



Higher education leaders' perspectives on impacts of the COVID-19 pandemic



Introduction

In mid-March 2020, the World Health Organization announced that the spread of the COVID-19 virus had reached worldwide pandemic proportions, and within two days the United States declared a national emergency concerning the outbreak.

From a public health perspective for the nation's colleges and universities, the timing of these declarations was somewhat fortuitous, in that many students were away from their campuses on spring break. Rather than having to protect the health of students, faculty and staff in filled dormitories, classrooms and dining halls—and attempt to mitigate the vibrant social interactions that characterize college campuses—many higher education leaders instead considered the serious risks of allowing students to return from break and, in unprecedented fashion, shut down their campuses forthwith. Others gave students very short notice to move out.

Higher education leaders' well-advised prioritization of the health and safety of their communities had immediate and wide-ranging academic and financial impacts on their institutions. And illustrating once again how American society at large is reflected in its institutions of higher learning, the stark economic, health and racial disparities that the pandemic has exposed also have been clearly evident in the impacts of COVID-19 in the higher education realm.

To learn more about the effects of the pandemic on colleges and universities—on matters ranging from teaching and learning to revenue sources and research—TIAA conducted a series of in-depth one-on-one interviews with two dozen higher education leaders between mid-April and mid-May 2020. This brief summarizes what we learned. Our aim is that the insights gleaned by this exercise will help leaders in their ongoing efforts to navigate the COVID-19 crisis. Our conversations also shed light on how TIAA can help, and we intend to follow through on the recommendations we heard.

Interviews

TIAA leaders¹ interviewed 24 higher education leaders, ranging from presidents to deans, provosts and chief human resources officers, as well as business and education professors and leaders of key higher education associations.

Interviewees were from 15 universities, of which 60% were public institutions and 40% were private. The remaining nine interviewees were leaders of AASCU, AAC&U, AGB, APLU, CUPA-HR, CIC, CASE and NACUBO, as well as the former president of the Spencer Foundation.²

TIAA is deeply grateful for the time these leaders spent with us, and for their frank insights and comments. A meaningful range of institutional types is represented by the interviewees, though certainly more interviews would have surfaced additional considerations reflecting our nation's complex tapestry of colleges and universities. We continue to learn through ongoing conversations with our clients.

Interviews were conducted between April 16 and May 18, 2020. Note that as is true across the board—for states, cities, businesses, the K-12 sector, and so on—at that time all was in a state of flux, and indeed continues to be so. Thus, while clear trends and themes emerged from the interviews, what anyone on May 1, for example, expected would occur in the fall could have been fine-tuned, or even radically altered, based on the course of events in the ensuing weeks. By “course of events” we largely mean the path of the coronavirus. That path is dependent on multiple factors external to higher education—and yet it will be essentially determinant of the future of higher education for some time to come. That's certainly the case for the short- and medium-term outlook, although long-term effects of the pandemic on higher education are not widely agreed upon at this juncture.

Another important note with regard to timing of the interviews is that all occurred prior to the death of George Floyd in late May, which ignited nationwide protests against the excessive use of police force against black people, and has elevated awareness of the systemic racism endemic to American society. Thus, today, in addition to facing challenges wrought by the pandemic, colleges and universities also are expected to actively engage in helping to stem the tide of systemic racism and model diversity best practices on their own campuses. It is clear that urgent concerns surrounding equity and inclusion are inextricably intertwined with institutional responses to the pandemic and must be taken into account as plans are laid.

1 Interviewers included Eric Goldstein, TIAA Senior Managing Director, Corporate Strategy & Development; Stephanie Bell-Rose, TIAA Senior Managing Director, Head of the TIAA Institute; Christina Cutlip, TIAA Senior Managing Director, Head of National Advocacy and Client Engagement; and members of their teams.

2 See addendum for additional information on interviewees and their affiliations.

“We didn’t shift to online learning. We shifted to a remote teaching model that allowed us to close the semester.”

Acceleration of trends

Interviewees agreed that the pandemic would accelerate trends already affecting higher education, including:

- **Online education.** It was widely acknowledged that the rapid transition in spring 2020 from in-person to remote teaching was far from ideal and did not represent the kind of online learning opportunities that institutions will be capable of offering by fall 2020.
- **Lower-cost academic workforce.** Increased financial pressures will lead to fewer full-time nontenure-track positions (which had been trending up) and to more use of adjunct instructors, with lower compensation and benefits.
- **Reluctant retirees.** Anticipating similar effects of the 2007-08 Great Recession, some assume fewer tenured faculty will retire at their traditional retirement age (67) due to financial concerns as the pandemic prompts turbulence in the economy and financial markets.³ At the same time, however, fear of health-related risks may be what pushes otherwise reluctant retirees to retire. Future retirement patterns remain uncertain.
- **Mergers and closings.** Many smaller colleges will close or, at best, merge, and public systems will consolidate, e.g., community colleges will be absorbed by four-year colleges.
- **Dominance of wealthy institutions.** Wealthy institutions with well-established brands, large endowments, and strong public support will continue to fare best. Many will take advantage of the crisis to make long-desired programmatic and structural changes.

Impacts

The most immediate and obvious reaction to the pandemic was the mass exodus of students from classrooms and campuses, accompanied by an abrupt shift from in-person to remote teaching and learning. This fundamental and rapid transformation has had numerous impacts on institutions, faculty and students. Those impacts are woven throughout the summary that follows, which is organized by the several large categories that emerged throughout TIAA’s two dozen interviews.

³ The TIAA Institute has released work on this topic. See: [How will COVID-19 affect faculty retirements?](#) by TIAA Institute Senior Economist Paul Yakoboski.

Revenues

Institutional revenues from all possible sources have been affected already or are at risk, including:

- Cuts in state funding, which could deepen and recur
- Likely declines in enrollment of international and out-of-state students
- Possible reductions in tuition if instruction moves fully online
- Reduced endowments due to lower returns and decreased alumni giving
- Lower philanthropic funding
- Lost ancillary revenue from sources such as summer school, camps, concerts, etc.
- Lost revenue from sports, i.e., canceled basketball tournaments and additional losses pending decisions about football and other sports

Expenses

Institutional expenses have or could rise as the pandemic persists, including:

- Refunds for room and board paid for the spring 2020 semester (or quarters)
- Decreasing density for on-campus living in the fall, but without offsetting increases in room charges
- Investments in technology to enable online teaching and in cybersecurity given far-flung access to institutional networks
- Investments in faculty training for online instruction
- Investments in converting courses to online formats and modules
- Public health-related expenses such as masks, thermometers, testing, sanitizing, quarantining, health and safety education initiatives, etc.

Workforce

Institutional responses to the financial upheaval indicated above have already impacted or could affect the workforce in several ways, including:

- Furloughs, layoffs, non-renewal of contracts, early retirements, and temporary or long-term reductions in compensation and benefits
- Reduction or elimination of employer and/or matching retirement contributions
- Reversal of recent progress toward more full-time nontenure-track faculty back to adjuncts on short-term contracts
- Decline in tenure-track and tenured positions
- Ancillary service employees at risk until normal activities can resume

“We are running models with 25% and 40% declines in enrollment.”

“Students will not be satisfied with the current levels of remote learning... so we are investing here.”

“We will need broad testing capabilities and protocols around how to handle students who test positive.”

Students

While traditional college-age students may be least vulnerable to the virus itself, the impact on their lives has been dramatic:

- Significant disruption of academic experience, which may continue long term, with few options: That is, in-person models may resume in very few places and thus opportunities to transfer for such an experience will be limited
- Significant disruption of social experience, as even in-person environments will require social distancing and other public health protocols be observed
- Alternatives to enrollment—e.g., jobs and volunteer opportunities—are extremely limited
- Given limited alternatives, enrollment of Pell Grant recipients and others who qualify for significant financial aid may increase
- Low-income students attempting to learn remotely often are at significant academic and physical risk given their living situations, jobs and the digital divide
- Enrollment of out-of-state students may decline if students want to be closer to home
- Enrollment of international students is likely to decline
- Enrollment in online graduate programs may increase

Research

Mission-critical production of new knowledge has dropped:

- In-person laboratory work and collaboration has largely been suspended, other than that related to the coronavirus
- Possible declines in research funding from federal, corporate and foundation sources
- Technology infrastructure and security costs rising to enable remote research, and to protect it given increased vulnerability to IP theft

Operating models

As the pandemic recedes, longer-term effects of the changes that had to happen to close out the spring 2020 semester most likely will vary across institutional types:

- Hybrid learning model options will persist at nearly all institutions, although smaller residential colleges likely will seek to revert to in-person instruction models—and in so doing could possibly overlook effective hybrid models

“Smaller private institutions will struggle, merge and close.”

- Smaller and less well-funded institutions will find it harder to invest in the technological infrastructure, course development, and training necessary for effective online learning
- Institutions with well-developed online capabilities prior to the pandemic may commit further to the online model and may leverage new opportunities to expand their reach to students from other institutions
- Online graduate degree programs are likely to expand
- Public institutions and less well-endowed private institutions may continue to depend more on adjuncts for instruction under any model
- Public institutions may find it harder to innovate due to political considerations, states’ oversight roles, and unions
- Rural institutions may find their locations an advantage if students want to avoid more densely populated locations
- The economic and financial impacts of the pandemic will accelerate the already-existing trend toward mergers, system consolidation, and closings

Fundamental issues

The pandemic has affected issues of central importance to the future of higher education:

- **Inequality.** The disparate impacts of the pandemic by race and income have laid bare systemic inequities in health, housing, employment and education. College and university leaders have long recognized that higher education can help people of color and low-income students overcome these inequities, and have undertaken numerous initiatives to increase access, affordability and success for these populations. But much work remains to be done. The pressure to do more now is intense, particularly as being on the wrong side of the digital divide negatively affects students’ remote learning opportunities. Further, if faculty delay retirements, diversifying the faculty will become more difficult. In addition, as lay-offs are considered for support staff, attention must be given to unintended disproportionate burdens for non-white employees, who often hold such positions.
- **Increased scrutiny of the value of a college degree.** Higher education leaders have been struggling for several years against growing public sentiment questioning the value of a college degree, which is seen by some as too expensive and lacking in assurance of a meaningful and well-paying job upon degree completion. The online delivery model forced by the pandemic has further fueled skepticism about the value of higher education, especially with consideration of cost.

- **Commodification of higher education.** In response to growing doubt about the value of college, a shift has been underway toward academic programs more directly tied to jobs and workforce needs. Economic fallout from the pandemic is likely to accelerate this shift, which devalues the humanities and traditional liberal arts curriculum. Moreover, a focus of resources on STEM fields, for example, could elevate racial and gender inequities, as the lack of diversity in STEM fields often is discouraging to minorities and women.
- **Strategic governance structures lacking.** Many boards focus too narrowly on their fiduciary responsibilities to the detriment of other key duties, including overseeing academic quality, crisis response, and strategy development. A lack of board involvement in these critical—and appropriate—board activities is particularly problematic when circumstances such as the pandemic demand the execution of carefully considered plans. The pandemic is exposing the need for boards to focus on these mission-critical realms.

A note on higher education’s longer-term outlook

In light of the immediate and dramatic effects of the pandemic on higher education, some interviewees forecasted significant changes in higher education’s business model over the next two to three years. These predictions were largely driven by an anticipated complete transformation of the delivery model from in-person to remote and online, and loud questioning about pricing. Note that at the time of the interviews, surveys of high school seniors were pointing heavily toward a large drop in first-year enrollment (e.g., a third were considering a gap year, according to one survey).

Other interviewees were more skeptical about long-term changes to higher education’s business model. One opined that in as soon as three or four years, little will have changed other than there being fewer institutions, as several small liberal arts colleges will have closed. Another projected much the same: A small percentage of institutions will need to either adopt different business models or close, but most institutions would return to exactly what they were doing before the pandemic. This observer thought that students would see the situation as temporary and so would enroll again in the fall with the hope and expectation that all will return to normal soon.

Finally, it was noted that there was “no reason to think that a superior higher ed model will be discovered amidst the pandemic.”

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How TIAA can help

Interviewees were asked to advise TIAA on how it can best help institutions and higher education organizations navigate the COVID-19 crisis. These top ten suggestions aimed to tap TIAA's expertise in financial wellness, retirement planning, and asset management, as well as the TIAA Institute's convening power and research capabilities:

- Enhance the financial literacy of participants in all age groups through financial education, advice and guidance so they can better position themselves for long-term financial wellness
- Help institutions develop early retirement incentives and implementation strategies
- Keep participants thinking about retirement, both collectively and through individual counseling—with a focus on closing financial gaps opened by the pandemic
- Provide advice regarding institutional strategic investments, such as in technology to enable online learning
- Help institutions establish financial stress test protocols
- Educate institutions about endowment and other investment strategies
- Collaborate with higher education associations as they develop and execute business plans
- Host discussions among higher education leaders, scholars, and other subject matter experts to facilitate the exchange of ideas and information, particularly now with regard to responses to the pandemic
- Sponsor association webinars, professional development initiatives and workshops, and supplement them with TIAA professional development opportunities designed to enhance higher education sector employees' abilities to navigate the changing landscape
- Direct TIAA's Corporate Social Responsibility activities toward addressing students' pandemic-related issues

The interviews also revealed several potential areas for examination and research to be considered by the TIAA Institute, including:

- How will COVID-19 affect faculty retirements, and how can institutions respond?
- How will the pandemic affect the financial wellness of different population groups?
- How can individuals enhance their financial resilience to weather COVID-19 impacts?
- What faculty workforce models are emerging, and what are their effects on student success?
- What financial aid/student debt solutions are emerging to address college affordability concerns?

Conclusion

The world is facing unprecedented times that demand new thinking and action—and higher education is heeding the call. Indeed, U.S. colleges and universities have a critical role to fill in helping our nation and the world emerge from the pandemic as quickly as possible, minimizing its human toll. In order to contribute, institutions themselves must remain viable and vibrant centers of teaching, learning and discovery.

TIAA's effort to listen and learn from higher education leaders helps shed light on the issues institutions are facing today and, likewise, on forging a path forward. We are grateful to the interviewees who devoted their time and expertise to this project, and are committed to following through on their wise counsel.

Addendum: TIAA interviewees

Susan Basso, The Ohio State University

Mark Becker, Georgia State University

Herman Berliner, Hofstra University

Andy Brantley, College and University Professional Association for Human Resources (CUPA-HR)

Jeff Brown, University of Illinois

Yohna Chambers, Texas Christian University

Sue Cunningham, Council for Advancement and Support of Education (CASE)

Richard Ekman, Council of Independent Colleges (CIC)

Millie Garcia, American Association of State Colleges and Universities (AASCU)

Jeff Herring, University of Utah; CUPA-HR Board of Directors

Susan Johnston, National Association of College and University Business Officers (NACUBO)

Adrianna Kezar, University of Southern California

John Lasky, Temple University Health System

Paul LeBlanc, Southern New Hampshire University

Mike McPherson, Spencer Foundation; Urban Institute; TIAA Board of Overseers

Peter McPherson, Association of Public and Land-Grant Universities (APLU)

Maureen O'Hara, Cornell University

Lynn Pasquerella, Association of American Colleges and Universities (AAC&U)

Christina Paxson, Brown University

Javier Reyes, West Virginia University

Felix Matos Rodriguez, The City University of New York (CUNY)

Henry Stoeber, Association of Governing Boards of Universities and Colleges (AGB)

Kelly Stuck, University of Virginia

Marta Tienda, Princeton University; TIAA Board of Trustees



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