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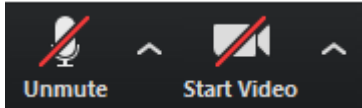
# Understanding the Federal Relief Package's Impact on Higher Education Institutions

April 2<sup>nd</sup>, 2020

# A Few Housekeeping Items

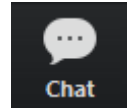
## Mic and Video Controls

Click the mic and camera pictures until they have a red line indicating they are both off.



## Submitting a Question

To submit a question, type it into the Chat panel and press send. We will respond in follow up.



# Today's Panelists



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- 1 Overview of CARES Act
- 2 Financial Provisions for Higher Education
- 3 Financial Aid Policy Changes
- 4 Research Funding
- 5 Charitable Giving and Tax Incentives
- 6 Online Instruction
- 7 Q&A

# Overview of CARES Act

High Level Takeaways that Run Through Our Presentation Today



## The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- Bipartisan legislation passed on March 27, 2020
- \$2 trillion in emergency appropriations and policies designed to alleviate economic hardship due to COVID-19
- Read the full law [here](#)



### Highly Complex Legislation

The CARES Act is one of the **most complicated and far reaching pieces of legislation** ever passed, impacting countless regulations and industry sectors.



### Pending Regulatory Guidance

Broad legislation leaves higher ed institutions **awaiting further clarification from the Dept of Ed** on how to interpret policy and make regulations.



### Relief but Not Salvation

Most higher education experts agree that the package accounts for **less than half** of what the industry needs to navigate this crisis.



### More Help to Come?

Congress has **signaled willingness** to provide additional funds in the coming months should the situation merit it.



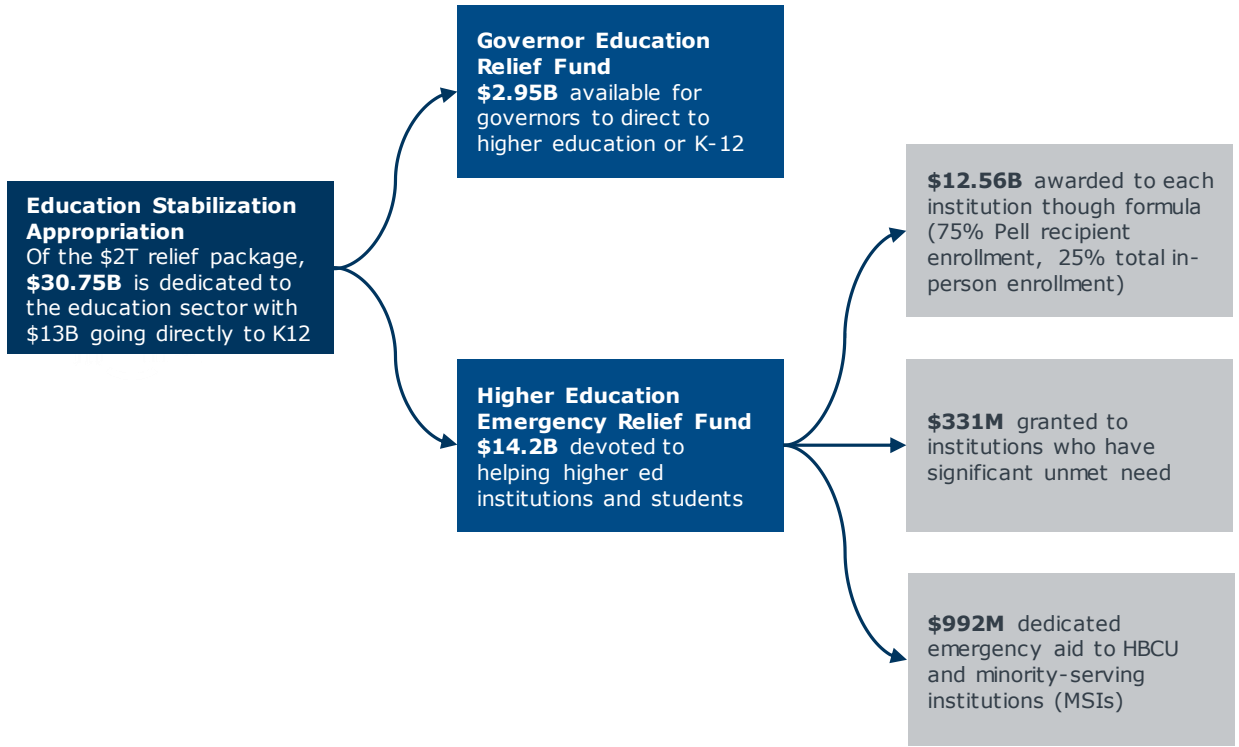
# Financial Provisions for Higher Education

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SECTION

I

# Higher Education's Slice of the Relief Pie



Source: [Senate Appropriations Committee Report](#); US Congress, [CARES Act](#); EAB interviews and analysis.

# Higher Education Relief Fund Uses

## Two Statutory Categories of Fund Use

### 1 Emergency Student Financial Aid

**At least 50%** of institution's total funding must go to student aid, including

- Targeted funds to help students' costs associated with campus closures and the shift to virtual instruction
- Eligible expenses under a student's cost of attendance (e.g., food, housing, course materials, technology, healthcare, and childcare)

### 2 Institutional Discretion

The **remaining balance** of funds can be used for most costs incurred by COVID-19, including the shift to online instruction

- Excludes certain enrollment expenses, like payments to marketing vendors, and capital expenses associated with athletics facilities
- Institutions are encouraged to maintain all staff on payroll, but they are not legally mandated to do so

## Strategic Considerations and Open Questions



### Disbursement Speed

Funds will be transferred through the Title IV disbursement system, but how quickly remains unclear



### Student Aid Uses

Unclear if this aid needs to be distributed based on financial need or awarded through specific criteria



### Refund Reimbursement

Student aid funds likely can be used to cover refunds, pending definitive Dept. guidance



### Payroll Support

Growing staff expectations for the use of relief funds to maintain payroll, despite limited funds





# Financial Aid Policy Changes

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SECTION

II

# Financial Aid Front and Center in CARES Act



## Financial Aid Changes Outlined in the Cares Act

### ▶ **Campus-based Aid Waivers**

- ↳ Schools can temporarily suspend providing matching funds for Federal Supplemental Educational Opportunity Grants (SEOG) and Federal Work Study (FWS) programs

### ▶ **Federal Work Study (FWS)**

- ↳ Students can receive work study wages even if they are not able to perform job functions due to COVID-19 disruptions

### ▶ **Federal Supplemental Educational Opportunity Grants (SEOG)**

- ↳ Institutions can now use these funds to offer emergency aid without impacting the cost of attendance

### ▶ **Federal Student Loans**

- ↳ CARES Act pauses federal student loan payments for 6 months and halts interest accrual during that period

### ▶ **Aid Eligibility**

- ↳ Students who do not complete the semester will not have the payment period counted toward their maximum of 12 semesters of federal aid

### ▶ **Title IV Funds**

- ↳ Schools do not need to return funds if students withdraw due to COVID-19 crisis

# Key Takeaways on CARES Financial Aid Provisions



## Favorable to Institutions Serving High Need Populations

Greater funds and flexibility granted to institutions who serve more students with financial need and who are most impacted by COVID-19 caused disruptions

## Expanded Responsibility of FA<sup>1</sup> Office and Impact on Institutional Decisions



Financial aid is at the center of CARES funding and policies, empowering the FA office to play an important role in how the institution supports students



## Unclear Expectations and Policies

As with other CARES Act provisions, institutions need Dept. of Ed guidance on specific aid policies and unique need populations, such as the 50% student relief aid requirement

## Limited Benefit for Fall Freshman 2020 Enrollment



Little in CARES will ease the concerns of families that are considering where to send their students to college next year

1) Financial aid.



# Research Funding

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SECTION

III

# Research on the Periphery of CARES Act

Not Quite the “Moonshot” Funding We Wanted

## New Agency Research Funding



### National Science Foundation

\$75M for RAPID grant awards



### National Institutes of Health

\$945M provided for COVID-19 research



### Department of Energy

\$99M granted to support the national laboratory system's work on COVID-19



### National Institute of Standards and Technology

\$60M authorized for the Hollings Manufacturing Extension Partnership and Manufacturing USA to spend on pharmaceutical and biotech research



### U.S. Forest Service

\$3M awarded to cover forest experiments disrupted by COVID-19

## Helpful but Not Sufficient



Concentrated research funds in the biotech and health sciences space will not flow evenly to all institutions



No dramatic increases in agency budgets or infrastructure as occurred in the 2009 American Recovery and Reinvestment Act



No additional funds to cover university research disrupted by COVID-19 closures



Mixed messages on future appropriations and research-specific aid



# Charitable Giving and Tax Incentives

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SECTION

IV

# CARES Act Encourages Donors to Give



## Incentives for Charitable Giving to Offset the Likely Dropoff From Recession

### Recessions Hurt Fundraising

*FY2008-2009 Shift in Donor Behavior*

**12.2%**

decline in total fundraising production

**33%**

decline in the three largest individual gifts at the median institution



### Consider Communications Plan for New Provisions

- How will you train major gift officers to understand and apply these provisions?
- When and how will you communicate to donors (appropriately) about these tax opportunities?
- For major gift conversations that might come to fruition either this year or next, how can you pull forward by citing these expiring benefits?

### Could CARES Act Provisions Make a Difference?

*Some Help, But Unlikely to Have Dramatic Impact*

New programs apply only to **cash gifts** for **public charities** (not for Supporting Organizations or Donor-Advised funds) and are **temporary in 2020**

- ▶ **For those who do not itemize** (claim the standard deduction): Universal deduction for charitable contributions of up to \$300 from taxpayer's AGI<sup>1</sup>
- ▶ **For those who do itemize**: Can claim deduction for up to 100% of 2020 AGI (instead of typical 60%) and carry forward unused qualified cash deductions for 5 years, subject to normal 60% AGI
- ▶ **For corporations**: Increases current taxable income limit on contributions from 10% to 25% for 2020

Source: PG Calc, [CARES Act Includes Charitable Giving Incentives](#); Penn Wharton, [New Charitable Deduction in the CARES Act: Budgetary and Distributional Analysis](#) [Voluntary Support for Education Survey](#); EAB interviews and analysis.

1) Adjusted gross income



# Online Instruction

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SECTION



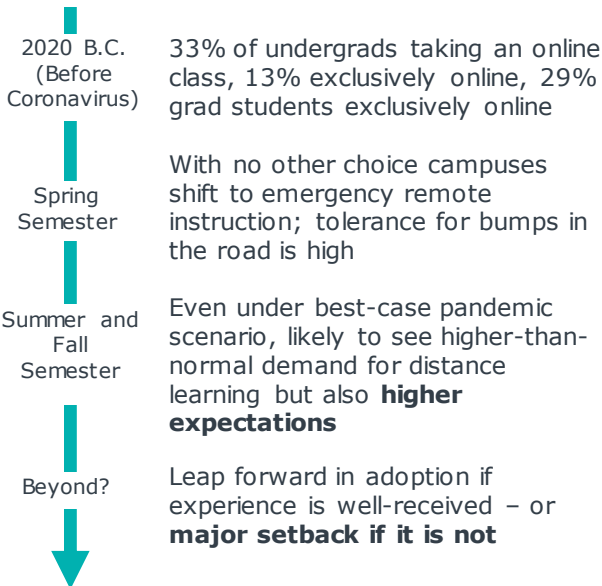


# Online Gets Its Time to Shine – Will It?

Even if Out of Necessity, Direct Investment by the Feds Signals Turning Point

## A Crucible Moment for Online

*Long-Term Effects of COVID-19 on Online Adoption Depend on How Institutions Shape This Experience*



## Still a Window of Opportunity to Inflect Outcomes for Students and Faculty

*Categories of Potential Investment*



Invest in (and Insist On) Quality and Equity Right Now



Plan for Mid or Post-Spring Assessment



Prioritize Summer and Fall Optionality

# From "Break Glass" Back-Up to First-Rate Foot Forward

No Silver Bullet, but The Right Academic Policies Plus the Right Investments Can Make a Difference

## Categories of Investment and Representative Activities

### Phase 1

*Invest in (and Insist On) Quality and Equity Right Now*

- Invest in *expertise* (e.g., instructional designers, success coaches) to get most from *basic existing tools*, not *shiniest new tools* that will require extensive staff support
- Prioritize access to laptops, Wi-Fi, course materials, etc. for students with critical needs (e.g., low-SES, rural, disabled)
- Consider trainings to rapidly upskill faculty in instructional design and online pedagogy
- Scale interventions for online learners (e.g., LMS login checks, supplemental instruction, 24/7 tutoring resources)

### Phase 2

*Plan Mid- or Post-Spring Assessment*

- Identify struggling instructors through quantitative metrics (e.g., student learning, DFW rates, achievement gaps, course evaluations, LMS utilization, both between-courses and between-sections) and qualitative surveys
- Recognize and uplift early adopters and champions whose successes are *replicable* (e.g., asynchronous, low-tech), *not* the least-relatable and farthest-along innovators
- Presidential and provostial support and central coordination needed, but each school or department the face of it for their community
- Shore up spent IT infrastructure

### Phase 3

*Prioritize Summer and Fall Optionality*

- Prioritize highest-quality conversions in Gen Ed, bottlenecks in linear sequences, critical prereq gateways, high-DFW, near-to-graduation reqs in large majors and healthcare programs, and high-revenue grad programs
- Consider accelerated part-of-term or "minimester" formats
- Incentivize, but avoid unsustainable or stigmatizing compensation regimes
- This is not an "experiment": grace for colleagues cannot imply inevitability of falling short of student expectations or exacerbated equity gaps

# Q&A

## Ask the Experts



Sarah Le Duc



Jon Barnhart



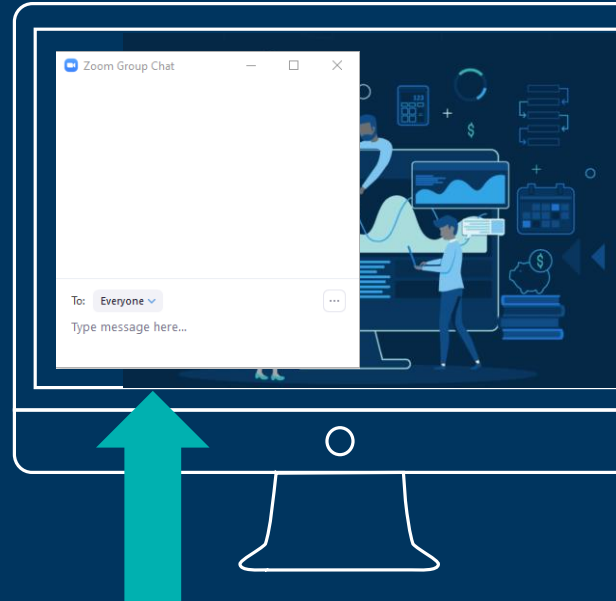
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**Please type your questions  
into the Q&A window**



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