



Ellucian Response to Federal CARES Act Support for Higher Education

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The COVID-19 pandemic will have an unprecedented negative impact on the higher education sector and U.S. economy unless there is further federal action

U.S. colleges and universities not only deliver education and on-going skills training to millions of students and adult learners, but also make vital contributions to national, state and local economies as employers, investors, innovation centers, consumers and industry partners.

Unexpected costs and sudden reductions in revenue due to the COVID-19 pandemic threaten the financial future of U.S. higher education. With campus closures, many colleges and universities are operating in new ways and spending dollars to shift operations online. Many institutions are coping with how to deliver and assess student learning while recruiting and retaining students for the next academic year.

Ellucian is a leading higher education software company

Ellucian is a provider of enterprise resource planning (ERP), student information systems (SIS), constituent relationship management (CRM) and analytics solutions serving 2,700 customers worldwide. We are exclusively focused on higher education. Ellucian is owned by TPG and Leonard Green & Partners.

- Founded in **1968**
- Exclusively focused on **Higher Education**
- **2,200** U.S. college and university customers spanning public and private institutions
- **80%** of all U.S. community colleges served
- Nearly **50%** of all U.S. public and private 4-year institutions
- **67%** of all historically black colleges and universities (HBCU)
- **65%** of all Hispanic-Serving Institutions (HSIs)
- Over **90** institutions pursuing the highest levels of research activity
- **20+ million** students reached
- **140+** vendor partners

Given the unpredictable fluctuations of the virus, the full impact on colleges and universities remains uncertain. For most of the sector, financial survival will be challenging as the U.S. economy slows, state revenue levels decline and millions of people potentially lose their jobs. Stakeholders impacted include:



Millions of students likely to delay or drop out of higher education or seek shorter-term alternatives.



Colleges and universities, especially those with high numbers of foreign students or students from low-income households, likely to see compounding of lost revenue streams. Colleges and universities are also bracing for severe state and local budget cuts that are strained by pandemic mitigation costs.



Vendors, construction and management services anticipate a period of market tightening and refocus.



Local economies will see decreases in demand for workers and services by colleges and universities.



Millions of individuals who lack a post-secondary degree will see limited job opportunities and earning potential.



Employers' skill needs may not be met by the future workforce.

It is also important to recognize equity in higher education remains one of the sector's biggest challenges. Racial and ethnic minorities and students from low-income households are likely to suffer significantly because of this crisis. Gaps in higher education access—including access to computers and broadband internet—can exacerbate the growing gap between rich and poor communities.

Signature of the CARES Act into law provided essential funding for the higher education sector. We applaud Republicans and Democrats in both chambers and the Administration for investing in our students, families, colleges and universities, and communities.

The next six months will be a critical test of the capacity of U.S. higher education institutions to act swiftly and effectively to avoid further loss of educational opportunities for students and adults.

The opportunity now is to deploy new federal funds to build a more resilient future for our U.S. higher education and workforce development system.





College and university shutdowns will have far-reaching impact on many stakeholders, as well as the health of national, state and local economies

Colleges and universities used federal stimulus funds for higher education to minimize immediate disruption

Based on a March 2020 Ellucian survey of 110 IT leaders, **only 22% of respondents indicated their institutions were fully prepared to respond to the COVID-19 pandemic crisis.**¹

At the onset of the pandemic, most institution leaders focused on critical management activities. They prioritized ensuring the safety of students, faculty and staff, maintaining mission-critical activities and pursuing immediate funding opportunities, like the CARES Act.

Across these last few months, Ellucian supported hundreds of institution leaders with transitioning to broad-based online learning and administration, and managing new operational burdens such as administration of \$6 billion in CARES Act student emergency grants—an

expectation placed on colleges and universities similar to the Internal Revenue Service (IRS) disbursing stimulus payments to Americans.

Having managed the immediate crisis, some colleges and universities now find themselves in a period of stabilization. Institution leaders are assessing the realities of the COVID-19 pandemic, looking for additional revenue opportunities and operational improvements, focusing on student success, and shifting their attention to planning for the next academic year.

Business and technology leaders voice concern about their institution's future

Ellucian engaged college and university leadership on the impact of the COVID-19 pandemic through surveys, webinars, surveys and interviews. Leaders identified the following four areas of pressing concern:



Student enrollment, retention and success



90% of presidents reported concern with future student enrollment⁶



Mental health and student well-being was a top focus of presidents and business leaders^{1,6}



77% of presidents reported challenges with student engagement⁶



Enhanced online learning experience



“We are not ready yet to advance from remote to personalized online instruction and support” (IT Leader)²



Uncertain financial conditions



88% presidents reported concern with overall financial stability^{5,6}



“Other revenue sources beyond tuition will also decrease such as dollars from auxiliary services and philanthropic contributions” (President)⁵



Enabling faculty and staff to work remotely



#1 challenge cited by IT leaders²

The opportunity now is to deploy new funds toward positive changes

The federal government responded quickly to the immediate strain that the COVID-19 pandemic has put on students, families and institutions by enacting the CARES Act. While the federal response was

critical, there is still much more to be done at the federal levels to alleviate problems the sector faces. We hope higher education leaders and legislators reassess the challenges of living in global interdependence, the the operational vulnerabilities of the sector and the need to prepare for future disruptions.

IMMEDIATE-TERM

1 Manage Crisis

- **Ensure safety of students, faculty, and staff**
- **Perform critical mission activities** (e.g., instruction, financial aid distribution, and research)
- **Address short-term unbudgeted financial costs, and minimize revenue uncertainty** by pursuing immediate funding opportunities
- **Ramp up critical reporting and oversight** of student and financial aid data



SHORT-TERM

2 Stabilize Operations

- **Refresh strategic planning priorities** and identify new revenue and cost cutting opportunities
- **Proactively support students**
- **Focus on academic quality and access**
- **Pursue targeted operational wins** such as the digitalization of admissions, course registration, and payroll



MODERATE-TERM

3 Prepare for the Future



Current Focus



The recent federal stimulus funds allocated to higher education have been used to keep the sector going. Now institutions require federal support to prepare for a “new future.”



Ellucian advocates for building a resilient, accessible and market-focused sector. Ellucian advocates for federal policy action around five pivotal focus areas, specifically:

1

Protect solvency of critical schools: Mitigate against unpredictable short-term revenue and boost financial resiliency of distressed institutions

2

Bolster student persistence: Provide holistic supports, including academic, financial, emotional and health, to ensure student success

3

Promote innovative, online academic and support programs answering local market needs:

Lower barriers for learners to quickly attain market-relevant skills and credentials for employability

4

Build resilient and efficient operations: Support the improvement of school operations through accelerated cloud technology modernization and new operating models

5

Use secure data to steer strategy: Create the information resources and privacy protections necessary to measure outcomes, inform institution strategic direction and support responsiveness

1

Protect solvency of critical schools: Mitigate against unpredictable short-term revenue and boost financial resiliency of distressed institutions

With students, faculty and staff staying at home, and social distancing directives likely extending through the summer and possibly into the fall, schools will see a drastic decline in revenue from traditional revenue sources such as room and board, student fees, space, sports and ancillary businesses. In addition to these obstacles, many schools face unexpected costs such as returning partial room & board fees to students.

Building a 2021 budget will be challenging due to the uncertainty of enrollment prospects. The new economic reality has already prompted multiple states to halt nearly \$138 million in previously appropriated support for colleges and universities, according to the *Wall Street Journal*.⁸ State budget cuts will impact student programs, capital projects and school employee salaries.

Prior to the pandemic, roughly 30% of private and public colleges tracked by Moody's Investors Service ran operating deficits, and the agency expects those institutions will have difficulties weathering an economic downturn.⁹

According to *Inside Higher Ed*, 88% of all presidents report concern over long-term financial stability due to pandemic impacts.⁶ While many small, residential colleges will risk severe enrollment declines, public colleges prepare for operational stresses associated with the surge of students seeking more affordable options. Financial shortfalls would need to be filled through other revenue sources or significant expense reductions. The same *Inside Higher Ed* survey reports institutions are increasingly focused on new donor bases and cross-sector partnerships to mitigate drastic reduction in revenue.

The impact of failed institutions can have a devastating impact on national, regional and local economies. In addition to providing academic and training opportunities, U.S. colleges and universities are major employers. Higher education institutions are the largest employers in 10 states and two-thirds of America's 100 largest cities. Overall, U.S. colleges and universities employ nearly 4 million people.⁷ School failures can have profound, long-term effects on local economies, especially in underserved and rural communities. Often, college towns are dependent on a vibrant campus to sustain small business and available community services.

Key Actions

- ✔ Provide temporary relief for vulnerable institutions under set criteria through a temporary "Distressed Institution Fund" (e.g., leveraging CARES Act returned funding)
- ✔ Motivate public, private and philanthropic sector partnerships to develop new revenue opportunities (e.g., building hospital capacity, FEMA collaborations)
- ✔ Coordinate and expand funding for individuals to pursue education and training programs through existing, related federal programs (Trade Adjustment Assistance Community College and Career Training (TAACCCT))



According to *Inside Higher Ed*, **88% of all presidents** report concern over long-term financial stability.⁶

"Trying to recruit new students and sustain existing students with a 'campus experience' when campuses are closed will have profound financial impacts."
(IT Leader)¹

2

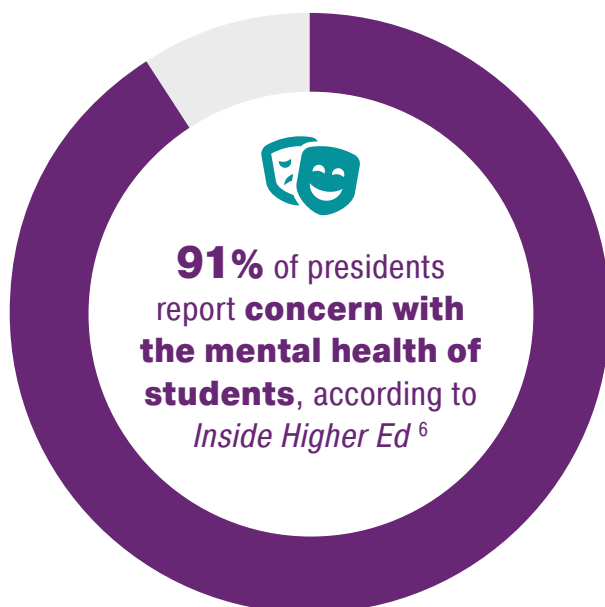
Bolster student persistence: Provide holistic supports, including academic, financial, emotional and health, to ensure student success

Key Actions

- ✓ Expand funding using existing CARES Act distribution formulas that prioritize schools that serve students from low-income backgrounds
- ✓ Support institution funding for additional academic online supports such as advising, tutoring and Guided Pathway strategies including the training and enablement of remote faculty and staff
- ✓ Support institution funding for other online transactional services such as registrar and financial aid including the training and enablement of remote staff
- ✓ Encourage bridge programs and academic support to students who missed instruction this calendar year and provide remedial support for seniors

While COVID-19 pandemic disruption is ubiquitous, students in vulnerable situations are likely to be particularly hard hit. Many students especially from low-income families face major difficulties; they are now in the position to find new housing, health care and employment opportunities. These stresses are in addition to the preparations required for a shift to online studies. We hear from community college leaders that their students—who are more likely to be minorities, part-time, from lower household incomes, and caring for dependents—are especially at-risk. Cumulatively, these challenges may lead to large numbers of dropouts by the end of the academic year and far fewer students enrolled in the fall.

Without the ability to predict when students will be able to return to campus, and as more families face income and health stresses, students' academic progress, financial position and emotional resiliency may decline. According to *Inside Higher Ed*, 91% of presidents report concern with the mental health of students and 87% report concern on the disproportionate impact on students from low-income backgrounds.⁶ Schools share anecdotally they are focused on supporting displaced students with basic needs and adjustment to life away from campus. They seek to minimize unexpected logistical barriers for students so they can successfully engage in classes and more efficiently manage their educational experiences. Tied closely to answering these challenges is fully enabling faculty and staff remotely and providing more personalized and responsive learning and support experiences.



3

Promote innovative, online academic and support programs answering local market needs: Lower barriers for learners to quickly attain market-relevant skills and credentials for employability

Key Actions

- ✓ Give institutions and workers the information they need to match education to an evolving job market
- ✓ Provide targeted funding toward development and administration of rapid-response online learning programs
- ✓ Develop financial incentives for institution and private sector partnerships to share resources for online learning and other academic programming
- ✓ Ensure accreditation and quality assurance criteria balances speed-to-market with quality
- ✓ Expand the eligibility for federal financial aid to students pursuing certificate and/or industry-recognized certificate programs
- ✓ Develop national standards for fully portable, “stackable” credentials for certificates and other non-2- and 4-year degree programs, such as apprenticeship programs

The need to ramp up new skill sets, such as those in the health care professions, has never been greater, according to the April 9, 2020 *Forbes* article, entitled “Three Core Principles For Higher Education As It Prepares For Its Pandemic-Uncertain Fall.”¹⁰ To address the needs of a growing population that will require new skills to compete in the workforce, some colleges and universities are reevaluating how they design their academic programming and other supports. Schools are assessing different types of learning opportunities for workers, such as providing short-term credentials, so they can respond to an economy in flux.

However, many schools also struggle to rapidly identify, design and launch new and innovative programs, including quality distance learning programs, that can aid workforce turnaround, meet employer skill requirements, and answer the immediate needs of local communities and demographics.

According to *Inside Higher Ed*, 76% of presidents plan to invest in new, online learning resources.⁶ Our research also reveals challenges impeding the execution of such new programming, such as: limited market intelligence, inexperienced program development, inexperienced instructional designers, inadequate experience or understanding of the specifics and nuances of nontraditional or online education, inadequate institutional capacity and experience to deliver and administer innovative, online programming.

“Preparing students for the changing economy requires colleges to engage in bold and new thinking.” (IT Leader)¹

76% of presidents plan to invest in new, online learning resources, according to *Inside Higher Ed*.⁶



4

Build resilient and efficient operations: Support the improvement of school operations through accelerated cloud technology modernization and new operating models

Key Actions

- ✓ **Support the improvement of school operations through accelerated cloud technology modernization and new operating models**
- ✓ **Expand CARES Act opportunities, such as the Fund for the Improvement of Postsecondary Education (FIPSE), in support of innovation and cloud technology**
- ✓ **Provide funding under a set of criteria to accelerate technology modernization and cloud adoption**
- ✓ **Encourage public colleges to share processes and systems to reduce costs related to implementation and on-going operations**

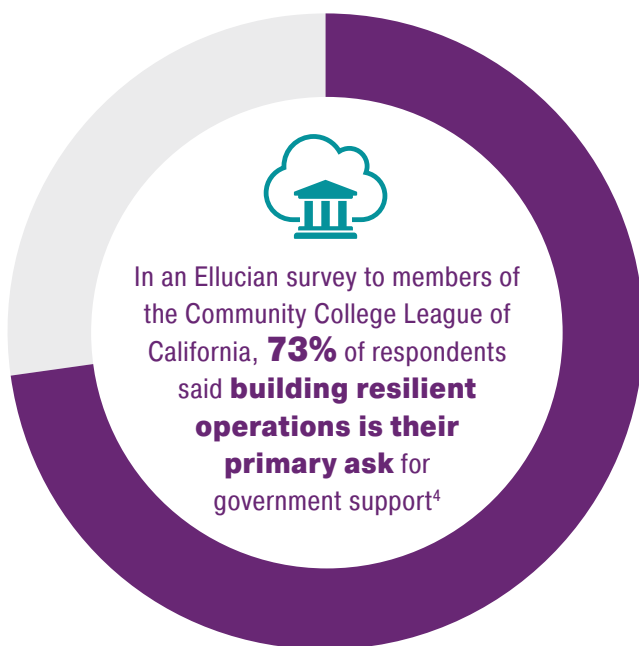
In the initial rush to minimize disruption to instruction, institutions prioritized the establishment of remote learning. Now, many colleges and universities are pivoting their attention to improving operations for functions such as recruitment, enrollment, financial aid, finance, learning and workforce management. For some colleges and universities, the current crisis amplifies previous operational performance gaps.

Inside Higher Ed reports that institution leaders list financial health and operational planning as the top area for which their institution could benefit from outside support.⁶ This finding was further backed by a May 1, 2020 Ellucian survey with members of the Community College League of California. Among 48 respondents, 73% reported building resilient operations is their primary ask for government support.⁴

Among our customers who have not yet moved to the cloud, they share a unique set of challenges such as: processes are paper-based and not automated; proliferation of stand-alone on-premise applications can result in system vulnerabilities; and, many systems don't allow around-the-clock access for students, faculty and staff.

To build smart and efficient systems, many institutions are focused on building cloud solutions; some are focused on building new partnerships; and others are weighing the benefits of shared services. *Inside Higher Ed* reports institutional partnership programs are receiving more focus by presidents. In a recent Ellucian poll of customers, 76% desired best practice sharing across institutions, and 82% sought to deepen regional connections.³

“What we need is cloud enablement. Although we have the infrastructure on our campus for online learning and administrative tasks, many of us have barriers for using these online resources at home due to limited bandwidth and outdated operating systems.” (IT Leader)¹



5

Use secure data to steer strategy: Create the information resources and privacy protections necessary to measure outcomes, inform institution strategic direction and support responsiveness

Key Actions

- ✓ Encourage establishment of strong data governance plans addressing, integrity, quality, and security of data
- ✓ Promote system security and data protection standards
- ✓ Manage and control the access that third-party vendors have to student data, and ensure all use of data complies with FERPA, GDPR, and applicable state laws

All higher education institutions must factor this crisis into their strategic planning and undertake risk assessments and mitigation processes to anticipate the student and institutional impacts of the COVID-19 pandemic. Leaders will increasingly rely on data to support additional critical decisions, including new student recruitment, fall enrollment, revised financial aid policies and other topics. In all cases, robust infrastructure will be required to support timely collection and aggregation of quality data, as well as secure and ethical data usage.

Data and new technologies that can be used to help students to graduate and succeed also make institutions uniquely vulnerable to privacy and security risks. With multiple directives coming from various levels of governments, institutions are compelled to provide enhanced student and institutional data standards and protections.

“Our communications and response plans suffered from lack of systems that supplied necessary [student] data.” (IT Leader)¹

“Protecting student data is critical during this period of crisis management where we are witnessing multiple and sometimes conflicting directives coming from local, state and federal jurisdictions, as well as enhanced funding management scrutiny.” (President)⁵



Table of Policy Recommendations

We believe that if we together can succeed in building a more resilient, accessible and market-focused U.S. higher

education system, empowered by innovation, technology, and data analytics, we not only have the potential to meet the challenges of today's crisis, we have the power to improve future U.S. educational and workforce outcomes as well.

Policy Recommendation

Key Actions

1 Protect solvency of critical schools: Mitigate against unpredictable short-term revenue and boost financial resiliency of distressed institutions	<ul style="list-style-type: none">● Provide temporary relief for vulnerable institutions under set criteria through a temporary “Distressed Institution Fund” (e.g., leveraging CARES Act returned funding)● Motivate public, private and philanthropic sector partnerships to develop new revenue opportunities (e.g., building hospital capacity, FEMA collaborations)● Coordinate and expand funding for individuals to pursue education and training programs through existing, related federal programs (Trade Adjustment Assistance Community College and Career Training (TAACCCT))
2 Bolster student persistence: Provide holistic supports (academic, financial, emotional and health) to ensure student success	<ul style="list-style-type: none">● Expand funding using existing CARES Act distribution formulas that prioritize schools that serve students from low-income backgrounds● Support institution funding for additional academic on-line supports such as advising, tutoring and Guided Pathway strategies including the training and enablement of remote faculty and staff● Support institution funding for other online transactional services such as registrar and financial aid, including the enablement of remote staff● Encourage bridge programs and academic support to students who missed instruction this calendar year and provide remedial support for seniors

(continued)

Sources:

1. IT Leaders Business Continuity Ellucian Survey (March 24, 2020)—110 respondents
2. CARES Webinar Survey for Presidents and Business Leaders (April 23, 2020)—1,012 registrants
3. Ellucian Live Online Survey (March 27, 2020)—1448 respondents
4. Community College League of California League Ellucian Survey (May 1, 2020)—48 respondents
5. Ellucian President and CIO interviews (May 2020)
6. “Responding to the COVID-19 Crisis Part II, *Inside Higher Ed* and Hanover Research, Ellucian-sponsored (April 2020)—187 respondents from 2- year public and 4-year public & private institutions.
7. <https://agb.org/guardians-campaign/higher-education-contributes-to-a-strong-economy/>
8. <https://www.wsj.com/articles/public-universities-see-state-funding-disappear-effective-immediately-11587653753>
9. <https://www.educationdive.com/news/moodys-lowers-higher-ed-outlook-to-negative-amid-coronavirus-crisis/574414/>
10. <https://www.forbes.com/sites/michaelnietzel/2020/04/09/three-core-principles-as-higher-education-prepares-for-its-pandemic-uncertain-fall/#7a5c48be348f>

Policy Recommendation

Key Actions

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Promote innovative, online academic and support programs answering local market needs:

Lower barriers for learners to quickly attain market-relevant skills and credentials for employability

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Ellucian is the market leader charting the digital future of higher education with a portfolio of cloud-ready technology solutions and services. Serving more than 2,700 customers in over 50 countries, reaching over 20 million students, Ellucian delivers student information systems (SIS), finance and HR, financial aid, integration, analytics, recruiting, retention, and advancement software solutions. Ellucian also supports the higher education community with a range of professional services that includes application software implementation, management consulting, and grants services.

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For additional resources
on the CARES Act please visit:
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