

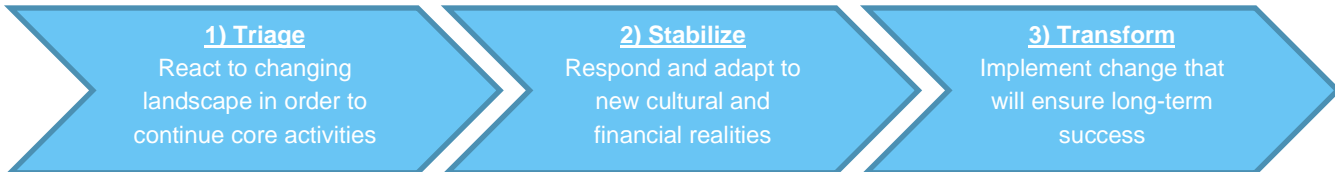
# Higher Ed COVID-19 Tracking Initiative

Findings Update – Tuesday, March 31st

The team has continued to identify the triage measures taken by universities in immediate response to the novel coronavirus pandemic, as well as track and discuss what the long-term implications will be for higher education.

## Updates and New Findings

Updates and findings will now be aligned with the three-phase framework laid out on Huron's new Resource Center ([HERE](#)).



- A. [Cash is King – Finance and Investment portfolio risks](#)
- B. [Financial Health of Higher Ed institutions in the time of the Coronavirus](#)
- C. [Tuition is revenue – cash flow infusions to institutions. Will students pay the same tuition if Fall classes are not held on campus, but online?](#)
- D. [Penn State confirms it will pay employee and student worker salaries through April 30<sup>th</sup> while it assess and develops strategy to mitigate impact](#)
- E. [Timeline for COVID-19](#)
- F. [Pandemic relief earmarks \\$14B of \\$2T to Higher Ed institutions based on enrollment \(75% Pell Grant enrollees\) and \(25% non-Pell\)](#)
- G. [Creighton university establishes Pandemic Policy addressing COVID-19 with criteria for campus closure and time off procedures](#)
- H. [Examples of COVID-driven changes to HCM systems at UCLA](#)
- I. [University of Wisconsin System announces it will refund \\$78M to students for unused housing and dining services](#)
- J. [Cornell releases guidance around actions being taken to manage the financial impact of COVID-19](#)
- K. [University of California is adapting to the new remote learning world by suspending material fees for the Spring 2020](#)
- L. [Agile methodology lessons from Software Developers](#)

## TRIAGE: React to changing landscape in order to continue core activities

### A. Cash is King – Finance and Endowment portfolio investment risks

- [Cash is King](#) – Keep cash on hand.
- Caveat emptor - Lessons from 2008 – simplify endowment portfolio investments; review complex instruments. Risks include cash calls from Hedge Fund investments or margin calls from derivatives hedging interest rate or equity risk.
- Financial partners may try to renegotiate terms of credit lines if withdrawals are requested.
- Short-term borrowings in the capital markets may provide near-term liquidity but read the fine print carefully to avoid future interest rate shock or demand for repayment if the re-issue fails when remarketed in 7, 28 or 365-days.

### B. Financial Health of Higher Ed institutions in the time of the Coronavirus

- [New Coronavirus will heighten the financial challenges](#) of many colleges and universities. Not only could the coronavirus yield more college closures for the already financially precarious, but more of them could be seemingly out of the blue.
- In the aftermath of the 2008 financial crisis there were 300 college closures from 2008-2017.
- Accreditors and Federal and State Departments of Higher Education regulating Higher Ed institutions must also look closely at trends indicating distress from enrollment, retention, course cancellations and student underperformance.

### C. Tuition is revenue – cash flow infusions to institutions. Will students pay the same tuition if Fall classes are not held on campus, but online?

- [When will students return to campus](#) may have a significant impact on the future near-term revenue streams at a Higher Ed institution. The emergency shift to online courses in order to finish the Spring 2020 semester may not be the long term viable plan for educating students for a variety of reasons from a reduction in revenues, conducting laboratory course work, research access to archive materials, the one-on-one learning and interactions with faculty and student life activities.
- The perceived value of online classes compared to in-person campus classes is different, therefore, the tuition would need to be adjusted downward resulting in a negative impact on the Higher Ed institutions financial stability. If the return to campus for classes is delayed for the Fall 2020 there will be a further impact to fiscal year 2020/2021 with program cuts, layoffs, halted capital projects and the closure of some institutions.

### D. Penn State will pay employee and student worker salaries through April 30<sup>th</sup> while assessing and developing a strategy to mitigate the impact on the university and community

- [Penn State is attempting to quell the financial impact on employees and student worker by paying salaries through April 30th](#) as it assesses and develops a fiscal plan to mitigate the impact of the coronavirus on the university operations and its broad reach across its campuses and their local communities in Pennsylvania. University operations include the academic complex, two hotels and conference centers, housing and food service for 20,000 students, a Research Park office complex and the university airport.
- Penn State Health is operated by a different Board of Directors, however, the commitment to pay employees does include Penn State employees in the College of Medicine.

**E. Timeline for COVID-19 can be used in scenario planning by universities and colleges**

- Scenario planning data for developing projections due to the impact and [timeline from COVID-19](#)

**STABILIZE: Respond and adapt to new cultural and financial realities**

**F. Pandemic Relief earmarks \$14B of \$2T package for Higher Education institutions**

- [The Pandemic Relief package](#) (CARES) earmarked \$14B for Higher Ed institutions with awards based on enrollment. The ratio of the awards is 75% directed to Pell grantees and 25% to non-Pell grantees.
- [American Council on Education \(ACE\) study](#) simulated the CARES emergency fund distribution for each Higher Ed institution, but final dollars will be determined by the Department of Education.
- Fifty percent of the earmarked funds will go directly to students in the form of emergency financial aid grants for expenses related to the disruption of campus operations due to the spread of the new coronavirus. Institutions may use the other 50% of funds they receive on crisis-related expenses such as lost revenue, reimbursement for expenses already incurred, technology costs associated with transitioning to distance education, faculty and staff training, and payroll. The bill stipulates that the funding will be distributed by the Secretary in the same manner that other Title IV aid is distributed.

**G. Creighton University announces a Pandemic Policy to address issues pertaining to pandemic sickness and stipulates when an employee is not to access campus and how to account for time off due to illness**

- For the safety of the university the [Pandemic Policy](#) was issued to detail when an employee is identified with a pandemic illness not to come to the campus
- The Pandemic Policy identifies jobs that can be performed on campus or remotely and how to account for time off due to:
  - Illness
  - Quarantine
  - Caregiving due to illness
  - Caregiving to a minor
  - FMLA
  - How to request additional time off for a COVID-19 illness if sick and vacation time are exhausted for up to a two-week absence (80 hours).

**H. Examples of COVID-driven changes to HCM systems at UCLA**

- The University of California has put two new earn codes into their HR/Payroll system to help track an additional one-time allotment of 128 hours of paid administrative leave granted by President Janet Napolitano. For reference: <https://www.centralresourceunit.ucla.edu/s/article/COVID-19-EARN-Codes>
- They are also relaxing I-9 documentation requirements as allowed by Immigration and Customs Enforcement temporarily <https://centralresourceunit.ucla.edu/s/article/Flexibility-in-Form-I-9-requirements-due-to-state-s-order-of-shelter-in-place>

**I. University of Wisconsin System will refund housing and dining fees on a pro-rata basis at a cost of \$78M**

- Across all campuses the University of Wisconsin System [will refund students housing and dining](#) fees on a pro-rata basis for the Spring 2020 semester for a cost systemwide of \$78M.
- The University of Wisconsin System stated the unplanned housing and dining refunds will eat into the campus' auxiliary reserves, which could make it harder to address mechanical issues in the future.

**J. Cornell releases guidance around actions being taken to manage the financial impact of COVID-19**

- [Here are the steps](#), effective immediately and until further notice, that Cornell is taking to preemptively manage the potential risks created by the current economic uncertainty
  - Hiring freeze
  - Salary freeze (none across the board for FY21 beyond those required by CBAs)
  - 100% discretionary spending suspended indefinitely (“including the hiring of outside consultants”)
  - 100% travel ban indefinitely
  - New capital project suspension (and existing projects to be assessed for criticality)

**TRANSFORM: Implement change that will ensure long-term success**

**K. University of California announces suspension of all material fees for Spring 2020 courses**

- Since all courses are remote for the Spring 2020 quarter, the University of California announces it is [suspending the fees for courses for lab, studio or other fees](#)
  - This suspension of material fees applies to undergraduate and graduate courses

**L. Agility lessons from the Software Development industry**

- Target [the minimum viable product \(MVP\)](#) lessons from software development used to stand up a software product that offers the minimum functionality
- Focus on the Student and how to deliver student services that would have been provided on campus in the event of an extended period of online and remote learning
  - Plan for the worst and enhance support systems for students in an online environment, including academic advising, administrative functions, IT, tutoring, and more. This may require evaluating new tools and systems
    - Learning Management systems (LMS)
    - Outsourced Program Management (OPM)
      - Faculty need to be trained over the summer
        - Identify early adopters