment; student financial need; auxiliary revenues; and new expenditures specifically related to responding to COVID-19. In reviewing these analyses, it has become evident that our prior estimates dramatically understated the challenges schools are facing.

## **Enrollment**

Since the pandemic began, enrollments have declined for all institutions. The impact has been particularly significant at lower-resourced institutions. Overall, enrollment has

declined by 3.3 percent according to the National Student Clearinghouse Research Center. Community college enrollments have dropped by 9.5 percent. But even at schools with relatively small enrollment declines, the associated revenue losses have been substantial. In one survey of larger, four-year, public and private institutions, nearly all of the institutions reported losing tuition revenue and the average loss was just over \$3.6 million per institution.

While enrollments have generally held better than expected in the spring, the data display troubling signs. Of particular concern is the 13 percent freshman drop across all institutions, and almost 19 percent at community colleges, with a concentration of losses on Black and Latino males. This is particularly harmful because it means smaller classes for years going forward. These declines are not spread evenly, either, with underrepresented students comprising a disproportionately larger share of these declines, with Black student enrollment having declined by 8 percent, for example. We also know that applications for the FAFSA have declined compared to prior years, indicating lower-income students are choosing not to apply. In the area of international students, the Open Doors report recently found that new international enrollments have declined by 43 percent, a level that drastically impacts institutional finances and the viability of numerous programs in both the short- and long-terms. There is little hope for a quick rebound, as next year looks to be even worse based on initial data. The Common Application recently reported that applications were down 8 percent compared to last year at this time, and down 16 percent for low-income and first-time students.

## **Student Need**

In early April, we estimated that student financial need would increase by 20 percent, equaling approximately \$12 billion. As we move towards the end of the traditional fall semester, we believe this need is greater than projected. This is for a number of reasons. First, we assumed in the spring that the pandemic would have been further mitigated by this time, and that the economy would have been that much further towards a full recovery. Beyond that, the pandemic has clearly had a disproportionate impact on low-income students and their families, driving up financial need.

A study conducted by the American College Health Association and the Healthy Minds Network determined that over 63 percent of college students have experienced financial losses directly or within their families due to the pandemic. Similarly, research published in the *Journal of Public Economics* in November had stark details on what college students have experienced in the pandemic. The study found that “40% have lost a job, internship, or job offer, and...lower-income students are 55% more likely than their higher-income peers to have delayed graduation due to COVID-19.” For low-income students, many of whom work while studying, the numbers are even worse: “(w)orking students suffered a 31% decrease in their wages and a 37% drop in weekly hours worked, on average. Moreover, around 40% of students lost a job, internship, or a job offer, and 61% reported to have a family member that experienced a reduction in income.”

Unlike other sectors of the economy that experienced a recovery in late summer and early fall, college students are disproportionately likely to have suffered more and are less likely

to have benefited from where economic recovery has occurred. This is primarily because college students tend to work in low-income positions that do not require postsecondary credentials, and they remain mired in a steep economic recession. The Pew Research Center reported that “young adults ages 18 to 29 were also more likely than older Americans to say that they have lost a job or taken a pay cut because of the coronavirus outbreak. The decrease in employment...ranged from 6% among workers with a college degree or more education to 21% among workers without a high school diploma.” This is due in part to the fact that “nearly half of young adult workers (48%) were employed in higher-risk industries...compared with 24% of workers overall.” Among other impacts of this shift, Pew found that 52 percent of young adults are living with a parent for the first time since the Great Depression.

This aligns with reports from campuses. Given the lack of additional federal support to students since the passage of CARES nearly eight months ago, the burden for meeting students’ increased needs has fallen primarily to institutions. While it is too early to have a comprehensive analysis of the amount of institutional aid being awarded, individual institutions report substantial increases in the amounts of financial aid beyond that originally budgeted, as schools attempt to support students and help them persist in their studies or enter college. In a survey of 31 private, four-year nonprofit institutions, the single largest COVID-related expense reported was increased financial aid to students. For these reasons, we expect that current unmet financial need of students now exceeds our June estimate.

### **Auxiliary Revenues**

Auxiliary revenues are a significant portion of overall institutional revenues and they are not well understood. This category predominantly includes revenue from room and board charges, but also includes a wide variety of other revenues, such as event tickets, parking fees, bookstores, and conference and facility fees. Our estimate in April predicted a decline of 25 percent of institutional revenues in this category, which totaled roughly \$11.6 billion in foregone revenue.

Much like the enrollment picture described above, these estimates were predicated on the belief that colleges and universities would largely have resumed normal operations by the fall, limiting to some extent losses in this area. Given the current situation, with the majority of campuses either operating fully remotely or with limited student presence, it is not surprising that those estimates were far less than actual losses. In data shared by 63 institutions, their non-tuition revenue losses totaled just over \$4.45 billion, equal to 38 percent of the total spring estimate, from just 63 of more than 4,500 degree-granting institutions. In light of this, it is safe to assume that the decline in auxiliary revenues is substantially greater than estimated.

### **COVID-specific Expenses**

In early July, based on comprehensive financial data reported by institutions, we estimated that they would spend \$73.8 billion specifically to address COVID-19. Since that time, we have heard from numerous institutions that their overall costs have greatly

exceeded what they had planned for. Indeed, over two-thirds of private nonprofit institutions (68 percent) said expenses exceeded their estimates, while the remainder reported that expenses equaled their estimates.

In general, much of the earlier estimate has proven fairly accurate. Comparing the data institutions reported in June and July with the data reported in November<sup>1</sup>, the average cost per institution (excluding testing costs) was \$11,956,795, slightly lower than the \$14,716,370 estimated.

However, testing expenses have been significantly higher than anticipated, and in many cases equal or exceed all other costs institutions are incurring. Despite creative approaches such as testing waste water to identify possible outbreaks, or collaborative testing facilities that enable multiple institutions to share expenses and lower the overall cost per test, testing costs have vastly exceeded expectations. In July, our institutions anticipated spending an average of \$3,791,678 on testing costs. Now, well into the 2020-21 academic year, campuses are reporting spending \$9,362,967 on average, or nearly three times that amount. The growth in cost has been driven by the necessity of regular and repeated testing, which has been exacerbated by the lack of consistent and comprehensive national testing policies.

The net result is a significant growth in overall costs. Combining the two averages we find that COVID-specific costs increased by \$2,811,714.17 on average for each institution, or more than 15 percent above what was anticipated. Given that the biggest driver of this increase is testing costs, which are unlikely to decrease in the near future, we should expect these numbers to only grow larger going forward.

## **State Support**

Our prior estimates did not account for possible state budget cuts, given that the estimates were prepared before the extent of state budget shortfalls was clear. Now that states are finalizing their spending plans, we know that numerous states have already cut support for higher education programs, including financial aid programs, while many others have announced plans to do so. These cuts, while not universal, are the norm among institutions we've heard from. At the 44 public institutions who provided detailed information to us, 32 reported that their state has implemented budget cuts ranging from 5 percent to 58 percent of overall support, with the average cut being 11.3 percent.

While the precise reductions will vary even within a state, the responses above are consistent with announcements made by state governments. Some examples of these include:

- Institutions in Kentucky have been told to prepare for an 8 percent cut.
- The state of Georgia has cut the University System of Georgia budget by 10.8 percent and has also reduced the budget for the Technical College System of

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<sup>1</sup> The July data included two- and four-year institutions, while the November data only included four-year institutions. The averages for July data here exclude two-year institutions for the purposes of comparison.

Georgia by 10.8 percent.

- The appropriated budget for Oklahoma's state system of higher education was reduced by 3.95% from FY20 to FY21.
- Public colleges and universities in Rhode Island are implementing a 15 percent budget cut for the 2021-22 fiscal year.
- Missouri reduced funding for higher education in the FY20 budget cycle by 12 percent. For community colleges in Missouri, this has resulted in budget cuts of 13 percent in the last fiscal year and an estimated 7 percent for the current fiscal year.
- State student grant aid cuts are being considered throughout the nation, for students at public and private colleges.

Taken together, the above data makes extraordinarily clear how perilous the current financial situation is for all but a handful of colleges and universities. The numbers are staggering in the aggregate, but even more troubling when the impact on individual schools or systems is examined. Just a few examples include:

- The University of California System is facing over \$2.6 billion in pandemic-related financial impact, and the California State University System reported over \$337 million in losses and new costs due to COVID-19 in May, numbers which have grown since. And the California Community Colleges have incurred new system-wide unmet costs of over \$210 million, while now preparing to absorb \$1.5 billion in late state payments and the associated borrowing costs.
- The Kentucky Community and Technical College system showed additional costs and revenue losses of \$22.1 million from the start of the pandemic in March through the end of the fiscal year at June.
- The University of Nevada, Las Vegas is facing a 20 percent cut in state appropriations and as a result will be forced to consider extending furloughs, additional layoffs (that have thus far been limited to event-based employees), program reductions, financial aid reductions, and decreases in service levels.
- Nonprofit private colleges in Pennsylvania are reporting a collective negative financial impact of the pandemic totaling \$851 million across 90 institutions, just for this calendar year.
- The Maine Community College System is projecting future cuts of 10.4 percent in state appropriations, which would force the suspension of certain programs and the elimination of as many as 90 positions.
- A large religious institution in New York has faced \$58.8 million in impact, of which \$26.3 million is from additional expenses and \$32.5 million is from revenue loss (in particular from housing, enrollment, and financial aid).
- Iowa's 15 community colleges have calculated a financial impact due to the pandemic of \$21,815,389, just through the end of FY 2020 (June 30). These figures do not include incurred or anticipated state budget cuts.
- Medaille College, a master's college in New York with around 3,000 students, the majority of whom are underrepresented, low-income students need additional staff to perform outreach and provide support services to students, due to financial losses from the pandemic, but the funding for this effort is not available.
- With the possible combination of further state cuts and the reduction of tuition

and other student revenue dollars, Wichita State University will need to implement budget cuts of up to 12 percent for fiscal year 2022.

The situation currently facing America's colleges and universities is a crisis of almost unimaginable magnitude. Colleges and universities have already pushed their financial capacities to the limits in addressing this crisis. As detailed above, campuses are now dealing with a massive, accumulated loss of revenue that is likely to grow worse in the near future, and in most areas will persist for several years. This is taking place at a time when nearly all operational costs have significantly increased, to a degree beyond what could have been reasonably expected. The result of this has been devastating and widespread: programs have been closed; schools have drained what reserves they had and most troublingly for institutions, according to the Bureau of Labor Statistics more than 484,000 higher education employees have been laid off since February, more than 12 percent of the overall workforce. This excludes the truly tragic loss of educational opportunity and continuity that so many students have experienced. The current situation is unsustainable for an extended period and at this point there are simply no other sufficient options for institutions beyond meaningful federal assistance. That support is needed urgently.

We urge Congress and the Administration to finalize negotiations as quickly as possible on a supplemental spending of sufficient size to provide at least \$120 billion in needed support to students and campuses across the country.

Sincerely,



Ted Mitchell  
President

On behalf of:

Accrediting Commission for Community and Junior Colleges  
Achieving the Dream  
ACPA-College Student Educators International  
ACT  
Alabama Association of Independent Colleges and Universities  
Alabama Collegiate Bookstore Association  
American Association of Colleges for Teacher Education  
American Association of Colleges of Nursing  
American Association of Collegiate Registrars and Admissions Officers  
American Association of Community Colleges  
American Association of State Colleges and Universities  
American Association of University Professors

American College Health Association  
American Council on Education  
American Dental Education Association  
American Indian Higher Education Consortium  
APPA, "Leadership in Educational Facilities"  
Associated Colleges of the Midwest  
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 Independent California Colleges and Universities  
Association of Independent Colleges and Universities in Massachusetts  
Association of Independent Colleges and Universities in New Jersey  
Association of Independent Colleges and Universities in Pennsylvania  
Association of Independent Colleges and Universities of Ohio  
Association of Independent Colleges of Art & Design  
Association of Independent Kentucky Colleges and Universities  
Association of Jesuit Colleges and Universities  
Association of Presbyterian Colleges & Universities  
Association of Private Colleges and Universities of Puerto Rico  
Association of Public and Land-grant Universities  
Association of Research Libraries  
Association of Vermont Independent Colleges  
Coalition of Urban and Metropolitan Universities  
College and University Professional Association for Human Resources  
College Stores Association of North Carolina  
Commission on Independent Colleges and Universities in New York State  
Common App  
Conference for Mercy Higher Education  
Connecticut Conference of Independent Colleges  
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 of Independent Colleges in Virginia  
EDUCAUSE  
ETS  
Federation of Independent Illinois Colleges and Universities  
Georgia Independent College Association  
Great Lakes Colleges Association  
Higher Education Consultants Association  
Higher Learning Commission  
Hispanic Association of Colleges and Universities

Independent Colleges & Universities of Florida  
Independent Colleges and Universities of Missouri  
Independent Colleges and Universities of Texas  
Independent Colleges of Indiana  
Independent Colleges of Washington  
Iowa Association of Independent Colleges and Universities  
Kansas Independent College Association  
Louisiana Association of Independent Colleges and Universities  
Maryland Independent College and University Association  
Michigan Independent Colleges & Universities  
Middle States Commission on Higher Education  
Mid-States Association of College Stores  
Minnesota Private College Council  
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 and University Business Officers  
National Association of College Stores  
National Association of Colleges and Employers  
National Association of Independent Colleges and Universities  
National Association of Student Financial Aid Administrators  
National Association of System Heads  
National Collegiate Athletic Association  
Network of Colleges and Universities, Evangelical Lutheran Church in America  
New England Board of Higher Education  
New England Commission of Higher Education  
North Carolina Independent Colleges and Universities  
Northwest Bookstore Association  
Northwest Commission on Colleges and Universities  
Ohio Association of College Stores  
Oregon Alliance of Independent Colleges and Universities  
Phi Beta Kappa Society  
Rebuilding America's Middle Class  
Southern Association of Colleges and Schools Commission on Colleges  
Southern Regional Education Board  
Southwest College Bookstore Association  
State Higher Education Executive Officers Association  
TMCF  
UPCEA  
WASC Senior College and University Commission  
Wisconsin Association of College Stores  
Wisconsin Association of Independent Colleges and Universities  
Yes We Must Coalition