April 8, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

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

I write as the president of the Association of Public and Land-grant Universities to convey the urgent priorities of public research universities in a possible fourth emergency supplemental funding bill.

The impact of COVID-19 on public universities has placed immense stress on students, faculty, staff, and institutional finances. While closing campuses and moving to distance education has been necessary to slow the spread of the virus, these shifts stretch resources thin and create substantial financial instability.

The financial impact of the novel coronavirus on institutions is extreme and the costs continue to mount. Many institutions are providing significant refunds of expenses such as on-campus housing and meal plans. At the same time, institutions are incurring additional costs to move instruction online, losing substantial auxiliary revenues, and facing a range of further challenges that are unique to each campus. Costs have skyrocketed while revenue has plummeted. Looming losses for the summer and possibly the fall compound the problem. And, we have already seen states freeze already appropriated funding for public universities amidst substantial state budgetary challenges.

Pressures have also made low-income students more vulnerable, jeopardizing access and success in higher education. Many students are one financial emergency away from not completing and possibly suffering food and/or housing insecurity.

As noted in APLU’s statement on the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the resources provided in that legislation will be helpful but fall far short of what is needed.
In order to remedy the damage COVID-19 has caused to students and schools, the federal government should move quickly to enact and fund several key efforts to stabilize public higher education and address the challenges students and campuses are facing. Public universities are confronted with an unprecedented emergency and need quick and substantial support to sustain their critical education, research, and community engagement missions.

As employers of 2.3 million faculty and staff and as institutions that are educating and preparing 19.4 million students to be part of the workforce of tomorrow, our nation’s public colleges and universities sit in a unique situation as they grapple with the massive financial fallout from COVID-19. And, as enterprises conducting $52.8 billion in research, public research universities play a key role in identifying cures, developing new technologies, and ensuring the needs of their communities are met.

Across the entire higher education sector, colleges and universities last year directly employed 3.6 million individuals. When factoring in those individuals who work for companies that do a significant amount of business with a college or university, higher education accounts for approximately 6.7 million U.S. jobs, equaling more than $383 billion in labor income. The total gross output of these institutions is nearly $1 trillion. These contributions by higher education to the overall economy are in jeopardy as colleges and universities confront the fallout from COVID-19.

Addressing the most urgent and intractable challenges facing society is woven into public research universities’ DNA. Despite many challenges on their own campuses, public research universities sprung into action to help their campus and local communities, states, and the nation tackle the coronavirus crisis through their research and community engagement.

As just a few of many examples, a team at the University of North Carolina at Chapel Hill is testing a new antiviral drug that is showing early promise in fighting the disease. Researchers at the University of Texas at Austin created the first 3-D map of the coronavirus cell, a critical step for developing a vaccine. Oklahoma State University quickly partnered with OSU Medicine in Tulsa to convert an animal disease testing lab into a certified human testing facility for COVID-19, providing much needed support to diagnose patients and support the tracking of the virus by state public health officials. The University of Pittsburgh has started work to develop a vaccine.

As supplies of Personal Protective Equipment for healthcare workers run low, University of Wisconsin engineers are working with local manufacturers to create medical face shields with 3-D printing to minimize the risk of those working to save lives. Rutgers University stood up an entire center to coordinate its research, public health, and community outreach efforts around COVID-19. And Northern Illinois University is mobilizing to help local businesses address the most urgent challenges they now face as a result of the coronavirus.

This represents just a fraction of the responses from institutions. Public universities are donating medical supplies, hosting blood drives amid a national shortage, tracking the spread of the virus, and educating the public on its impact. And of course, public universities run many of the world’s leading health centers and hospitals with staff on the front lines courageously fighting the pandemic.
These institutions not only need federal support for themselves and their students, but also for the economic future of the nation. As the nation eventually rebounds from the massive economic toll COVID-19 is inflicting across virtually all sectors of the economy, our nation’s colleges and universities will play a key role in the recovery through the education, research, and engagement missions.

On an individual level, college graduates are far more likely to maintain or find employment during economic recessions. On average, earnings among graduates are $32,000 higher annually and $1 million higher over a lifetime. Additionally, with greater employment and earnings, college graduates are far less reliant on government programs and services than those with a high school degree. These government programs include Medicaid, housing subsidies, nutrition assistance, unemployment benefits, and other public assistance. For instance, those who graduated college are 3.5 times less likely to be impoverished and nearly five times less likely to be imprisoned. In all, lifetime government expenditures are $82,000 lower for college graduates than for those with high school degrees.

Governments also rely on college graduates for a disproportionate share of their tax revenues. Because college graduates typically earn more and higher earnings are taxed at an increased marginal rate, they contribute over $510,000 in taxes during their lifetime—$273,000 more than a high school graduate. All told, an average bachelor’s degree recipient contributes $381,000 more in taxes than they use in government services and programs over their lifetime. Simply put, investing in more college graduates is an effective way to produce long-term government revenue.

This vital mission is at severe risk due the calamitous financial consequences of COVID-19 to public universities. We request urgent and substantial support in a Phase IV emergency supplemental funding bill.

Sincerely,

Peter McPherson
President
Association of Public and Land-grant Universities
Key Funding & Policy Priorities for Fourth Federal Emergency Supplemental Funding Bill

1. Providing Emergency Aid to Students and Support for Institutions

APLU requests $47 billion for emergency funding to students and institutions

The CARES Act created a structure for emergency support to institutions of higher education and students. Under the new law, colleges and universities will receive funding based on a proportion of Pell Full Time Equivalent (FTE) students and Non Pell FTE students while not counting students who were exclusively enrolled online prior to the COVID-19 crisis ($12.6 billion). Additional resources are provided to HBCUs and MSIs ($992 million) as well as governors to use at their discretion to support K-12 or higher education ($3 billion). Half of the funding received by institutions under the FTE formula must be used to support students through emergency grants.

The resources provided to colleges and universities will absolutely be helpful and is greatly appreciated, but the need is so much greater than that provided under the CARES Act. Public universities face an unprecedented financial emergency and need resources commensurate with the challenge to sustain their incredibly important mission.

APLU requests $47 billion in Phase IV legislation through the funding construct provided under the CARES Act. Additional flexibility in the use of funds for students would be helpful so grants could be used for need-based financial aid.

2. Extending Access to Tax Relief and Low-Cost Capital

APLU requests access to low- or zero-interest loans, existing tax credits to offset paid leave and for employee retention, and other tax measures to support institutions and students.

While much of Congress’ focus has rightfully been on the impact on students, the financial consequences for institutions is likely to be historic. Getting colleges back on their feet is of national importance, and access to affordable capital is a necessary lifeline for institutions, and the communities they serve, if we hope they will be able to weather the storm and return to normal operations.

Paid Leave Tax Credit

First, the recently enacted Families First Coronavirus Response Act (FFCRA) created two new forms of paid leave for workers impacted by the outbreak: 1) paid emergency leave through the Family and Medical Leave Act (FMLA); and 2) paid sick leave. To help employers pay for these leave provisions, the Act created a refundable tax credit, which public institutions are currently ineligible to receive. APLU requests that the tax credit be expanded to make governmental entities, including public institutions of higher education, eligible to help recoup the associated costs of implementation. This is a top priority for APLU and its members, as the emerging cost
estimates from public universities to implement the paid leave provisions climb into the tens of millions of dollars per campus.

**Employee Retention Tax Credit**

Further, the recently enacted CARES Act created a refundable payroll tax credit of up to $5,000 for wages paid by employers (including private nonprofit institutions, but not public institutions) to employees during the COVID-19 crisis. Employers whose operations were “fully or partially” suspended due to government orders related to COVID-19 are eligible for the credit. As public research institutions are closing residence and dining halls, shuttering research labs, and moving instruction online, APLU requests that public institutions be made eligible for the tax credit to help support employee retention and the local and state economies those jobs support.

**Low-or-zero Interest Loans**

Additionally, APLU requests that the federal government make available to otherwise financially stable institutions access to 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 would help relieve pressure on state budgets that will be under severe pressure due to declining tax revenue and increased health and other expenses.

**Pandemic Response and Advance Refunding Bonds**

APLU also requests Congress provide colleges and universities with access to a Pandemic Response Bonds that would allow institutions to issue bond debt for COVID-19 costs (both incremental costs and lost revenue) and for capital projects. The COVID-19 pandemic is harming institutions in profound ways, and bond financing could help address the mounting costs. First, many of the expenses and revenue losses incurred are operational and currently ineligible for tax-exempt financing. Access to debt bond financing to partially recover these costs would help public universities supplement lost revenue, absorb sizeable new COVID-19 related expenses, and amortize the costs over the long-term. Debt bond financing instruments for capital infrastructure expenses would also help universities generate and sustain construction jobs for campus capital projects.

APLU further requests that Congress temporarily reinstitute Advance Refunding Bonds, which were eliminated through the Tax Cuts and Jobs Act (TCJA). During this time of intense financial stress, providing institutions with access to Advance Refunding Bonds would permit colleges and universities to take advantage of lower interest rates and reduce their debt service costs.

**Suspend Taxability of Grant Aid to Students**

Finally, during this time, institutions are also working to provide additional support and aid to students in need. Under current law, however, scholarships and grant aid used on non-tuition expenses have been taxed as a form of unearned income. APLU requests that Congress temporarily suspend the taxability of scholarship and grant aid to permit low- and middle-income
students to retain more of the aid institutions disperse, which many students are relying upon to pay for critical expenses. This will also ensure that emergency grant aid provided to students through the CARES Act will not be taxable. Congress allocated this emergency student aid to help cover essential expenses like housing, food, childcare, and technology in response to the COVID-19 pandemic. To later subject students to an unexpected tax bill negates not only the benefit of the funds but also the intent of Congress to help the most vulnerable students.

3. Supplying Supplemental Research Funding to Institutions

APLU requests $26 billion for supplemental funding for federal research agencies to sustain the research workforce until campus operations return to full speed. This includes graduate students, postdocs, early career researchers, principal investigators, and technical support research staff.

Campuses are responding to COVID-19 public health recommendations and working diligently to ensure the safety of their employees. However, much of our nation’s research workforce is effectively idled due to closed laboratories and severely limited research activities. While some are able to repurpose their efforts to aid in the fight against COVID-19 or attempting to analyze existing data and making other attempts at telework, for many more their federally supported research is delayed or will be set back because they are unable to access their laboratories and research facilities. Interrupted, delayed, or halted research will mean: some graduate students will not complete their degrees on schedule; the need for extended post-doctoral work; missed and delayed academic research career opportunities for early career researchers; and the loss of work and pay for the many staff scientists and technical workers who support research efforts on our campuses and at other major national research facilities. Continuing salary, benefits, stipend, and tuition support for graduate students, postdocs, principal investigators, and other research personnel and technical staff funded by federal research grants is critical to sustaining our research enterprise.

Federal agencies have provided some flexibility to continue to pay the salaries of grant personnel. However, greater uniform implementation from the agencies is needed, and many researchers will need supplemental funding, or “cost extensions,” to support the additional salary for their staff and students and to ramp up their work again when they are able to resume lab operations. The unknown duration of the crisis, coupled with the simultaneous tightening of budgets from non-federal sponsors, including state governments, foundations, private industry, and others, is creating a long-term problem of how research personnel and the research itself will be supported as compensation costs eat away at salary dollars originally included in grant, contract, and agency budgets.

In addition, there are significant ramp down and eventually ramp up costs to suspending research grants. These include:

- donation or repurposing of personal protective equipment (PPE) from non-medical laboratories to hospitals and front-line medical professionals,
- loss, necessary destruction, or cryo-storage of cell cultures and biological samples,
- disposal of hazardous materials and other environmental and safety costs,
- care for animals,
• delays in clinical research caused by safety concerns for participants and use of healthcare facilities to for COVID-19 patients; and
• restarting experiments that could not be completed due to the closure of research facilities, inability of personnel to interact in the field, or missed seasonal opportunities such as plant or animal life cycles.

APLU urges Congress to include $26 billion in supplemental funding to research agencies so that agencies can extend grant funding to help provide additional “cost extensions” to grantees where work on a federal grant was disrupted due to a COVID-19 campus closure or illness. This supplementary funding will help to protect the capacity of the U.S. research infrastructure we need to support the health, defense, and economic prosperity of our nation.

4. Granting Temporary Regulatory Flexibility for Institutions and Suspending Highly Burdensome Proposed Rules

APLU requests temporary regulatory flexibility across federal agencies to allow institutions to focus precious resources on their response to the spread of COVID-19. Similarly, we request agencies suspend regulatory proposals that would impose substantial new burdens on colleges and universities at this time.

Many statutory and regulatory requirements that are 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 and institutions aren’t harmed as a result of regulatory requirements. Congress already passed highly beneficial measures to provide this regulatory flexibility for programs administered by the U.S. Department of Education (ED). Extending these flexibilities to programs administered by other agencies will continue to ease burdens on students and institutions.

Additionally, as public university resources are stretched to respond to the COVID-19 crisis, now is not the time to divert institutions’ resources to urgently comply with highly-burdensome new regulatory proposals such as ED’s proposed rules on Section 117 Foreign Gift Reporting and Title IX.

APLU joins the higher education community in asking that Congress and the administration temporarily suspend additional regulatory provisions impacting higher education as well as other federal grant reporting deadlines. Specific regulations of concern include:

U.S. Department of Veterans Affairs (VA):

• Ensure the VA provides flexibilities like those already granted by Congress and ED for veterans’ education benefits, including for Veterans Work Study.
Federal Research Agencies:

- Federal research agencies should implement uniform guidance and policies that provide flexibility for research institutions during this national health emergency to cover salaries, benefits, and tuition support for graduate students and research personnel engaged in federally sponsored research grants and contracts.
- The Office of Management and Budget and federal research agencies should provide temporary regulatory and audit flexibility during the pandemic period and for a year afterwards. Subsequent government audits conducted for this period also should allow for additional flexibility, particularly as it relates to the accounting of faculty time and effort reporting given the extremely unique situation.
- Federal agencies should extend deadlines for all funding announcements, solicitations, and requests for information to help address COVID-19 related campus disruptions.

5. Provide USDA Funding to Increase Capacity of Cooperative Extension Services

APLU requests $80 million for the Cooperative Extension System to meet the direct needs of the public related to spread of and recovery from COVID-19.

The Cooperative Extension System (CES) is part of the 112 land-grant institutions located throughout the nation. Land-grant colleges and universities along with Cooperative Extension System educators and agents build long-lasting and trusted partnerships with individuals, community organizations, and local businesses. Due to the increased need to reach people in their homes and the fact that nearly all educators are themselves working from home, it is imperative that Cooperative Extension increase its capability to virtually provide essential programming and engagement services in ways that can effectively reach people who have a much different access to adequate broadband.

The funding would be allocated via current Smith Lever and 1890s Institution Extension formulas, as well as through an ongoing contract for the NIFA New Technologies for Ag Extension (NTAE). The NTAE provides technical assistance to Extension agents and educators for effective delivery of virtual extension programs, including educational and meeting platforms, training on new meeting formats, and customized support for scaling programs. NTAE will provide Tribal colleges with financial support and assistance.

This supplemental funding would enable CES educators and agents to, among other things:
- Collaborate with emergency responders using digital resources to reduce the impact of COVID-19 on communities.
- Guide parents online to help families find innovative educational materials, access the Internet, and connect with mental health resources.
- Assist business owners to apply for loans and identify ways to offer services and products at a distance.
- Connect families to information on telemedicine, how to safely purchase and prepare food, how to determine how they could be affected economically by COVID-19, and educational materials to support children in finding ways to socialize, engage in informal learning, and exercise.
• Support farmers through remote services to work with them towards the short- and long-term profitability of their enterprise.
• Help businesses identify safety precautions for avoiding COVID-19 spread to employees or customers and provide them with resources they can use to reach a larger audience to help maintain their businesses.
• Provide seniors living alone with online programs to maintain their social connections and well-being.

With enhanced virtual learning capabilities, Cooperative Extension can strengthen its service as an educational and community backbone for individuals, families, farms, businesses, and communities.

The mission and work of public research universities is vast and directly benefits the public in many ways. APLU and its members respectfully request full funding of the priorities detailed above to ensure these institutions can remain strong and play a critical role during this public health crisis and in the recovery that is forthcoming.