NEW AMERICA

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The Impact of COVID-19 on State Higher Education Budgets

A Tracker of Responses from State Higher Education Systems and Agencies

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About New America

We are dedicated to renewing the promise of America by continuing the quest to realize our nation's highest ideals, honestly confronting the challenges caused by rapid technological and social change, and seizing the opportunities those changes create.

About Education Policy

We use original research and policy analysis to help solve the nation's critical education problems, crafting objective analyses and suggesting new ideas for policymakers, educators, and the public at large.

About Higher Education

New America's higher education program works to make higher education more accessible, innovative, student-centered, outcomes-focused, and equitable.

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Introduction

New American and the State Higher Education Executive Officers Association (SHEEO) teamed up this summer for a survey of state higher education agencies and systems on how the COVID-19 pandemic has affected state funding for public higher education. The pandemic has depressed economic activity and led to increased costs for states, both of which can affect the availability of funding for public higher education. State higher education funding includes investments in higher education institutions, student financial aid, capital projects, and research.

The survey responses reveal a wide variety in how the pandemic has affected state funding for higher education. In some states, there has not yet been a significant relationship between the pandemic and state higher education funding, while other states have already outlined sharp cuts to higher education budgets for the upcoming fiscal year. Some states are waiting on a federal stimulus package before taking next steps on the state budget. The state survey information is only preliminary, and will likely change in the months ahead as new state revenue numbers are announced and if a deal is reached on a federal stimulus package. We currently have 44 states included in this tracker which is organized alphabetically within U.S. Census regions. This website will be updated as we receive more information.

For more information on the survey or further questions, please contact Rachel Fishman at **fishmanr@newamerica.org** or Tom Harnisch at **tharnisch@sheeo.org**.

Updated 10/20/20

Northeast

Connecticut State Colleges and Universities

In Connecticut, the state legislature adjourned in March due to COVID-19, when session typically goes until June. Since this happened mid-session, the legislature was not able to make any changes to the two-year budget adopted in 2019. As a result, state funding for higher education has not yet been impacted. However, the state ended FY 2020 with a moderate deficit, and has reported a substantial fall-off in revenue expected in FY 2021 as well. The Governor may rescind up to 5 percent of CSCU's appropriation to address such a deficit.

The CT Office of Policy and Management (OPM) is in the process of collecting and fulfilling requests for reimbursement of COVID-19 related expenses with federal funds from the Coronavirus Relief Fund that came directly to the state. Connecticut State Colleges and Universities will continue to work closely with the legislature in order to secure funding to support our system when they return for a special session.

Updated 07/28/20

University of Maine System

The State of Maine is projecting a $1.4 billion budget shortfall over the next three years (FY 21-23) due to losses in sales and income tax revenue. To address that shortfall, in August the Administration of Governor Janet T. Mills asked State agencies including public higher education to plan for a 10 percent reduction in FY21 State General Fund appropriation but ultimately limited the curtailment so that Maine's public colleges and universities realized about a 1 percent appropriation reduction in the fiscal year already underway, reflecting a $2.25 million cut for the University of Maine System to its already flat appropriation, $745,850 for the Maine Community College System and $92,141 for Maine Maritime Academy. Further reductions are likely but the FY 22-23 biennial budget will not be released until early 2021.

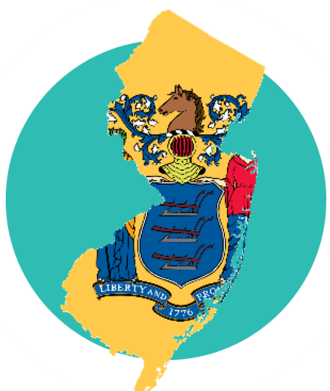
The State of Maine has not directed any of its federal CARES funds –including from the Governor's Emergency Education Relief Fund – to higher education, despite a recommendation by the Governor's Economic Recovery Committee to allocate $75 million of the State's $1.25 billion in Coronavirus Relief Funding (CRF) to support the safe reopening of Maine's 38 colleges and universities (public and

private), which have a $4.5 billion impact on the state's economy. According to a recent Federal Reserve report, Maine leads New England states for the number of towns and cities (19) with economies that are highly dependent on their postsecondary institutions.

The pandemic's impact on the state's largest public educational enterprise, the University of Maine System, was estimated at $50 million for FY 20, including $12.8 million paid back to students for room and board refunds within two weeks of them leaving residence halls in March; $22 million from research redirection and downtime at the University of Maine; the cost of technology upgrades to enhance quality remote learning and faculty support; pandemic-related pay to ensure income and benefit stability for student and regular employees; and unrealized auxiliary and racino revenue. The UMS estimates it has invested an additional $30 million so far in FY 21 to safely return students and employees to campuses for in-person teaching and learning this fall. This included foregoing $15 million in housing and dining revenue to reduce occupancy, reserve rooms for isolation, and shortening the semester to reduce the travel-related risk of virus transmission; and investing $12 million for asymptomatic COVID testing and $3 million in technology upgrades, facilities modifications and PPE to support science-based state social distancing requirements. No costs have been passed on to students and their families.

Updated 10/13/20

New Jersey Office of the Secretary of Higher Education



The State of New Jersey has experienced a budget shortfall of nearly $10 billion in fiscal year 2021. The State immediately extended fiscal year 2020 and pushed back the State tax filing deadline from April 15 to July 15, 2020. In March 2020, the Office of Management and Budget placed a total of $920 million of appropriations into reserve, including about $113 million dedicated to higher education operating aid, to ensure the State could continue to meet emergency and statutorily- required obligations.

With the State fiscal year extension, a supplemental budget was passed to fund higher education from July 1 through September 30, 2020 at 25 percent of Governor Phil Murphy's budget recommendation for fiscal year 2021.

The State has maintained tuition assistance programs for post-secondary students at their fiscal year 2020 funding levels. These include Tuition Aid Grants (TAG), Educational Opportunity Fund (EOF) Grants and Community College Opportunity Grants, among others.

Data self-reported from public institutions of higher education about the financial impacts of the pandemic totaled approximately $342.5 million through May 30, 2020.

Governor Murphy will be announcing the state's revised fiscal year 2021 budget on August 25, 2020. This will include details on higher education funding for the abbreviated fiscal year 2021, which will span the nine-month period between

October 1, 2020 and June 30, 2021. The State dedicated all of its federal Governor's Emergency Education Relief Fund (GEERF) under the CARES Act to fund public institutions of higher education. A total of $68 million in GEERF was allocated to 29 public institutions of higher education to assist them during the COVID-19 pandemic. A plan to allocate an additional $150 million in Coronavirus Relief Funding (CRF) to higher education institutions is currently being determined.

For more details on the financial health of the State, please see the "**Report on the Financial Condition of the State Budget for Fiscal Years 2020 and 2021**," which was released in May 2020.

Updated 08/25/20

City University of New York

New York State enacted a fiscal year 20-21 budget in April. It did not include any funding adjustments based on the pandemic. It did include a provision allowing future adjustments to be made as needed based on the impact on the state's economy of the pandemic. As a contingency for the impact, the state is currently withholding 20 percent of funding for state agencies and public universities.

Updated 10/15/20

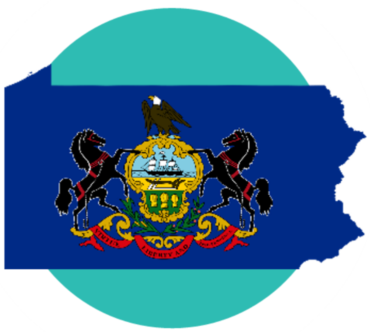
State University of New York

Since our budget was negotiated during the height of the pandemic in March, (our fiscal year begins April 1st), the appropriation levels didn't change much from the prior year, instead the Governor and Legislature agreed to a process for reductions if necessary later in the fiscal year. Governor Cuomo has been clear that without significant funding for states and localities from the federal government (most recent press release asking for $500 billion to states and localities **here**), there will be reductions to the budget passed in April.

Although the ever-shifting circumstances make it impossible to precisely calculate the full impact, SUNY projects that the negative impact as of June 30th totals $400 million, with potential to reach approximately $1.0 billion in the coming months due to the an expected loss in enrollment, losses in residence hall revenue, and enhanced health and safety costs.

Updated 10/06/20

Office of Postsecondary/Higher Education | Pennsylvania Department of Education



When Pennsylvania passed its 2020-2021 budget in May 2020, most portions of the budget were only funded for six months. The exception was line items related to higher education. Despite the reduction of tax revenue caused by COVID-19, Pennsylvania was able to level-fund public higher education support for 2020-2021. Financial support for all public colleges and universities, as well as financial aid to support students at any college or university, was funded at 2019-2020 appropriation levels. Additionally, due to the availability of CARES Act funding provided to the state, Pennsylvania was able to provide additional financial support to the state funds distributed in the General Appropriations bill.

An additional $30 million was provided to the Pennsylvania State Grant Program, which increased the maximum award for students from the 2019-2020 levels. An additional $5 million was appropriated for institutional grants to private colleges and universities, $5 million for grant programs that assist disadvantaged students, and $2.2 million for student loan interest forbearance. The Governor's Emergency Education Relief (GEER) funding was also appropriated at $28 million for postsecondary education in Pennsylvania. Adult and Basic Education programs received $500 thousand with the remaining funds going to postsecondary schools according to the distribution which can be found **here**.

CARES ACT funding was used to provide an additional $30 million to the PASSHE (PA State System of Higher Education) universities, and the state legislature approved a bill that enables PASSHE reform – something that was on the table prior to COVID-19. In Pennsylvania, most Commonwealth departments and agencies were funded on a short-term, six-month basis as the state awaits final revenue figures. Higher education—including Pennsylvania's State System of Higher Education, state-related universities, community colleges and state grant program—was flat funded for the entire 2020/21 fiscal year. In addition, the Commonwealth appropriated $30 million of one-time federal CARES Act Title V funds to the State System and $30 million to the state grant program. Yet, COVID has affected state funding for higher education in so much as the State System, for example, had sought a 2 percent increase in the annual state appropriation and a $20 million investment—part of a five-year $100 million request—to modernize the System's operating infrastructure. The 12-month, level-funded budget has provided much needed predictability and was extremely helpful, especially in a year that so far has resulted in a $3.2 billion revenue loss for the Commonwealth, but State System universities are now anticipating using approximately $140 million in reserves to meet their FY 2020-21 expenditure requirements, partly due to declining enrollments and increased costs due to COVID-19. Without increased financial resources, it is increasingly challenging to be responsive to the concerns of the General Assembly, the Commonwealth, and most importantly, the needs of our students.

Updated 10/14/20

Rhode Island Office of the Postsecondary Commissioner

Rhode Island has yet to finalize a spending plan for the current FY 20-21. State agencies are receiving monthly allotments that are either the lesser of the amount approved in the revised FY 19-20 budget or the amount in the Governor's recommended FY 20-21 budget. However, agencies have been directed to prepare for a 15 percent budget cut for the FY 21-22 budget absent a federal relief package. Rhode Island's public colleges and universities are already in the process of making cuts to comply with this order.

Updated 10/14/20

Vermont State Colleges

The Vermont State Colleges is facing a $40 million budget deficit for the 2020-21 fiscal year. The VSC was already facing significant headwinds prior to the pandemic with structural challenges relative to regional demographics, its heavy dependency on student tuition, and a larger than necessary physical footprint. These structural challenges were dramatically compounded by the pandemic resulting in a deficit that is equivalent to roughly 23 percent of anticipated operating expenses for the fiscal year.

The State of Vermont has been extremely generous to the Vermont State Colleges. As of this writing, bridge funding of $12.5 million has been allocated to the system. The legislature and Governor are currently working with the VSC to resolve the remaining gap and we are hopeful they will be able to do so. We continue to creatively use CARES Relief Fund money where possible under the guidelines issued by the US Department of Treasury. With that said, we continue to work with our federal delegation to address easing of restrictions related to use of these funds.

Updated 8/28/20

South

Alabama Commission on Higher Education

For the current fiscal year (FY 2019-2020), state funding for higher education has not been impacted at all so far. Alabama has an October 1 – September 30 fiscal year, so we still have almost a quarter of the fiscal year to go. However, we do not anticipate any cuts to the FY 2019-2020 budget. The delayed date for filing income taxes still has revenues looking questionable, but Alabama is fortunate that we have two fairly healthy proration prevention/rainy day accounts that should help stave off any cuts. The budget passed by the legislature in May included an overall increase for the four-year universities of approximately 3 percent and 2 percent for the two-year colleges. Although it is difficult to know what will happen in the next fiscal year, it is hoped that if any cuts are necessary, the proration prevention/rainy day accounts will blunt any impact.

Updated 07/17/20

Delaware Higher Education Office

Delaware's state budget was approved into law on July 1, 2020. There were no changes to the higher education budget as a result of COVID-19.

Updated 07/27/20

Kentucky Council on Postsecondary Education

Kentucky postsecondary institutions provided the Kentucky Council on Postsecondary Education with preliminary estimates of additional costs and lost revenue due to the Coronavirus pandemic. Not including hospitals, the impact to the system was $144.8 million for 2019-20, which represents 17 percent of the state General Fund appropriations for operations. Prior to the pandemic, postsecondary institutions were expecting the first reinvestment in the system by the General Assembly since the Great Recession, to include additional operating funds and capital investment for asset preservation. These increases were rolled back in the last days of the legislative session, however, and the General Assembly approved a one-year state budget (unprecedented in Kentucky) in light of the uncertainty created by the pandemic. Postsecondary institutions were spared from a state budget reduction for 2019-20, but Kentucky budget officials estimate a large state budget shortfall for 2020-21 (between 13 and 17 percent) absent additional federal support.

Note: Kentucky Governor told public universities to prepare for a 8% budget cut due to an estimated shortfall ranging from between $240 million and $500 million. **http://uknow.uky.edu/campus-news/preparing-uncertain-budget**

Updated 07/31/20

University System of Georgia

In Georgia, the FY 2021 budget went into effect July 1, 2020 with budget reductions across state government due to declines in state revenue during the pandemic. The University System of Georgia agency budget was reduced by 10.8 percent or $278.6 million for FY21 with no funding increases included in the funding formula for earned enrollment growth ($76.3 million) or for maintenance and healthcare benefits ($11.4 maintenance). The capital budget was not affected for USG institutions, with many construction projects included in the final budget. The budget for Georgia's other public higher education agency, the Technical College System of Georgia, was also reduced by 10.8 percent ($40.2 million). Georgia's public financial aid programs are primarily funded through lottery revenues. This revenue is not projected to decline dramatically like tax revenues. Therefore, funds for the HOPE program and other lottery-funded financial aid have not declined.

Updated 07/27/20

Louisiana Board of Regents

Prior to the onset of COVID-19 in March, Louisiana's Governor introduced an Executive Budget that increased funding for higher education institutions and the state's merit- and need-based student aid programs by over $45 million. As a result of state revenue losses already incurred and those anticipated during Fiscal Year 2020-2021, higher education institutions faced a state appropriation decrease of $122 million. As a result of utilizing $100 million in federal CARES Act funds received by the state to help mitigate budget cuts, higher education received an overall reduction of $21.7 million. Although additional state funding in the amount of $28 million was provided for Louisiana's specialized institutions that do not enroll students (Agriculture Centers and Biomedical Research Center), along with a need for more merit- and need-based scholarships and accreditation funding, student-based institutions are bracing for possible decreases in enrollment, which heightens institutional sensitivity around loss of tuition and financial stability.

Updated 07/23/20

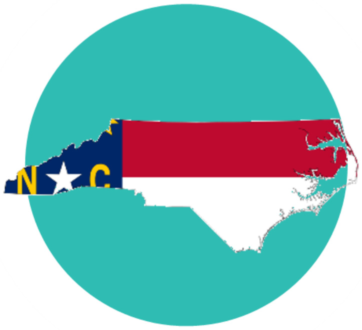
Mississippi Institutions of Higher Learning

The Mississippi legislature completed work from the 2020 legislative session on July 1. Although revenue declined sharply in April, the state was able to close out FY 2020 without making cuts to state agencies. For FY 2021, the Legislature provided $677 million for public universities, a reduction of 4.7 percent from FY 2020 funding. The Legislature also provided $41.2 million in Coronavirus Relief Funds received by the state from the CARES Act for universities to cover expenses related to COVID-19. Including CARES funds, the total amount appropriated for universities is 2 percent above FY 2020 funding. The Legislature approved a bond bill that included $117,725,000 for capital improvements on university campuses. Student Financial Aid was level funded for FY 2021, which is below the anticipated need to fully-fund all undergraduate grant awards. Additional funds are expected to be appropriated in the 2021 session to fully-fund all grant programs in FY 2021.

Mississippi Institutions of Higher Learning reported total expected expenses of $116.8 million related to COVID-19 through December 31, 2020, assuming a full opening for the full semester. Institutional funds received under the CARES Act were applied to cover $69.1 million of expenses, including refunds of housing, meal plan and parking fees. Coronavirus Relief Funds received from the state will be applied to the remaining $47.6 million expenses as allowed under the CARES Act and Treasury guidance.

Updated 07/28/20

University of North Carolina



In April, the North Carolina legislature met to fund urgent COVID-related spending needs. During the one-week session, the legislature appropriated $45.4 million to assist students and institutions with funding needs to respond to the pandemic.

The legislature met again from May 18-June 28th for a more traditional "short session." Because the last attempted budget was vetoed, the state is operating under the FY18-19 spending levels. Instead of passing a budget, the legislature passed a number of standalone "must pass" funding bills. The legislature funded nine UNC-related bills without any cuts to the University. Due to the loss of state revenues (originally estimated at $4.2 billion over the biennium), several recurring expenses were funded with non-recurring dollars. The end result was a 2.6 percent increase in funding.

In September, the legislature returned to the capital to spend the remaining CARES Act money. UNC received another $18 million for PPE and testing, tracing, and other health-related eligible expenses. While the University avoided cuts this year, the state's revenue erosion is creating a structural problem where non-recurring funds are being used for recurring expenses. Future budget shortfalls could create a significant problem in future years.

Updated 10/13/20

Oklahoma State Regents for Higher Education

The 2020 Oklahoma Legislature appropriated funding in Senate Bill 1922 in the amount of $770,414,742 for higher education operations in FY 21. The total FY 21 state appropriation represents a decrease of $31,655,316, or 3.95 percent, in state funding for higher education. Funding for the Oklahoma's Promise scholarship program was appropriated in the amount of $70 million for FY 2021. State fiscal support for Oklahoma's public higher education system was reduced more than $269.5 million, or 25.9 percent, from FY2009 through FY21, and current state appropriation for higher education is below 2001 levels. According to the most recent State Higher Education Finance Report published by the State Higher Education Executive Officers Association (SHEEO), per-student higher education funding declined by more than 35.1 percent from 2009 to 2019, after adjusting for inflation, which is the second highest percentage decline in the nation. . Despite deep cuts in state appropriations over the last several years, the Oklahoma State Regents for Higher Education remain committed to initiatives that improve college readiness and increase degree completion in our state. Strategies developed by the State Regents' Task Force on the Future of Higher Education focus on concurrent enrollment, expanding scholarships and financial aid opportunities, and strengthening adult degree completion efforts.

There is a high chance for a mid-year budget reduction in FY21, which would most likely have a negative financial impact on the public colleges and universities in the state system as well as programs administered by the Oklahoma State Regents for Higher Education.

Updated 10/19/20

South Carolina Commission on Higher Education

As of July 20, 2020, the State of South Carolina is operating under a continuing resolution to maintain state operations at FY 2019-20 levels. As a result, until the General Assembly meets on September 15 to finalize a budget for Fiscal Year 2020-2021, the impact to higher education is still unknown. While we won't know how state funding will change, if at all, the latest economic indicators suggest that the state will have slightly more general funds available in FY 2020-21 compared to FY 2019-20 due to the recent strength of the South Carolina economy, which is the primary support for state agencies, including higher education institutions. The state's Education Lottery Account funds higher education merit and need-based financial aid for in-state residents. According to latest projections, the Education Lottery Account has more funds available compared to this time last year, so we do not expect COVID to affect funding for higher education financial aid. Regarding capital projects, the General Assembly appropriates funds annually from the Capital Reserve Fund; however, in years in which the state experiences a budget deficit or reduction, those funds must be reallocated to support the state's general fund.

Updated 07/20/20

Tennessee Higher Education Commission

The Tennessee Governor and General Assembly passed an initial budget in March 2020 but reconvened in June for a special session after the revenue declines brought about by the pandemic were more obvious. The budget passed in June held higher education institutions harmless from a potential impoundment of appropriations of up to 12 percent relative to FY 20 appropriations—an impoundment all state agencies may incur. Nonetheless, the increase slated for FY 21 in the original budget—passed in March 2020—has been removed. Whereas higher education would have received $1.85 billion recurring in FY 21 prior to the realized financial impact of the pandemic, it will receive just $1.74 billion—a loss of $116 million, or 6.3 percent less than originally intended. Practically, this would be the first time in over five years the growth in outcomes our robust performance-funding model called for were not funded.

With regards to capital, higher education was expected to receive approximately $112 million in capital maintenance (per the budget passed in March 2020) but received just $38.9 million for capital maintenance when the General Assembly reconvened in June. It was also slated to receive $159 million in capital outlay but received just $55 million with the June budget.

Updated 07/29/20

Texas Higher Education Coordinating Board

In light of a decline in state revenues due to COVID-19, in May 2020 Governor Greg Abbott, Lt. Governor Dan Patrick, and Speaker of the House Dennis Bonnen directed state agencies and institutions of higher education to submit plans to reduce state appropriated general revenues for the current state fiscal biennium (FY20-21) by 5 percent. Health-related and two-year institutions were exempted from this requirement. For the institutions and agencies of higher education subject to the reductions, this represents an approximate $335 million reduction. The Texas Higher Education Coordinating Board was required to prepare for a reduction of $75 million including a $57 million reduction to state financial aid programs. However, the financial aid reduction was offset by federal GEER funds allocated for this purpose by the Governor and state legislative leaders. Final decisions regarding any FY20-21 budget reductions will be made by the Texas Legislature in their session convening in January 2021.

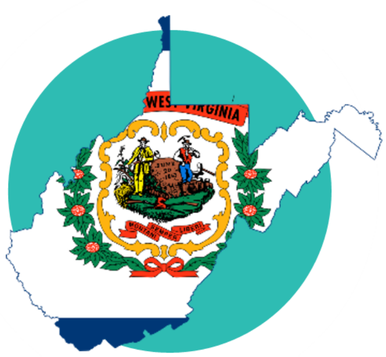
Updated 10/14/20

State Council of Higher Education for Virginia

In March 2020, the General Assembly approved approximately $389 million in new funding for higher education for the upcoming biennium. Later in March, the Governor issued a state of emergency due to COVID. As a result, the Governor submitted amendments to the budget that un-allocated nearly all new discretionary spending approved during the 2020 session. These unallotted amounts were approved during the reconvened session. To date, these funds remain unallotted and the Governor has not implemented cuts. The General Assembly is set to convene for a special session on August 18 to receive an updated revenue forecast, discuss the unallotted funds and determine if budget cuts are needed.

Updated 07/23/20

West Virginia Higher Education Policy Commission



At this time, COVID has not had a significant impact on state-level financing of higher education in West Virginia. The $479 million FY 2020 appropriation was reduced only by about $6 million. This reduction was related to declines in lottery revenues. Otherwise, the FY 2020 higher education budget remained intact throughout the fiscal year. No budget reductions have been contemplated for West Virginia public higher education in 2021.

Updated 07/27/20

Midwest

Illinois Board of Higher Education

COVID-19 is having a multi-level impact on Illinois' higher education finances:

FY 20 State Appropriations – There were no state funding cuts or revisions in state appropriations. However, the major declines and delays in state tax revenues have delayed payments to universities and community colleges.

Refunds – There were substantial refunds issued, reducing net revenues. This hit residential campuses much harder than mostly commuter schools and community colleges.

Capital – There was a short, initial stoppage of work on most construction projects, but planning for projects was not impacted. Construction has started again across the state. The hit to funding streams to pay for the capital program will cause some delays in projects over time but so far nothing official, as it relates to our six-year program.

FY 21 Budget – The Governor's FY 21 budget included a 5 percent increase for universities and community colleges, a $50 million increase in our signature financial aid program, the Monetary Award Program, which was part of a four-year plan to increase funding by 50 percent, and a series of smaller increases. With the COVID-19 shock to state finances, the state instead passed a flat budget for all lines. The state budget also assumes the state will eventually receive $5 billion more in federal relief funds. The Governor has broad authority to impose budget reserves. So far, no reserves have been imposed on public universities or community colleges.

Lost Revenues – Colleges and universities control their own tuition and fee revenues, rather than it being included in state appropriations. There is an expectation of a negative impact on tuition and fees that is uncertain at this point. However, there has been a significant negative impact on ancillary revenues. Unfortunately, these costs generally are not reimbursable through CARES Act or FEMA programs.

Costs – As noted previously, while community colleges and public universities have not had their budgets cut, they have experienced significant increases in costs due to the COVID-19 response. Much of this will be covered by the CARES Act funds or FEMA. However, some of their costs will not be claimable.

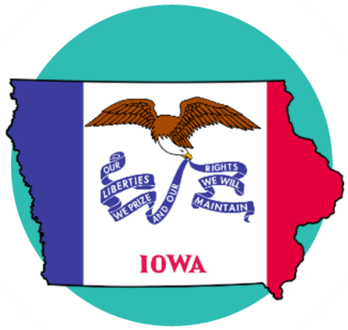
Updated 08/03/20

Indiana Commission on Higher Education

The State of Indiana operates on a biennial budget, with each fiscal year ending June 30th. Fiscal Year 2021 is the second year of the 2019-2021 biennium, and the appropriations for this fiscal year were passed during the 2019 legislative session. As a result of COVID-19, the State placed a 7 percent reserve on all public university operating and line item Fiscal Year 2021 appropriations. There was also a 15 percent reserve placed on state agency general and dedicated fund appropriations, though student financial aid appropriations were exempted from this reserve. As budget development for the upcoming 2021-2023 biennium begins this fall, we are not quite sure what the effect of the pandemic will be on the appropriations for the next biennium. We hope to gain more insight as the budget process continues.

Updated 10/14/20

Board of Regents, State of Iowa



The primary revenue sources providing FY 2021 general operating funds for Iowa's public universities are state appropriations and tuition revenues. The 2020 General Assembly cut state appropriations by $8 million and authorized the Board to determine the allocation of the reduction to the University of Iowa, Iowa State University, and the University of Northern Iowa. In June 2020, the Board froze (0.0% increase) all tuition rates for the 2020-21 academic year after massive disruptions created by the COVID-19 pandemic affected all students, faculty, and staff. As a result, tuition revenue is also budgeted to decline at each university in FY 2021. In total, the FY 2021 general university operating budgets are $65.4 million less than the FY 2020 budgets. Revenue losses and increased expenses in FY20 due to COVID-19 topped an estimated $150 million (excluding University of Iowa Hospitals). The CARES Act provided approximately $46 million to Iowa's public universities to help address those losses, half of which went directly to students to meet their immediate needs.

Updated 07/23/20

Kansas Board of Regents

With the start of the Fiscal Year on July 1, Kansas was facing a state budget shortfall of nearly $700 million. The Governor issued a budget allotment totaling $704.3 million, including a cut to Higher Education of $46.2 million, with a portion of that ($26.3 million) offset by GEER funding available within the CARES Act. As we look forward to the next fiscal year, estimates show a shortfall of nearly $1.5 billion which would constitute a nearly 18 percent budget reduction to balance our books. Our higher education system realized a drastic loss of revenue as we closed out our spring semester by transitioning classes online and issuing refunds for housing and dining contracts. As we prepare for the upcoming semester, we have incurred additional costs relating to facility modifications, saliva testing for campuses, and purchasing PPE as we plan to open our campuses safely for everyone.

Updated 07/27/20

Michigan Association of State Universities

The state universities of Michigan have estimated negative financial impacts in the amounts of $571.4 million for the year ending September 30, 2020, and between $1.071 billion to $1.271 billion for the year ending September 30, 2021. In context, a $1.271 billion loss is equal to 17.9 percent of university general funds or 82.7 percent of state appropriations. The state cut FY 20 higher education operations funding by 11 percent, or $169 million, and then backfilled that cut with an equal amount of CARES Act funding.

Recovering revenues and a strong FY 20 carryforward balance allowed the state to hold flat FY 21 appropriations for state universities. The state revenue forecast for FY22 shows a potential state general fund deficit of $1.1 billion as carryforward funding is exhausted. State universities have already been told that capital outlay requests will not be accepted for consideration in FY 22.

Updated 10/16/20

Minnesota Office of Higher Education

The pandemic has not yet impacted state appropriations to higher education in Minnesota--although budget reductions seem likely (the scale is not yet known). Minnesota did receive the following federal funding:

GEER funding – Minnesota's postsecondary institutions received $5.3 million in GEER funding ($300,000 to Tribal Colleges, $5 million in need-based institutional grants).

CARES funding – Minnesota's postsecondary institutions received $195 million as part of the CARES Act, $103 million of which was required to be provided directly to students (data as of May 1). Of the $195 million the University of Minnesota received $35.8 million ($18 million was required to be sent directly to students) and Minnesota State received $98.7 million ($52 million was required to be sent directly to students).

Problems institutions and the enterprise are still experiencing:

Before getting into specifics, we wanted to highlight the compounding challenges facing postsecondary institutions this fall. Historically, postsecondary enrollments run countercyclical to the health of the state's economy – e.g., when the economy is doing well enrollments typically decline and when the economy is in a recession, postsecondary enrollments typically increase as displaced adults return to school to re-tool and students remain in school for a longer period due to the lack of job opportunities.

During a typical recession, appropriations to postsecondary institutions typically decline (often significantly) due to state budget constraints, but public postsecondary institutions are better positioned to deal with the revenue declines because of the increased tuition revenue resulting from higher enrollment levels. As tuition has grown to represent a larger share of public postsecondary institutions' revenue pie over time, declines in enrollment carry more weight.

The recession resulting from COVID-19 likely will present a perfect storm of financial constraints for postsecondary institutions – potentially placing them in a very precarious situation:

1. It seems likely that Minn State and the UMN will experience some reduction in appropriations in FY21 and in the coming biennium resulting in declining revenue.

Potential decreases are a major concern for our public institutions – especially for community colleges and our regional four-year institutions that are acutely vulnerable. In fact, we've heard the desire voiced for all additional funding from the federal government to come in the form of a block grant to the states framed as stabilization funds for campuses serving vulnerable students. The intent would be that these additional funds do not become a replacement for state dollars (potential additional Maintenance of Effort provision?). The heightened concern around potential state budget cuts will make more sense in the context of number three below.

1. As a result of preparing for COVID-19 and re-opening, postsecondary institutions are incurring significant and extraordinary unbudgeted expenses, while trying to fulfill the existing obligations (e.g., auxiliary services) resulting in increased expenditures.

2. Tuition revenue will likely be significantly down due to enrollment declines. OHE's analysis of FAFSA application data indicates that FAFSA filing for the year is down about 8 percent (data available through July 14) compared to the same point in time last year. Additionally, first-time FAFSA filers are down 12 percent for the year, and Pell-eligible FAFSAs are down 14 percent. It's clear that the recession brought on by COVID-19 likely will not follow historical enrollment trends. It's unclear how an institution's decision to have in-person classes versus online may further impact enrollments. Certainly, ambiguity around safety and whether classes will be on campus cannot be helpful. Overall this will result in declining revenue.

One smaller note – athletics actually plays a significant role in enrollment numbers at some community colleges and regional four-year institutions. At some community college athletes can account for 40 percent of campus housing slots. So the loss of athletics in the fall and beyond could have a significant impact on enrollment at these institutions.

Obviously, increasing spending while experiencing declining revenue is not a sustainable business model. Even if institutions survive this threat, it could take years before they regain their financial footing (not including getting back to pre-COVID-19 levels).

In terms of specifics, funding is needed to:

- offset lost revenue,

- continue to build out technology capacity--online really is a huge expense and although we understand the frustration of students and families being asked to pay the same rate as in-person, in this instance the costs are real. A hybrid model would be the most expensive option.

- continue to develop and move student support & other services into a hybrid or online environment

- ramping up for re-opening - including COVID-related expenses (estimates nationally are around $74 billion for higher ed).

Updated 07/28/20

Missouri Department of Higher Education and Workforce Development

The COVID-19 pandemic continues to have a substantial impact on Missouri's funding for higher education. Prior to the pandemic, Missouri faced challenges, ranking forty-sixth in public higher education support per capita. As a result of COVID-19, at the conclusion of the state's FY20 (July 2019 – June 2020), public two- and four-year higher education institutions sustained a combined $114 million expenditure restriction. For each institution, this was over a 12 percent reduction in their original FY20 allocation. Since Missouri economic recovery remains unclear, for FY 21, institutions are held at their closing FY20 funding levels through expenditure restrictions enacted by the Governor.

Scholarship programs were also impacted. Funding was reduced for the Higher Education Academic Scholarship ("Bright Flight") program, Missouri's merit-based program, by $10 million and Access Missouri, the state's need based grant, by $2.5 million. This reduction forced the Department of Higher Education and Workforce Development to reduce scholarship award amounts for both programs. In addition, the state's A+ Scholarship Program, which provides funds to eligible graduates of A+ designated high schools who attend a participating public community college or vocational/technical school, could also see reduced award amounts.

Other statewide priority areas for higher education and workforce were not immune. They include:

- $19.6 million in FY21 funds for workforce initiative projects to support local workforce training needs was withdrawn.
- Missouri resident FAFSA filings are down by approximately 12,900 (9.9 percent) from 2019. First-time filers are also down 6,600 (17.2 percent) from 2019.
- The department anticipates a 10-15 percent decline in enrollment this fall. This will have negative implications for Missouri's "Big Goal"—60 percent of Missouri working-age adults holding a degree or certificate by 2025.

While the financial strain on state funding is severe, the Governor has supported higher education through $113.6 million in CARES Act funds to support safely returning to in-person instruction, remote learning, and other institutional needs.

Updated 07/29/20

Nebraska's Coordinating Commission for Post-Secondary Education

The State of Nebraska has not reduced appropriations for public institutions for either FY2019-20 or FY2020-21. However, the Legislature will complete its final 17 days of the 2020 session beginning July 20th which could result in decreased appropriations for the 2020-21 fiscal year. While public institutions have identified shortfalls related to refunding housing costs, etc. for the 2019-20 academic year as well as possible enrollment declines for the upcoming academic year, any funding decisions will be made during the final 17 days for the 2020-21 year or during the biennial budget discussions beginning in January.

Updated 07/15/20

Ohio Department of Higher Education

In Ohio, general fund tax revenue shortfalls as a result of COVID-19 have led to reduced higher education operating funds in both FY 2020 and FY 2021. In FY 2020, non-debt operating appropriations (general fund) were reduced by 4.5 percent, with instructional subsidies to colleges and universities reduced 3.8 percent and other appropriations reduced 8.4 percent. In FY 2021 reductions are still not final. Preliminary subsidy disbursements to colleges and universities in FY 21 are being maintained (flat-funded) at the FY 20 reduced levels, while the state budget office continues to monitor monthly tax revenue and evaluate the necessity of reducing the FY 21 higher education budget by up to a maximum amount of 10.1 percent for non-debt service operating (with instructional subsidies reduced by up to 7.9 percent and other spending reduced by up to 20.4 percent).

On the capital funding side, no capital bill for FY 2021-2022 was passed in the last legislative session, so $400 million in capital appropriations for colleges and universities have been delayed. With regard to financial aid, existing awards for students have been preserved. A scheduled increase in awards for Ohio's main financial aid line, Ohio College Opportunity Grant (OCOG) for FY 2021 was cancelled, and awards will be held at FY 2020 levels. The state Controlling Board has voted to provide $200 million in COVID relief from federal dollars to colleges and universities, but the money has not yet been released.

Updated 07/24/20

South Dakota Board of Regents

The pandemic has not yet had a significantly negative impact on higher education financing in South Dakota. The South Dakota Board of Regents began discussions with our campus presidents in April and May to project revenue shortfalls and mitigation plans. Luckily, actual enrollment declines for Fall 2020 were nowhere near worst case scenarios and our institutions have been able to accommodate revenue declines within the budgets available to them. COVID impacts to date include:

FY20 State Appropriation – there were no cuts to higher education funding in FY20. A higher than normal reversion of utility funding was made due to the lack of students and staffing on each campus beginning in March.

Student Refunds – in order to accommodate students' needs to make new arrangements for room and board due to campus closures, refunds of approximately 50 percent of housing, meal plans, and parking were made to students. The State of South Dakota provided funding from their COVID Relief Fund for the housing component of those expenses.

Additional Costs due to COVID – a significant amount of additional costs are being incurred by our institutions as a result of COVID which includes additional cleaning, COVID testing, PPE, ionization systems, and technology needs. The State of South Dakota has been an excellent partner with our institutions by providing funding for expenses that are directly tied to COVID.

Lost Revenue – institutions within the South Dakota Regental System control their own tuition and fees, auxiliary revenues, and game receipts. While there was a slight decline in enrollment, the largest impact to revenue was due to lost housing and a significant reduction in athletic competitions.

Updated 10/14/20

University of Wisconsin System

The University of Wisconsin System has experienced both significant cost increases and revenue reductions associated with the pandemic. The institutions have incurred a total of $17.4 million in COVID-related costs in FY 20 alone. On the revenue side, our institutions have realized $88 million in lost revenue in FY 20 primarily from refunds from housing, dining, and parking. In addition, the State of Wisconsin has lapsed $370 million from state agencies to help maintain a balanced budget. UW System's share of this lapse is $85.7 million in state over FY 20-21 means UW System will bear nearly 25 percent of the statewide lapse, despite the fact they receive roughly 6 percent of the state's annual GPR allocation. It is important to note that these are not base cuts but rather one time claw backs of state funding. With the biennial budget process due to not start until the Governor introduces a budget in February, we won't know what, if any, budget cuts will be implemented long term. Finally, UW System institutions did receive $48.5 million in CARES act funding, and another $47 million was allocated directly to students. The Governor has allocated an additional $18.9 million in CARES Act funding from his designated allocation to education to help offset FY 20 costs and conversations are continuing about securing additional funding to support testing, tracing, and other efforts on campuses this fall.

Updated 10/20/20

West

University of Alaska

Alaska has confronted a monumentally difficult fiscal climate marked by persistent declines in oil revenue which historically represent the majority of the state's unrestricted general funds. Since FY12, UGF revenues have dropped nearly 80 percent from $9.5 billion to just $2.0 billion in FY20. As a consequence, the University of Alaska experienced a $51 million (14 percent) reduction in its state operating appropriation between FY14-FY19. Last year, the Governor and the Board of Regents negotiated a 3-year (FY20-22) compact agreement to reduce UA's budget by an additional $70 million (21 percent), for a cumulative $121 million (34 percent) reduction since FY14.

Even prior to the coronavirus pandemic, the state faced a $300 million revenue decline and $1.5 billion budget deficit coming into the FY21 budget cycle. The regular 90-day session (January - April) was cut short due to COVID-19 transmission concerns within the close quarters of the State Capitol. Prior to their early adjournment, the legislature finalized a FY21 budget that actually increased UA's operating appropriation by $12.5 million (4.3 percent) above the level approved in the compact between the governor and the board. The governor removed that incremental funding by line-item veto. In his justification, the governor indicated that federal higher-education funding was anticipated via the CARES Act. UA anticipates it will ultimately receive approximately $12.2 million in total CARES funding. The FY22 state budget process won't begin until December, but early indications are that the governor will request a $20 million UGF operating reduction for UA, consistent with the levels agreed to in the 3-year budget compact, and at present does not reflect any additional COVID related reduction.

The state's severe fiscal situation has resulted in almost no state funding to the university for assistance with addressing UA's $1.2 billion deferred maintenance and facilities renewal & repurposing backlog. Since FY16, the state has only appropriated $18 million in capital funds to UA and in the FY21 budget cycle, no capital funds were appropriated.

The state does not make annual appropriations specifically for university research or for other institutional purposes outside of the annual operating appropriation.

The university receives an annual appropriation to deliver career and technical training as a participant in the state's Technical Vocational Education Program. The program is funded through unemployment insurance pay-roll deductions which fluctuate annually with the state's economy. COVID related reductions in state employment and wages, combined with higher unemployment insurance payouts, will reduce UA's program funding by 12.5 percent in FY21, and likely a larger amount in FY22.

The state separately funds two higher-education aid programs - a merit based scholarship and a need-based financial assistance program. In addition, the state annually funds the state's participation in the WWAMI medical school. Annual funding for all three programs have remained consistent over the last several years at approximately$12 million, $6 million and $3.2 million respectively. COVID is not expected to impact support for these three budget items.

Updated 07/30/20

Arizona Board of Regents

So far, no action has been taken on the state level regarding budget. Arizona closed FY 2020 with a positive balance and no state-level budget actions. During the FY20 budget, we did take a $35 million budget cut. We anticipate a budget deficit for FY 2021, but the analysts do not believe it is as severe as we thought it once may be, and the legislature has taken no action to date.

Updated 08/18/20

California State University

This response reflects the impact to the California State University system only, and is not meant to be inclusive of the University of California, the California Community Colleges or the California Student Aid Commission. However, all four are included in the $1.35 billion total ongoing budget reduction below.

Facing a $54.3 billion budget deficit for the 2020-21 fiscal year, the state of California made net- reductions to higher education general fund allocations of nearly $1.35 billion. The California State University budget is made up of three primary sources: state general fund allocations; tuition; and student fee revenue. The CSU general fund allocation was reduced by a net amount of $299 million in the final budget agreement for the 2020-21 fiscal year. Additionally, tuition revenue is expected to be lower than 2019-20 by at least $25 million due to changes in enrollment patterns across the system, unrelated to COVID-19. The loss of tuition and fee revenue due to COVID-19 is not yet known, but expectations are that non-resident and international student enrollment could be down by at least one-third, and resident enrollment patterns are not yet fully understood by campuses.

The final budget agreement indicates that these general fund reductions were a combination of increases planned in the governor's January budget proposal and reductions required to balance the state budget as a result of COVID-19 impacts. If the federal government provides sufficient funds to states by October 15, 2020 – and if those funds are eligible to be allocated to universities, the CSU could receive one-time state general fund dollars up to $498.1 million which would amount to a net increase of $199 million for 2020-21. However, the $299 million reduction is considered a permanent base budget reduction, and any amount of the federal stimulus funding would be one-time in nature. Similar language impacts all the systems of higher education in California, and other state agencies as well. The state of California and the CSU are working under the assumption that the economic impact of COVID-19 will affect budgets for the next 3-4 years.

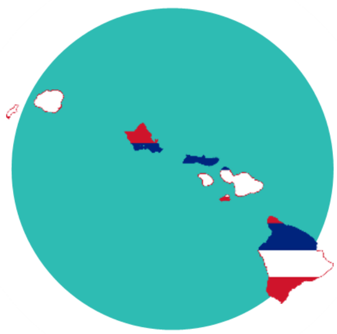
Updated 07/29/20

Colorado Department of Higher Education

In the wake of COVID-19, the Colorado legislature addressed a state budget shortfall of $3.5 billion, which represents a shortfall of around 25 percent. In the FY 2020-21 state budget, state funding for public higher education operating budgets was reduced $493 million, or 58 percent from FY 2019- 20. The reduction was preceded by Governor Jared Polis' allocation of $450 million in CARES Act funding to public higher education institutions to facilitate compliance with COVID-19-related public health measures and provide economic support for the state through educating students. Further, the legislature needed to eliminate a large amount of higher education capital funding that had been in the original budget. The legislature was able to allocate a relatively modest amount of funding for higher education controlled maintenance and capital renewal projects, as well as create a financing program to fund a few higher education capital projects.

Updated 07/20/20

University of Hawaii

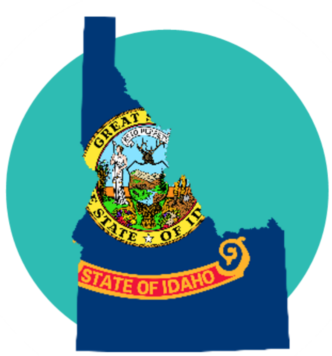


The state legislature did not adjust the general fund appropriations for the University of Hawaii system during this most recent legislative session. However, from a statewide perspective, FY 2020 ended with a 6.2 percent decline in general fund revenues as compared to FY19, and FY21 is currently predicted at a 12 percent decline. We are therefore expecting significant reductions in our appropriation levels in the near future.

In preliminary instructions for our state budget preparation process, the state's Department of Budget and Finance has asked for scenarios with 10 percent, 15 percent, and 20 percent reductions. (For reference 10 percent would be $52.3 million).

Updated 08/25/20

Idaho State Board of Education



In Idaho, there was a 1 percent general fund reduction for FY 20 announced by the Governor on March 27 which was COVID-19 related. This was in addition to a general 1 percent reduction announced in the fall of 2019 which was not COVID-related. There were a few exemptions.

For FY 21, a 2 percent reduction was planned based on revenue projections and built into budget requests in the Fall of 2019. After the pandemic broke out, the Governor announced in early May 2020 that institutions were required to hold back 5 percent further on a one-time basis. There were no exemptions.

Updated 07/15/20

Montana University System

The primary effect on the Montana University System will be the potential loss of revenue, first from declining enrollments, and then potentially from refunds for auxiliary services (Room & Board) and then athletics. As of right now, we are planning to open all campuses with face to face instruction. Seven of our eight campuses are projecting a collective decline of 10 percent in enrollment, equating to a $45 million deficit across all fund types.

State-level investments in higher education are currently steady, with no declines. Capital projects, research, and financial aid are largely unaffected.

Updated 07/15/20

New Mexico Higher Education Department

The New Mexico Legislature recently completed a special session to address the state's budget crisis. Our public higher education institutions (HEIs) saw their FY21 General Fund Instruction and General (I&G) appropriations sanded by 4 percent as were all state agencies. Other lines in the budget bill for HEIs (Athletics, Research and Public Service Projects etc.) were sanded by 6 percent. A planned compensation increase was also repealed. Further, the FY21 HEI appropriations were reduced by about two-thirds of the institutional share of CARES Act funding they received.

Overall, this constituted just under $65 million in reduced state support for higher education for the fiscal year July 1, 2020 through June 30, 2021.

Updated 07/28/20

Oregon Higher Education Coordinating Commission

Oregon's June economic forecast projected a deficit of $1.2 billion for the state's current two-year budget, implying the need for across-the-board spending reductions in the 3 to 5 percent range. Although still under discussion, the Legislature has released a plan to protect state funding for community college and public university operations. The Oregon Opportunity Grant program (the State's need-based financial aid program) would be kept whole while the Oregon Promise program would be limited to students with expected family contributions of $18,000 or less. Funding for public service programs, including research, would be cut 5 percent. For capital, a recent bond refunding, advantaged by historically low interest rates, will save the institutions approximately $17 million during FY 2021. The concern is that deeper cuts could be needed in the 2021-23 biennium based on state revenue projections.

Updated 07/17/20

Utah System of Higher Education

To date as a System we estimate that we have spent $70 million on COVID-19 expenses ($10 million on services to students, $32 million on Operational Costs, and $25 million on auxiliaries). We estimate $90 million of lost revenue across the System ($30 million in auxiliaries alone).

These numbers do not include athletics as we have not yet captured the loss from canceling the Fall season which we currently estimate at another $62 million ($56 million of which is the University of Utah alone).

The University of Utah Hospital/Health Sciences estimates they have spent an additional $54 million in COVID-related expenses and experienced $165 million of lost patient revenue (not included above).

The System received $49.3 million from CARES to distribute directly to students and $49.3 million for institutional expenses. To date the System has distributed $25 million and has encumbered another $11 million to students from the CARES funds. To date the System has spent $15 million and has encumbered another $17 million for institutional expenses from the CARES funds

State FY 21 budgets were cut in June by 2.5%. Right now, there aren't any additional cuts anticipated.

Updated 08/25/20

Washington Student Achievement Council

The legislative session ended in early March, just before quarantines were implemented and before the shock to state revenues was felt. While there were calls for a special session of the legislature in June, July, or August, no such session has been called. As such, the impact of COVID-19 hasn't been felt yet, beyond some vetoes in the 2020 supplemental budget. However, the state budget office required agencies (though not the higher education institutions) to submit details of how they would cut 15 percent from their state-fund budget in FY 2021, and now reductions of 15 percent will be required of agencies in the official budget request process for the 2021-23 biennium. The legislative session begins in January.

Updated 07/21/20

Wyoming Community College Commission

In the State of Wyoming, COVID19 has impacted general fund revenues significantly. General fund revenues are primarily driven by three facets of income; ad valorem on mineral extraction, tourism, and sales and use taxes. Each has been impacted to varying degrees which has left expected revenues for the current two-year biennium forecast to be approximately 30 percent, or $900 million, short of current appropriations. As a first round of general fund appropriation reductions, Community Colleges are taking a ten percent state aid reduction, or approximately $22.8 million, and an additional ten percent is being planned. The first ten percent represents a six percent reduction of total college revenue, the second, when implemented, will represent a 12 percent overall reduction of total college revenue just in state aid. The other sources of funding for the colleges comes from property taxes and tuition and fees. Along with any type of depression in the economy, property values typically decrease, resulting in a decrease in property taxes, of which we anticipate will be approximately another five to six percent reduction in college revenue and according to all projections, enrollment is off by another ten to 15 percent for the fall semester, another direct impact on college revenue. State funded Major Maintenance appropriations are taking the same ten percent reduction, equal to $2.7 million, along with a planned second ten percent, for a total of $5.4 million, forcing many planned projects to the deferred maintenance list. Deferred maintenance costs more to remedy than routine maintenance, costing more than this reduction in the long run.

Updated 07/20/20

Notes