

March 10, 2021

PRESIDENTS' NETWORK



Dear Colleagues:

This afternoon, Congress passed and sent to the president the American Rescue Plan, a \$1.9 trillion federal spending package to address the continuing effects of the COVID pandemic. President Biden is expected to sign the bill this week.

In the legislation, higher education was allocated \$39.6 billion dollars which will be distributed using the same institutional and student formula as in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA). One significant difference, among others included below, is that at least 50 percent of these funds must be distributed as student emergency grants with the remaining balance for institutional use.

We anticipate the amount your institution will receive under the American Rescue Plan will be:

Institution: National Association of Independent Colleges & Universities

ARP Funds: \$ 1

AMERICAN RESCUE PLAN SUMMARY

The \$39.6 billion in the Higher Education Emergency Relief Fund (HEERF) will be distributed as follows:

- \$36.02 billion for public and private, nonprofit institutions and their students.
- \$2.96 billion for Historically Black Colleges and Universities and Minority Serving Institutions.
- \$396 million for students at for-profit institutions.
- \$198 million for institutions with exceptional unmet need and/or "large populations of graduate students."

Summary of Key Provisions

- Under the formula, exactly as with CRRSAA funds, 49 percent of the institutional funds will be distributed based on FTE (75 percent Pell and 25 percent non-Pell), and 49 percent will be distributed based on headcount (75 percent Pell and 25 percent non-Pell). The remaining 2 percent will be reserved for Pell students who were exclusively online before the pandemic, with half based on FTE and half on headcount.
- The bill requires 50 percent of the funds to be spent on student emergency grants, but as with CRRSAA, institutions may give students the option of using the funding to pay institutional expenses, provided the discretion to do so is solely up to the student and clearly stated.
- Funding will flow directly to institutions, as it did in CRRSAA, and institutions with HEERF applications on file for both the institutional and student shares do not have to reapply for funds under this newest bill.
- As with CRRSAA, the bill allows institutions to use their funds for coronavirus-related items to:

"defray expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff training, and payroll," and to "provide financial aid grants to students (including students exclusively enrolled in distance education), which may be used for any component of the student's cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care."

- The bill removes the language from CRRSAA that allowed funds to be used to “carry out student support activities authorized by the HEA that address needs related to coronavirus.”
- The bill removes the penalty in CRRSAA for institutions that paid the endowment tax in 2019.
- Dependent college students are eligible for the \$1,400 stimulus payment.
- Student loan forgiveness will be tax free for all loans (federal and private) until 2025. It is currently only available for public service loan forgiveness.
- The bill increases the subsidy to states to assist self-insuring nonprofits with their unemployment costs from 50 to 75 percent from March 31 through August 31, 2021.

FINAL GUIDANCE STILL NEEDED

We are waiting for the Education Department to issue final guidance on use of CRRSAA funds, including such key questions as whether international and undocumented students may receive funds and what the effective date is for lost revenue and expenses. We anticipate that when that final guidance is available, the same rules will apply to both CRRSAA and this new funding.

NAICU continues to work with the Education Department to push for as much flexibility as possible. We plan to hold a webinar on the guidance for both CRRSAA and the American Rescue Plan when that guidance comes out.

MISSING CRRSAA FUNDS

We have heard from several institutions who have not yet received their CRRSAA funds. If you are in this position, and are up-to-date on all your CARES fund reports, please notify us this week at nofunds@naicu.edu. We will work with our contacts at the Education Department to have your institution’s situation investigated.

CONCLUSION

This third COVID relief bill brings to \$77 billion the total amount of funding provided to higher education through the HEERF program in the combined CARES, CRRSAA and American Rescue Plan legislation. We know this money has provided essential support to your institution but does not come close to covering the additional expenses and losses faced by your campus community.

As we approach the one year anniversary of the declaration of the pandemic, one of our members recently reminded me of the frantic weekend last March, and again this January, where it appeared private colleges might not be part of any pandemic relief measures. We have been included in all three of these bills because of your unwavering commitment to tell the story of our students and our sector.

As vaccines start to become more available in our nation, hope also renews, but recovery will be a long and challenging journey. However, I am convinced we can pull through this challenge as we have the past year by working together.

I thank you for your continued efforts on behalf of your campus community, your students and their families, and the entire private, nonprofit higher education sector.

Regards,

Barbara

Barbara K. Mistick, D.M.

President

National Association of Independent Colleges and Universities

