

# COVID-19 AND HURRICANE KATRINA: Parallels and Lessons Learned

Although the COVID-19 pandemic may represent a “first of its kind” challenge for higher education, there is precedent for material disruption to college and university operations brought about by a devastating crisis, 2005’s Hurricane Katrina. While certainly not a perfect parallel, the impact of Katrina on colleges and universities in and around New Orleans offers one important insight into how disruptive change was addressed, survived or might have been handled differently. Immediately following the storm, universities like Tulane, Xavier, and Dillard were challenged to react swiftly to ensure the safety of their students, faculty, staff, and community members, and then shift quickly to mid- and longer-term planning, strategy, and action. These universities’ post-Katrina responses resemble the approaches now observed across higher education as institutions respond to COVID-19, illustrating that significant changes to financial, operational, and programmatic profiles may be critical to ensuring longevity.

## Near-Term Operational Changes

Following immediate reactive measures to ensure the health and safety of students, faculty, and staff in late August, New Orleans area institutions began shifting focus to determine how to prepare for and successfully deliver a spring semester, in some form. (Note: at least some of the schools, Tulane in particular, found other institutions willing to enroll their students, thereby distributing them across the country while retaining them as continuing students for the reopening of the campus.) Financial realities began to set in—lost tuition revenues, reconstruction costs, and anticipated enrollment declines, among others—and difficult decisions surrounding personnel (institutions’ largest expense lever, by far) were quickly implemented. The table below summarizes the degree of employment actions—primarily layoffs and furloughs—that were undertaken at several New Orleans colleges and universities in the aftermath of the storm.

Tulane University	Xavier University	Dillard University	LSU Health Science Center – New Orleans
Laid off over 650 full-time employees	Laid off over 300 full-time employees	Laid off over 200 full-time employees	Six-week furlough for over 3,200 employees

While the scale of COVID-19’s impact is not as immediately apparent as Hurricane Katrina’s - where physical infrastructure was literally destroyed - these figures should serve as an eye-opening reminder that a looming economic crisis could potentially necessitate large-scale staffing adjustments should enrollment declines, cuts to state appropriations, and/or increasing discount rates materialize. Similar COVID-19 stabilization efforts are already underway. Institutions are announcing hiring and salary freezes, beginning to extend restrictions on research activity and are increasingly announcing changes to summer programming and fall orientation schedules, among other responses. Potentially more substantive changes to fall programming and other activities are appearing more likely as well.

## Longer-Term, Transformational Changes

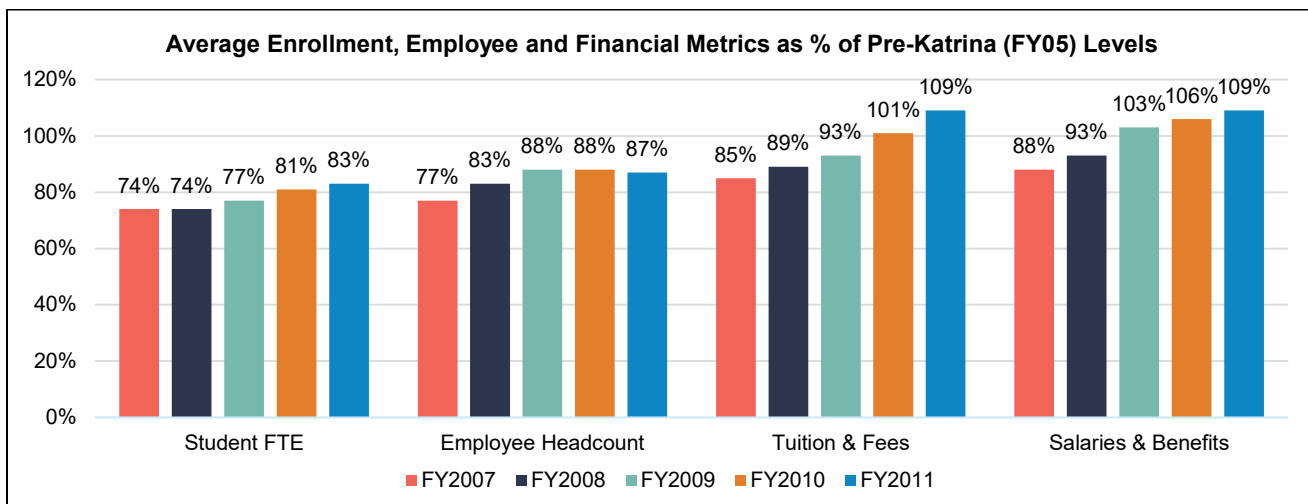
With plans in place to address near- and mid-term challenges, New Orleans institutions next looked to consider more transformational changes that would best ensure their longevity, with the hope of operations returning to some state of “normal” in the coming academic year or years. Examples of such material change included academic and administrative restructuring, closing historically underperforming programs, cutting athletics programs, developing new strategic plans, and even changing graduation requirements to align with redefined missions that underscored recovery and the goal of rebuilding and reinvigorating New Orleans. While all New Orleans colleges and universities instituted some degree of operational and programmatic restructuring, Tulane embarked on a particularly transformational “Renewal Plan” that encompassed significant enterprise-wide changes that genuinely redefined the institution. Some elements of Tulane’s Renewal Plan included:

- Merging the historically separate men’s and women’s undergraduate colleges into a single undergraduate co-educational college (Newcomb-Tulane College)
- Closing underperforming academic programs, especially in the Engineering School, and merging remaining programs into a new School of Science and Engineering; this entailed a formal claim of “financial exigency” under AAUP policy since tenured faculty were let go

- Eliminating more than half of its forty-five doctoral programs
- Discontinuing eight Division I athletic programs

These actions illustrate the degree to which post-Katrina New Orleans institutions understood that continuing to operate under the status quo would not be sustainable in the near- or long-term. Fortunately, all of these universities emerged from the crisis and to this day continue to educate and graduate students, conduct critical research, and enrich the communities in which they operate. Unfortunately, most have fewer students and employees, as well as lingering declines in certain operating revenues, relative to pre-Katrina levels. The chart below outlines Hurricane Katrina’s impact on enrollment, employment, and revenues / expenses at various New Orleans institutions (data aggregated and averaged). On average, relative to pre-Katrina figures:

- Student FTE totals declined by an average of 26% one year after the storm
- Employee headcount declined by an average of 23%
- Tuition and fee revenues declined by 15%
- Salaries and benefits costs dropped less significantly, by 12%, reflecting severance costs and departure terms that in some cases allowed laid-off faculty up to 12 months to finish out contracts. These figures also suggest that more lower-paid faculty/staff were let go than higher paid faculty and executives.
- Five years post-Katrina, while tuition and salary levels exceeded FY05 figures, enrollment and employment had still not fully rebounded; on average, they were at 83% and 87% of pre-Katrina levels in FY11.



## Conclusion

The long-term impact of Hurricane Katrina on New Orleans institutions provides insight into potential changes colleges and universities today should be considering as the effects of COVID-19 begin to ripple across higher education. Immediate actions by institutions responding to the coronavirus crisis are like those observed in New Orleans in 2005; clearer parallels for mid- and longer-term strategies are beginning to emerge. Especially for institutions with limited liquidity, substantive change to operations and academic programming may be necessary to ensure success in coming years, years likely to be marked by declining enrollments, increasing student/family price sensitivity, growing demand for non-traditional college/career pathways, and anticipated cuts to state appropriations. As such, significant changes to academic offerings, athletics, or other commonly perceived “third rails” should not be off the table.

While the parallels are not perfect, New Orleans institutions’ responses to Hurricane Katrina and the long-term implications of the storm on their operating profiles are worth examining carefully. While LSU Health Science Center–New Orleans and Tulane University were able to enroll students at pre-Katrina levels by FY09 and FY12, respectively, the other five New Orleans institutions have not seen enrollment and employment figures rebound to pre-Katrina levels even to this day, despite significant adjustments to core business models and infusion of FEMA and other government funds. College and university leaders today should recognize that while their institutions may necessarily emerge from the COVID-19 crisis with a refocused portfolio of offerings and leaner administrative infrastructure, proper planning and a willingness to implement large-scale organizational change will be necessary in order to sustain and execute their missions into the future.

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