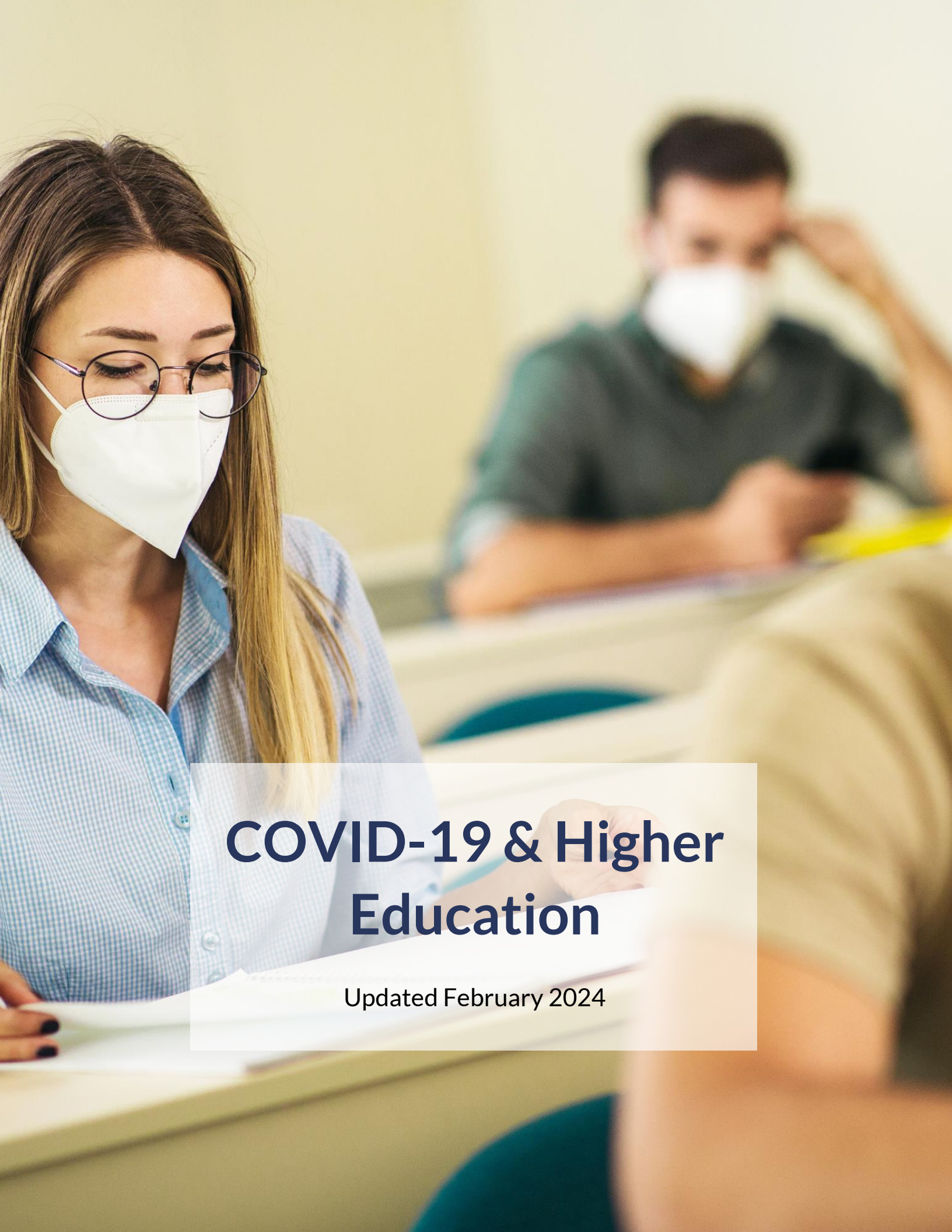

COVID-19 & Higher Education

Updated February 2024

The Postsecondary National Policy Institute (PNPI) provides current and prospective policymakers with a substantive and collegial foundation on which to build federal higher education policies that drive positive outcomes for students and their families.

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Summary

The onset of the COVID-19 pandemic had significant impacts on higher education. Enrollment and retention rates declined in general, particularly for public two-year institutions and part-time students. The federal government responded through a series of stimulus packages and continual policy guidance. This primer documents the impacts of COVID-19 on students and institutions, how the federal government responded, how institutions navigated the federal response, and how higher education has progressed in the years since.

Effects of COVID-19 on Higher Education

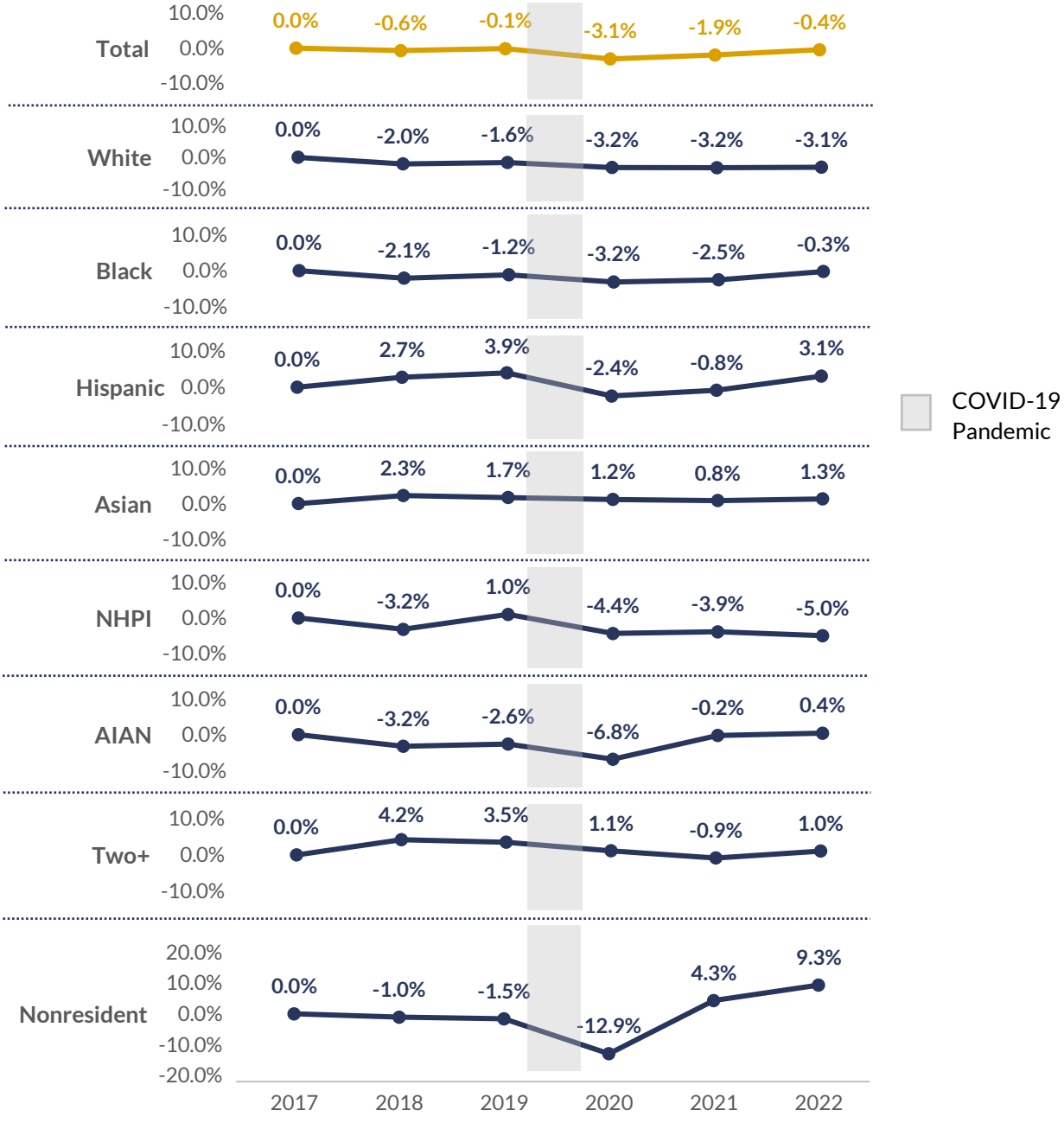
Effect on Enrollment

COVID-19 had a profound impact on the operations of higher education institutions and the lives of higher education students. With the sudden closure of college campuses and lockdowns imposed in the spring of 2020, higher education enrollment was sure to be affected. Figures 1 and 2 show that, as expected, fall enrollment declined in general between fall 2019 and 2020. This decline, however, was not consistent across student demographics. Figure 1 shows a sizable disparity in enrollment change by race/ethnicity, where Native Hawaiian/Pacific Islander (4.4%), American Indian/Alaska Native (6.8%), and nonresident (12.9%) student enrollment declines far outpaced the national rate of 3.1%. Evidence from the Institute of International Education (IIE) shows a 43% decrease in international student enrollment between fall 2019 and fall 2020, with one in five international students studying online from their home countries in fall 2020.[1] International enrollment has bounced back, however. A 2022 survey from IIE shows 7% enrollment growth in fall 2021 and an increase across both undergraduate and graduate enrollment.[2] Figure 1 shows nonresident enrollment grow 4.3% between fall 2020 and fall 2021 and another 9.3% between fall 2021 and 2022.

While the nonresident enrollment decline is in many ways understandable, given that international students were likely hesitant to enroll in other countries during a pandemic, the racial/ethnic disparities of resident students speak to greater inequities in access and persistence in our higher education system. A study using administrative data from California Community Colleges found "enrollment reductions were largest among Black/African American and Latinx students, and were larger among continuing students than first-time students."[3] This study also found that enrollment declines as a result of the pandemic were persistent, with an 11% decline between fall 2019 and fall 2020 followed by an additional 7% decline between fall 2020 and fall 2021.

[1] See the IIE 2020 enrollment survey (Baer & Martel, 2020).
[2] See the IIE 2022 enrollment survey (Baer & Martel, 2020).
[3] See the Stanford Institute for Economic Policy Research study (Bulman & Fairlie, 2022). Quote pulled from their executive summary.

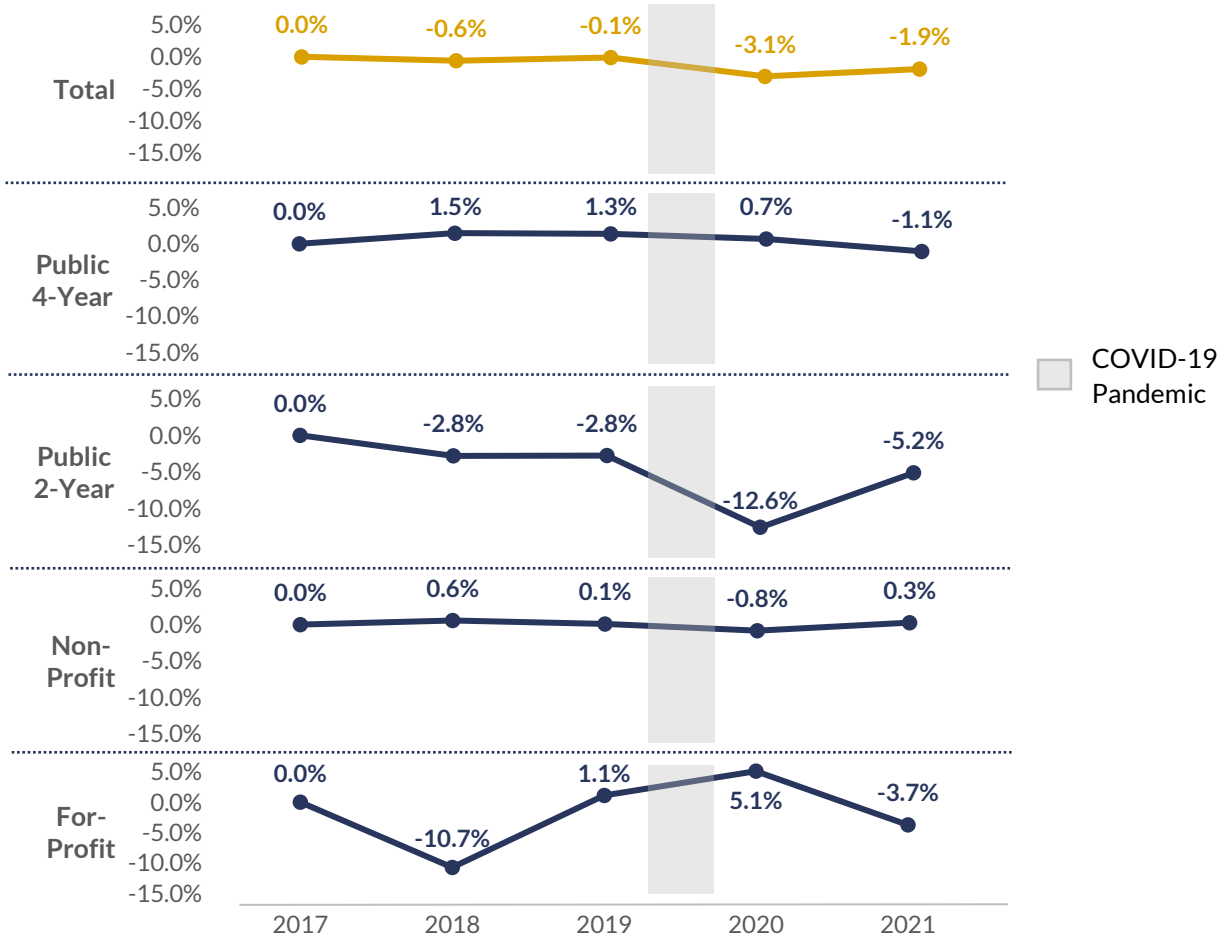
Figure 1: Year-Over-Year Percent Change in Fall Enrollment by Race/Ethnicity, 2017–2022



Source: Digest of Education Statistics Table 306.10.
Notes: NHPI: Native Hawaiian/Pacific Islander; AIAN: American Indian/Alaska Native. Figures represent total enrollment. Nonresident students are all students enrolled who were not residents of the United States, regardless of race/ethnicity.

The impacts of COVID-19 were not felt equally across institutional sectors. While general enrollment declined by 3.1% between fall 2019 and 2020, public four-year and for-profit institutions actually saw an increase in enrollment during that time (see Figure 2). The primary sector driving the enrollment decline were public two-year institutions, which saw a decline of 12.6%. This disparity has many possible causes, including the composition of students who typically attend public two-year institutions, namely non-traditional-aged students, part-time students, or students from historically disenfranchised racial/ethnic populations that might have been disproportionately impacted by the pandemic. These enrollment disparities are corroborated by the American Council on Education (ACE), which found that even at four-year institutions (but especially at two-year institutions), students seeking associate degrees declined considerably during the pandemic.[4] Between fall 2020 and fall 2021, public two-year institutions slowed their enrollment decline, though their enrollment still dropped by 5.2%. For-profit institutions saw their pandemic growth stop, declining 3.7%.

Figure 2: Year-Over-Year Percent Change in Fall Enrollment by Sector, 2017–2021



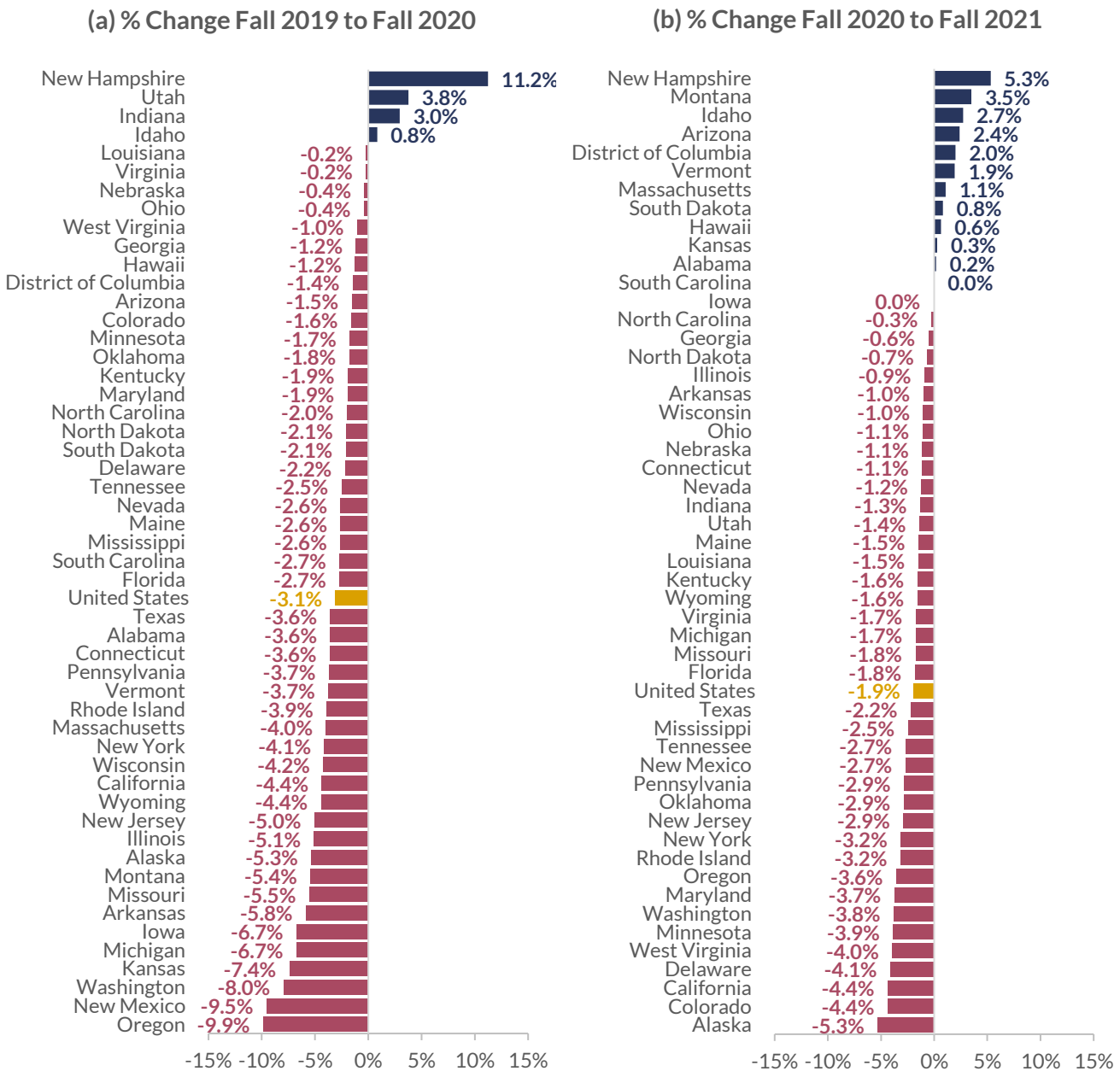
Source: Digest of Education Statistics Table 303.25.

[4] See the Facts in Hand report from ACE and NSC (ACE, 2022).

Enrollment changes were not distributed equally across the U.S., with some states weathering the decline better than others. Figure 3 shows the percent change in overall fall enrollment between 2019 and 2021 for each state. New Hampshire had the largest increase in enrollment during the first year of the pandemic, possibly due to the relatively few public two-year institutions in the state and a large online presence from Southern New Hampshire University. Oregon fared the worst, followed closely by New Mexico. While there are not clear geographic patterns in enrollment changes, such as larger states uniformly declining while smaller states do not, it should be noted that both Oregon and New Mexico are large, with the resulting geographic distance and relative rurality possibly impacting enrollments. Though rural-located institutions, regardless of institutional sector, did not fare any worse than their non-rural peers in terms of fall enrollment between 2019 and 2020,[5] results from the National College Access Network (NCAN) did find that students in rural areas were much less likely to express an interest in attending college following the COVID-19 pandemic.[6]

[5] According to an analysis done by the SSTAR Lab at the University of Wisconsin–Madison (Hillman et al., 2021).
[6] According to an analysis of NCAN FAFSA data conducted by The Hechinger Report (Marcus, 2020).

Figure 3: Percent Change in Fall Enrollment by State, 2019-2021



Source: Digest of Education Statistics Table 304.10.

Enrollment declines across the country slowed in fall 2021, though a majority of states still lost overall enrollment. Some states recovered considerably, such as Montana and Massachusetts. Montana went from an enrollment decline of 5.4% between fall 2019 and fall 2020 to an enrollment increase of 3.5% between fall 2020 and fall 2021; Massachusetts similarly went from a decline of 4% between fall 2019 and fall 2020 to an increase of 1.1% between fall 2020 and fall 2021.

Effect on Graduation, Completion, and Graduate Outcomes and Earnings

Graduation rates at 150% time (three years for two-year institutions and six years for four-year institutions) for first-time, full-time students changed little between 2019–20 and 2021–22. Across all racial/ethnic groups six-year graduation rates increased slightly between pre- and post-pandemic cohorts.[7] For three-year completion rates at two-year institutions, we see similar marginal increases, except for a slight decrease for NHPI students.[8] This suggests that the inertia of cohorts nearing the completion of their credential carried them through to finish despite pandemic-related interruptions.

For overall retention, however, we saw a general decline in the first year of the pandemic, most notably among part-time students at public two-year institutions (see Table 1). Overall, 75.9% of full-time students enrolled in 2019 re-enrolled in 2020, compared to 76.2% in 2018–19. For part-time students, we see a decline of 3.2 percentage points overall, with the greatest decline (four percentage points) among public two-year institutions. These findings are corroborated by a study conducted by ACE and the American Association of Collegiate Registrars and Admissions Officers (AACRAO) in April 2020 that found one in five students were uncertain about re-enrolling in fall 2020, despite 82% reporting that they would likely be able to complete their spring 2020 courses as planned.[9] Between 2020 and 2021, we see a slight recovery in retention rates, with notable exceptions among full-time students at public four-year and for-profit institutions and part-time students at non-profit institutions.

Table 1: Retention Rates Over Time by Institutional Sector and Student Level

		2018 to 2019	2019 to 2020	2020 to 2021
Full-time students	**All institutions**	**76.2%**	**75.9%**	**75.7%**
	Public 4-Year	81.5%	82.4%	80.8%
	Public 2-Year	62.5%	60.7%	61.0%
	Non-profit	81.3%	80.2%	80.9%
	For-profit	66.5%	65.6%	62.3%
Part-time students	**All institutions**	**45.0%**	**41.9%**	**43.4%**
	Public 4-Year	53.6%	53.9%	52.4%
	Public 2-Year	44.3%	40.4%	42.1%
	Non-profit	43.5%	44.4%	42.1%
	For-profit	43.4%	42.9%	42.9%

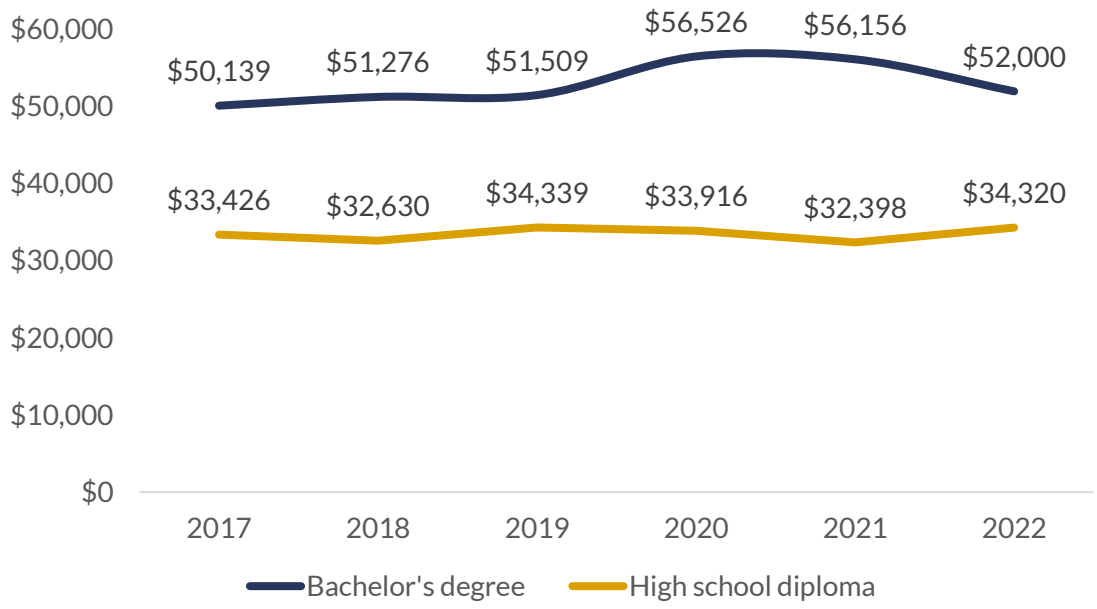
Source: Digest of Education Statistics Table 326.30.

[7] See Digest of Education Statistics Table 326.10.
[8] See Digest of Education Statistics Table 326.20.
[9] See the ACE survey highlights (ACE, 2020).

The outcomes of students who graduated during the pandemic, namely in spring 2020, were impacted as well. A review of the effects of recessions on recent college graduates found that recession graduates fare worse than their peers who graduated during strong labor market periods, but they were able to weather recessions better than their peers without a college degree. In many cases, turning to graduate school as a way of sheltering during a difficult labor market allowed past recession graduates to develop their earning potential in the relative reliability of the higher education sector.[10] COVID-19 was different; the turn to graduate schooling did not occur the way it had in previous economic recessions. In fact, many households who had planned to take courses, both graduate and undergraduate, in fall 2020 announced they either changed or canceled those plans, particularly among lower-income households.[11]

Figure 4 shows the median annual wages of recent college graduates as compared to their peers with high school diplomas between 2017 and 2022. The Current Population Survey's March Supplement shows a drop in median wages from 2021 to 2022 for bachelor's degree graduates, an accelerated decline first seen in 2020, in constant dollars in the past five years. Despite this decline, bachelor's degree graduates still fared better than those with a high school diploma, though the gap was more pronounced at the height of the pandemic in 2020 and 2021. Wages aside, bachelor's degree graduates still faced a difficult labor market in 2020 and 2021, with the labor force participation rate of recent graduates dropping by 7 percentage points between 2019 and 2020. For comparison, during the Great Recession (2007–2008), recent bachelor's degree graduates actually saw their participation rate increase by 1 percentage point.[12]

Figure 4: Median Annual Wages of Recent College Graduates



Source: New York Federal Reserve's analysis of Current Population Survey's March Supplement. Adjusted to 2022 constant dollars using the Consumer Price Index. Only individuals ages 22–27 working full-time and not enrolled in any school included.

[10] See the literature review by Rodriguez, et al. (2020).
[11] Based on an analysis of U.S. Census data by Carnevale & Fasules (2021).
[12] According to an analysis conducted by Pew Research Center (Barroso & Sechopoulos, 2021).

Effect on Students

COVID-19 indirectly impacted students in terms of enrollment, graduation rates, and labor market outcomes, but it also directly affected students' socio-emotional and mental health, their food and basic needs security, and how they interacted with their courses—namely through a shift to online delivery. It also impacted high school students and their higher education prospects. Table 2 includes a brief literature review of the effects of COVID-19 on students' socio-emotional health, food security, online learning outcomes, and postsecondary aspirations.

Table 2: Literature Review of the Impacts of COVID-19 on Students

Impact	Findings	Source
Socio-emotional Impacts	1. A systematic review found that among 16 studies of college students during the pandemic, students often felt "more anxious, depressed, fatigued, and distressed than prior to the pandemic." Students from rural areas, low family socioeconomic status, or related to a healthcare worker were at higher risk of these feelings.	Link
	2. Between May and July 2020, a survey found students with disabilities (physical, learning, neurodevelopmental, or cognitive) were less likely to feel that they belong on campus, less likely to agree that the campus supported them, and experiencing higher rates of major depressive disorders and generalized anxiety disorders during the pandemic than students without disabilities.	Link
Food and Basic Needs Insecurity	1. According to a survey from the Hope Center, three-fifths of respondents experienced basic needs insecurity in fall 2020. Thirty-nine percent of respondents at two-year institutions and 29% at four-year institutions experienced food insecurity. The gaps in insecurity by race/ethnicity were stark, with 70% of Black students experiencing basic needs insecurity compared to 54% of white students.	Link
	2. Trellis Company's Student Financial Wellness Survey in fall 2021 found that 42% of respondents experienced food insecurity in 2021, while 40% experienced some form of housing insecurity and 15% experienced outright homelessness.	Link
Online Learning Outcomes[13]	1. A literature review of online learning outcomes found that all causal studies of online courses found negative impacts on learning, particularly for males and less academically prepared students. A randomized experiment conducted during COVID-19 found that online course delivery lowered students' final grades, while another experiment found that providing a live-streamed lecture in addition to in-person instruction improved learning outcomes for already high-achieving students but lowered them for low-	Link

[13] According to Table 311.15 of the Digest of Education Statistics, the share of students taking any distance education courses increased from 37% to 74% from fall 2019 to fall 2020, while those enrolled exclusively online increased from 17.5% to 45.5%.

	achieving students. The only positive effects of online courses in the literature were slightly increased time-to-degree and completion rates.	
	2. The Hechinger Report summarized several studies on online learning, finding that students preferred online delivery for larger lecture courses. A survey by Strada Education found that three in 10 students said their ability to learn was much worse online, however.	Link
	3. A survey conducted by ACT in June 2020 found that students felt their coursework after the transition to online was challenging, stating, "Classes and materials were much harder to understand once I was forced to start classes from home." Only 18% of students did not experience limited access to either the necessary technology or internet connection for online courses.	Link
College Aspirations of High School Students	1. According to a survey conducted by Strada Education, the graduating class of 2020 applied to a college or postsecondary program at a rate of 53%, compared to just 35% for the class of 2021. Across all aspirational behaviors (such as speaking to an adult at high school about more education), the class of 2021 had lower rates than the class of 2020. The most common reason cited for not pursuing more education was feeling too much stress, anxiety, or uncertainty.	Link
	2. A survey by the UCLA Latino Policy & Politics Institute found that, prior to vaccines becoming available, 11% of Latino students planned to cancel all their plans for postsecondary education in fall 2021, double that of white students.	Link

Effect on Student Borrowing

For student loan borrowers, the early stages of the pandemic were a period of heightened stress, as the accompanying economic downturn made repayment difficult if not impossible for many. Student loan borrowers in serious delinquency grew following the Great Recession to a height of 11.8% in 2013, maintaining close to that level right up to the onset of COVID-19.[14] The federal government acted quickly to protect borrowers, enacting a repayment and interest rate pause on March 27, 2020; this pause was extended several times, with payments resumed in October 2023.[15] Following the resumption of payments, all borrowers were placed in good standing, causing student loan delinquency rates to drop to 0%.

[14] According to New York Federal Reserve's Center for Microeconomic Data.
[15] See Figure 7 in the Federal Responses section of this primer for a timeline of the loan pauses.

Following the end of the repayment pause put into place during the COVID-19 pandemic, there were several policymakers and higher education experts concerned about restarting the payment system, with particular worry about student loan servicers' capacity to resume.[16] These fears appear to be warranted, based on new survey data from the Federal Reserve Bank of Philadelphia's Consumer Finance Institute. In a four-part series, researchers at the Federal Reserve surveyed 2000 student loan borrowers in November 2023 to ask them about their repayment actions and patterns after the pause ended on October 1, 2023. During October, 64.1% of borrowers reported paying their full amount owed, 21.2% reported paying a partial amount, and 14.7% of borrowers reported not paying any amount they owed for the month.[17] When those borrowers who did not pay their full amount were asked why they hadn't paid, 56.3% reported that they could not afford the resumption of payments, 18.1% reported that they were unable to contact their servicer, and 15% reported that their payment was not completed due to a billing error by the servicer.[18] Compared to 2020 Q2, which is the last quarter for which we have delinquency data pre-pandemic, the 14.7% of borrowers not paying any amount of their monthly bill in October, 2023 is more than three percentage points higher than the total share of borrowers who were delinquent more than 31 days (11.5%). This difference belies a greater concern: the payment and interest pause ostensibly allowed borrowers time to build up a greater capacity for repayment, but these data suggest that the pandemic may have affected borrowers' ability to pay.

In the months leading up to the resumption of payments, the Federal Reserve found that 30% of borrowers made lump-sum or excess payments in anticipation of renewed interest accrual, with higher-income borrowers being much more likely to pay.[19] In analyzing borrower's awareness of ED's new SAVE repayment plan, the Federal Reserve researchers found that one third of borrowers were not aware of the plan at all, and after being informed of the criteria of the plan 32% of prospective enrollees said that they intended to apply.[20] When asked about their prospective spending and savings following the resumption of payments, lower-income borrowers on average anticipated saving 5.7% less. Individuals who held a bachelor's degree anticipated saving 8% less after payments resumed, compared to 1% of those with a high school diploma.[21]

For more information on federal student loan borrowing, see our primers on student loan debt, repayment, and Federal Student Aid.

[16] See this news story from July, 2023 about policymaker concerns with servicers.
[17] See figure 3 in the Federal Reserve's first report.
[18] See figure 6 in the Federal Reserve's first report.
[19] See figure 3 in the Federal Reserve's second report.
[20] See figures 1 and 2 in the Federal Reserve's third report.
[21] See table 2 in the Federal Reserve's fourth report. An important caveat from the authors: "There was a great deal going on in the economy and individuals' lives in the Q4 2023, and the return to student loan repayment was only one budget influence."

Test-Optional Policies

While institutions were trending toward test-optional admissions prior to COVID-19,[22] the pandemic caused many to embrace the policy change as a necessary expedient in light of the physical barriers of testing while maintaining distance. Due to high school students' inability to take ACT and SAT exams in person, and thus missing opportunities afforded previous cohorts, many institutions decided to temporarily adopt test-optional admissions policies.[23] FairTest, an advocacy organization that documents which institutions adopt test-optional or test-blind policies, shows that just over 1,000 institutions had this type of policy in 2019, jumping to nearly 1,700 in 2020. For fall 2023 admissions policies, 1,838 institutions have some form of test-optional admissions process according to FairTest.

ACT surveyed higher education enrollment and admission officers and found that "these institutions indicate being somewhat unlikely to return to test-required, with significant uncertainty remaining" in the spring of 2021. This report also directly attributes these policy shifts to COVID-19 rather than a historical trend, stating that "due in large part to the impact of COVID-19, four-year higher education institutions have shifted towards being predominantly test-optional."[24] The Urban Institute conducted an analysis of institutions with test-optional policies, comparing those that adopted the policy before the pandemic, after the pandemic, or never. They found that institutions that adopted these policies prior to COVID-19 had higher tuition and fees, perhaps speaking to the non-profit skew of these policies before the pandemic. The authors also found that the pandemic greatly increased the number of Historically Black Colleges and Universities (HBCUs) with test-optional policies, with 30% of the observed sample of HBCUs adopting a test-optional policy following the onset of COVID-19.[25]

Since the end of the official pandemic, many institutions maintained their test-optional policies, while some have decided to expand it further to test-blind and others have chosen to reinstate their test requirements. Dartmouth College, after conducting an internal study of applicants, found that college academic preparedness mapped more closely to test scores than to high school GPA, and that less economically-advantaged students were more likely to withhold test scores that would have benefitted them under test-optional policies.

[22] See the historical trend documented by FairTest.
[23] The University of Wisconsin–Madison, for instance, explicitly states the disruption to testing availability as a key reason for the initial policy change.
[24] See report from ACT (2021). Quotes pulled from the executive summary and page 5, respectively.
[25] See the analysis by the Urban Institute (Lovell & Mallinson, 2021).

Effect on Institutions

In spring 2020, more than 1,300 colleges and universities closed their campuses and pivoted to online course delivery.[26] In fall 2020, 27% of institutions planned to primarily offer their courses online, 19% planned on offering courses primarily in person, and 16% planned for hybrid forms of instruction.[27] Davidson College's College Crisis Initiative (C2i) documented college closures and reopening plans and found that four-year institutions in spring 2021 were evenly mixed on the return to campus, with 36% primarily or fully in person, 41% primarily or fully online, and 20% maintaining a hybrid model. According to further analysis, these re-openings were primarily financially or politically motivated, with financial sources and measures being closely correlated with the likelihood of reopening, along with the political leanings of their state.[28]

Whether institutions closed or transitioned, the pandemic has had a long-term effect on how they function. Online course delivery, for instance, is here to stay for many institutions. An NC-SARA study found that 59% of institutions surveyed in fall 2020 planned to maintain some or all of their online transition following the pandemic. In fall 2021 60.1% of students reported taking some distance education courses while 30.3% reported being enrolled exclusively in distance education.[29] These types of changes also came amid governance adjustments. According to a survey by the Association for American University Professors, a majority of faculty senates reported feeling less influential in decision-making following the pandemic. This perceived decline in influence differed by institutional type, however, with faculty at doctoral institutions reporting an increase in influence over campus decision-making. This survey also found a sizable share of institutions laying off tenured and, even more so, contingent faculty as cost-saving measures during the pandemic.[30]

Though state appropriations per student typically decline after an economic recession, according to the State Higher Education Executive Officers Association (SHEEO), the COVID-19 pandemic resulted in a 4.5% increase in educational appropriations between 2020 and 2021, largely due to federal stimulus funding. Without the federal funding, SHEEO found that funding would have still increased by 2% per full-time equivalent (FTE) student. This increase, however, is due to the decline in FTE enrollment, making existing funding stretch further than prior years. According to SHEEO, if enrollment had remained constant, per FTE funding would have declined by 1%.[31] The most recent State Higher Education Finance (SHEF) report from SHEEO in 2022 states that state education appropriations to institutions increased 4.9%, "surpassing pre-recession per student funding levels in 2008 by 3.1%."[32]

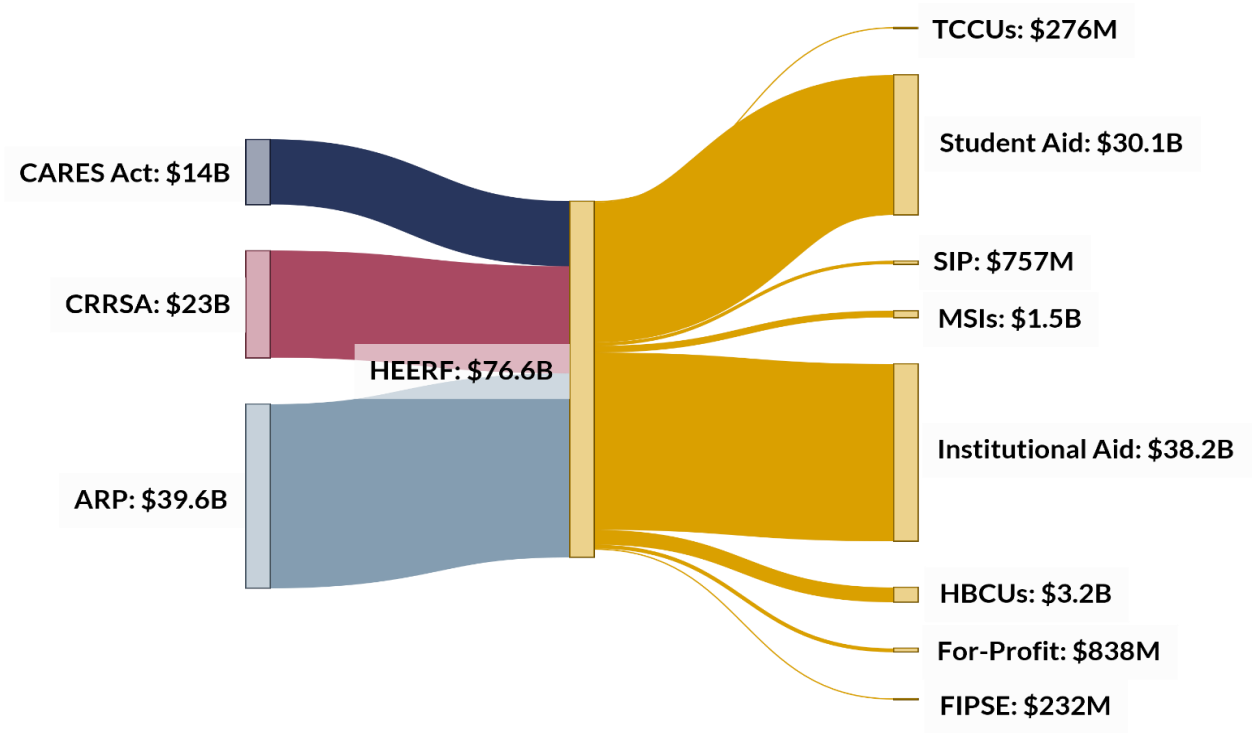
[26] See the National Conference of State Legislatures' analysis of the C2i data from Davidson College (Smalley, 2021).
[27] According to Davidson Colleges' C2i (2022).
[28] See the summary of the analysis in Brookings (Eldridge et al., 2022).
[29] See the Digest of Education Statistics Table 311.15.
[30] See the survey by the American Association of University Professors (AAUP, 2021).
[31] See the State Higher Education Finance (SHEF) report for fiscal year 2021 by SHEEO (2022).
[32] See the SHEF report for fiscal year 2022 by SHEEO (2023).

Federal Responses

The primary federal response to COVID-19 came in the form of three stimulus packages: the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed on March 27, 2020; the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) signed on December 21, 2020; and the American Rescue Plan (ARP) signed on March 12, 2021. These acts used the Education Stabilization Fund (ESF) created in the CARES Act as the primary stimulus mechanism. The ESF created a number of funds, with the most notable for higher education being the Higher Education Emergency Relief Fund (HEERF). The CRRSAA and the ARP both contributed additional funds into the HEERF (often referred to as HEERF I, HEERF II, and HEERF III). The most recent annual HEERF report from the Department of Education, reporting on funds disbursed in 2021, found that nearly half of all students enrolled in HEERF-eligible institutions received emergency financial aid, totaling $19.5 billion to 12.7 million students. Of the $74.8 billion awarded to institutions between 2020-2022, 52% went to public four-years, 26% went to public two-years, 19% went to non-profits, and nearly 3% went to for-profits. In 2021, 53% of the $74.8 billion ($39.3 billion) was expended by institutions.[33]

Figure 5 shows a Sankey diagram of the three investments in the HEERF and where those investments went. As it shows, of the $76.6 billion in total HEERF funding, 18.3% came from the CARES Act, 30% came from the CRRSAA, and 51.2% came from the American Rescue Plan; each successive HEERF investment increased the amount. The right side of the Sankey shows the purposes of the HEERF funding, where the width of each flow marker indicates total amount.

Figure 5: Diagram of HEERF Funding Flows from Each Act Into Each Funding Purpose

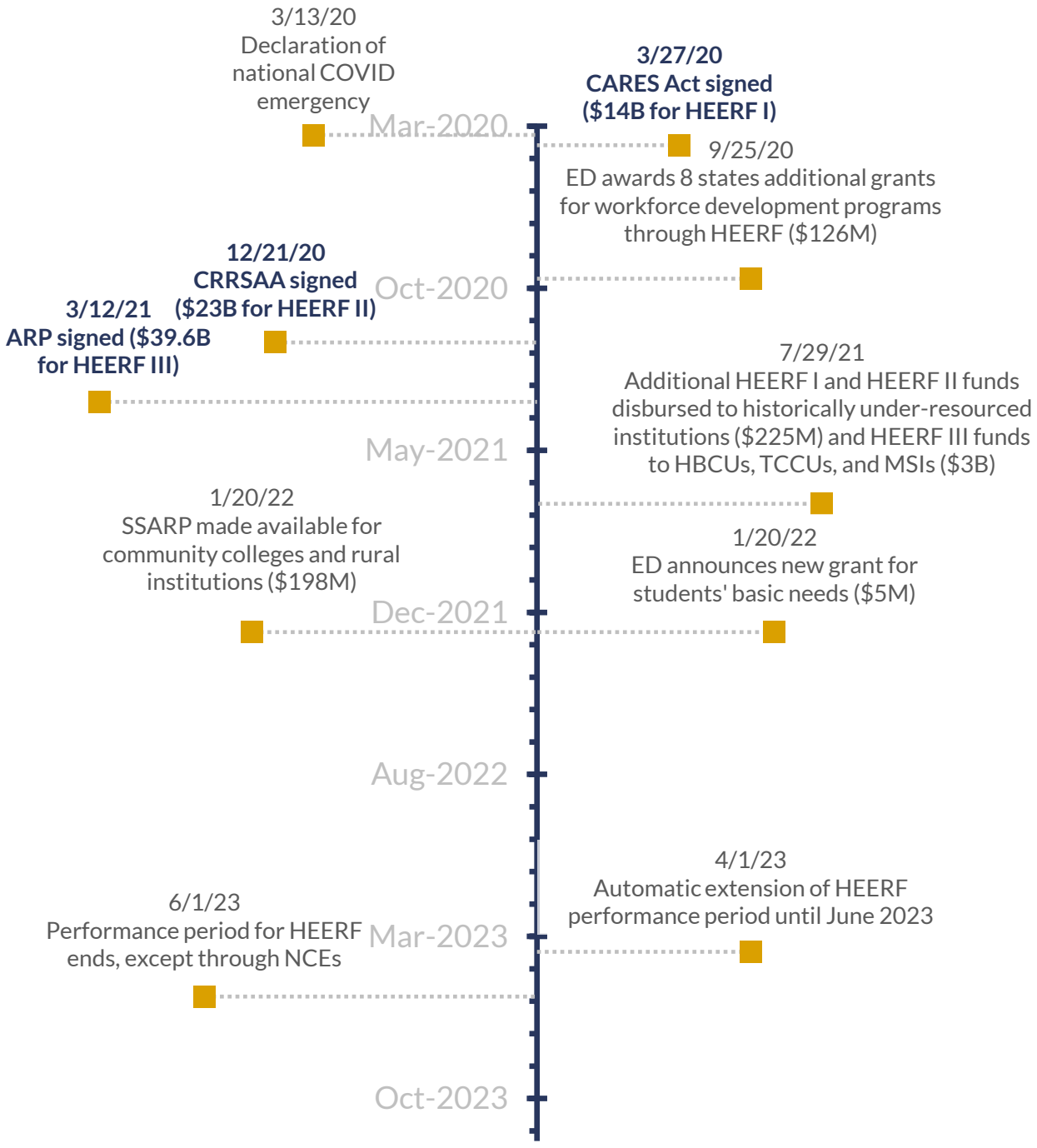


Source: ESF Transparency Tracker

[33] See the most recent annual HEERF report by the U.S. Department of Education (2023).

Figure 6 is a timeline of HEERF funding, followed by a further elaboration on each HEERF investment. Appendix I contains a table comparing different aspects of HEERF I, II, and III.

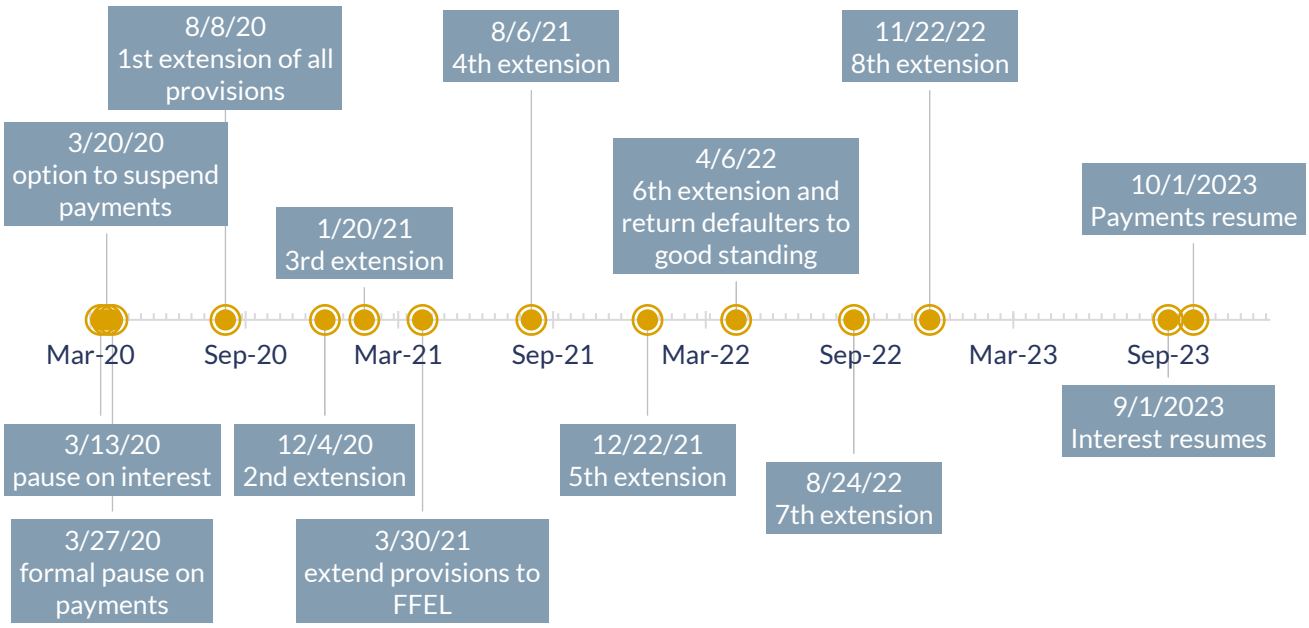
Figure 6: HEERF Timeline



The CARES Act

On March 27, 2020, President Trump signed into law the CARES Act, which established the ESF and authorized $30.75 billion in emergency educational funds. Two percent of the fund (about $600 million) went to the Bureau of Indian Education, outlying areas, and states particularly affected by the coronavirus pandemic, and 10% ($3 billion) was set aside for the Governor's Emergency Education Relief Fund (GEERF), of which governors could have chosen to use a portion on higher education. Of the remaining funds, K–12 education programs received $13.2 billion, and the remaining $14 billion went toward the HEERF. Additionally, the CARES Act set into law several federal student loan provisions previously enacted by the Department of Education (ED): the temporary suspension of federal student loan repayment; interest rates on federal student loans set to 0%; and a pause on garnishing wages and collecting on defaulted student loans. These provisions were extended several times, with payments resuming in October 2023. Figure 7 shows a timeline of each extension.

Figure 7: Timeline of Student Loan Repayment Pauses



Source: Archived data found from the Center for American Progress timeline. Most recent two extensions drawn from ED announcements. Resumption of interest and payments announced by FSA.

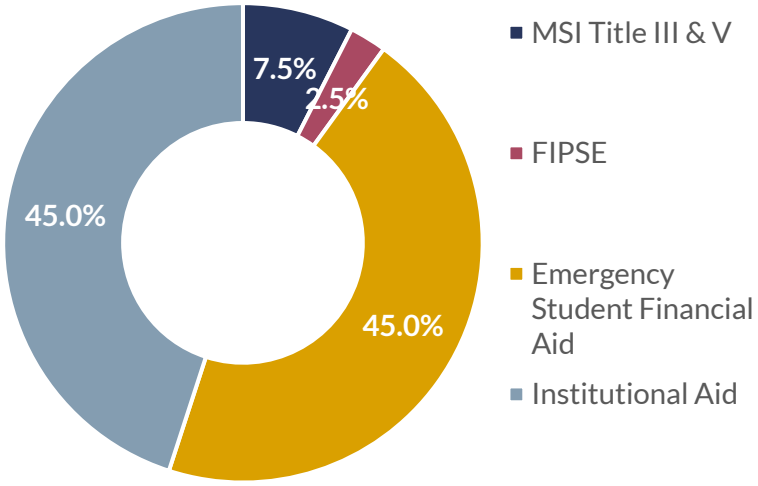
Of higher education's $14 billion allocation, 7.5% ($1 billion) was directed to minority serving institutions (MSIs) through Title III and V, and 2.5% ($350 million) was directed to institutions particularly challenged by the pandemic through the Fund for the Improvement of Postsecondary Education (FIPSE). A letter sent to college and university presidents briefly described how institutions were to use and access these funds. In August 2020, ED announced the Institutional Resilience and Expanded Postsecondary Opportunity Grant Program Competition for FIPSE, designed to increase institutional resilience and expand educational opportunities for students in the face of the pandemic. Institutions that received these funds through FIPSE were to follow certain reporting requirements.

The remaining $12.6 billion in HEERF I was divided into two grants, both of which were issued directly to institutions: emergency financial aid grants for students and institutional grants. The methodology for institutional allocations primarily focused on an institution's Pell Grant recipient enrollment. At least 50% of an institution's allocation had to go toward emergency financial aid grants for students, and no more than 50% of an institution's allocation could go toward institutional costs. Institutions that received these funds were to follow certain reporting guidelines (such as publishing a transparency report 30 days after receiving the allocation documenting funding use). In early October 2020, ED announced and implemented new reporting requirements, adding quarterly reporting to the annual requirement.

On April 9, 2020, ED then made available the $6.3 billion for emergency financial aid grants for students.[34] A letter sent to college and university presidents delineated how institutions were to distribute these funds. To access the emergency financial aid grants, institutions were required to submit a certification and agreement form. An interim final rule on student eligibility for the emergency grants was published in June 2020.

ED made available the remaining $6.2 billion in the HEERF for institutional expenses on April 21, 2020. A letter sent to college and university presidents briefly described how institutions may use these funds. In order to access these funds, institutions were required to submit a certification and agreement form and must have already applied for the emergency financial aid grants for students. ED revised the reporting requirements for HEERF recipients on August 31, 2020. The application period for HEERF funds closed on September 30, 2020. In September 2020, ED awarded $126 million to eight states through the ESF to fund worker development programs and promote economic growth during coronavirus recovery. In July 2021, ED released additional CARES Act funds to support students at public and private institutions with the greatest unmet need.

Figure 8: HEERF I Distributions ($14B)



Source: Department of Education & ESF Transparency Tracker.

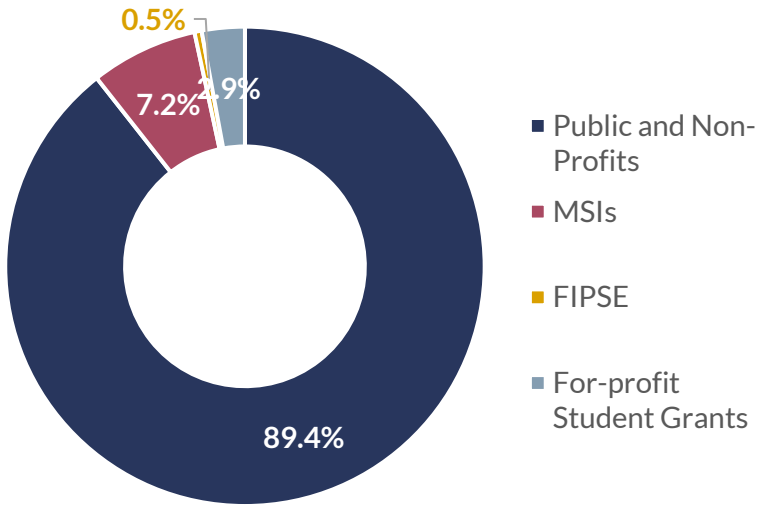
[34] Some information in this primer comes from archived press releases from the previous administration and are no longer publicly available.

The Coronavirus Response and Relief Supplemental Appropriations Act

In December 2020, the CRRSAA was signed as part of the Consolidated Appropriations Act of 2021, authorizing $82 billion to the ESF with $23 billion specifically for the HEERF. Of the $23 billion, $20 billion was allocated to public and non-profit institutions based primarily on their FTE and headcount of Pell-eligible students. The CRRSAA required institutions to provide the same amount in emergency aid to students as they received under the CARES Act, but they could spend any additional funds on institutional expenses. Unlike the CARES Act, students enrolled exclusively in distance education were included when determining institutional allocations under the CRRSAA; institutions could then receive a different allocation than they received under the CARES Act. The remaining $3 billion was split between MSIs, for-profit institutions who could only use their funds on student grants, and institutions particularly affected by the pandemic through the FIPSE.[35]

On January 14, 2021, ED made available $21.2 billion in CRRSAA HEERF funds for institutions. Public and private non-profit institutions, who were allocated $20.5 billion of these funds, could use their awards to issue emergency financial aid grants to their students; reimburse themselves for expenses incurred due to continuing operations during the pandemic; defray losses due to decreased revenue; implement information technology infrastructure and distance learning capacity for current and future students; and fund payroll and faculty and staff professional development. For-profit institutions, which were allocated $681 million, could only use their awards to issue emergency financial aid grants to students. The CRRSAA, unlike the CARES Act, specified that institutions must prioritize students with exceptional financial need when distributing emergency financial aid grants. Figure 9 shows a breakdown of the HEERF II distributions.

Figure 9: HEERF II Distributions ($23B)



Source: Department of Education & ESF Transparency Tracker.

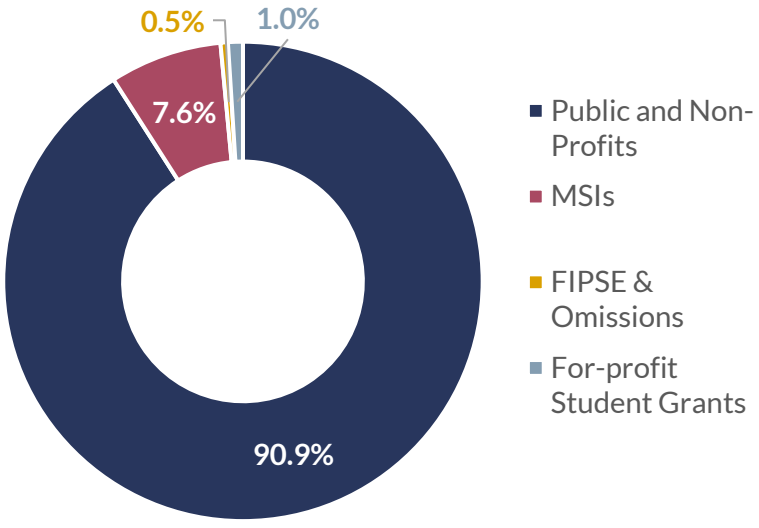
[35] According to the ESF Transparency Tracker, most institutions that received funds through the FIPSE were graduate schools, religiously affiliated institutions, or special-purpose career schools.

Institutions who applied for funds under the CARES Act did not need to reapply for the same funds under the CRRSAA—funds were automatically issued. For example, if an institution applied for and received the emergency student aid portion of the CARES Act, they did not need to reapply to receive these funds under the CRRSAA. If an institution did not apply for the institutional aid portion of the CARES Act, they had to apply to receive these institutional funds under the CRRSAA. Institutions could use these funds for any expenses that occurred on or after March 13, 2020. In July 2021, ED released additional CRRSAA funds to support students at public and private institutions with the greatest unmet need.

The American Rescue Plan

On March 12, 2021, President Biden signed into law the ARP, authorizing $39.6 billion to the HEERF. On May 11, 2021, ED released these funds to institutions, published further guidance on uses, and issued a final rule on student eligibility for HEERF funds. Of the authorized funds, $36 billion was allocated to public and private non-profit institutions; $3 billion was allocated to HBCUs, Tribally Controlled Colleges and Universities (TCCUs), and other MSIs; and $198 million was allocated to institutions with the greatest unmet need and institutions omitted from the HEERF formula. Funds were awarded based primarily on FTE enrollment and headcount of Pell Grant recipients. Similar to the CARES Act, institutions had to spend at least 50% of their allocation on emergency financial aid grants directly to students. Institutions were required to spend a "reasonable and necessary" amount of institutional funds on monitoring and controlling the spread of COVID-19 on their campus and on outreach to students alerting them of opportunities to receive a financial aid adjustment due to lost income as a result of the pandemic. Additionally, institutions could use remaining funds to replace lost revenue, fund emergency expenses, or meet payroll costs, among other expenses. Institutions who received HEERF I or HEERF II funds were automatically issued HEERF III funds. For-profits were allocated $396 million that had to be spent on emergency student grants. All for-profits were required to submit a certification form prior to receiving HEERF III funds, and other institutions who did not receive prior HEERF funds had to submit an application. Figure 10 shows the distribution of HEERF III funds.

Figure 10: HEERF III Distributions ($39.6B)



Source: Department of Education & ESF Transparency Tracker.

All students, regardless of Title IV eligibility or FAFSA completion status, were eligible to receive HEERF III funds, including undocumented, international, and online-only students. Institutions had to prioritize students with exceptional need when issuing these funds.

While the ARP did not fund the GEERF found in the CARES Act and CRRSAA, which provided emergency education funds for governors to spend as they saw fit across elementary, secondary, and postsecondary education in their state, it did include a maintenance of effort provision. To receive state-based emergency relief funds, states had to maintain both K–12 and postsecondary education spending in FY22 and FY23 at the average proportion of state overall spending from the FY18, FY19, and FY20 years. The Secretary of Education could waive this provision. The American Rescue Plan made forgiven or discharged federal student loans tax-exempt through 2026. The law also closed the 90/10 loophole for for-profit institutions. Previously, for-profit institutions were required to obtain at least 10% of their revenue from non-federal aid sources, and federal veterans' education benefits counted toward non-federal aid. Effective January 1, 2023, federal veterans' education benefits count as a federal aid source.

In July 2021, ED released $3 billion in emergency aid under the ARP: $1.6 billion to HBCUs, $1.19 billion to other MSIs and institutions eligible under the Strengthening Institutions Program (SIP), and $143 million to TCCUs. In January 2022, ED invited applications for a $198 million grant opportunity under the Supplemental Support under American Rescue Plan (SSARP) program to support colleges and universities with the greatest unmet needs related to COVID-19, provided new guidance to colleges and universities on using ARP funds to meet students' basic needs, and announced $5 million in new grant funding to address students' basic needs. On May 19, 2022, ED urged colleges to use HEERF funds on mental health services on campus and provided a detailed FAQ on how they might do so. Among the allowable uses were expansions of remote health services to increase access to mental health professionals, and the establishment of 24-hour hotlines. The performance period for HEERF funds ended in June 2023 except for institutions who applied for and received a one-time no-cost extension (NCE).

Student Veteran Coronavirus Response Act

In March 2020, early in the pandemic, the federal government also issued the Student Veteran Coronavirus Response Act, empowering the Department of Veterans Affairs (VA) to support student veterans. Specifically, the legislation included five policies meant to keep student veterans from losing existing funding as a result of educational programs stopping. Under the act, the VA was given the power to:[36]

1. Continue work-study allowances
2. Continue paying educational and subsistence allowances for programs that were suspended
3. Not charge educational assistance payments to student veterans' assistance allowances for programs that could not continue due to COVID-19 (including rehabilitation programs for student veterans with disabilities)
4. Extend the time limitation for using the post-9/11 G.I. Bill if an institution closed during coursework
5. Pay student veterans a subsistence allowance of up to two months following a program of employment services

[36] See the summary of U.S. House of Representatives (2020).

Paycheck Protection Program Impact on Higher Education

The Paycheck Protection Program (PPP) was established by the CARES Act to support small businesses during the early stages of the pandemic. The program provided small businesses loans to pay up to eight weeks of payroll costs including benefits, interest on mortgages, rent, and utilities.[37] While public higher education institutions did not qualify for this program, several non-profit institutions participated. An analysis of PPP loans found that 679 institutions and 103 affiliated organizations (including foundations, auxiliary groups, alumni associations, student services, and others) participated, with the majority of institutions receiving between $1 million and $5 million and a majority of affiliated organizations receiving between $150,000 and $1 million.[38]

Families First Coronavirus Response Act

The Families First Coronavirus Response Act required certain employers to provide their employees with paid sick leave or expanded family leave related to COVID-19 between April 1 and December 31, 2020. This requirement applied to certain public employers and private employers with fewer than 500 employees, including institutions of higher education. The requirement stipulated two weeks of paid sick leave at full pay if the employee had to quarantine, two weeks of paid sick leave at two-thirds pay if the employee had to care for an individual in quarantine, and up to an additional 10 weeks of paid sick leave at two-thirds pay if an employee was unable to work due to complications from COVID-19.[39]

Institutional Uses of Federal Funds

The Appendix outlines specific guidance on what funds from the three HEERF investments could have been used for. The allocation for specific institutions can be found on the Office of Postsecondary Education's webpage, with each HEERF use category itemized.[40] Since the distribution of these funds, several constituent organizations have highlighted the impact and use of federal investment. The Association of Public & Land-Grant Universities (APLU) found that APLU members had spent over 70% of the total HEERF funds they received by the close of 2021. As stipulated in the acts, a majority of these funds went to emergency financial aid grants to students, who were then able to offset rent, groceries, and other living expenses in the face of the pandemic-induced economic downturn. Specifically, HEERF institutional aid allowed institutions like Northern Arizona University to upgrade their classroom technology to accommodate the switch to hybrid and remote learning. Institutions such as the State University of New York system invested in mental health programs for students facing the associated risks of social, economic, and physical upheaval.[41]

[37] See the U.S. Department of the Treasury's policy summary (n.d.).
[38] According to an analysis conducted by Higher Ed Dive (Schwartz, 2020).
[39] See the guidance issued by the U.S. Department of Labor (n.d.).
[40] See, for example, the allocation tables provided at the bottom of OPE's CARES Act webpage.
[41] See the full report from APLU (2022).

A survey of 400 college presidents conducted by ACE found that HEERF funds helped to maintain enrollment, affordability, employment, and COVID-19 health standards, as well as adjust for electronic course delivery. In general, presidents felt most strongly that HEERF funding helped maintain enrollment and purchase the necessary equipment for COVID-19 health protections. A majority of presidents, however, did not feel the HEERF helped prevent institutional operations from ceasing or planned programs from closing due to COVID-19. This suggests that while HEERF helped substantially with sustaining funding and spending levels, it could not offset larger financial consequences. There were also disparities by institutional sector, where public two-year presidents were much more in agreement that HEERF helped the transition to electronic course delivery; private four-year presidents were much less in agreement about maintaining affordability than their peers.[42]

In the most recent annual HEERF report from the Department of Education, a large majority of institutions (89.8%) agreed that HEERF impacted their ability to achieve specific goals, with "keep students enrolled who were at risk of dropping out by financial support" being the most prominent. Among MSIs, the share in agreement was even greater (96%). Beyond supporting students, institutions used their allotted funds not earmarked for student financial aid primarily on recovering lost revenue. They reported that 52% of lost revenue could be attributed to declines in enrollment and room and board, and that they spent a total of $13 billion in 2021 to maintain services and avoid cuts to programs, faculty, and staff.[43]

[42] See the full survey results at ACE (2020).
[43] See the most recent annual HEERF report by the U.S. Department of Education (2023).

Issue-Specific Federal Guidance

ED has issued several guidance and regulation letters since the outbreak of COVID-19. Below is a tabled timeline of issued guidance by topic and the specific guidance from the federal government.

Table 3: Federal Higher Education Guidance Related to the COVID-19 Pandemic

Date	Updates	Topic	Guidance	Source
3/5/20	3/20/20; 4/3/20; 5/15/20; 6/16/20	Title IV Compliance	Focusing on Title IV compliance, guidance on Federal Work Study, authorization of shortened academic years, guidance on financial aid professional judgments, and NSLDS reporting, among others.	Link
3/9/20	4/26/21; 5/31/22	International Student Enrollment	Permitted institutions flexibility with course offerings for international students. Under this guidance, international students enrolled at American institutions could take fully online courses from outside the U.S. for credit. Ended May 11, 2023.	Link
3/17/20	4/3/20; 5/15/20; 8/21/20; 12/11/20	Accreditation	Permits flexibility in accreditor visit structure and extensions of accrediting periods, and waives some of the accreditor process requirements.	Link
3/20/20	3/13/20; 3/20/20; 3/27/20; 8/8/20; 12/4/20; 1/20/21; 3/30/21; 8/6/21; 12/22/21; 4/6/22; 8/24/22; 11/22/22	Federal Student Loan Repayment Pause	ED announced the suspension of student loan repayment requirements and that interest rates would be set to 0%. On March 25, ED announced that wages would not be garnished and collected on defaulted student loans. These provisions have been extended numerous times. Payments resumed in October 2023.	Link (last pause)
4/1/20	8/21/20; 12/11/20	Distance Education	Amended definitions to provide flexibility to distance/online education courses and ensure compliance with Title IV.	Link
12/27/20		SNAP Eligibility	The Consolidated Appropriations Act of 2021 temporarily expanded SNAP eligibility to students with $0 EFC or who are eligible for FWS.	Link

1/21/21		Resuming In-Person Classes	President Biden directed the Secretary of Education and Secretary of HHS to develop evidence-based guidance on reopening in-person campus courses/activities.	Link
1/29/21	8/16/21; 4/29/22	Financial Aid	ED released an announcement on use of professional judgment by financial aid administrators.	Link
3/29/21		Student Loan Discharge	Borrowers with total and permanent disabilities (TPD) and had loans discharged not required to submit income documentation during COVID-19. Borrowers whose loans were reinstated will be discharged, borrowers receive refund for payments during COVID-19.	Link
3/30/21		Federal Student Loan Repayment Pause	ED expands repayment pause and other provisions to borrowers under FFEL who defaulted, retroactive to March 13, 2020.	Link
7/13/21	5/18/22	FAFSA Auditing	ED waives parts of the FAFSA auditing process given COVID-19 hardships. This was continued through to the 2022–23 enrollment cycle.	Link
10/6/21		PSLF	Overhauled PSLF during COVID-19 to implement a limited PSLF that counts all prior payments regardless of loan program; simplify which payments qualify; eliminate barriers for military service members; use existing ED data to automatically qualify payments from service members and public employees; review denied PSLF applications; and improve PSLF outreach.	Link

Conclusion

COVID-19 impacted higher education in several ways, with some effects being particularly damaging and disruptive to particular kinds of institutions and students. The federal government has sought to mitigate or halt the pandemic's disruption through a series of federal stimulus packages totaling $75 billion in financial aid to students and institutions, and MSIs in particular. Though higher education appears to have emerged from most pandemic precautions, many changes to the U.S. higher education system are here to stay.

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Appendix 1: Table Comparison of COVID-19 Relief Funds

Topic	HEERF I (CARES Act)	HEERF II (CRRSAA)	HEERF III (ARP)
Authorizing Legislation	Section 18004 of the CARES Act	Section 314 of the CRRSAA	Section 2003 of the ARP
Period of Funds Availability	Institutions had one calendar year from the date of award to expend funds unless the institution receives a no-cost extension. Funds may be used for pre-award costs, dating back to March 13, 2020.	Institutions had one calendar year from the date of award to expend funds unless the institution receives a no-cost extension. Funds may be used for pre-award costs incurred on or after December 27, 2020.	Institutions had one calendar year from the date of award to expend funds unless the institution receives a no-cost extension.
Eligible Institutions	All institutions as defined in Title I of the HEA.	Public and private non-profits. Proprietary institutions eligible for emergency student financial aid only.	Public and private non-profits. Proprietary institutions eligible for emergency student financial aid only.
Application Process	Institutions applied to receive emergency student financial aid and institutional aid funds. Applications were required no later than January 11, 2021.	HEERF grantees received HEERF II grants automatically. Eligible institutions that did not receive HEERF and proprietary institutions under the new program had to submit applications no later than April 15, 2021.	HEERF grantees received HEERF III grants automatically. Eligible institutions that did not receive HEERF and proprietary institutions under the new program had to submit applications no later than April 8, 2022.
Deadline to Apply for Funds	Applications were extended to January 11, 2021, before being superseded by HEERF II applications.	Applications not required for previous grantees; new applications had to be submitted no later than April 15, 2021.	Applications not required for previous grantees; new applications had to be submitted no later than April 8, 2022.

Uses of Student Aid Portion Funds	1. Institutions must make emergency financial aid grants to in-person students for expenses related to COVID-19 disruptions of campus operations. 2. Unexpended (as of December 27, 2020) student aid funds may be allocated in the same way as CRRSAA student aid funds, including to students exclusively enrolled online.	1. Institutions must make financial aid grants to students, which can be used for any component of cost of attendance or emergency costs that arise due to coronavirus, such as tuition, food, housing, healthcare (including mental health care), or child care. 2. Unlike CARES Act, CRRSAA requires institutions to prioritize students with exceptional need (like Pell), and authorizes grants to students exclusively enrolled online.	1. Any component of student's cost of Attendance. 2. Emergency costs that arise due to coronavirus, such as tuition, food, housing, healthcare (including mental), and childcare.
Uses of Institutional Portion Funds	1. Institutional portion funds could be used for those costs that have a clear nexus to significant changes to the delivery of instruction due to the coronavirus. 2. Unexpended (as of December 27, 2020) CARES Act institutional funds could be used in the same way as CRRSAA institutional funds.	Institutional portion funds could be used to defray expenses associated with coronavirus (lost revenue, reimbursement for expenses already incurred, technology costs for transition to online, staff training, payroll), and to carry out student support activities to address needs related to coronavirus. Institutional funds may also be used to make additional financial aid grants to students.	Institutional portion funds could be used to defray expenses associated with coronavirus (lost revenue, reimbursement for expenses already incurred, technology costs for transition to online, staff training, payroll), and to carry out student support activities to address needs related to coronavirus. Institutional funds may also be used to make additional financial aid grants to students.
Student Eligibility	On June 17, 2020, ED limited eligibility for emergency financial aid to students eligible for Title IV financial aid. DACA, undocumented, international, or exclusively online students were ineligible.	The limited eligibility for CARES funds does not apply to CRRSAA.	Any individual who was enrolled at an eligible institution on or after the national emergency was declared now qualified for aid under the HEERF.

Reporting Requirements	Recipients reported quarterly student and institutional funds publicly on their website and submitted an annual report to ED.	HEERF II recipients had the same quarterly and annual reporting requirements as in HEERF I.	HEERF III recipients had to follow quarterly and annual reporting requirements from HEERF I and II.

Source: Summarized from guidance issued by ED. ARP information from an analysis by the National Association of Student Financial Aid Administrators (NASFAA).