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Under Secretary of Education

Education and Labor Committee
Joint Hearing
Subcommittee on Early Childhood, Elementary, and Secondary Education and Subcommittee on Higher Education and Workforce Investment

"Examining the Implementation of COVID-19 Education Funds"

November 17, 2021

Chair Sablan, Chair Wilson, Ranking Member Owen, Ranking Member Murphy, and Chair Scott and Ranking Member Foxx and distinguished Members of the Subcommittees:

I commend you for your wisdom and foresight in creating the Higher Education Emergency Relief Fund, which we call HEERF.[1] Thank you for the opportunity to describe the tremendous difference it has made for college students struggling with the devastating health, economic, and academic impacts of the COVID-19 pandemic and national emergency.

HEERF has been a lifeline for students facing economic losses due to the pandemic, including many who were homeless or did not have enough to eat, and helping them stay enrolled in college. It aided colleges in meeting urgent public health needs and avoiding mass layoffs of faculty and staff. Some public and private non-profit colleges say HEERF supported their continued survival.[2]

The Challenges Facing Students and Colleges

Even before the pandemic, state investment in public higher education never recovered from the Great Recession of 2007 to 2009. As a result, public colleges and universities – which serve

[1] HEERF broadly refers to the higher education grant programs included in the three emergency packages passed by Congress: (1) the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed on March 27, 2020, which provided $14 billion for aid to institutions of higher education; (2) the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), passed on December 27, 2020, which provided $23 billion for aid to institutions; and (3) the American Rescue Plan (ARP) Act, passed on March 11, 2021, which provided $39.6 billion for aid to institutions.
[2] https://www.acenet.edu/Research-Insights/Pages/Senior-Leaders/Presidents-Survey-HEERF.aspx

three out of four students enrolled in postsecondary education – entered the pandemic with historically low per-student funding.[3] Many inclusive colleges, that are successfully creating opportunities for all students, like community colleges and Historically Black Colleges and Universities (HBCUs), continued to experience historical funding inequities.

In early 2020, as the pandemic swept the country, college students faced the same sudden and severe challenges as other Americans did. A survey done in March through May 2020 found that 66 percent of students were reporting more financial stress.[4] One survey of nearly 200,000 college students in 42 states found that nearly 58 percent of students faced food or housing insecurity or homelessness, with the highest rates among community college students.[5] Despite these needs, many students were ineligible for financial assistance provided to other Americans, such as the cash payments under the CARES Acts.[6]

As colleges shifted from in-person to remote instruction overnight, the magnitude and stark inequities of the digital divide were immediately apparent. One student in five reported technology barriers to online learning, such as lack of laptops or high-speed internet, particularly low-income students, students of color, and students in rural communities.[7] Meanwhile, many faculty members felt unprepared for teaching online; nearly one-half had never taught online before.[8]

Colleges also faced unprecedented financial challenges. Falling enrollments, the potential for threats of state budget cuts, and steep declines in revenue from housing, food service, and other auxiliary operations threatened deep drops in revenue, even as colleges faced new public health expenses such as additional testing, cleaning, personal protective equipment, and different educational facilities and technology.

The Impact of the Higher Education Emergency Relief Fund

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[3] https://shef.sheeo.org/

[4] https://healthymindsnetwork.org/wp-content/uploads/2020/07/Healthy_Minds_NCHA_COVID_Survey_Report_FINAL.pdf

[5] https://hope4college.com/wp-content/uploads/2021/03/RCReport2021.pdf

[6] https://fortune.com/2020/05/05/stimulus-checks-college-students-debt/
https://www.forbes.com/sites/wesleywhistle/2020/07/23/college-students-might-be-left-out-of-stimulus-checks-again/?sh=2bd901622d98

[7] https://www.mhec.org/sites/default/files/resources/2021The_Digital_Divide_among_College_Students_1.pdf

[8] https://www.insidehighered.com/news/survey/professors-slow-steady-acceptance-online-learning-survey

Recognizing the severity of these challenges, Congress, on a bipartisan basis, quickly passed economic recovery legislation in March and December of 2020 specifically for colleges, universities, and the students they serve. In March of 2021, President Biden's American Rescue Plan, was enacted and contributed more than half of the total $76 billion investment in HEERF. HEERF is intended to support students through the economic challenges of the pandemic and ensure their basic needs are met; help colleges take necessary precautions to reduce the risk of COVID-19 transmission; mitigate the negative consequences on learning and educational attainment; and support colleges' fiscal stability and role as major employers.

HEERF has had a significant impact on students and institutions. According to a recent survey of college presidents conducted by the American Council on Education[9], HEERF enabled:

- 93 percent of colleges to provide emergency scholarships to students at risk of dropping out;
- 88 percent of colleges to purchase COVID-19 tests, conduct health screening, and meet other urgent public health needs;
- 80 percent of colleges to provide students with electronic devices and Internet access, helping them stay enrolled;
- 70 percent of colleges to continue to employ faculty, staff, and other employees otherwise at risk of unemployment; and
- 18 percent of colleges, otherwise at risk of closing, to continue operating.

By law, most postsecondary institutions must spend approximately half of their funds on emergency aid to students and must prioritize students with exceptional financial need in distributing the aid.[10] The institutions can spend the remaining portion on institutional expenses and lost revenue related to the pandemic or additional aid to students. In 2020, more than 7

[9] https://www.acenet.edu/Research-Insights/Pages/Senior-Leaders/Presidents-Survey-HEERF.aspx
[10] Approximately 50 percent of CARES funds, at least as much as spent from CARES under CRRSAA, and approximately 50 percent under ARP

million students received a total of $6 billion in emergency financial grant aid, an average of $850 per student.[11]

Among institutional funds, colleges chose to provide an additional $2 billion to students in the form of emergency scholarships; reimbursements for tuition, room and board; and other help for living expenses. For example:

- San Joaquin Delta College in Stockton, California provided $6 million in emergency aid to its lowest income students, many of whom had family members who were sick or lost employment.
- Amarillo College hired case managers and social workers to connect students with basic needs supports on campus and in their communities.

Students from across the Nation have shared the meaningful impact that these dollars have had on their ability to stay in school and remain engaged with their studies.

- A nursing student at Mt. San Antonio College in California shared that her emergency aid helped to pay for rent, groceries, and other living expenses so she could continue her education.
- A student from the University of Central Florida, experienced some of the most debilitating effects of the pandemic when she caught COVID herself. As a result, she was unable to work for three weeks, which meant that she had no income and was unable to cover basic living costs, like food and rent. Her emergency grant helped her pay for transportation costs to get to work, but also covered the cost of books for her summer classes.
- CUNY erased outstanding student balances and ended their longtime practice of withholding transcripts to allow 50,000 students to return to school, transfer to another college, or find a job.[12]

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[11] https://content.govdelivery.com/accounts/USED/bulletins/2fb56e2
[12] https://www1.cuny.edu/mu/forum/2021/08/11/cuny-will-stop-long-held-practice-of-holding-transcripts-for-students-with-outstanding-debt-will-lift-financial-holds-for-students-impacted-by-the-pandemic/#:~:text=Colleges-,CUNY%20Will%20Stop%20Long%2DHeld%20Practice%20of%20Holding%20Transcripts%20for,Students%20Impacted%20by%20the%20Pandemic

- Florida A&M, Dallas College, and many other institutions that educate vulnerable students, have also discharged outstanding institutional debts.

Other colleges have used HEERF to provide comprehensive supports to students who are at risk of not completing and other adults who need to update their skills for an evolving labor market.

- Compton College's Tartar Completion Grant helps displaced workers and students who need less than 20 units to complete a credential.
- The City Colleges of Chicago launched their Future Ready program, which supports former students returning to school and provides short-term credentials to students at no cost.

Colleges also used HEERF funds to make significant investments in technology, including laptops and Internet service for students; campus safety and public health measures; and retaining faculty and staff.

- East Carolina University expanded course offerings to help students catch up on classes that they may have missed because of the pandemic.

Last, but not least, HEERF has helped stabilize the perilous finances of many colleges. The evidence of HEERF's impact is becoming more apparent. In March 2021, Moody's Investors Services raised the higher education outlook to stable after years of negative projections, attributing the change to factors such as returning to on-campus and in-person learning and federal relief funds offsetting revenue losses.[13]

Despite its size, HEERF did not fully eliminate colleges' budget shortfalls. According to a University of North Carolina analysis published last February, it probably fell $146 billion short of colleges' revenue losses and additional expenses in 2020 and 2021.[14]

Continuing Challenges of an Equitable Recovery

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[13] https://www.insidehighered.com/quicktakes/2017/12/06/moodys-downgrades-higher-educations-outlook; https://www.insidehighered.com/quicktakes/2021/03/23/moodys-raises-higher-ed-outlook-stable

[14] https://www.insidehighered.com/quicktakes/2021/02/09/colleges-could-lose-183-billion-during-pandemic; https://www.chronicle.com/article/how-to-fight-covids-financial-crushh

As my colleagues at the Department of Education and I work to ensure that higher education experiences an equitable recovery, we are very aware that our work is not yet over. The economic impacts of the pandemic persist. Students and institutions are still in survival mode, struggling to meet basic needs and sustain regular operations.

Enrollment has fallen by 700,000 undergraduate students, with particularly steep drops at community colleges and among students of color.[15] In spring 2021, for example, the National Student Clearinghouse showed Native American undergraduate enrollment had declined by 13 percent and Black student enrollment by almost 9 percent. Fall enrollment analyses by the National Student Clearinghouse are showing further declines; for example, Black student enrollment was down by more than 11 percent. Fewer students, and especially students of color, are completing the Free Application for Federal Student Aid (FAFSA), suggesting that depressed enrollment will continue.[16] One legacy of the pandemic could be a permanent depression in educational attainment that exacerbates inequities.

The higher education sector employs nearly half a million fewer people than it did in February 2020.[17] A recent research study from the Federal Reserve Bank of Philadelphia estimated that the pandemic could still lead to revenue losses of between $70 and $115 billion dollars over the next five years.[18] Some small colleges and HBCUs could lose more than half of their pre-pandemic revenue, leading to college consolidations and closures.[19]

The COVID-19 pandemic has also heightened feelings of uncertainty, anxiety, and isolation. For many students, faculty, and staff, the pandemic appears to have led to new or exacerbated mental health challenges. A national survey found that one-half of college students in 2020 screened

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[15] https://nscresearchcenter.org/current-term-enrollment-estimates/
[16] https://www.ncan.org/news/573024/FAFSA-Completion-Declines-Nearly-5-Nation-Loses-270K-FAFSAs-Since-2019.htm.
[17] Based on analysis of Bureau of Labor Statistics Current Employment Statistics data by industry. Employment in the 'higher education' sector is approximated by adding employment from state government in the education sector, private-industry colleges and universities, and several smaller private industry higher education categories (e.g., technical and trade schools, fine arts schools, etc.).
[18] The Lingering Fiscal Effects of the COVID-19 Pandemic on Higher Education (philadelphiafed.org).
[19] The Lingering Fiscal Effects of the COVID-19 Pandemic on Higher Education (philadelphiafed.org).

positive for anxiety and/or depression and 83 percent of students said their mental health had negatively impacted their academic performance.[20]

Given these challenges, it is reassuring that colleges are managing their HEERF resources prudently. As of November 12, , colleges have spent 57 percent or more than half their available total HEERF student and institutional funds (65 percent and 54 percent, respectively). These figures rise every week, and it is important to note that, because institutions must spend funds within days of drawing down funds, colleges have made additional plans and commitments for remaining HEERF dollars that are not captured in these figures. (For example, colleges have committed to retain staff for the full academic year, but they only draw down federal funds when needed to make payroll.)

Helping Colleges Use HEERF Quickly, Responsibly, and Equitably

For the Department, HEERF created the monumental task of carrying out Congress' vision for one of the largest single investments ever made in students and colleges quickly and responsibly. We worked hard to provide clear, comprehensive guidance to institutions; actively engage with key stakeholders, particularly from institutions themselves; and strengthen internal controls in monitoring the program.

We continue to monitor spending patterns closely, work with grantees to identify impediments to the effective use of funds and clarify allowable uses of funds whenever necessary. We have conducted dozens of listening sessions with higher educational institutions and college associations representing thousands of institutions, hosted webinars, and published new guidance and frequently asked questions (FAQs) documents. We also facilitated over 60 partnerships between community colleges and the Department of Health and Human Services to create vaccination sites for students, faculty, staff, and community members, and providers in the Federal Retail Pharmacy Program have provided many more on-site clinics for colleges and universities of all types across the country.

[21] The Department's Education Stabilization Fund transparency portal provides the public with consistently updated information on HEERF and other Federal pandemic recovery funding. The portal can be found at: https://covid-relief-data.ed.gov/.

The Department has adopted a primarily risk-based approach to ensuring that funds are spent appropriately. We have prioritized oversight of institutions such as those that have been placed on heightened cash monitoring by the Federal Student Aid office, are new grantees that may be unfamiliar with compliance obligations, where existing data indicates a higher chance of compliance risks. The G5 grants management system allows us to monitor the rate at which grantees withdraw funds and ensure that their spending patterns are consistent with the allowable uses of funds for the HEERF grant program.

We collaborate across the agency to monitor institutions, improve internal controls, and ensure compliance. We hired 24 staff specifically dedicated to HEERF in the emergency response unit to centralize oversight, standardize processes, provide technical assistance, and monitor internal controls. Additionally, we require colleges and universities to complete quarterly and annual reports on the use of HEERF funds.[21] We are currently enhancing existing questions required on the annual report to provide more detail on HEERF grantee activities and performance especially as it relates to information on equitable distribution of funding.[22]

Audits are a critical component of proper oversight of grant programs. The Department has worked with the Office of Management and Budget to designate HEERF and other emergency grant programs as "higher risk" for single audit purposes, ensuring that institutions' independent auditors prioritize HEERF requirements in their annual reviews.[23] We also consulted with the Office of the Inspector General in introducing new audit requirements to proprietary institutions not subject to Single Audits.

In carrying out our responsibilities, the Department knows that the pandemic has had a devastating impact on many Americans, especially those from low-income families, working parents, and communities of color. Our goal is to help institutions serving all students build back better through an equitable recovery.

[21] The Department's Education Stabilization Fund transparency portal provides the public with consistently updated information on HEERF and other Federal pandemic recovery funding. The portal can be found at: https://covid-relief-data.ed.gov/.

[22] Colleges and universities have already completed one annual report on CARES Act spending, covering the period of the national emergency from March 13 through December 31, 2020.

[23] https://www2.ed.gov/about/offices/list/ope/heerfauditletter.pdf

In May 2021, we issued new rules making it clear that emergency financial aid can support all students who are or were enrolled in an institution of higher education during the COVID-19 national emergency.[24] Students are eligible for emergency financial aid grants regardless of whether they completed a FAFSA or are eligible for Pell Grants or federal loans.

In July 2021, the Department announced $3.2 billion in additional emergency grants under HEERF.[25] The funds will support students who attend over 1,800 institutions of higher education and provide resources to help these institutions recover from the impacts of the pandemic. This included $2.97 billion from the American Rescue Plan (ARP), which will provide $1.6 billion to HBCUs, $143 million to Tribally Controlled Colleges and Universities (TCCUs), and another $1.19 billion to minority-serving institutions (MSIs) and under-resourced institutions eligible for the Strengthening Institutions Programs, many of which are community colleges.

Conclusion

Due to the decisive, historic actions by Congress and the President, HEERF has made an immeasurable difference in the lives of college students and the postsecondary institutions that serve them. It has met the emergency needs and basic living expenses of struggling students. It has helped students stay enrolled by removing financial obstacles and meeting their new technology needs. It helped colleges reduce the damaging consequences of the pandemic by meeting public health needs, keeping faculty and staff employed, and – in some cases – possibly keeping the colleges themselves operating.

Driving an equitable recovery from COVID-19 for college students is a key part of President Biden's vision to "build back better." We are making historic new investments in Pell Grants and college affordability. We are helping student loan borrowers by forgiving more than $12.5 billion in loans for nearly 640,000 borrowers who were cheated by their colleges, became totally disabled, had their college close, or were otherwise eligible for forgiveness programs designed by Congress through the Public Service Loan Forgiveness (PSLF) Emergency Waiver. The PSLF actions alone provided around $2 billion in forgiveness for 30,000 public servants without

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[24] https://www.federalregister.gov/documents/2021/05/14/2021-10190/eligibility-to-receive-emergency-financial-aid-grants-to-students-under-the-higher-education

[25] https://www.ed.gov/news/press-releases/us-department-education-announces-32-billion-additional-higher-education-emergency-relief-funds-support-students-historic-and-under-resourced-institutions

any further action on their part. And it brought 600,000 public service workers an average of nearly 2 years closer to loan forgiveness. We are making new investments in HBCUs, TCUs, MSIs, community colleges, and other inclusive institutions that are dedicated to providing equitable opportunities for graduation, careers, and upward mobility.

Thank you. I look forward to answering your questions.