UNIVERSITY OF CALIFORNIA

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1111 Franklin Street
Oakland, California 94607-5200
Phone: (510) 987-9074
Office: (510) 987-9086
http://www.ucop.edu

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Dear Member of Congress:

When University of California (UC) students arrived on our campuses last fall, no one could have predicted how the school year would end. In mid-March, COVID-19 upended the college experience in California and across the nation; students vacated campuses and faculty shifted in a matter of days to providing remote instruction. Ongoing research at labs across the system slowed, campus community centers emptied and our otherwise thriving residential campuses came to a standstill.

Our students, faculty and staff are resilient and were able to adapt quickly to create a new college experience. As a result, this spring UC conferred nearly 80,000 hard-earned undergraduate and graduate degrees – albeit with a lot less pomp and circumstance than originally planned.

With commencements behind us, UC is turning to the future. As UC campuses work diligently to find ways to safely resume our typical operations this fall, we seek the continued partnership of the federal government.

UC is grateful for the emergency spending bills Congress has passed to help health care and higher education institutions provide life-saving care, advance cures, seek a vaccine and provide financial assistance to students who are experiencing economic difficulties at this time. These bills are helping.

To that end, UC greatly appreciates that the House of Representatives has approved the HEROES Act – a $3 trillion package that would help continue to confront the pandemic, as a starting point for negotiations on the next emergency spending bill. As the House and Senate get to work on a final package, we respectfully submit a list of our priorities on education, research and tax and financing issues. UC Health leadership will send a separate letter outlining the system’s health care priorities.

Support for States and Territories

- The UC system has lost more than $1.5 billion in revenue over the past three months. These losses are compounded by the economic challenges that California and states across the nation are facing as they work to reopen and reinvigorate their economies.

As such, public universities like UC, and states like California, require assistance that only the federal government can provide at a time of such significant economic distress. UC is the third largest employer in California, with 227,000 faculty, researchers and staff -- whose salaries rely heavily on federal and state funding. It is imperative that the federal government financially assist states so that they can continue providing basic services to residents and to prevent downstream cuts to public higher education. As we begin to recover from this pandemic-induced economic downturn, investing in both the University and in the State of California now will ensure that we can each play our respective roles in supporting the fifth largest economy in the world, educating the next generation workforce and continuing to work on the scientific challenges before us, including finding a vaccine for COVID-19.

Education

- **Secure an additional $47 billion for the Higher Education Emergency Relief Fund (HEERF).** This additional funding to HEERF would ensure relief is distributed in a manner that allows for maximum flexibility in use of funds while maintaining reasonable and effective transparency/accountability measures for institutions The University requests that Congress provide funding equally between students and institutions using the same formula and for the same purposes as was in the initial CARES Act. We request that institutions be granted broader discretion to use institutional funds including providing scholarships or other financial aid to current and incoming students for current or future academic terms, especially as families with dynamic financial conditions will seek substantially more assistance in the fall, and families that may never have requested financial aid previously will do so. Universities across the country, including UC, have experienced significant loss revenue due to reductions in housing, dining, cancelled events and programs, such as study abroad. In addition, we have experienced considerable costs moving to remote instruction. These costs are likely to continue as new COVID-19 cases are identified and the University continues to respond to the pandemic.

- **Extend the current six-month student loan grace period for graduating or separated students to one year, or until the unemployment rates falls below 8 percent for three consecutive months.** This will enable students to seek employment opportunities without having their student loan payments hanging over them while they try to cover their basic needs.

- **Extend the relief provided by the CARES Act by continuing both zero-interest deferred repayments for borrowers and the suspension of collection activities (wage garnishment, offsets, etc.) for borrowers with defaulted loans until June 30, 2021, or until the unemployment rates falls below eight percent for six consecutive months**

- **Provide a 1.5 percent interest rate and zero origination fee for any loan initially disbursed after enactment of the fourth supplemental appropriations bill until the unemployment rate falls below eight percent for six consecutive months.**

- **Limitations on eligibility of students for emergency grant aid. We request Congress include statutory language that states the CARES Act student grants should not be limited to Title IV eligible students.**

- **Mitigate impact to F and J graduate students and scholars from China as well as H-1B visa holders and participants in the Optional Practical Training (OPT) program.** If the current administration seeks to curtail the OPT program, we ask Congress prevent this from happening by inserting statutory language preventing any curtailments from being implemented without the consultation of Congress.

- **Remove administrative barriers to qualified Minority-Serving Institutions (MSI) receiving CARES Act funds they are otherwise entitled to.** The use of outdated Integrated Postsecondary Education Data System (IPEDS) data to determine eligibility for MSI funding under the CARES Act inappropriately excludes some otherwise qualified institutions from receiving MSI assistance; institutions should qualify under the most recent data available. Additionally, institutions that would otherwise qualify for MSI funding under the CARES Act but were not certified upon enactment of the legislation should retroactively be made eligible for such assistance.

- **Create or expand broadband/technology investment programs that expand access to the internet, and permit institutions of higher education to participate in them.** Secure additional funding for higher education students to be included in K-12 technology programs, such as the E-Rate program, which would help college students access reliable internet and necessary equipment to enable them to complete their degrees on time using remote instruction, if deemed necessary by universities or local health authorities.

Research

- **$26 billion in additional emergency supplemental funding across all the sciences agencies to cover cost extensions for existing non-COVID-19 grants and cooperative agreements to allow researchers to meet their commitments on existing projects**. Lost resources include ramp down/up costs and graduate and postdoc extensions. Without funding, future innovations in areas such as quantum computing, artificial intelligence, robotics, 5G, space exploration, digital agriculture, cancer and aging will be forestalled while the agencies are forced to use future appropriations for new research, meant to create new knowledge to the next generation of discoveries, to cover existing grants. Additionally, the people who comprise the research workforce, particularly graduate and postdoctoral students, are at risk. They are the backbone of research and innovation at institutions across the country.

Tax and Financing Mechanisms

- **Access to Low-Cost Capital.** Access to affordable capital is a necessary lifeline for institutions, and the communities they serve, if they are to return to normal operations. Colleges and universities will face significant infrastructural challenges in returning to normal operations, and access to low-cost capital will be an essential complement to other federal aid sources used for these purposes. Furthermore, providing access to zero-interest loans and/or grants during the pandemic with the opportunity to refinance existing debt would allow institutions to free up resources for outbreak response purposes. Higher education institutions need to be identified specifically to ensure these funds can be accessed.

- **Re-instatement of Advance Refunding Bonds.** Reinstating Advance Refunding Bonds would be helpful to COVID-19 economic recovery efforts by ensuring that governmental entities, including state and local governments, and municipal bond issuers are able to invest in infrastructure projects. The reinstatement of Advance Refunding Bonds would ensure that certain bonds could be refinanced to take advantage of lower interest rates and provide for greater cost savings.

- **Employee Retention Tax Credit.** Provide eligibility to public institutions, including public universities, for the Employee Retention Tax Credits, which were created as part of the CARES Act. The CARES Act provided certain employers, but not public institutions, with a refundable tax credit of up to $5,000 for wages paid to employees when operations were "fully or partially" suspended due to COVID-19 related actions. UC supports the inclusion of Sec. 20211, "Improvements to Employee Retention Credit," of the HEROES Act, in any final legislation. This section extends eligibility for the Employee Retention Tax Credit to state and local governments. It would also be helpful if language could be added to clarify that "public universities" would be specifically eligible to participate, and to clarify what is meant by "fully or partially" shut down, related to establishing eligibility.

- **Paid Sick and Family and Medical Leave Act (FMLA) Leave.** Legislation should provide governmental entities, including public universities, with the ability to receive payroll tax credits for certain sick leave and family leave benefits as were made available to other types of employers under H.R. 6201, the Families First Coronavirus Response Act. This act provides refundable tax credits to employers for providing certain leave options including paid emergency FMLA and paid sick leave related to workers impacted by COVID-19, but excluded governmental entities, including public universities, from being eligible for this tax credit. UC supports the inclusion of Section 20225, "Federal, State, and Local Governments Allowed Tax Credits for Paid Sick and Paid Family and Medical Leave," of the HEROES Act, in any final legislation, which extends these FMLA related payroll tax credits to governmental entities.

- **Main Street Lending Program.** UC supports the inclusion of Section 110604, "Main Street Lending Program (MSLP) Requirements" of the HEROES Act, in any final legislation. This section requires the Federal Reserve to make the Main Street Lending Program available to non-profit organizations, including institutions of higher education. UC also requests that language be added, through legislation, or through guidance issued by the Federal Reserve, clarifying that non-profit organizations and institutions of higher education are eligible to participate in the MSLP, regardless of the number of employees an entity may have.

- **Expansion of the Federal Reserve's options to assist State and local governments, including changes to the municipal liquidity facility.** Section 110801, "Emergency relief for State, territorial, Tribal and local governments," of the HEROES Act, allows the Federal Reserve to buy any "bills, notes, revenue bonds, and warrants issued by" States and certain other entities. This section could help State and local governments to defray costs associated with COVID-19, and would be helpful to see included in any final legislation, with additional clarifying language added to specify that state agencies, public universities, and municipal bond issuers would be eligible to participate. Clarifying that state agencies, public universities, and municipal bond issuers are eligible to participate, would help to ensure entities such as UC can access this financing.

- **Municipal Liquidity Facility (MLF).** UC supports the addition of language, either through legislation or through guidance issued by the Federal Reserve related to the MLF, which originated as part of the lending facilities initiated under the CARES Act, to clarify that public universities, state entities, and municipal bond issuers, are eligible to participate in the MLF. These changes would help to ensure that entities such as UC would be eligible to participate in the MLF.

Thank you for your consideration of our requests. If you have questions, please do not hesitate to contact UC Associate Vice President for Federal Governmental Relations Chris Harrington. He can be reached at (202) 974-6314 or by email at Chris.Harrington@ucdc.edu.

Yours very truly,

Janet Napolitano
President

Gene Block
Chancellor, UCLA

Nathan Brostrom
Interim Chancellor, UC Merced

Carol T. Christ
Chancellor, UC Berkeley

Howard Gillman
Chancellor, UC Irvine

Sam Hawgood
Chancellor, UC San Francisco

Pradeep Khosla
Chancellor, UC San Diego

Cynthia Larive
Chancellor, UC Santa Cruz

Gary May
Chancellor, UC Davis

Kim Wilcox
Chancellor, UC Riverside

Henry Yang
Chancellor, UC Santa Barbara

CC: Senior Vice President External Relations and Communications, Claire Holmes
Associate Vice President for Federal Governmental Relations, Chris Harrington