CECU Readout of the U.S. Department of Education’s Briefing on COVID-19 and CARES Act
April 21, 2020

CECU Senior Vice President of Policy and Research Nicholas Kent was invited to this afternoon’s briefing with several senior U.S. Department of Education (“Department”) officials, including Secretary Betsy DeVos, Acting Under Secretary Diane Auer Jones, and Assistant Secretary for Postsecondary Education Bob King. The call focused on providing new clarifying guidance regarding the use of the emergency financial aid grants to students as well as announcing that the Department is making immediately available to postsecondary institutions the remaining $6.2 billion for the institutional share of funds made available under the Higher Education Emergency Relief Fund (“HEERF”).

CECU is highlighting several pieces of valuable information from today’s briefing below.

Emergency Financial Aid Grants to Students (made available starting on April 10, 2020)

- Secretary DeVos said that to date, only about 50 percent of institutions had completed the process to apply for the emergency financial aid grants for their students. Secretary DeVos urged all institutions to immediately complete and submit the application via grants.gov under funding opportunity number: ED-GRANTS-041020-003.
  - The Department previously posted instructions for applying for the 50 percent direct-to-student allocation on the Department’s website (see the section titled Higher Education Emergency Relief Fund-Student Aid).
- The Department recognized and apologized for challenges institutions have experienced applying for the emergency financial aid grants. The Department promised it is working hard to ensure the process for applying for and distributing the institutional share of funds goes smoother.
- Although the Department reiterated it is working to distribute the emergency financial aid grant funds to institutions as quickly as possible, no firm deadline was provided.
- The Department mentioned there had been many questions received from the field regarding the use of the emergency financial aid grants. As a result of these questions, the Department published today a new FAQ document. CECU strongly recommends that institutions carefully review this FAQ document since it provides new guidance that will amend responses to questions that CECU and other associations have provided in the last couple of weeks.
- The Department reiterated the emergency financial aid grants are “cash grants to students” and can be distributed to students through a pre-loaded debit card, credit card, or by check; however, these grants cannot be applied to a student’s institutional account.
- The emergency financial aid grants cannot be applied to a student’s outstanding balance or create scholarships for the next academic term.
- The Department is not requiring that students track how they use their emergency financial aid grants and not requiring that institutions report how students use their grants.
- The Department clarified that emergency financial aid grants could not be used by institutions to reimburse themselves for refunds made to students. However, that said, an institution can reimburse itself if, on or after March 27, 2020, the institution provided a grant to a student, who was otherwise eligible to receive a grant for the same purpose provided in the CARES Act (i.e., for expenses related to the distribution of campus operations due to coronavirus). A grant from the institution in this scenario is considered an “advanced payment” of some or all of the grant funds to students. In this case, an institution can reimburse itself for the advanced payment but must still meet the 50 percent direct-to-student allocation requirement in the CARES Act.
- The Department provided new and surprising guidance that students receiving funds from any part of the HEERF (i.e., the 50 percent direct-to-student allocation or the 50 percent institutional...
share of funds) must be title IV eligible, and funds can only be disbursed to students who were not enrolled exclusively in an online program on March 13, 2020.

**Institutional Share of Funds (made available starting on April 21, 2020)**

- According to the CARES Act, the institutional share of funds is for institutions to cover any costs associated with significant changes to the delivery of instruction due to coronavirus.
- Secretary DeVos encouraged institutions to use their institutional share of funds to expand remote learning programs, build IT capacity, and prepare faculty and staff to function at higher levels in remote learning environments. For those institutions that already have sophisticated online learning systems, Secretary DeVos hoped institutions would use their institutional share to provide additional emergency financial aid grants to students who have the most need.
  - If an institution decides to use its institutional share of funds to distribute additional emergency financial aid grants to students, the school must adhere to the same statutory requirements that govern these student grants in the CARES Act.
- The Department was clear that to access the institutional share of funds, an institution must have already signed and submitted the Certification and Agreement for the emergency financial aid grants. If an institution has not previously applied for the 50 percent direct-to-student allocation, it will not be able to access the institutional share of funds.
- Institutions are permitted to use the institutional share of funds to reimburse themselves for refunds of room, board, and fees for schools that have made or will make to students as a result of coronavirus.
- Institutions may not use the institutional share of funds to pay down student balances or create scholarships for the next term. However, if there are additional fees that students would otherwise need to pay as a result of moving to online instruction (e.g., online proctoring fees or fees for electronic library services), institutions are permitted to pay those fees on behalf of students.
- Institutions are permitted to pay for services provided by online program managers and other third parties on a per-student basis but only for the purpose of making online instruction available to that student. Funds may not be used to support marketing, advertising, or the recruitment of students.
- The institutional share of funds cannot be used for the following expenditures: senior administrator and/or executive salaries, benefits, bonuses, contracts, and incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; any other cash or other benefit for senior administrators or executives.
- The Department has posted instructions for applying for the 50 percent institutional share of funds on the Department’s website (see the section titled Higher Education Emergency Relief Fund-Institutional Portion).
  - For the institutional share of funds, institutions will need to complete and submit a new application via grants.gov under funding opportunity number: ED-GRANTS-042120-004.
  - As part of the application process, a new Certification and Agreement will need to be completed, signed, and uploaded.

Finally, the Department was explicit that funds provided to institutions under the HEERF will not be treated as revenue for purposes of calculating an institution’s 90/10 score.