

# The COVID-19 Pandemic and Institutions of Higher Education: Contemporary Issues

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**Benjamin Collins**  
Analyst in Labor Policy

**Joselynn H. Fountain**  
Analyst in Education Policy

**Cassandra Dortch**  
Specialist in Education Policy

## The COVID-19 Pandemic and Institutions of Higher Education: Contemporary Issues

There have been numerous reports of institutions of higher education (IHEs) experiencing financial hardships as a result of the Coronavirus Disease 2019 (COVID-19) pandemic. This report discusses and contextualizes issues related to IHEs' stability and fiscal health during the pandemic. It does not directly discuss health and safety factors that relate to the logistical operation of an IHE during the COVID-19 pandemic.

To provide background on the types of issues IHEs are facing, this report begins with a discussion of IHE revenues and expenditures. While institutions' revenue sources vary in general, there are some reasonably clear patterns of variation across institutional sectors. Tuition revenue is a major source of revenue for both public and private IHEs, although broadly speaking, private IHEs (particularly proprietary IHEs) rely on tuition for a larger share of their revenue than do public IHEs. State and local support account for a significant share of the revenue at public IHEs, particularly for public two-year IHEs. While the specific effects of the COVID-19 pandemic on IHE revenues are not yet clear, it is likely there will be declines in some sources of revenue for many institutions. IHEs may also need to adjust their expenditure strategies to accommodate the circumstances brought about by the pandemic.

Enrollment is a key factor in IHEs' revenue, and changes to enrollment in light of the COVID-19 pandemic might have a major impact on the financial stability of some IHEs. This report discusses how the pandemic may affect enrollment, with a focus on the uncertainty and dynamic nature of the situation. While enrollment has increased in the past during several periods of high unemployment, including during the Great Recession, it is not clear that the same pattern will occur in a pandemic-induced recession. Preliminary data available at this time suggest there have been enrollment declines during the COVID-19 pandemic.

State and local budget shortfalls are also a concern, as public IHEs rely heavily on revenues from these sources to support general operations. State and local appropriations per student at public four-year IHEs have generally not rebounded to the levels provided prior to the Great Recession, resulting in more reliance on tuition revenue.

Implications of expanded remote learning are discussed throughout this report. The section of the report dealing with institutional finances, for instance, discusses how expanded remote learning could affect various forms of revenue and institutions' spending strategies. The enrollment section discusses how expanded remote learning may affect students' enrollment decisions. The report also discusses administrative and regulatory issues that have emerged related to federal student aid availability at IHEs that expand remote learning in light of the pandemic.

The report concludes with a discussion of congressional options for responding to the circumstances faced by IHEs in light of the pandemic. The options considered are largely based on legislation enacted in response to the current situation and prior disasters. For example, in March 2020 the CARES Act (P.L. 116-136) provided over \$14 billion in emergency funds to IHEs and postsecondary students to address needs directly related to disruptions caused by the pandemic. The CARES Act also variously required or authorized the Secretary of Education to reduce institutional matching requirements for some federal programs. Should Congress seek to provide further support, options could include providing additional direct grants to institutions, providing indirect support through intermediaries such as states, or expanding regulatory flexibility.

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## Introduction

Reports of institutions of higher education (IHEs) experiencing financial hardships as a result of the Coronavirus Disease 2019 (COVID-19) pandemic have been widespread, and the financial conditions caused or exacerbated by the pandemic may force some schools to modify their operations significantly.<sup>1</sup> This report identifies and discusses several factors that are relevant to institutions' fiscal health as impacted by the pandemic, including potential changes in revenue and enrollment as well as considerations related to remote learning.<sup>2</sup>

The CARES Act (P.L. 116-136) and the Consolidated Appropriation Act, 2021 (P.L. 116-260) provided over \$36 billion in emergency funds to IHEs and postsecondary students to address needs directly related to the COVID-19 pandemic, including, but not limited to, transitioning courses to distance education and providing grant aid to students for costs associated with facilitating their educational pursuits such as food, housing, course materials, health care, and child care. Additionally, the CARES Act reduced the financial matching requirement of some grant programs.

Analyzing issues relating to IHEs and the COVID-19 pandemic while it is still developing poses a number of challenges. First, the largely unprecedented nature of the current situation makes it challenging to define, contextualize, and interpret using traditional indicators. Second, education data tend to lag by a year or more, so while pre-pandemic baselines can be informed by rigorously produced data, discussion of more recent developments are informed by data that are incomplete or otherwise less authoritative. Lastly, the decentralized nature of higher education and the constantly evolving nature of the pandemic makes synthesizing available information challenging. As such, some elements of this report will draw on data from prior years to frame issues and discuss the potential effects of current circumstances rather than attempting to precisely establish current conditions.

The report is organized as follows:

- an overview of institutional finances at different types of IHEs (i.e., public, private nonprofit, proprietary), including discussions of the implications of potential changes in different types of revenue for each type of IHE;
- discussion of enrollment trends at IHEs and potential effects of the pandemic on enrollment, with a focus on the evolving nature of this issue;
- a description of expanded use of remote learning, and policy issues related to remote learning, with a focus on the interaction of distance education and programs authorized under Title IV of the Higher Education Act (HEA); and
- a discussion of recent congressional action in response to current circumstances, including the CARES Act and the Consolidated Appropriations Act, 2021, as

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<sup>1</sup> See, for example, Shawn Hubler, "Colleges Slash Budgets in the Pandemic, With 'Nothing Off-Limits,'" *New York Times*, October 26, 2020, <https://www.nytimes.com/2020/10/26/us/colleges-coronavirus-budget-cuts.html>; Emma Whitford, "New Round of Budget Cuts Hitting Personnel," *Inside Higher Education*, October 7, 2020, <https://www.insidehighered.com/news/2020/10/07/colleges-running-out-budget-areas-trim-besides-personnel>; Andrew P. Kelley and Rooney Columbus, *College in the Time of Coronavirus: Challenges Facing American Higher Education*, American Enterprise Institute, July 2020, <https://www.aei.org/wp-content/uploads/2020/07/College-in-the-Time-of-Coronavirus.pdf>; Kery Murukami, "Haves and Have-Nots on COVID-19 Protection," *Inside Higher Ed*, June 25, 2020, <https://www.insidehighered.com/news/2020/06/25/wealthier-colleges-can-offer-more-protection-covid-19-cash-strapped-peers>.

<sup>2</sup> The term *remote learning* is used to refer collectively to the following commonly used terms: *online education*, *distance education*, and *correspondence courses*.

well as potential policy options to further support or more precisely target support to IHEs during the pandemic.

The COVID-19 pandemic is affecting IHEs differently, and they are responding in diverse ways. This report aims to discuss scenarios that may be applicable to a wide range of institutions, though not every issue it addresses will be applicable to every institution. For example, the discussions related to remote learning may be of limited applicability to institutions that are conducting classes primarily or entirely in-person. Additionally, the focus of the report is primarily on educational and financial issues faced by IHEs. Aside from consideration of their relevance to educational and financial challenges, the report does not explore health and safety issues faced by IHEs during the pandemic.

## Postsecondary Institution Finances

Since the beginning of the COVID-19 pandemic, there have been reports of significant losses of revenue at IHEs.<sup>3</sup> Additionally, IHEs that opened or planned to open their campuses in academic year (AY) 2020-2021 (July 1, 2020-June 30, 2021) have reportedly invested in a range of recommended measures in an attempt prevent the coronavirus from spreading.<sup>4</sup> Historically, different types of IHEs have varied in their reliance on particular forms of revenue. Thus, the effect of the pandemic on IHEs will likely differ by certain institutional characteristics.

This section of the report analyzes major sources of revenue for different types of IHEs and discusses the potential effects of the COVID-19 pandemic on those sources. It also provides a brief discussion on institutional expenditures within the context of the pandemic.

## Major Sources of Revenue at Institutions of Higher Education

IHEs realize revenues from a number of different sources, including tuition and fees, state and local appropriations, federal appropriations and grants, private donors, auxiliary services, and endowments.<sup>5</sup> Revenue sources at public IHEs tend to differ by level (i.e., four-year, two-year, less than two-year), while revenue at private nonprofit and private proprietary IHEs are consistent across levels. Thus, when analyzing revenue for public IHEs, the data are disaggregated by four-year and two-year or less IHEs (two-year or less IHEs are collectively referred to hereinafter as two-year IHEs). **Figure 1** provides the distribution of revenue sources at public IHEs that

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<sup>3</sup> See, for example, Victoria Yuen, “Mounting Peril for Public Higher Education During the Coronavirus Pandemic,” *Center for American Progress*, June 11, 2020, <https://www.americanprogress.org/issues/education-postsecondary/reports/2020/06/1/485963/mounting-peril-public-higher-education-coronavirus-pandemic/>; Madeline St. Amour, “Coronavirus News Roundup for April 21,” *Inside Higher Ed*, April 21, 2020, <https://www.insidehighered.com/news/2020/04/21/april-21-covid-19-roundup-revenue-losses-summer-enrollment-and-cannabutter>; and Andrew P. Kelley and Rooney Columbus, *College in the Time of Coronavirus: Challenges Facing American Higher Education*, American Enterprise Institute, July 2020, <https://www.aei.org/wp-content/uploads/2020/07/College-in-the-Time-of-Coronavirus.pdf>.

<sup>4</sup> See, for example, Kery Murakami, “Haves and Have-Nots on COVID-19 Protection,” *Inside Higher Ed*, June 25, 2020, <https://www.insidehighered.com/news/2020/06/25/wealthier-colleges-can-offer-more-protection-covid-19-cash-strapped-peers>; Doug Lederman, “COVID-19’s Forceful Financial Hit: A Survey of Business Officers,” *Inside Higher Ed*, July 10, 2020, <https://www.insidehighered.com/news/survey/covid-19s-forceful-financial-hit-survey-business-officers>; Victoria Yuen, “Mounting Peril for Public Higher Education During the Coronavirus Pandemic,” *Center for American Progress*, June 11, 2020, available at <https://www.americanprogress.org/issues/education-postsecondary/reports/2020/06/1/485963/mounting-peril-public-higher-education-coronavirus-pandemic/>.

<sup>5</sup> Postsecondary revenue data were retrieved from the U.S. Department of Education, Integrated Postsecondary Education Data System (hereafter referred to as IPEDS) for FY2018.

participate in HEA Title IV programs (hereinafter referred to as Title IV-participating IHEs),<sup>6</sup> and **Figure 2** provides the distribution of revenue sources at private nonprofit and proprietary Title IV-participating IHEs. It is worth noting that tuition and fees revenues include federal student aid (e.g., Pell Grants<sup>7</sup> and GI Bill benefits<sup>8</sup>) that are used by students to pay tuition. These federal student aid sources are thus excluded from calculations of federal revenue.

The sources of revenue and potential effects of the pandemic on each source are discussed in more detail in the next few subsections. See the **Appendix** for a description of the methodology used to calculate revenues and adjustments made to resolve differences in accounting standards between public and private IHEs.<sup>9</sup>

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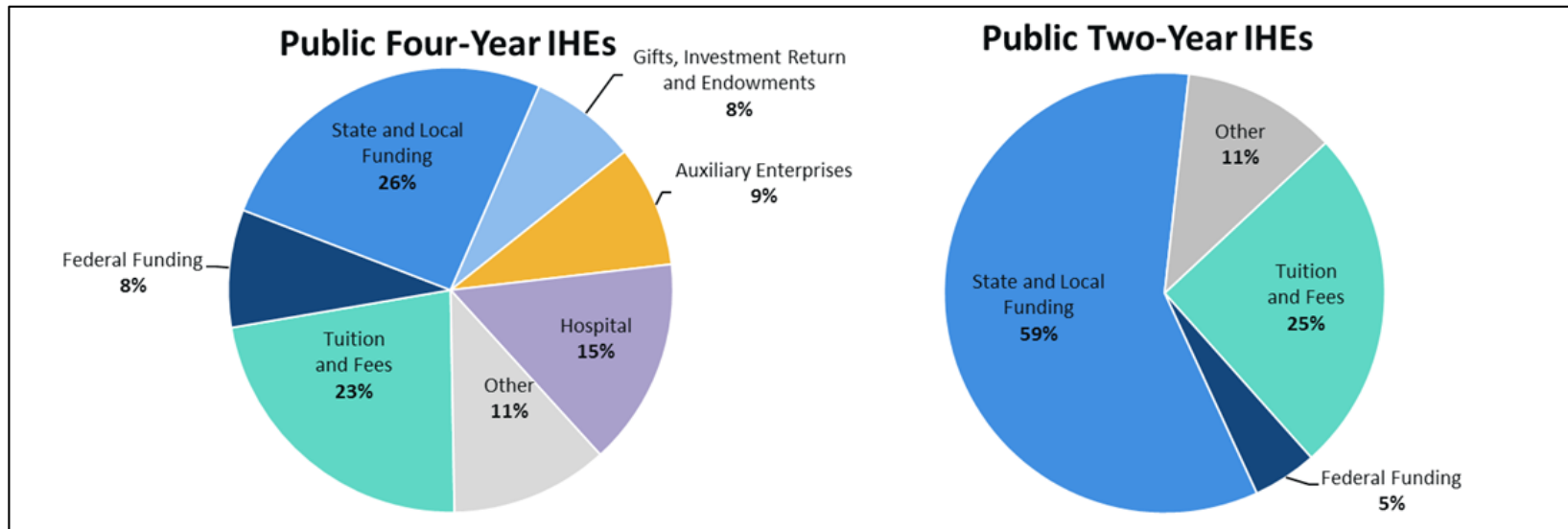
<sup>6</sup> There have been reports of non-Title IV participating IHEs facing financial difficulties, but such IHEs are not covered in the data presented in this report.

<sup>7</sup> For more information, see CRS Report R45418, *Federal Pell Grant Program of the Higher Education Act: Primer*.

<sup>8</sup> For more information, see CRS Report R42785, *Veterans' Educational Assistance Programs and Benefits: A Primer*.

<sup>9</sup> Generally, private nonprofit and proprietary IHEs report finance data using accounting standards established by the Financial Accounting Standards Board (FASB), while public IHEs generally use standards established by the Governmental Accounting Standards Board (GASB). A small portion (about 1.5% of public IHEs) report using FASB. Those IHEs were excluded from the analysis.

**Figure 1. Revenue at Public Title IV Participating IHEs, by Source**  
FY2018



**Source:** CRS calculations using the U.S. Department of Education, Integrated Postsecondary Education Data System.

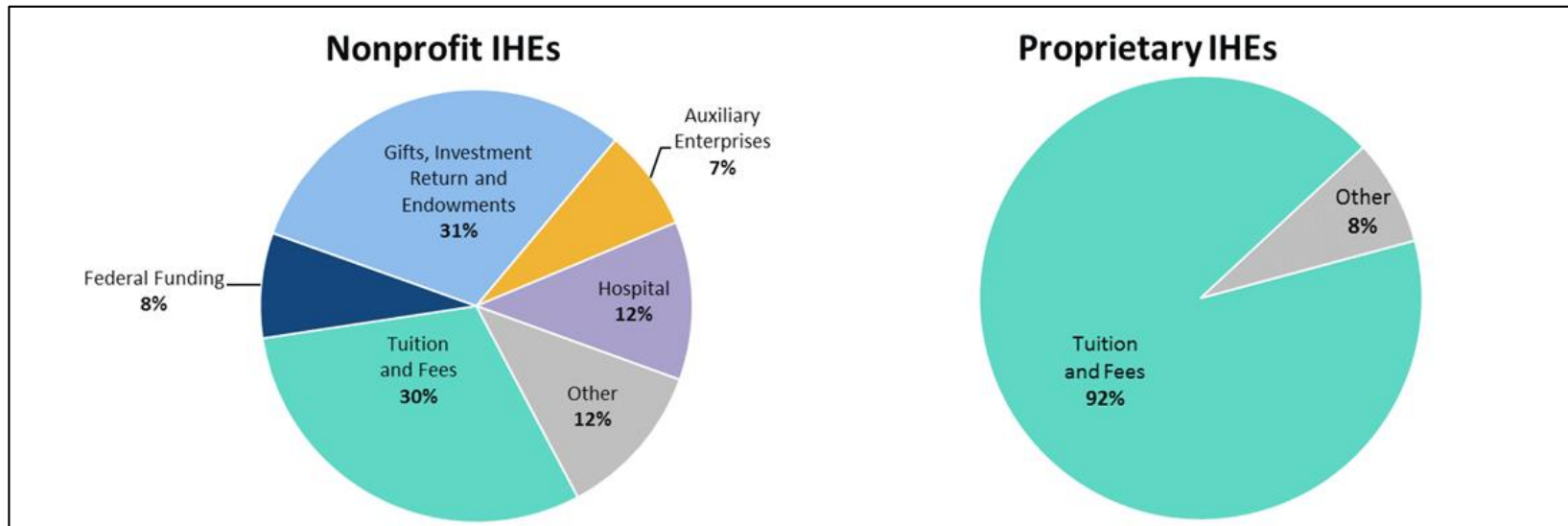
**Notes:**

“Other” for public four-year IHEs includes independent operations, sales and services of education activities, and other sources of revenue not separately identified; federal student aid that students use to cover tuition and fees is included in tuition and fees revenue, and not federal funding.

“Other” for public two-year IHEs includes auxiliary enterprises, independent operations, gifts, investment return, additions to endowment, sales and services of education activities, sales and services of hospitals, and other sources of revenue not separately identified; federal student aid that students use to cover tuition and fees is included in tuition and fees revenue, and not federal funding.



**Figure 2. Revenue at Private Title IV Participating Nonprofit and Proprietary IHEs, by Source**  
FY2018



**Source:** CRS calculations using U.S. Department of Education, Integrated Postsecondary Education Data System.

**Notes:**

“Other” for nonprofit IHEs includes state and local funding, independent operations, sales and services of education activities, and other sources of revenue not separately identified; federal student aid that students use to cover tuition and fees is included in tuition and fees revenue, and not federal funding.

“Other” for proprietary IHEs includes federal revenue, state and local funding, auxiliary enterprises, independent operations, gifts, investment return, additions to endowment, sales and services of education activities, sales and services of hospitals, and other sources of revenue not separately identified; federal student aid that students use to cover tuition and fees is included in tuition and fees revenue.

## Tuition and Fees

Tuition and fees reflect revenues IHEs realize from all tuition and fees assessed against students for educational purposes, including grant and loan aid used by students to pay tuition.<sup>10</sup>

Tuition and fees provide most of the revenue for proprietary IHEs and are one of the top two sources of revenue for public and nonprofit IHEs. Specifically, in FY2018 tuition and fees provided 92% of the revenue at proprietary IHEs (**Figure 2**), 30% at nonprofit IHEs (**Figure 2**), 23% at public four-year IHEs (**Figure 1**), and 25% at public two-year IHEs (**Figure 1**).

Student enrollment is one of the strongest drivers of tuition and fee revenue. As IHEs make decisions around offering in-person classes or remote learning as the COVID-19 pandemic continues to evolve, students are likewise making decisions on whether to enroll/re-enroll or postpone to a later date (The uncertainty around student enrollment is discussed further in the “Enrollment and the COVID-19 Pandemic” section of this report.) IHEs that experience declines in enrollment are likely to experience declines in tuition and fees revenue.

Under normal circumstances, IHEs could consider adjusting marketing strategies or admissions standards to sustain enrollment, or increasing tuition and fees charges in response to declines in enrollment to make up for lost revenue. However, numerous IHEs are finding it necessary under current circumstances to lower tuition and fees as classes move online, which could exacerbate losses in tuition revenue.<sup>11</sup> In some cases, IHEs have lowered tuition as a result of pressure from students and parents who have asserted that online education is inferior to in-person instruction.<sup>12</sup> Thus, IHEs seeking to maintain tuition and fee revenue are faced with balancing tuition reduction with projected enrollment. For example, if a school offers widespread tuition discounts,<sup>13</sup> it is possible that it will experience financial hardship in spite of consistent or even increased enrollment.<sup>14</sup>

Given the reliance of public, nonprofit, and proprietary IHEs on tuition and fees, declines in enrollment and/or tuition reductions are likely to have effects on IHEs across sectors.

## State and Local Funding

State and local funding includes revenue IHEs realize through acts of a state legislative body, revenue from appropriations by governmental entities below the state level, revenue from education district taxes and other similar revenue that result from actions of local governments or

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<sup>10</sup> Institutional grant aid applied to tuition and fees is excluded from the tuition and fee revenue calculation.

<sup>11</sup> Emma Kerr, “These Colleges Are Giving Tuition Discounts This Fall,” *U.S. News & World Report*, August 12, 2020, <https://www.usnews.com/education/best-colleges/paying-for-college/articles/these-colleges-are-giving-tuition-discounts-this-fall>.

<sup>12</sup> Lilah Burke, “Rebates and Reversals,” *Inside Higher Ed*, July 24, 2020, <https://www.insidehighered.com/news/2020/07/24/some-colleges-discount-tuition-prices-online-fall>.

<sup>13</sup> Tuition discounting is the practice by which colleges and universities “provide grant aid to undergraduates to help them pay for all or part of the tuition and fees charged by the institution.” For more information, see Laura Horn and Katharin Peter, *What Colleges Contribute: Institutional Aid to Full-Time Undergraduates Attending four-year Colleges and Universities*, U.S. Department of Education, National Center for Education Statistics, NCES 2003–157, Project Officer: C. Dennis Carroll, Washington, DC, 2003.

<sup>14</sup> See, for example, Emma Whitford, “Enrollments Could Rise While Tuition Revenue Falls, Moody’s Says,” *Inside Higher Ed*, June 4, 2020, <https://www.insidehighered.com/quicktakes/2020/06/04/enrollments-could-rise-while-tuition-revenue-falls-moody%E2%80%99s-says>.

citizens, and amounts reported as non-operating revenues from state and local government agencies that are provided on a non-exchange basis.<sup>15</sup>

State and local funding is a primary source of revenue for public IHEs; however, their relative reliance on it differs by level. Specifically, public four-year IHEs realized 26% and public two-year IHEs realized 59% of their revenue from state and local sources (**Figure 1**) in FY2018. State and local funding comprised less than 1% of revenue at nonprofit IHEs (**Figure 2**). Proprietary IHEs generally do not receive any state and local funding.

Several states have reported revenue declines as a result of the COVID-19 pandemic.<sup>16</sup> Unlike the federal government, state governments must routinely balance their operating budgets, typically every one or two years, by offsetting reductions in revenues with increases in revenues, reductions in spending, or a combination of both unless other measures are available.<sup>17</sup> During economic downturns, state funding for higher education tends to decline at a greater rate than other budget categories, which has led some to describe higher education as a *balance wheel of state budgets*.<sup>18</sup> One reason that states rely on higher education to balance their budgets is that states have more flexibility to adjust higher education spending than they do with other budget items that are subject to spending pressures (e.g., Medicaid, elementary and secondary education).<sup>19</sup> Also, unlike other entities that receive state funding, public IHEs have access to additional forms of revenue, such as tuition and endowments, which could potentially offset state funding reductions.

Ongoing declines in state appropriations for public IHEs after the Great Recession suggest that economic downturns can have lasting effects on state funding for public IHEs, extending years beyond a recession.<sup>20</sup> As illustrated in **Table 1**, public four-year IHEs experienced an inflation-adjusted decline in state and local appropriations from 2009 to 2013, while enrollment generally increased. By 2018, state and local appropriations were increasing, but had not yet reached pre-recession levels. When funding is examined on a per full-time equivalent (FTE) student basis, it

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<sup>15</sup> Revenues provided on a non-exchange basis are those that are provided by the government to an entity without the government directly receiving anything in exchange. See <https://www.gasb.org/st/summary/gstsm33.html>.

<sup>16</sup> See, for example, CRS Insight IN11394, *State and Local Fiscal Conditions and COVID-19: Lessons from the Great Recession and Current Projections*; Center on Budget and Policy Priorities, *States Grappling With Hit to Tax Collections*, October 5, 2020, <https://www.cbpp.org/research/state-budget-and-tax/states-grappling-with-hit-to-tax-collections>; and Sophie Nguyen, Rachel Fishman, and Dustin Weeden, *The Impact of COVID-19 on State Higher Education Budgets*, October 20, 2020, [https://www.newamerica.org/education-policy/reports/state-budget-cuts/?utm\\_medium=email&utm\\_campaign=EdCentral%20580&utm\\_content=EdCentral%20580+CID\\_4f93189ec412e64f5096ffd2294c2e1b&utm\\_source=Campaign%20Monitor%20Newsletters&utm\\_term=how%20the%20COVID-19%20pandemic%20has%20affected%20state%20funding%20for%20public%20higher%20education](https://www.newamerica.org/education-policy/reports/state-budget-cuts/?utm_medium=email&utm_campaign=EdCentral%20580&utm_content=EdCentral%20580+CID_4f93189ec412e64f5096ffd2294c2e1b&utm_source=Campaign%20Monitor%20Newsletters&utm_term=how%20the%20COVID-19%20pandemic%20has%20affected%20state%20funding%20for%20public%20higher%20education).

<sup>17</sup> For more information, see CRS Insight IN11258, *State and Local Fiscal Conditions and Economic Shocks*.

<sup>18</sup> See, for example, State Higher Education Finance, “New Report Finds State Funding Remains Below Historic Levels as Public Colleges Brace for a Recession and Expected Budget Cuts,” FY2019 press release, [https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO\\_SHEF\\_FY19\\_Press\\_Release.pdf](https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Press_Release.pdf); and National Association of State Budget Officers, *A Guidebook on State Budgeting for Higher Education*, 2015, <https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Reports/Higher%20Education%20State%20Budgeting%20Guidebook.pdf>.

<sup>19</sup> National Association of State Budget Officers, *A Guidebook on State Budgeting for Higher Education*, 2015, <https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Reports/Higher%20Education%20State%20Budgeting%20Guidebook.pdf>.

<sup>20</sup> See State Higher Education Finance, *State Higher Education Finance*, FY2019, [https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO\\_SHEF\\_FY19\\_Report.pdf](https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Report.pdf).

was still well below the inflation-adjusted pre-recession level as state appropriations struggled to keep pace with increases in student enrollment.

Public two-year IHEs similarly experienced inflation-adjusted declines in state and local appropriations from 2009 to 2013 while enrollment increased to above pre-recession levels during the same period. In subsequent years, appropriations began to increase while enrollment steadily decreased. When state and local appropriations at public two-year IHEs are examined on a per FTE student basis, it is evident that since 2012 a combination of increases in appropriations and reduced enrollment has resulted in a steady increase in per FTE student funding that has surpassed pre-recession levels in recent years. It is worth noting that more than one-third of the decrease in enrollment from 2012 to 2018 is due to the reclassification of public two-year institutions to public four-year institutions.<sup>21</sup>

Overall, these data suggest that state budget declines during the COVID-19 pandemic recession may have lingering effects that public IHEs will deal with for years beyond the recession.

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<sup>21</sup> Using IPEDS data on 12-month FTE enrollment, CRS estimates that 63 public two-year institutions with a combined enrollment of approximately 373,000 were reclassified as public-four year institutions between 2012 and 2018.

**Table 1. Average State and Local Appropriations per Full-Time Equivalent (FTE) Student at Title IV Participating Public IHEs, 2004-2018**  
(2018 dollars)

| Year | Public Four-Year IHEs                 |                                       |                                                | Public Two-Year or Less IHEs           |                                       |                                                |
|------|---------------------------------------|---------------------------------------|------------------------------------------------|----------------------------------------|---------------------------------------|------------------------------------------------|
|      | State and Local Appropriation (\$000) | 12-Month FTE Student Enrollment (000) | State and Local Appropriations per FTE Student | State and Local Appropriations (\$000) | 12-Month FTE Student Enrollment (000) | State and Local Appropriations per FTE Student |
| 2004 | \$53,719,789                          | 5,685                                 | \$9,449                                        | \$23,278,508                           | 4,209                                 | \$5,531                                        |
| 2005 | \$54,613,307                          | 5,789                                 | \$9,434                                        | \$24,976,053                           | 4,168                                 | \$5,992                                        |
| 2006 | \$55,553,343                          | 5,850                                 | \$9,497                                        | \$25,848,230                           | 4,146                                 | \$6,235                                        |
| 2007 | \$58,175,301                          | 5,999                                 | \$9,698                                        | \$27,035,019                           | 4,141                                 | \$6,529                                        |
| 2008 | \$60,989,997                          | 6,179                                 | \$9,870                                        | \$27,396,075                           | 4,310                                 | \$6,356                                        |
| 2009 | \$57,380,216                          | 6,377                                 | \$8,998                                        | \$27,166,651                           | 4,591                                 | \$5,917                                        |
| 2010 | \$54,358,906                          | 6,796                                 | \$7,999                                        | \$25,923,844                           | 4,993                                 | \$5,192                                        |
| 2011 | \$53,781,664                          | 7,011                                 | \$7,672                                        | \$25,578,878                           | 5,052                                 | \$5,063                                        |
| 2012 | \$48,919,452                          | 7,101                                 | \$6,890                                        | \$24,290,534                           | 4,808                                 | \$5,052                                        |
| 2013 | \$47,974,841                          | 7,027                                 | \$6,827                                        | \$23,873,942                           | 4,593                                 | \$5,198                                        |
| 2014 | \$50,934,172                          | 7,114                                 | \$7,159                                        | \$24,793,172                           | 4,459                                 | \$5,560                                        |
| 2015 | \$52,053,538                          | 7,178                                 | \$7,252                                        | \$25,282,658                           | 4,285                                 | \$5,900                                        |
| 2016 | \$53,280,256                          | 7,298                                 | \$7,301                                        | \$26,654,139                           | 4,146                                 | \$6,429                                        |
| 2017 | \$54,993,659                          | 7,563                                 | \$7,272                                        | \$25,535,013                           | 3,868                                 | \$6,602                                        |
| 2018 | \$56,800,879                          | 7,657                                 | \$7,418                                        | \$25,748,460                           | 3,751                                 | \$6,864                                        |

**Source:** CRS calculations using the U.S. Department of Education's Integrated Postsecondary Education Data System, multiple years. Methodology is described in the **Appendix** of this report.

**Notes:** Finance data are based on an IHE's fiscal year, while FTE student data are based on the academic year. Thus, in a given year there may be a mismatch between the period of time covered for purposes of measuring FTE student enrollment and for purposes of measuring state and local appropriations.

Dollar amounts have been converted to constant 2018 dollars based on the consumer price index for all urban consumers (CPI-U). The CPI-U is based on the academic fiscal year and is constructed by taking the average of the monthly CPI-U from July through June (e.g., the FY2018 index is the average of the monthly indices from July 2017 through June 2018.) When reporting finance data, IHEs report based on the institution's fiscal year. As such, the fiscal year may differ across IHEs.

The number of FTE students is calculated based on the total credit and/or contact hours reported by the institution, which are then converted to an indicator for FTE students. The 12-month FTE student enrollment count includes all undergraduate, graduate, and first professional students served over a 12-month period.

State and local appropriations include amounts received by an institution through acts of a state legislative body (except grants, contracts, and capital appropriations), revenues from appropriations by a governmental entity below the state level, education district taxes, and other similar revenues that result from actions of local governments or citizens.

## Federal Revenue

Federal revenue reflects revenue received through federal programs for specific research projects, operating expenses, and other purposes; and through amounts reported as non-operating revenues from federal agencies that are provided on a non-exchange basis.<sup>22</sup> For the purposes of this report, funding that IHEs receive through the federal student aid programs (e.g., Pell Grant, Direct Loans, GI Bill Benefits) are excluded from revenue and are instead counted as tuition and fee revenue.<sup>23</sup>

Federal revenue (excluding student aid) comprises a relatively small portion (less than 10%) of revenue at public and private nonprofit IHEs (**Figure 1** and **Figure 2**). Private proprietary IHEs receive a negligible amount of federal revenue.<sup>24</sup> Proprietary IHEs may separately receive funding made available through the federal student aid programs that students use to pay for tuition and fees. However, this revenue is not included in federal revenue, but is instead counted as tuition and fee revenue.

Thus far, there have not been any indications of federal revenue decreasing as a result of the COVID-19 pandemic. On the contrary, as previously noted, approximately \$36 billion in emergency federal revenue was provided to IHEs and postsecondary students through the CARES Act (P.L. 116-136) and the Consolidated Appropriations Act, 2021 (P.L. 116-260). While non-student aid federal revenue has historically comprised a small portion of total revenue, it is possible that, at least in the short term, IHEs may become more reliant on federal funds, such as those provided through emergency funding bills.

## Auxiliary, Hospital, and Gifts and Endowments Revenue

IHEs may receive revenue from sources in addition to those discussed above. Three sources that, when combined, comprise a substantial portion of the revenue realized by public four-year and private nonprofit IHEs are auxiliary enterprises, hospitals, and gifts and endowments. These combined sources provided 32% of revenue at public four-year IHEs (**Figure 1**) and 50% at private nonprofit IHEs (**Figure 2**) in FY2018. They provided 4% of revenue at public two-year IHEs and less than 2% at private proprietary IHEs. Within the sectors, there are differences in the relative reliance on these sources.

Auxiliary enterprises are revenues generated by entities that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to the cost of the service. Examples include residence halls, food services, student health services, intercollegiate athletics, and college stores. Projected revenue from auxiliary enterprises during the pandemic will likely depend on the reopening plans of IHEs. For example, IHEs that do not open residence halls, or do so in a manner that makes them available to fewer students, would lose some revenue generated

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<sup>22</sup> Definition retrieved from IPEDS 2018-2019 Data Collection System Finance Survey Materials, <https://nces.ed.gov/ipeds/use-the-data/annual-survey-forms-packages-archived?section=Finance>.

<sup>23</sup> Public IHEs generally include Pell Grants when reporting federal revenue, while nonprofit and proprietary IHEs have the option to include Pell Grants in federal revenue or tuition and fee revenue. To account for this difference, CRS adjusted the federal revenue and tuition and fee revenue calculations according to IHEs' treatment of Pell Grants. See the **Appendix** for more information.

<sup>24</sup> Proprietary IHEs do separately receive funding made available through the federal student aid programs. However, this revenue is not included in federal revenue, but is instead counted as tuition and fee revenue.

from residence halls and associated food services (e.g., dining halls), but could still be responsible for associated expenditures such as facilities maintenance or debt.

Approximately 73% of public four-year IHEs and 70% of nonprofit IHEs offer on-campus housing and/or board (meal plans) to students, while 19% of public two-year IHEs and 2% of proprietary IHEs offer such services. Thus, public four-year IHEs and nonprofit IHEs not fully reopening residence halls or offering more limited food services may experience a more substantial impact on their total revenue.<sup>25</sup> Additionally, some IHEs cancelled their fall and winter athletic programs for the 2020-2021 academic year.<sup>26</sup> Others have greatly limited in-person attendance at athletic events. Approximately 60% of public four-year IHEs are members of the National Collegiate Athletic Association (NCAA), while 36% of nonprofit IHEs are NCAA members. A recent report notes that for those IHEs participating in the major athletic conferences, the revenue generated from athletic programs is essential for paying debt associated with athletic-related facilities.<sup>27</sup> Thus, while the revenue generated will decrease if IHEs are not participating in or are allowing only limited attendance at athletic events, they will still incur the associated expenses.

Hospital revenues are operating revenues<sup>28</sup> for a hospital operated by the institution and clinics<sup>29</sup> associated with training.<sup>30</sup> Early reports suggest that state restrictions on elective surgeries to increase hospital capacity for COVID-19 patients resulted in a major loss in revenue at hospitals.<sup>31</sup> Roughly 7% of public four-year IHEs and roughly 2% of nonprofit IHEs reported any hospital revenue in FY2018.<sup>32</sup> Proprietary IHEs generally do not have hospital revenue. While on average, hospital revenue comprised 15% of revenue at public four-year IHEs (**Figure 1**), of those 7% reporting hospital revenue, it comprised 37% of total institutional revenue. Likewise, for the 2% of nonprofit IHEs reporting any hospital revenue, it comprised 43% of total institutional revenue. Thus, while declines in hospital revenue have likely affected a relatively small subset of public four-year and nonprofit IHEs, the effects on those IHEs that generate any revenue from hospitals could be substantial. It is not clear if university hospitals were able to recover those losses once states loosened restrictions.

Gifts, investment returns, and endowments include revenues from private donors for which no legal consideration is provided; revenues derived from the institution's investments, including investments of endowment funds; and additions to endowments that are permanently nonexpendable. Gifts, investment, and endowment revenue comprised 31% of revenue at private nonprofit IHEs in FY2018 (**Figure 2**). Volatility in the stock market during the COVID-19 pandemic has caused some fluctuations in endowment values that may have implications for

<sup>25</sup> Matt Zalaznick, "How to reconfigure residence halls for the COVID-era," *University Business*, June 19, 2020.

<sup>26</sup> Doug Lederman, "COVID-19 Roundup: A Domino Falls on Winter Sports," *Inside Higher Ed*, October 9, 2020.

<sup>27</sup> Moody's Investor Services, "College Sports Postponements Dampen Revenue Prospects, though Interruption in Debt Payments is Unlikely," August 12, 2020.

<sup>28</sup> Patient and contractual allowances are deducted.

<sup>29</sup> Clinics associated with student health services programs are excluded.

<sup>30</sup> Definition retrieved from IPEDS 2018-2019 Data Collection System Finance Survey Materials, <https://nces.ed.gov/ipeds/use-the-data/annual-survey-forms-packages-archived?section=Finance>.

<sup>31</sup> See, for example, Emma Whitford, "Pandemic Hits Academic Hospitals Hard," *Inside Higher Ed*, May 4, 2020, <https://www.insidehighered.com/news/2020/05/04/university-affiliated-hospitals-suffer-huge-revenue-losses>; and *Hospitals and Health Systems Face Unprecedented Financial Pressures Due to COVID-19*, American Hospital Association, May 2020, <https://www.aha.org/guidereports/2020-05-05-hospitals-and-health-systems-face-unprecedented-financial-pressures-due>.

<sup>32</sup> CRS calculations using IPEDS.



IHEs' endowment spending behavior. However, a recent survey found that most IHEs were planning to maintain spending practices for FY2021.<sup>33</sup>

## Changes in Institutional Expenditures

While much of the discussion on postsecondary finances since the COVID-19 pandemic began has focused on revenue, some researchers have noted that institutional expenditures are also likely to be impacted in a few key ways. First, IHEs may incur additional costs directly related to the pandemic, including the increased technological costs associated with transitioning to remote learning<sup>34</sup> and the costs associated with implementing health and safety precautions to help prevent the spread of the disease (e.g., installing protective barriers, redesigning dorms and/or classrooms, COVID-19 testing and purchasing personal protective equipment for students and faculty) for IHEs holding in-person classes. Some research indicates that the development of online courses may cost more than in-residence courses, but there can be wide variation in cost depending on the online design.<sup>35</sup> Second, while there may be fewer people on campuses, IHEs may still incur costs for facilities, maintenance, security, debt, and other expenses. Lastly, while some IHEs have reportedly implemented strategies to reduce expenditures (e.g., reducing staff and enacting hiring freezes), it is unclear if these reductions will offset the expected losses in revenue.

## Enrollment and the COVID-19 Pandemic

Enrollment is a key indicator of an institution's stability and is a cornerstone of its financial strategy. Enrollment is directly associated with tuition and other forms of revenue such as auxiliary fees for room and board. Additionally, some states allocate a portion of funding to public IHEs on a per-student basis.<sup>36</sup> If the COVID-19 pandemic leads to reductions in enrollment at IHEs (or certain subsets of IHEs), it could result in unanticipated declines in tuition revenue and state funding and jeopardize the operations and stability of the affected institutions.<sup>37</sup> While much of the discussion on this issue has focused on reduced enrollment, it is also possible that at least some IHEs (or certain subsets of IHEs) will experience increased enrollment in light of the pandemic.

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<sup>33</sup> See National Association of College and University Business Officers (NACUBO), *COVID-19 Endowment Impacts and Stewardship Strategies*, June 12, 2020, <https://www.nacubo.org/Research/2020/COVID-19-Research/Q1-2020-Endowment-Survey>.

<sup>34</sup> Di Xu and Ying Xu, *The Promises and Limits of Online Higher Education*, American Enterprise Institute, March 2019, pp. 20-21.

<sup>35</sup> Ibid.

<sup>36</sup> James Dean Ward, Cindy Le, and Elizabeth Davidson Pisacreta et al., *The Strategic Alignment of State Appropriations, Tuition, and Financial Aid Policies*, Ithaka S+R, October 2, 2019, <https://sr.ithaka.org/wp-content/uploads/2019/10/SR-Issue-Brief-Strategic-Alignment-State-Appropriations-Tuition-Financial-Aid-10022019.pdf>; and National Association of State Budget Officers, *A Guidebook on State Budgeting for Higher Education*, 2015, <https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Reports/Higher%20Education%20State%20Budgeting%20Guidebook.pdf>.

<sup>37</sup> In cases where public funding is based on prior years' enrollment, declines in support may lag behind actual enrollment declines. This may contrast with tuition revenue, which is a more real-time factor.

## Historical Background and Recent Trends<sup>38</sup>

Throughout the second half of the 20<sup>th</sup> century and into the first decade of the 21<sup>st</sup> century, total postsecondary enrollment increased consistently. Total postsecondary enrollment peaked around 2011 and has declined somewhat since then.<sup>39</sup> The peak enrollment may have been the culmination of a long-term increase in enrollment rates (i.e., the share of individuals enrolling in postsecondary education), possibly abetted by a short-term increase due to a high unemployment rate.<sup>40</sup> The overall size of the primary college-going population (age 15-24) was also slightly higher in 2011 than in 2018.<sup>41</sup>

**Table 3** presents recent trends in postsecondary enrollment and the national unemployment rate. Since the enrollment peak around 2011, which follows the unemployment peak in 2010, the largest enrollment declines were at two-year public institutions and proprietary institutions. Enrollment at both public four-year institutions and private nonprofit institutions increased between 2011 and 2018. Some of the shift in enrollment is due to sector reclassification of some institutions over the period of review. For example, 67 public-two year institutions with a combined FTE enrollment of approximately 424,000 students were reclassified as public-four year institutions between 2011 and 2018.<sup>42</sup> Thus, approximately one-third of the change in enrollment at public-two year institutions was due to sector reclassification.

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<sup>38</sup> This section uses two data sources. Data from the U.S. Census Bureau are used to discuss longer-term historical trends and to contextualize the postsecondary population in the overall population, while data from IPEDS provides the most detailed data on specific types of institutions. While this section uses both sources to offer a broader perspective, their data are not directly comparable.

<sup>39</sup> See United States Census Bureau, “CPS Historical Time Series Tables on School Enrollment,” particularly table A-7, <https://www.census.gov/data/tables/time-series/demo/school-enrollment/cps-historical-time-series.html>.

<sup>40</sup> For historical data on postsecondary enrollment rates, see *Digest of Education Statistics*, Table 103.20 and Table 302.60, which are based on Census data. See also U.S. Census Bureau, “Postsecondary Enrollment Before, During and Since the Great Recession,” April 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/P20-580.pdf>.

<sup>41</sup> Students age 24 and under make up approximately 73% of undergraduate students and about 66% of total postsecondary students. See *Digest of Education Statistics*, Table 303.50, based on IPEDS. In 2011, the total population of the age 15-24 cohort was about 43.8 million. In 2018, it declined to about 42.9 million. See U.S. Census Bureau, “National Population by Characteristics: 2010-2019,” <https://www.census.gov/data/tables/time-series/demo/popest/2010s-national-detail.html>.

<sup>42</sup> CRS calculations using IPEDS data on 12-month full-time equivalent enrollment.

**Table 2. Enrollment in Title IV Participating IHEs by Control and Level and National Unemployment Rate, 2004-2018**

12-month, full-time equivalent students, in thousands

| Academic<br>Year<br>Ending | Enrollment            |                  |                      |                     |                       |                         | Unemployment<br>(%) |
|----------------------------|-----------------------|------------------|----------------------|---------------------|-----------------------|-------------------------|---------------------|
|                            | Total, All<br>Sectors | Public,<br>Total | Public,<br>Four-Year | Public,<br>Two-Year | Private,<br>Nonprofit | Private,<br>Proprietary |                     |
| 2004                       | 15,387                | 9,894            | 5,685                | 4,209               | 3,091                 | 2,401                   | 5.8                 |
| 2005                       | 15,479                | 9,957            | 5,789                | 4,168               | 3,053                 | 2,469                   | 5.3                 |
| 2006                       | 14,652                | 9,996            | 5,850                | 4,146               | 3,131                 | 1,525                   | 4.8                 |
| 2007                       | 15,010                | 10,140           | 5,999                | 4,141               | 3,148                 | 1,723                   | 4.5                 |
| 2008                       | 15,642                | 10,489           | 6,179                | 4,310               | 3,270                 | 1,882                   | 4.9                 |
| 2009                       | 16,687                | 10,968           | 6,377                | 4,591               | 3,413                 | 2,306                   | 7.6                 |
| 2010                       | 17,934                | 11,789           | 6,796                | 4,993               | 3,654                 | 2,491                   | 9.8                 |
| 2011                       | 18,455                | 12,062           | 7,011                | 5,052               | 3,739                 | 2,653                   | 9.3                 |
| 2012                       | 18,327                | 11,908           | 7,101                | 4,808               | 3,796                 | 2,622                   | 8.5                 |
| 2013                       | 17,588                | 11,620           | 7,027                | 4,593               | 3,781                 | 2,188                   | 7.8                 |
| 2014                       | 17,322                | 11,574           | 7,114                | 4,459               | 3,822                 | 1,926                   | 6.8                 |
| 2015                       | 17,184                | 11,463           | 7,178                | 4,285               | 3,811                 | 1,910                   | 5.7                 |
| 2016                       | 16,872                | 11,444           | 7,298                | 4,146               | 3,840                 | 1,588                   | 5.0                 |
| 2017                       | 16,773                | 11,430           | 7,563                | 3,868               | 3,859                 | 1,484                   | 4.7                 |
| 2018                       | 16,695                | 11,408           | 7,657                | 3,751               | 3,883                 | 1,404                   | 4.1                 |

**Source:** IPEDS, see methodology in prior section; Bureau of Labor Statistics, national unemployment rate.**Notes:** To align with academic year, unemployment rate is the average for the 12 months ending in June in the specified year. For example, the unemployment rate for 2018 is for the 12-month period ending in June 2018.

## The COVID-19 Pandemic and Enrollment: A Confluence of Factors

The COVID-19 pandemic coincided with enrollment changes in fall 2020 and may influence enrollment in the coming semesters. A major challenge in considering this issue is the broad reach of the pandemic and the competing effects of many pandemic-related factors that may influence students in different ways. Further, pandemic-related factors may have a concentrated effect on enrollment at certain types of institutions, complicating some conclusions about the overall relationship between enrollment and the pandemic.

### Enrollment Indicators for Fall 2020

While IPEDS data for fall 2020 are not yet available, other indicators show a decline in overall postsecondary enrollment, with significant variations by institution type, program type, and student class level. As of November 19, 2020, the National Student Clearinghouse (NSC) reported an overall postsecondary enrollment decline of 2.5% from the prior year. This marked an

acceleration from fall 2019, when postsecondary enrollment declined 1.3% from fall 2018.<sup>43</sup> Institutions reporting to the NSC account for approximately 97% of total enrollment at Title IV, degree-granting institutions in the U.S.<sup>44</sup>

Between fall 2019 and fall 2020, enrollment among undergraduates declined approximately 3.6%. The largest declines were at public two-year institutions (-10.1%). Undergraduate enrollment declines from the prior year were considerably lower at public four-year institutions (-0.7%) and private nonprofit four-year institutions (-1.4%). Undergraduate enrollment at proprietary institutions increased 6.4%. The declines in undergraduate enrollment were offset somewhat by a 3.6% increase in graduate enrollment.<sup>45</sup>

The NSC data reported more concentrated declines in enrollment among first-time students.<sup>46</sup> Among this population, enrollment across sectors was down about 13%. Compared to the prior year, fall 2020 enrollment at public two-year institutions reported larger year-over-year declines in first-time beginning students (-21%) than public four-year institutions (-8.1%) and four-year private nonprofit institutions (-10.5%).<sup>47</sup>

Beyond the NSC data, other sources have corroborated overall enrollment trends by sector but noted substantial variation among individual institutions within sectors. For example, many public two-year institutions reported enrollment changes higher or lower than the national average, while many four-year institutions reported little change or even an increase in undergraduate enrollment.<sup>48</sup>

## Unemployment and Labor Market Effects on Enrollment

Postsecondary enrollment increased during the extended period of high unemployment following the Great Recession.<sup>49</sup> Total enrollment peaked around 2011 and gradually declined in the subsequent years, coinciding with an improved labor market. In 2018, total postsecondary enrollment was almost 10% below its 2011 peak. (See **Table 2.**) In prior recessions, the relationship between unemployment and postsecondary enrollment was more nuanced.<sup>50</sup>

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<sup>43</sup> National Student Clearinghouse Research Center, “Current Term Enrollment Estimates, Fall 2020,” December 2020, Table 1, [https://nscresearchcenter.org/wp-content/uploads/CTEE\\_Report\\_Fall\\_2020.pdf](https://nscresearchcenter.org/wp-content/uploads/CTEE_Report_Fall_2020.pdf).

<sup>44</sup> Ibid. Page 22 describes differences between the NSC data and IPEDS.

<sup>45</sup> Ibid., Table 3.

<sup>46</sup> Ibid. The survey’s methodological notes define *first-time students* as those “who had no enrollment or degree and certificate award records at Title IV U.S. Institutions prior to fall 2020, unless the previous enrollment record was before the student turned 18 years old or before the student graduated from high school (dual enrollment).” See notes associated with Table 2.

<sup>47</sup> Ibid., Table 2.

<sup>48</sup> For example, a survey conducted by the *Chronicle of Higher Education* and partners published in October 2020 reported that about 50% of primarily associate’s degree-granting institutions had enrollment declines of more than 10%, while about 10% of similar institutions reported enrollment increases. In the same report, more than 65% of the members of the Association of American Universities (a collective of 65 public and private research universities) reported no change in enrollment or an increase. See Eric Kelderman, “We Haven’t Begun to Feel the Real Economic Damage,” *Chronicle of Higher Education*, October 14, 2020, <https://www.chronicle.com/article/we-havent-begun-to-feel-the-real-economic-damage>. Enrollment trends were similar in a survey of university presidents by the American Council on Education that was published in December 2020. See “College and University Presidents Respond to COVID-19: 2020 Fall Term Survey, Part II,” [acenet.edu/Research-Insights/Pages/Senior-Leaders/College-and-University-Presidents-Respond-to-COVID-19-2020-Fall-Term-Part-Two.aspx](https://acenet.edu/Research-Insights/Pages/Senior-Leaders/College-and-University-Presidents-Respond-to-COVID-19-2020-Fall-Term-Part-Two.aspx).

<sup>49</sup> U.S. Census Bureau, “Postsecondary Enrollment Before, During, and Since the Great Recession,” April 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/P20-580.pdf>.

<sup>50</sup> One challenge in assessing the relationship between the labor market and postsecondary enrollment during prior

The labor market during and following the COVID-19 pandemic is uncertain, though many analyses suggest that relatively high unemployment may persist for several years.<sup>51</sup> It is possible that postsecondary enrollment in light of the pandemic labor market may ultimately mirror the increase in the period following the Great Recession. It is also possible, however, that factors specific to the COVID-19 pandemic could offset potential labor market effects. For example, some IHEs' shifts to remote learning and the general fluidity of institutions' operations may make it a less attractive option for unemployed workers who are at the margins of considering enrollment. Further, the unique nature of the pandemic labor market may influence decisionmaking. For example, if a large share of unemployed workers expect to return to jobs that were interrupted by the pandemic, it may lead to lower-than-usual enrollment rates among the unemployed.

## Challenges in Interpreting Surveys

Various research entities have conducted surveys of students and other education stakeholders with the goal of quantifying the effect of the COVID-19 pandemic, including on enrollment prospects.<sup>52</sup> The findings of these surveys have varied, sometimes dramatically, based on when they were conducted, how questions were posed, and other factors. As such, it can be difficult to map survey results (particularly enrollment implications) against the actual combination of circumstances that have emerged.

Another challenge in interpreting surveys is that surveys that have been conducted for the first time during the pandemic lack a pre-pandemic baseline. For example, the Pulse survey from the U.S. Census Bureau asked about household members who may have changed their postsecondary education plans since the onset of the pandemic.<sup>53</sup> The survey found large numbers of households with individuals who had canceled all plans to take postsecondary courses in the fall.<sup>54</sup> It may be misleading, however, to attribute the entirety of these cancellations to the COVID-19 pandemic because it is likely that some number of students cancel postsecondary education plans every year. Without a baseline from prior years, it is difficult to estimate the independent effect of the pandemic.

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recessions is separating labor market effects from the ongoing enrollment increase through the 20<sup>th</sup> century. Some research focusing on recessions from 2001 and earlier has identified some relationship between the labor market and postsecondary enrollment for certain types of students and certain types of institutions. For examples, see literature review and historical data in Lisa Barrow and Jonathan Davis, "The Upside of Down: Postsecondary Enrollment in the Great Recession," *Economic Perspectives*, Federal Reserve Bank of Chicago, 2012, <https://www.chicagofed.org/publications/economic-perspectives/2012/4q-barrow-davis>.

<sup>51</sup> For example, the Congressional Budget Office (CBO) has projected an unemployment rate of 7.6% for 2021 and 6.9% for 2022. See CBO, "An Update to the Economic Outlook: 2020 to 2030," July 2020, <https://www.cbo.gov/publication/56465>.

<sup>52</sup> See, for example, Eric Hoover, "COVID-19: The Crisis that Launched 1,000 Student Surveys," *Chronicle of Higher Education*, March 30, 2020, <https://www.chronicle.com/article/covid-19-the-crisis-that-launched-1-000-student-surveys/>.

<sup>53</sup> For example, see U.S. Census Bureau, "Week 20 Household Pulse Survey: November 25 -December 7," particularly Education Tables 6 and 7, <https://www.census.gov/data/tables/2020/demo/hhp/hhp20.html>.

<sup>54</sup> A challenge in interpreting Pulse Survey data is that data are not reported as individual prospective students, but rather as the much larger "Total Population 18 Years and Older in Households Where at Least One Adult Was Planning On Taking Classes This Fall From a Post High School Institution." In the Week 20 survey cited in the prior footnote, approximately 35% of the reference population was in a household where "all plans to take classes this fall have been cancelled."

## **Influence of Remote Learning on Enrollment**

In spring 2020, most IHEs made an unscheduled shift to moving their coursework to a remote learning model.<sup>55</sup> Many students expressed some level of dissatisfaction with their remote learning experience and expressed a preference to return to in-person learning.<sup>56</sup> This preference may have impacted many schools' initial plans to offer in-person classes in the fall of AY2020-2021. Due to the pandemic, many IHEs have reduced their previously scheduled in-person class offerings or even moved all of their educational programs to remote learning.<sup>57</sup>

The enrollment impact of expanded remote learning is unclear. It is possible that student aversion to remote learning and the inability of institutions to offer certain courses remotely was a key factor in some of the enrollment declines. Conversely, it is possible that improved remote learning experiences, limited other options, and evolving views on the necessity of remote learning partially offset what could have been even larger enrollment declines.

Some of the challenges with remote learning in spring 2020 were a product of an abrupt shift in formats. Some evidence suggests that the sudden transition to remote learning by some IHEs at that time did not employ state-of-the-art strategies, delivery, and accountability.<sup>58</sup> In some cases, the online infrastructure was inadequate, faculty were not prepared to redesign instruction, and students were not prepared to learn remotely.<sup>59</sup> In at least one survey, a majority of faculty indicated that the quality of the transitioned courses suffered.<sup>60</sup>

With more time to prepare, remote courses in fall 2020 and later may be better received by students than those in the spring of 2020.<sup>61</sup> Many schools reported investments in technology and training to improve the quality of their remote learning offerings. A limitation on these efforts to improve remote learning is that, in at least some cases, remote learning is not possible or practicable. For example, some state licensing bodies require that individuals fulfill a number of practical hours to be eligible for initial licensure.<sup>62</sup> Courses in the physical and life sciences that require practice laboratory methods and protocols may not be able to be moved online.<sup>63</sup>

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<sup>55</sup> The "Administrative and Regulatory Issues Related to Remote Learning" section discusses some of the variation in remote learning models. This section discusses remote learning more generally.

<sup>56</sup> See, for example, Doug Lederman, "How College Students Viewed This Spring's Remote Learning," *Inside Higher Education*, May 20, 2020, <https://www.insidehighered.com/digital-learning/article/2020/05/20/student-view-springs-shift-remote-learning>.

<sup>57</sup> For regularly updated information on institutions' reopening plans, see *Chronicle of Higher Education's* ongoing feature, *Here's Our List of Colleges' Reopening Models*, available at <https://www.chronicle.com/article/heres-a-list-of-colleges-plans-for-reopening-in-the-fall/>.

<sup>58</sup> R. Garrett, R. Legon, E.E. Fredericksen, and B. Simunich, B, *CHLOE 5: The Pivot to Remote Teaching in Spring 2020 and Its Impact*, The Changing Landscape of Online Education, 2020, <https://encoura.org/project/chloe-5-the-pivot-to-remote-teaching-in-spring-2020-and-its-impact/>.

<sup>59</sup> *Ibid.*, p. 9.

<sup>60</sup> Andrew P. Kelly and Rooney Columbus, *College in the Time of Coronavirus: Challenges Facing American Higher Education*, American Enterprise Institute, July 2020, p. 3, <https://www.aei.org/research-products/one-pager/college-in-the-time-of-coronavirus/>.

<sup>61</sup> Doug Lederman, "What Worked This Spring? Well-Designed and -Delivered Courses," *Inside Higher Ed*, July 8, 2020, <https://www.insidehighered.com/digital-learning/article/2020/07/08/what-kept-students-studying-remotely-satisfied-spring-well>.

<sup>62</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19) (Updated June 16, 2020)*, March 5, 2020, <https://ifap.ed.gov/electronic-announcements/051520UPDATEDGuidanceInterruptStudyRelCOVID19May2020>.

<sup>63</sup> See, for example, Greta Anderson, "Feeling Shortchanged," *Inside Higher Ed*, April 13, 2020,



Student sentiment may be evolving toward an acceptance of remote learning. For example, numerous surveys from early in the pandemic suggested that large majorities of students preferred in-person classes and would change their plans if in-person classes were not offered at their first-choice institution.<sup>64</sup> However, more-recent surveys have shown students expressing support for their schools not opening their campuses.<sup>65</sup> Further, large shares of IHEs moving to remote learning may reduce the possibility of a student moving to an IHE that offered in-person learning if their first-choice IHE only offered remote learning.

## **Enrollment of International Students**

International students, generally defined as students who are not United States citizens or permanent residents and who came to the United States for the purpose of attending school, account for approximately 5% of postsecondary enrollment (including both undergraduate and graduate students).<sup>66</sup> These students, on average, receive less institutional aid than domestic students and therefore pay higher net tuition.<sup>67</sup> The share of international students varies by institution and some schools rely on these students more for revenue than others.<sup>68</sup>

While definitive data on the enrollment patterns of international students in AY2020-2021 are not yet available, the COVID-19 pandemic may complicate the enrollment of international students for several reasons. International travel restrictions may create challenges for students traveling between their institutions and home countries. International students are also subject to U.S. immigration policy, and shifting policies during the pandemic could reduce the enrollment of international students.<sup>69</sup> Various pandemic-related factors, including schools shifting exclusively to remote learning, could also make U.S.-based institutions less attractive for international students.

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<https://www.insidehighered.com/news/2020/04/13/students-say-online-classes-arent-what-they-paid>.

<sup>64</sup> For example, a survey of high school seniors in April 2020 found that only 18% of respondents would not change their plans if their college had a remote semester in fall 2020. Of the remaining respondents, 48% said they would defer enrollment or look for a different school and 38% were uncertain. See McKinsey and Company, “COVID-19 and US higher education enrollment: Preparing leaders for fall,” May 21, 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-and-us-higher-education-enrollment-preparing-leaders-for-fall>. Also see, for example, Doug Lederman, “How College Students Viewed This Spring’s Remote Learning,” *Inside Higher Education*, May 20, 2020, <https://www.insidehighered.com/digital-learning/article/2020/05/20/student-view-springs-shift-remote-learning>.

<sup>65</sup> For example, an August 2020 survey found that 68% of surveyed students agreed or strongly agreed with their school’s decision to not re-open for on-campus instruction in the fall. See SimpsonScarborough, “National Student Survey, Part III,” August 2020, <https://info.simpsonscarborough.com/hubfs/SimpsonScarborough%20National%20Student%20Survey,%20Pt.%20III.pdf>.

<sup>66</sup> U.S. Department of Education, *Digest of Education Statistics 2019*, Table 306.10.

<sup>67</sup> For example, data from the National Postsecondary Student Aid Survey reported that at public four-year institutions, undergraduate international students paid net tuition of more than \$18,300 compared to about \$8,300 for U.S. citizens. Estimates were generated by CRS using the 2015-2016 NPSAS sample and the NPSAS PowerStats tool on the National Center for Education Statistics website. CRS cross-tabulated the variables for tuition and fees paid with citizenship (which disaggregates “foreign or international student”) and the sector and control of the institution. Data can be replicated at <https://nces.ed.gov/datalab/index.aspx>.

<sup>68</sup> See, for example, Elizabeth Redden, “A Bleak Picture for International Enrollment,” *Inside Higher Ed*, May 26, 2020, <https://www.insidehighered.com/news/2020/05/26/colleges-expect-few-new-international-students-will-make-it-their-campus-fall>. This article cites an unspecified report from Moody’s that “among the U.S. universities ... 36 percent rely on international students for more than 10 percent of their total revenue.”

<sup>69</sup> See, for example, Miriam Berger, “The pandemic has damaged the appeal of studying in the United States for some international students,” *Washington Post*, July 23, 2020; <https://www.washingtonpost.com/world/2020/07/23/coronavirus-international-students-united-states-enrollment-reputation/>.

## Administrative and Regulatory Issues Related to Remote Learning

As a consequence of the COVID-19 pandemic, for health and safety reasons most IHEs offer or make available more remote learning opportunities than they offered before the pandemic. Remote learning refers to educational instruction with a separation in time, place, or both between the student and instructor. Content may be delivered synchronously (i.e., students engage with an instructor in real time) or asynchronously (i.e., instructors provide pre-recorded or pre-configured content to students). Some IHEs and programs employ a mix of the models for different students or different content. Generally, remote learning must meet additional requirements compared to in-person instruction for enrolled students to have access to federal student financial aid programs, as authorized by Title IV of the Higher Education Act (HEA), as amended. HEA Title IV authorizes the primary sources of federal student aid to support postsecondary education (e.g., Pell Grants and Direct Loans). HEA Title IV aid is a source of IHE tuition and fees and auxiliary revenues.

This section of the report provides background on remote learning prior to the COVID-19 pandemic. It also describes the effect that the transition to more remote learning has on the ability of IHEs to administer HEA Title IV aid, which plays a fundamental role in enabling students to meet the cost of attendance. IHEs that offered all courses via remote learning prior to the pandemic may not experience much change.

### Pre-pandemic Remote Learning

Since at least the 1960s, Congress has passed several legislative provisions limiting student access to federal education benefits while enrolled in remote learning in response to concerns about its quality and benefit abuses.<sup>70</sup> A 2019 analysis of studies of postsecondary online courses at community colleges found that students in such courses were more likely to withdraw than students in in-residence courses.<sup>71</sup> In addition, a 2020 review of research indicated that higher risk students have poorer academic outcomes from online courses compared to in-residence courses.<sup>72</sup>

In fall 2019, prior to the COVID-19 pandemic, about 49 IHEs (7 public, 17 private nonprofit, and 25 proprietary), representing 3% of unduplicated postsecondary enrollment, offered all programs completely via distance education.<sup>74</sup> Over half of IHEs offered some distance education opportunities (**Table 3**). For example, 97% public four-year IHEs and 89% of public two-year IHEs offered at least some distance

#### Distance Education

Distance education, which may be offered synchronously or asynchronously, uses the internet or other specified technology to deliver instruction to students separated from the instructor while ensuring “regular and substantive interaction between the students and the instructor.”<sup>73</sup>

<sup>70</sup> For example, the Veterans Readjustment Benefits Act of 1966 (P.L. 89-358) prohibited GI Bill benefits for on-the-job or on-the-farm courses offered through open circuit television or radio and for programs of education leading to a standard college degree offered through a majority of open circuit television or radio courses.

<sup>71</sup> Di Xu and Ying Xu, *The Promises and Limits of Online Higher Education*, American Enterprise Institute, March 2019, <https://www.aei.org/research-products/report/the-promises-and-limits-of-online-higher-education/>.

<sup>72</sup> The Institute for College Access and Success, *Untangling the Web: How to Monitor the Risks of Online Education*, July 2020, p. 5, <https://ticas.org/wp-content/uploads/2020/07/untangling-the-web.pdf>.

<sup>73</sup> HEA §103(7); 20 U.S.C. §1003(7); 34 C.F.R. §600.2.

<sup>74</sup> CRS analysis of IPEDS, 2019 IHEs and 12-month unduplicated enrollment in AY2018-2019.



education opportunities. In contrast, 3% of less-than-two-year IHEs offered some distance education opportunities.<sup>75</sup>

**Table 3. Percentage of IHEs Offering Distance Education Opportunities, by Sector (Fall 2019)**

| Institutional Sector                    | Percentage Offering Distance Education Opportunities |
|-----------------------------------------|------------------------------------------------------|
| Public, four-year                       | 97%                                                  |
| Private nonprofit, four-year            | 75%                                                  |
| Private proprietary, four-year          | 76%                                                  |
| Public, two-year                        | 89%                                                  |
| Private nonprofit, two-year             | 31%                                                  |
| Private proprietary, two-year           | 29%                                                  |
| Public, less-than two-year              | 7%                                                   |
| Private nonprofit, less-than two-year   | 5%                                                   |
| Private proprietary, less-than two-year | 2%                                                   |
| Total                                   | 55%                                                  |

**Source:** CRS analysis of U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS) for AY2019-2020.

## HEA Title IV Institutional and Program of Education Eligibility Issues

For students to receive HEA Title IV aid for their enrollment in a program of education at an IHE, the IHE and program must meet several eligibility criteria established by the HEA and regulations. For a full description of HEA Title IV institutional and program of education eligibility criteria, see CRS Report R43159, *Institutional Eligibility for Participation in Title IV Student Financial Aid Programs*. Transitioning programs of education to a remote learning format and offering remote learning may affect an IHE's or program's, and therefore a student's, eligibility for HEA Title IV aid. The following subsections briefly describe potential concerns related to the transition to remote learning in four key areas.

### ED Approval of Distance Education

Under the regular approval process, some institutions may be required to seek ED approval for the use or expansion of distance learning programs;<sup>76</sup> however, regulations and guidance are unclear on the extent to which ED approval of distance education is typically required. In response to the COVID-19 pandemic, ED has provided flexibility to IHEs to use distance education without ED approval, if required, for payment periods that overlap March 5, 2020, or

<sup>75</sup> IPEDS.

<sup>76</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19)*, March 5, 2020.

that begin on or between March 5, 2020, and December 31, 2020, or until the end of the pandemic, whichever occurs later.<sup>77</sup> The scope of effect of this flexibility is unclear.<sup>78</sup>

## Correspondence Courses

For purposes of HEA Title IV, a correspondence course provides instructional materials and exams to students who do not physically attend classes at the IHE but does not provide “regular and substantive interaction between the students and the instructor.”<sup>79</sup> Generally, an IHE may not offer more than 50% of its courses as correspondence courses or enroll 50% or more of its students in correspondence courses.<sup>80</sup> The limitation on correspondence courses and correspondence enrollment may affect the ability of some IHEs to transition to remote learning. Such IHEs may have to offer courses via distance education or require some portion of in-person interaction.

## State Authorization

To protect students from fraud and abuse, an IHE offering postsecondary distance education or correspondence courses must meet any of the requirements of the state (known as state authorization) in which the IHE is located.<sup>81</sup> In addition, an IHE offering postsecondary distance education or correspondence courses to students located in a state in which the IHE is not physically located must obtain state authorization from the states in which the students are located.<sup>82</sup> In lieu of achieving authorization in multiple states, an IHE may participate in a state authorization reciprocity agreement to offer the program of education.<sup>83</sup> ED has waived the requirement for state authorization from states in which distance education students are located, for payment periods that overlap March 5, 2020, or begin after March 5, 2020, through the end of the payment period that begins after the date on which the COVID-19 emergency is rescinded.<sup>84</sup>

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<sup>77</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19)*, March 5, 2020; and U.S. Department of Education, Office of Postsecondary Education, *Updated deadlines for flexibilities related to Coronavirus (COVID-19)*, August 21, 2020.

<sup>78</sup> Distance education programs offered by foreign IHEs, and those offered in whole or in part in the United States by foreign IHEs, are generally ineligible to participate in the HEA Title IV Direct Loan program. The CARES Act (P.L. 116-136) authorizes ED to permit Direct Loan eligibility for such programs for the duration of a qualifying emergency.

<sup>79</sup> 34 C.F.R. §600.2.

<sup>80</sup> HEA §102(a)(3)(A) and (B); 20 U.S.C. §1002(a)(3)(A) and (B). The requirements do not apply to “technical institute[s] or vocational school[s] used exclusively or principally for the provision of vocational education to individuals who have completed or left high school and who are available for study in preparation for entering the labor market” under Section 3(3)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act of 1995 (34 C.F.R. §600.7(b)(2)). The second limitation may be waived if an IHE offers a two-year associate’s degree or four-year bachelor’s degree program and it demonstrates to ED that in the award year, students who were enrolled in correspondence courses received 5% or less of the total FSA funds received by all of the IHE’s students (34 C.F.R. §600.7(b)(2)). ED, *FSA Handbook*, vol. 2, p. 103.

<sup>81</sup> 34 C.F.R. §600.9(c).

<sup>82</sup> 34 C.F.R. §600.9(c).

<sup>83</sup> A state reciprocity agreement is “an agreement between two or more States that authorizes an institution located and legally authorized in a State covered by the agreement to provide postsecondary education through distance education or correspondence courses to students residing in other states covered by the agreement.” 34 C.F.R. §600.2.

<sup>84</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19)*, March 5, 2020; and Department of Education, Office of Postsecondary Education, “Federal Student Aid Programs (Student Assistance General Provisions, Federal Perkins Loan Provisions, Federal Perkins Loan Program, William D. Ford Federal Direct Loan Program, and Federal- Work Study Programs),” 85 *Federal Register* 79856-79863, December 11, 2020.

It is unclear whether IHEs that were formerly not offering distance or correspondence education but are offering such education during the pandemic have consistently attained the appropriate state authorization or are now participating in state authorization reciprocity agreements.

## **Accreditation**

HEA Title IV participating IHEs must be accredited by an ED-recognized accrediting agency. All such agencies must regularly reevaluate IHEs or programs and ensure that programs of education with a substantive change in the method of delivery continue to meet their accreditation standards.<sup>85</sup> To ensure the quality of educational programming, distance and correspondence education programs provided by domestic IHEs are eligible for HEA Title IV participation if they have been accredited by an accrediting agency that is recognized by ED to evaluate distance or correspondence education programs, respectively.<sup>86</sup> Accrediting agencies that accredit distance education and correspondence courses must have standards that effectively address the quality of the distance education and correspondence courses but are not required to (but may) have separate standards, procedures, or policies for the evaluation of such coursework.<sup>87</sup>

ED has waived the requirement that IHEs offering distance education be accredited by an accrediting agency recognized by ED to evaluate distance education programs, for payment periods that overlap March 5, 2020, or that begin on or between March 5, 2020, and December 31, 2020, or until the end of the pandemic, whichever occurs later.<sup>88</sup> In addition, ED has also allowed accreditors that are recognized to evaluate distance education to waive their distance education review requirements for IHEs that have developed distance education programs to accommodate COVID-19 pandemic disruptions for the duration of the national emergency and 180 days thereafter.<sup>89</sup> Finally, ED has waived the requirement that accreditors regularly review (including for substantive changes) the IHEs or programs that they accredit for the duration of the national emergency and 180 days thereafter.<sup>90</sup> ED encourages accreditors to develop procedures to review the new distance education programs.<sup>91</sup> It is not clear to what extent some educational programs now offered remotely meet the accrediting agencies' standards. Also unclear is the extent to which IHEs that are accredited by accrediting agencies not recognized by ED to evaluate distance education programs are now offering such programs.

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<sup>85</sup> 34 C.F.R. §602.22(a).

<sup>86</sup> HEA §481(b)(3).

<sup>87</sup> 34 C.F.R. §602.16(d).

<sup>88</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19)*, March 5, 2020; U.S. Department of Education, Office of Postsecondary Education, *UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19) (Updated June 16, 2020)*, May 15, 2020; and U.S. Department of Education, Office of Postsecondary Education, *Updated deadlines for flexibilities related to Coronavirus (COVID-19)*, August 21, 2020.

<sup>89</sup> Department of Education, Office of Postsecondary Education, "Federal Student Aid Programs (Student Assistance General Provisions, Federal Perkins Loan Provisions, Federal Perkins Loan Program, William D. Ford Federal Direct Loan Program, and Federal- Work Study Programs)," 85 *Federal Register* 79856-79863, December 11, 2020.

<sup>90</sup> *Ibid.*

<sup>91</sup> U.S. Department of Education, Office of Postsecondary Education, *UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19)*, April 3, 2020; and Department of Education, Office of Postsecondary Education, "Federal Student Aid Programs (Student Assistance General Provisions, Federal Perkins Loan Provisions, Federal Perkins Loan Program, William D. Ford Federal Direct Loan Program, and Federal- Work Study Programs)," 85 *Federal Register* 79856-79863, December 11, 2020.

The flexibility to offer programs by distance education without accreditor review does not apply to clock-hour courses that lead to licensure if the licensure body will not accept the hours.<sup>92</sup> In addition, the waiver does not explicitly apply to correspondence courses.

## Recent Action and Further Congressional Considerations

As the ongoing effects of the COVID-19 pandemic on IHEs become clearer, Congress may consider a variety of mechanisms to further support IHEs. This section of the report discusses recent forms of assistance provided to IHEs, including direct and indirect financial support and administrative flexibilities. As Congress continues to assess options for supporting IHEs during the pandemic, the following may serve as models in designing or refining supports.

### Direct Financial Support to Institutions

In response to natural disasters and the COVID-19 pandemic, supplemental appropriations have been enacted for ED to provide direct grants to IHEs to defray expenses related to the covered disaster or emergency.<sup>93</sup> Congress and the Administration have the option to define the distribution and use of funds under direct support grants.

For example, the CARES Act (P.L. 116-136) and the Consolidated Appropriation Act, 2021 (P.L. 116-260) provided direct financial support to IHEs through a Higher Education Emergency Relief Fund (HEERF). Under the two HEERF programs, approximately \$36 billion was appropriated for allocation to IHEs to address needs directly related to the pandemic through three types of programs.

The majority of HEERF funds are distributed as direct grants to public, private nonprofit, and proprietary IHEs and postsecondary vocational institutions based on their pre-pandemic relative enrollments. The enrollments variously included Pell Grant recipients not exclusively enrolled in distance education, Pell Grant recipients exclusively enrolled in distance education, non-Pell Grant recipients not exclusively enrolled in distance education, and non-Pell Grant recipients exclusively enrolled in distance education. Under P.L. 116-136, at least 50% of each direct grant had to be used for emergency financial aid grants to students, while the balance had to be used to cover institutional costs associated with significant changes to the delivery of instruction due to the pandemic. Under P.L. 116-260, direct grant funds may be used to defray expenses associated with the pandemic (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll); to carry out student support activities that address needs related to COVID-19; or to provide for emergency financial aid grants to students.

A portion of HEERF funds are distributed to IHEs eligible to participate in programs for minority serving institutions (MSIs) authorized under HEA Title III-A, Title III-B, Title V-A, and Title VII-A-4.<sup>94</sup> These P.L. 116-136 funds must be used for grants to students and/or to defray institutional

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<sup>92</sup> U.S. Department of Education, Office of Postsecondary Education, *Guidance for interruptions of study related to Coronavirus (COVID-19)* (Updated June 16, 2020), March 5, 2020.

<sup>93</sup> For examples of provisions passed in response to natural disasters, see CRS Report R42881, *Education-Related Regulatory Flexibilities, Waivers, and Federal Assistance in Response to Disasters and National Emergencies*.

<sup>94</sup> For more information, see CRS Report R43237, *Programs for Minority-Serving Institutions Under the Higher Education Act*.

expenses. These P.L. 116-260 funds may be used in the same manner as direct grant funds under P.L. 116-260.

The remainder of HEERF funds was made available to public and private nonprofit IHEs with the greatest unmet needs related to the pandemic through the Fund for the Improvement of Postsecondary Education Program (FIPSE) authorized under HEA Title VII-B.<sup>95</sup> Under P.L. 116-136, the Secretary of Education (the Secretary) was required to give priority to IHEs that did not otherwise receive grants of at least \$500,000 through the P.L. 116-136 HEERF direct grants and MSI programs.<sup>96</sup> These P.L. 116-136 funds must be used for grants to students and/or to defray institutional expenses. These P.L. 116-260 funds may be used in the same manner as direct grant funds under P.L. 116-260.

## **Indirect Financial Support to Institutions**

In response to the COVID-19 pandemic recession,<sup>97</sup> supplemental appropriations have been provided to states to fund IHEs. Through this type of indirect support, Congress and the Administration can choose to provide states some measure of discretion in the distribution and uses of funds. State governments may be in a better position than the federal government to gauge which public IHEs and perhaps which private IHEs are most in need of funding.

Under the CARES Act, state governors received \$3.0 billion under the Governor’s Emergency Education Relief (GEER) Fund that could be partially used to support public IHEs. A governor may choose to provide emergency funds to IHEs serving students within the state that he or she determines to “have been most significantly impacted by coronavirus” to support these IHEs in providing educational services and to support the “on-going functionality” of the IHEs. A governor may choose to provide emergency funds to any other IHE within the state that he or she deems “essential for carrying out emergency educational services” to students for activities authorized under various laws administered by ED. Grants may also be awarded to IHEs for the provision of child care and early childhood education, social and emotional support, and the protection of education-related jobs.

Another example of providing indirect support can be found in the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) which was enacted well into the Great Recession to promote economic recovery. ARRA Title XIV provided \$53.6 billion in discretionary funding for the State Fiscal Stabilization Fund, which included \$48.3 billion provided to governors through formula grants to each state. Each governor was required to use the funds for the support of the state’s elementary and secondary education; public IHEs; early childhood education programs and services, as applicable; and public safety and other government services, which included assistance for elementary and secondary education and public IHEs; and for modernization, renovation, or repair of public school facilities and IHE facilities. In part, ARRA was attempting to protect education and other public sector jobs during a period of shortfalls in state and local budgets, and also to invest in infrastructure projects and associated jobs.<sup>98</sup>

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<sup>95</sup> Eligibility for FIPSE, as authorized by HEA, is limited to IHEs as defined in HEA Section 101, and thus excludes proprietary IHEs and postsecondary vocational institutions.

<sup>96</sup> For more information, see CRS Report R46378, *CARES Act Education Stabilization Fund: Background and Analysis*.

<sup>97</sup> The recession is as measured by the National Bureau of Economic Research (NBER), <https://www.nber.org/cycles.html>.

<sup>98</sup> The differences in the approach to providing educational assistance under the CARES Act and ARRA may reflect differences in how the COVID-19 pandemic and recession were expected to affect the higher education sector of the

## Waivers and Flexibilities

In response to many prior natural disasters and to the COVID-19 pandemic, flexibilities and waivers from federal program requirements have been provided to help support IHEs.<sup>99</sup> Such waivers may reduce the required amount of institutional matching funds such that IHEs that have lost some revenues do not also lose federal revenue. Such waivers may also adjust operational, administrative, or reporting requirements associated with some federal revenue to reduce IHE burdens. Waivers and flexibility may continue to garner congressional consideration during the pandemic.

Under the HEA, the Secretary has authority to waive certain IHE requirements under specified programs when a disaster has been federally declared or other exigencies occur.<sup>100</sup> For example, on a case-by-case basis, IHEs may be permitted to shorten the length of an academic year without losing eligibility to participate in the Title IV student aid programs.<sup>101</sup> The “HEA Title IV Institutional and Program of Education Eligibility Issues” section of this report describes key flexibilities offered to IHEs in response to the transition to remote learning as a result of the COVID-19 pandemic. These flexibilities could be further extended or even expanded to accommodate IHEs operations during the pandemic.

Other examples of waivers and flexibilities being employed include the responses to Hurricanes Harvey, Irma, and Maria, and wildfires in 2017. The Further Additional Supplemental Appropriations for Disaster Relief Act, 2018 (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018; P.L. 115-123) authorized the Secretary to modify required and allowable uses of funds under the programs authorized by HEA Title III, Parts A and B, and Title IV, Part A, Subpart 2, Chapters 1 and 2.

As a final example, the CARES Act requires that the Secretary waive the matching requirement for public and private nonprofit IHEs under the Federal Supplemental Educational and Opportunity Grant (FSEOG) and the Federal Work-Study (FWS) programs for funds made available for award years 2019-2020 and 2020-2021.<sup>102</sup>

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economy.

<sup>99</sup> For more information, see CRS Report R42881, *Education-Related Regulatory Flexibilities, Waivers, and Federal Assistance in Response to Disasters and National Emergencies*.

<sup>100</sup> A disaster is a “federally declared disaster” that is declared by the President to be a major disaster or emergency under Section 401 or Section 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5170, 5191).

<sup>101</sup> U.S. Department of Education, “Non-Regulatory Guidance on Flexibility and Waivers for Grantees and Program Participants Impacted by Federally Declared Disasters,” September 2018, <https://www2.ed.gov/policy/gen/guid/disasters/disaster-guidance.docx>.

<sup>102</sup> For an overview of the waivers and flexibilities provided through the CARES Act, see CRS In Focus IF11497, *CARES Act Higher Education Provisions*.



## **Appendix. Background on IPEDS and Data Methodology for Postsecondary Revenue**

### **Background on IPEDS**

IHEs participating in student financial aid programs authorized under Title IV of the HEA are required to complete the Integrated Postsecondary Education Data System (IPEDS) surveys. IPEDS is a series of surveys conducted annually by ED's National Center for Education Statistics (NCES) to gather institutional data on a variety of topics, including institutional finances. Data used to determine the amount of revenue IHEs realize from major sources were obtained from the IPEDS Finance component for FY2018, which are the most recently available data.

### **Data Methodology for Postsecondary Revenue**

Generally, private IHEs report finance data using accounting standards established by the Financial Accounting Standards Board (FASB), while public IHEs generally use standards established by the Governmental Accounting Standards Board (GASB).<sup>103</sup> Because of the differences in reporting standards, IHEs reporting under FASB may classify funds differently than IHEs reporting under GASB. One notable difference is the treatment of Pell Grants disbursed by the institution. Public IHEs reporting under GASB are required to include Pell Grants when reporting revenue from federal grants and contracts. Private nonprofit IHEs and those public IHEs reporting under FASB have the option to either include Pell Grants as federal revenue or treat them as pass-through transactions and exclude them from federal revenue. As a result, in a case where a GASB institution and a FASB institution each receive the same amount of Pell Grants on behalf of their students, the GASB institution will appear to have more federal revenue than the FASB institution.<sup>104</sup> To account for the difference in Pell Grant reporting, Pell Grant disbursements were subtracted from the federal revenue calculation for public IHEs and for nonprofit IHEs that did not treat Pell Grants as pass-through transactions.<sup>105</sup> Additionally, tuition and fee revenue was adjusted to include discounts and allowances that had been applied to tuition and fees.<sup>106</sup> There could be other differences in reporting between IHEs using FASB or GASB; thus, the less than 2% of public IHEs reporting under FASB were excluded from the analysis.<sup>107</sup>

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<sup>103</sup> A small portion of public IHEs report using FASB. In FY2018, there were 1,985 public IHEs, and 30 of them reported using FASB.

<sup>104</sup> See IPEDS Finance Survey Tips Scholarships, Grants, Discounts, and Allowances, <https://nces.ed.gov/ipeds/report-your-data/data-tip-sheet-reporting-finance-data>.

<sup>105</sup> This approach is similar to that taken by the Delta Cost Project. See Delta Cost Project Database History, 1987-2011, [https://www.deltacostproject.org/sites/default/files/database/DCP\\_History\\_Documentation.pdf](https://www.deltacostproject.org/sites/default/files/database/DCP_History_Documentation.pdf).

<sup>106</sup> This approach is similar to that taken by the Delta Cost Project. See Delta Cost Project Database History, 1987-2011, [https://www.deltacostproject.org/sites/default/files/database/DCP\\_History\\_Documentation.pdf](https://www.deltacostproject.org/sites/default/files/database/DCP_History_Documentation.pdf).

<sup>107</sup> This approach is similar to that taken by NCES in the report *Enrollment and Employees in Postsecondary Institutions, Fall 2017*; and *Financial Statistics and Academic Libraries, Fiscal Year 2017*, <https://nces.ed.gov/pubs2019/2019021REV.pdf>.



## Author Information

Benjamin Collins  
Analyst in Labor Policy

Cassandra Dortch  
Specialist in Education Policy

Joselynn H. Fountain  
Analyst in Education Policy

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