

Senate 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)
June 9, 2020

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 losses at \$426 million just for spring semester – please see **attachment A** for detailed breakdown of that number. This estimate does not include most summer or all fall losses. 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 in the billions of dollars.

- ✓ These institutions have already lost 10-12% of revenues in this fiscal year, from both lost income (room and board, clinical fees, etc.) and new expenses (for distance learning, student transportation, enhanced safety, 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 enrollments (every student survey to-date predicts at least a 15% decline in enrollment across the board, some as high as 25%, as people react to pandemic concerns). We estimate those losses at well over a billion dollars.

As the virus and its implications progress and change, these independent nonprofit schools are working to implement plans to return to campus 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 290,000 students. In order to get the economy back on track these schools need to continue their mission to educate:

- ✓ 51% of all four year college degree-seeking students in PA
- ✓ 50% of all minority students seeking bachelor degrees
- ✓ 49% of all non-traditional students
- ✓ 46% of all bachelor degree-seeking STEM students
- ✓ 44% of all low income students seeking bachelor degrees.

67% of all those 290,000 students 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 huge percentage of all the people who work in health care in this state.

Second, the AICUP Schools are also longtime community partners, averaging 134 years embedded in over 60 PA towns and communities. They are among the top 25 employers in 30 counties, the top 10 in 15 counties, the number one employer in three counties (including in our most populous). They are bedrock economic contributors providing:

- ✓ \$24 billion in PA GNP economic impact each year (double 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 recent decisions about the budget, about the use of COVID-Relief funds, and about 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 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
 - Starting earlier and not returning at all after the Thanksgiving holiday
 - Staggered return times
- ✓ Teaching modality and method of participation options
 - Expanded remote learning--hybrid, hyflex, hybridge
 - Asynchronous instruction
 - Remote learning post-Thanksgiving and finals

We welcome the recent PA 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 do not yet understand, and that our national and state efforts to develop affordable, widely available testing and tracing options (let alone a vaccine) are still in process. 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, we will have 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 most 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 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 be able to move with agility, with your help, as new challenges present to those regulatory entities in the coming months.

Thank you for protecting the higher education dollars that enable the dreams of low-income and first generation students in the 2020-2021 state 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 Grants to Students program. These grants not only give students vital funding upfront for their education, it has been shown that they reduce overall student debt. AICUP schools educate 44 percent of all PHEAA four year direct grant students.

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
From: Tom Foley/Ron Uroda
Date: May 20, 2020
Re: Actual and Projected financial losses

This memo is an update of the April survey of 92 independent non-profit schools in AICUP. Almost 70 schools gave us live data on their losses so far this semester; a smaller number gave us on their projected losses from some cancelled summer classes and other lost auxiliary income this summer. These losses make clear that the CARES Act dollars, while very much appreciated, fall far short of filling these real time gaps--CARES Act Institutional Aid will cover less than 20% of estimated losses to date. Those gaps, unless filled, will result in severely diminished student (and other) services—the very kind of services that help AICUP students achieve the highest on time graduation rates in the PA higher education landscape, and with lower overall debt than their publicly funded counterparts.

Losses to date

Our current estimate of the actual and expected expenses of AICUP schools responding to the COVID-19 crisis is \$426 million. This includes increased expenditures and revenue losses from operations:

Expenditures and revenue losses from operations:

\$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

Expected losses for summer session

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

The \$426 million DOES NOT include revenue losses over all AICUP schools for fall 2020 if fewer undergraduates enroll or current students do not return. Estimated additional revenue losses:

Fall projected losses

Below are estimates of lost revenue for AICUP colleges and universities if enrollment declines this fall because of COVID-19. *We asked each school to tell us their financial loss if 25 fewer students return or enroll—so these estimates below are based on real data, not estimated losses per institution.* From that, we graphed up to reflect projected losses in numerous studies published to date, which range from a minimum of 10% overall decline in enrollment to a high of 32%.

Here are estimates of revenue losses over all AICUP schools for fall 2020 if fewer undergraduates enroll or current students do not return:

Enrollment drop of 5% = \$311 million

Enrollment drop of 10% = \$622 million

Enrollment drop of 15% = \$933 million

Enrollment drop of 20% = \$1.2 billion

If schools experience similar drops in both undergraduate and graduate students (highly likely as a significant percentage of grad students are international), the revenue losses are:

Enrollment drop of 5% = \$365 million

Enrollment drop of 10% = \$731 million

Enrollment drop of 15% = \$1.1 billion

Enrollment drop of 20% = \$1.5 billion

These fall revenue losses would be in addition to the \$426 million expenditures and losses above. It is also important to note that some institutions would suffer far greater losses and will be at existential risk without significant financial help.