

**House Education Committee**  
**Hearing on the Impact of COVID-19 on Higher Education in PA**  
**Testimony of Tom Foley, President**  
**Association of Independent Colleges and Universities of Pennsylvania (AICUP)**  
**February 24, 2021**

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On behalf of the 92 independent nonprofit colleges and universities that the Association of Independent Colleges and Universities of Pennsylvania (AICUP) represents, thank you for all you have done to combat this pandemic and to keep Pennsylvanians safe. As you know, our institutions were one of the first to respond to this crisis, quickly pivoting to remote learning formats while putting the health and safety of students, staff, faculty and our local communities first.

COVID-19's immediate impact on our schools was financial. We looked at that impact in two ways – actual spring losses, and estimated future impact. We collected real time data from our schools (and continue to update) and calculate current real additional costs and losses at **\$851 million**. The 2020 financial impact on AICUP schools for spring semester was \$385 million, \$42 million for summer, and \$425 million for fall--please see **attachment A** for detailed breakdown of that number. This estimate does not include losses or increased costs since October 2020. At the end of the day (which means well into next fall enrollment season), we expect the overall cost to these 92 institutions (and the communities in which they are embedded) to be well over a billion dollars. The American Council on Education has estimated total losses for all institutions of higher education at over \$140B. A study by an economist at UNC puts the losses at closer to \$183B.

- ✓ These Pennsylvania institutions have already lost 10-12% of their budgets in this fiscal year, from both new expenses (distance learning, enhanced safety, student transportation, etc.) and lost income (room and board, clinical fees, etc.).
- ✓ They have lost summer and auxiliary revenue as well, which--for many of our smaller schools--is the only way they get to a balanced budget each year. Contrary to some impressions, almost none of our most vulnerable schools have anything in the way of endowments (which have their spending restrictions by covenant or by law).
- ✓ The triple whammy on finances will be decreased fall 2021 enrollments (we assumed 5% declines in our Fall 2020 loss estimates which eventually varied with some schools staying level, most experiencing some decline, with a few hitting the 15% that was predicted). We estimate final total increased expenses and losses at well over a billion dollars.

As the virus and its implications progress and change, these independent nonprofit schools have worked to get back to in-person learning and have implemented hybrid/hyflex plans that permit some level of in-person instruction and utilize an array of remote mechanisms--all while still maintaining safety. These universities are vital to the future economy of the state and nation—1) they train our workforce and 2) they are the lifeblood of the communities in which they are embedded. A few words about each.

**First**, our schools train the workforce of tomorrow, educating right now over 270,000 students. In order to get the economy back on track these schools need to continue their mission to educate (most recent IPEDs numbers):

- ✓ 50% of all four year college degree-seeking students in PA
- ✓ 50% of all minority students seeking bachelor degrees
- ✓ 49% of all working-age “adult” students
- ✓ 49% of all bachelor degree-seeking STEM students

- ✓ 44% of all low income (Pell-eligible) students seeking bachelor degrees.

Of these 290,000 students, 67% are pursuing majors in career-directed fields, training that leads directly to careers in business, IT, education, health care and many more. 54 of our 92 schools have health science programs, and produce a significant percentage of all the people who work in health care in this state, which has always been critical but of heightened importance during the pandemic

**Second**, these independent nonprofit AICUP schools are also longtime community partners, averaging 135 years embedded in over 60 Pennsylvania towns and communities. They are among the top 25 employers in 30 counties, the top 10 in 15 counties, and the number one employer in three counties (including in our most populous). They are bedrock economic contributors providing:

- ✓ \$24 billion in Pennsylvania economic impact each year (double when including our hospital systems)
  - ✓ 195,000+ jobs in the state
  - ✓ \$1.1 billion in state and local taxes
  - ✓ \$3.3 billion in additional spending in the communities where they thrive and
  - ✓ Five million plus hours of volunteer service in 67 counties last year.
- [\(Independent Economic Impact Study attached\)](#)

They are keystone contributors to the economic fortunes of our Commonwealth, and we are grateful for your recognition of that fact in your Fiscal Year 2020-2021 decisions about the budget, the use of COVID-Relief funds, and PHEAA.

All of the AICUP schools are working on innovative ways to successfully deliver education to their students while balancing the health and safety guidelines around a return to campus. One size does not fit all and it is imperative that guidance for reopening maintains enough flexibility for these schools to determine the best way to safely provide education. The current Pennsylvania, CDC and DOH guidance allows for just that, which is key for success. Many schools are adapting their programs, facilities and policies. Some approaches include:

- ✓ Calendar and Curricular options
  - Splitting into smaller segmented sessions
  - Offering optional on line or in person classes
  - Shifting start and end times of semesters and classes to minimize exposure
  - Staggering return to school and departure times
- ✓ Teaching modality and method of participation options
  - Expanding remote learning--hybrid, hyflex, hybride
  - Asynchronous instruction
  - Remote learning post-Thanksgiving, Spring Breaks and finals.

While we welcomed the Pennsylvania Preliminary Guidance for Resuming In-person Instruction at Postsecondary Schools, several barriers remain:

1. **Liability**—because of their role in the economy and in developing the future workforce, it is imperative that these institutions get back to in-person instruction. But we all recognize there is much about this virus which we still do not understand, and that our national and state efforts to develop affordable, widely available testing, tracing and vaccines are still works in progress. Just as for our for-profit partners in the business community, it is essential that there be a safe harbor, time and cause limited, to both permit reopening and to protect institutions who follow the guidelines.

2. **Testing/PPE/Contact Tracing**—Beginning in August 2020, we had literally thousands of education entities--from the dozens of buildings that comprise just one of our 501 school districts, to the tens of thousands of post-secondary and adult education buildings we have in this Commonwealth--all attempting to reopen safely. Access to PPE/testing/contact tracing resources remains difficult in many areas of the state, with additional cost and availability barriers at this time. Add to that the fact that many of our institutions donated their pre-existing PPE stock to local front line responders. By prioritizing institutions of higher education for these resources, they will be better equipped to implement plans conducive to safety. This will allow us to get back to business sooner, which will help us to help you repair the damage done to our economy. This will also allow us to ensure a safer and more stable environment for students, faculty, staff and community as they return to school.
  
3. **Laws and regulations**—as schools move forward with modifications to their campuses and programs, they continue to work with the relevant certifying state and national boards and organizations. The challenge is to ensure that the correct modifications are concurrently made in program certifying requirements and regulations. This includes PHEAA and their student aid program requirements, the various licensure boards (especially those requiring in-person clinical training) and PDE/State Board of Education (for administrative regulations and teacher certification requirements). We will need to continue to move with agility, with your help, as new challenges present to those regulatory entities through the rest of this pandemic.

Thank you for protecting the higher education dollars that enable the dreams of thousands of students including low-income and first generation students in the 2020-2021 state PHEAA budget—we fervently hope that you will do the same in the Fiscal Year 2021-2022 budget. Through level-funding and distributing COVID-Relief dollars to the PHEAA programs, students will be able to start or continue their education through the State Grant and Ready to Succeed Scholarship programs. These grants not only give students vital funding upfront for their education, it has been shown that they reduce overall student debt. And the AICUP schools educate 44 percent of all PHEAA four year direct grant students, the highest percentage by far of any of our higher education sectors—2 or 4 year.

Again, thank you for hosting this hearing to shed some light on the impact that COVID-19 has had on our postsecondary institutions and thank you for your support through the budget of PHEAA programs. We look forward to continuing our work with you.

To: AICUP Presidents

October 9, 2020

Re: Fall 2020 Actual and Projected COVID-19 financial losses

This memo is an update of the May 2020 survey of 92 independent non-profit schools in AICUP. This fall 50 schools (almost 70 in the spring survey) gave us live data on their costs and losses so far this semester (and over the summer). These losses make clear that the CARES Act (Phase III) dollars, while very much appreciated, fall far short of filling these real time gaps--CARES Act Institutional Aid dollars cover less than 12% of costs and losses to date. That gap will only widen as schools continue to educate; and that gap has already caused diminished financial aid and other student services--the very kind of services that help AICUP students achieve the highest on time graduation rates in the Pennsylvania higher education landscape, and with lower overall debt than their publicly funded counterparts.

**Losses to date** (Spring through Fall 2020)

Our current estimate of the actual and expected expenses for calendar year 2020 of AICUP schools responding to the COVID-19 crisis is **\$851 million**. The 2020 financial impact on AICUP schools for spring semester was \$385 million, \$42 million for summer, and \$425 million for fall. This includes increased expenditures for health and safety measures and revenue losses from operations:

**Total Spring 2020 through Fall 2020**

\$472 million in lost revenues

\$379 million in additional COVID-related expenses

**Fall 2020 (alone)**

\$308 million in lost revenues due to lower enrollment, auxiliary services, event cancellations, etc.

\$27 million in expenses for disinfecting supplies, protective equipment, other sanitizing services

\$32 million in expenses for modifications to campus buildings to support social distancing

\$15 million in expenses for COVID-19 testing of students and staff

\$25 million in expenses for purchases/upgrades of equipment for virtual classrooms and staff training

\$17 million in expenses for other COVID-19 related costs

**Summer 2020 (alone)**

\$42 million loss of revenue from cancelled summer courses and reduced summer enrollment

**Spring 2020 (alone)**

\$254 million in reimbursements to students for room/board

\$6 million in expenses to assist students forced to leave campus housing

\$122 million in lost revenue from cancelled facility rentals, sporting events, cultural events, closures of clinics

\$3 million in other COVID-related expenses

The \$851 million DOES NOT include future revenue losses over all AICUP schools for spring 2021 if fewer undergraduates enroll or current students do not return.