March 27, 2020


Today’s edition of Washington Update is again an abbreviated version that provides updates on several key topics related to the COVID-19 pandemic and higher education. Today’s issue focuses on the $2 trillion emergency relief package, the CARES Act, to help in response to the COVID-19 national pandemic. Today, the U.S. House of Representatives passed the measure, which also passed unanimously in the Senate on Wednesday, and is expected to be signed by the president.

Key provisions in the bill include:

- **$14 billion for all sectors of higher education**, half for emergency grants for students and half for institutions. Allocated amounts will be based 75 percent on an institution’s Pell FTE enrollment and 25 percent on an institution’s overall FTE enrollment relative to the national total, except that students who were enrolled exclusively online prior to the pandemic outbreak will not be in the count. **Funds will be distributed through the Title IV system to institutions** so the money can get disbursed as quickly as possible. There is $1 Billion for HBCUs and MSIs.

- There is an **additional $349 million set aside for grants to institutions that were particularly hard hit** by costs associated with the virus. Priority for these grants will be given to those institutions that did not receive at least $500,000 in the basic distribution formula described above.

- There is a **requirement that states not cut any previous support to institutions of higher education** or need-based grant programs for students unless the Secretary of Education gives them a waiver for extraordinary economic loss.

The bill contains several additional provisions related to higher education as well. In addition to the higher education specific provisions, there are a number of other provisions that will affect colleges as employers. NAICU is working with a team of higher education specialty organizations and employment experts to analyze and assess the opportunities this might provide for private, nonprofit colleges and universities.

**Section 127 Expansion** ... An important provision included in the CARES Act is a one-year expansion, for 2020, of tax code section 127 to allow employers to offer up to $5,250 in annual assistance to employees to cover student loan expenses. This expansion has been a long-standing tax priority for NAICU and is a major victory in and of itself.

**Financial Responsibility Standards & NC-SARA** ... Although the CARES Act does not address these issues, NAICU (with the support of many of our member associations and the American Council on Education) sent a letter to Secretary DeVos, asking the Secretary to suspend the Financial Responsibility Standards for three years. Private, nonprofit colleges and universities are facing a precipitous decline in their Federal Financial Ratios as a result of both coronavirus-related endowment and revenue losses and increased costs.

Likewise, NAICU and its member associations also sent a letter to NC-SARA, asking the Council to take similar action. NAICU’s letter requested a three-year suspension of the policy requiring private, nonprofit colleges and universities to maintain a baseline federal financial responsibility composite score of 1.5 or greater for unrestricted
participation or a 1.0 score or greater for any participation in SARA. Many NAICU NC-SARA presidents also sent their own letters to the Council.

In an initial response posted yesterday, NC-SARA said it takes “these concerns from our participating institutions very seriously and do understand the severe financial strain that institutions are experiencing at this time.” The Council expects to engage in discussions with state members and then discuss next steps by the full NC-SARA board in early May.

**Title IX & Section 117 Foreign Gifts Reporting** … Due to the “serious disruptions caused by the COVID-19 pandemic,” NAICU and the higher education community, led by ACE, sent a community-wide letter to Secretary DeVos asking the Department to delay implementation of the Title IX and foreign gifts reporting regulatory efforts. The letter seeks a “delay in further action on these proposals until the COVID-19 emergency has passed, and campuses have resumed normal operations.”

**FERPA & Virtual Learning Seminar** … The Department of Education’s Student Privacy Policy Office is hosting a webinar to review frequently asked questions on the Family Educational Rights and Privacy Act (FERPA) and implications for distance learning due to school closures. The webinar will be held Monday, March 30, 2020 from 1:00 to 2:00 PM EDT. While registration is limited to the first 500 attendees, all event materials, including the webinar recording, will be available on the Policy Office’s website.

**Presidents in the Spotlight** … Please be sure to read this New York Times article (subscription required), first published on March 25, that includes perspectives on how colleges and universities are dealing with coronavirus pandemic and its financial implications from Ann McElaney-Johnson, president of Mount St. Mary’s University in Los Angeles and Roger Casey, president of McDaniel College in Maryland.

**NAICU COVID-19 Resource Page & Webinar**: NAICU continues to maintain and update on a daily basis its dedicated webpage that provides current information, guidance, and news coverage on the coronavirus.