

January 14, 2021

PRESIDENTS' NETWORK



Dear Colleagues:

Today, the Department of Education issued the [student and institutional allocations](#) from the Coronavirus Relief and Response Supplemental Appropriations Act (CRRSAA), along with guidance on how to access and use the funds. The allocations show the portions required for use as student grants and the portions available for institutional relief at each institution, while the [Frequently Asked Questions](#) provide detailed background and guidance.

Below we have answered several key questions that I know many of you have and are already asking. Additionally, I am hosting a webinar tomorrow at 2:30 p.m. EST to provide an overview of the Department's guidance and answer other questions you may have ([register here](#)). I know this is short notice, however I also know that you are eager to receive these funds and distribute them appropriately.

While the new law provided \$20.2 billion for these purposes, the Department has also added \$300 million in left over CARES Act funds to the allocation, bringing the total amount made available today to \$20.5 billion.

In general, the guidance provides more flexible use of funds for institutions, streamlines the application and delivery process for the money, and allows students to opt-in to directing their emergency funds back to the institution to cover their college expenses. The bill also makes it easier for all students who are U.S. citizens to be eligible for student grants and makes clear all grants to students regarding the pandemic, including those from institutions, are tax free.

Collectively, these improvements should make the process for institutions to receive and distribute funds smoother than it was under CARES. The Department provided a [comparison table](#) of major differences between CARES and CRRSAA.

However, there will still be obstacles institutions will have to overcome throughout the process. For example, the mechanisms the Department uses to transmit funds is still archaic and involves manual transmissions to each institution for both student and institutional funds. Additionally, no institution will get funding until it has submitted all of its CARES quarterly reports and its annual report, which is due on February 1, 2021.

After reviewing the guidance here are answers to the most common questions we have received from members to get your institution started on the planning process:

When will I get my CRRSAA funds?

The process will take several weeks. Institutions must submit their CARES Act Annual Report and all their quarterly reports before new funds from CRRSAA will be obligated. CARES Act Annual Reports are due February 1. As of January 11, 52% of institutions had not yet completed this step. If your institution has not submitted its reports, you can use the [Education Stabilization Fund grantee portal](#) to do so.

How will institutions receive CRRSAA funds?

Institutions that received CARES Act funds will not need to reapply for the CRRSAA funds. Institutions will automatically receive supplemental award allocations. The first allocation will be for emergency student grants, and the second allocation for institutional relief. When an institution draws down its first funds, it will constitute an automatic acceptance of the new grant conditions and uses of funds. As with CARES, funds will be drawn down through the G5 system.

As happens regularly with Title IV student aid programs, institutions should be ready to use their funds quickly. Student funds must be disbursed within 15 days and institutional funds must be disbursed within

3 days each time an institution draws down funds from its allocation. Your first draw down must be by April 15 or the Department will assume you do not want the money and will reallocate it.

What are the allowable uses for CRRSAA funds?

Institutions must provide at least the same dollar amount to students in emergency grants as they were required to under the CARES Act (unless you are receiving allocations for online students in which case it is the greater of the amount required under the CARES Act or the new distance education allocation but is not additive).

The institutional allocation can be spent on an expanded list of allowable uses of funds that defray expenses associated with coronavirus such as:

- Lost revenue, reimbursement for expenses, technology, staff training, payroll;
- Student support services, such as TRIO and GEAR UP; and
- Student grants for any part of the cost of attendance.

Institutions should be aware that all CRRSAA funds must be accounted for separately as there are some disallowed expenses.

What students are eligible for emergency student grants from the student allocation?

Student eligibility for emergency grants under the CRRSAA is different than under the CARES Act, in that students are not required to be Title IV eligible and may include students who are exclusively online. However, to receive emergency student grants under the student portion, students must be U.S. citizens.

The law requires that emergency student grants be provided to “students with exceptional need” but does not require that student recipients be Pell Grant recipients or Pell Grant eligible. The Department suggests that the maximum Pell Grant be an appropriate limit for a maximum emergency grant. Institutions should maintain records on their methodology for determining emergency student grant distribution.

How can student grants be distributed?

CRRSAA emergency grants may be distributed to students using the same vehicles as CARES Act student funds, such as checks, electronic transfer payments, debit cards, and payment apps. The Certification and Agreement for the CRRSAA explains that institutions “hold these grant funds in trust for students and acts in the nature of a fiduciary for students.”

CRRSAA allows emergency student grants to cover any part of the cost of attendance (COA). The student must affirmatively opt-in to having their emergency grant apply to COA expenses paid to the institution, and the institution is prohibited from requiring students to first cover any COA or institutional balance.

Do emergency student grants count as student income?

No. CRRSAA emergency student grants are not reported as income, are not taxable, and do not count against students in determining Title IV federal student aid like, Pell Grants.

How long does an institution have to spend its CRRSAA funds?

One year from the date funds are made available.

What are the reporting requirements for CRRSAA funds?

Institutions must report on receipt and use of supplemental funds six months after the receipt of funds, which will be specified in future announcements.

Can an institution with unspent CARES Act funds still use those funds?

Yes, and they can now be spent according to the new uses of funds prescribed under the CRRSAA. The deadline for use remains one year from certification of CARES funds.

How does my institution receive CRRSAA funds if it did not receive CARES Act funds?

Institutions that did not receive CARES Act funds must apply for CRRSAA funds with a new grant number and original Certification and Agreement form on www.grants.gov using the grant number ED-GRANTS-041020-003 for the student portion and ED-GRANTS-042120-004 for the institutional portion. The application deadline is April 15, 2021.

Please note that CARES Act funds that were not applied for and obligated prior to passage of CRRSAA are no longer available. The legislation prohibits further obligation of CARES Act funds with the enactment of the new stream of funds. The Department [announced the clarification](#) on January 6, 2021.

How does my institution receive all the CRRSAA funds if it only received student funds under the CARES Act?

Institutions that only received student funds under the CARES Act will automatically receive their student funds, but will need to separately apply for CRRSAA institutional funds with a new Certification and Agreement application (see above). This must be done by April 15.

Are institutions that paid the endowment tax eligible for CRRSAA grants?

Institutions that paid the endowment tax in 2019 are eligible only for 50% of their formulaic allocation and will have a separate application process. Those funds can only be used for students, or “sanitation, personal protective equipment, other expenses associated with the general health and safety of the campus environment related to the qualifying emergency” (coronavirus pandemic). The penalty does not apply to work colleges.

Has the Department announced how it will allocate the resources available for HBCUs and MSIs and in the FIPSE fund?

The Department has stated there will be more information on the HBCU and MSI funds in “the coming days,” along with the allocation table. The \$114 million FIPSE fund is being reserved for institutions that are not otherwise on the HEERF allocation tables released today.

We know colleges and universities are anxious to access these emergency funds for use during the spring semester. We have been in close contact with the Department since the passage of the bill two weeks ago, to ensure that your questions about the law would be addressed in its guidance. The Department has worked to ensure these funds can be made available as soon as possible and with as much clarity as possible. However, the money will again come in two tranches (student and then institutional), and the G5 system through which the funds flow is cumbersome and requires manual processing.

The incoming Administration could also choose to alter some of the guidance issued today. For example, we expect the Biden Administration may broaden eligibility for emergency student grants to include non-U.S. citizens.

I hope you and/or others from your cabinet are able to join us tomorrow at 2:30 p.m. EST for our webinar covering these and other questions. Additionally, you can submit questions to the Department at HEERF@ed.gov.

Thank you for your continued support and advocacy on behalf of private, nonprofit higher education to ensure that we were recognized and included in this vital relief package.

Regards,

Barbara

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