

Need for Federal Relief for Colleges and Universities

Colleges and universities occupy a unique place in our society. They are first and foremost educational institutions serving over 25 million students, providing both essential opportunity as well as individual and economic growth. They are responsible for the vast majority of the nation's scientific and biomedical research; employ nearly 4 million faculty and staff; serve as economic and cultural hubs of their communities and generate more than \$650 billion in annual revenues. American colleges and universities consistently rank among the best in the world and contain an incredible diversity of institutional types.

The coronavirus pandemic has thrown higher education into crisis mode. Since the start of the pandemic, colleges and universities and their students have been overwhelmed by a unique combination of factors affecting students and institutions. The bottom line is clear: to stave off catastrophic consequences, at least \$120 billion in new federal support is needed immediately.

Across university operations, revenues are down and expenses are significantly higher. Enrollments have declined, most particularly among low-income students, freshmen, and students of color, all of whom are among the most vulnerable student populations.

Earlier estimates of the costs associated with continuing operations, whether in person, online or hybrid, have proven to be far below what is actually needed, with the costs of testing, protective equipment and instructional technology (and related staffing) all far higher than institutions had planned for.

State support for higher education is being slashed as states respond to 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 reduced as well, doubly harming low-income students. Already, we have seen cuts of \$200 million in Michigan and \$186.8 million in Maryland, among others.

This has had consequences for students, families, and campuses. More than 25 million students are pursuing a postsecondary education, and the majority rely on federal financial aid. Research by the National Bureau of Economic Research shows that 40 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.

This hollowing out of institutional finances also has broader economic implications. Higher education employs nearly 3.8 million faculty and staff, more than the accommodation and airline industries combined. Like those industries, institutions are being forced to make deep personnel reductions. 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. 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.

If unaddressed, the ramifications will linger for years. Many students who left higher education will not return, some students will never enroll, eliminated programs may not be restored, and some institutions will be forced to close after drawing down the few resources they have left. 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. We ask that Congress understand the urgency of the situation facing students and institutions and provide a minimum of \$120 billion in assistance for higher education in the next supplemental spending bill.