

Higher Education Emergency Relief Funds Part 2



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The latest COVID-19 relief package passed by Congress has provided additional funding for Higher Education Relief. The package, titled the Consolidated Appropriations Act of 2021 (the “Act”), also included a new paycheck protection program and many other relief packages and tax changes. This article discusses the key components of the new higher education relief funding.

Colleges and Universities will receive an additional \$23B to help relieve some of the impacts of the pandemic. The Act creates a new and complex formula for allocating these funds than what was used in the CARES Act, and it was difficult to immediately estimate how much each institution will get.

As with the CARES Act, institutions must distribute at least 50% of the funds received directly to students in the form of emergency grants. The remaining funds can be used for the following purposes:

- 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 trainings, and payroll);
- Carry out student support activities authorized by the HEA that address needs related to coronavirus; or
- 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. In making financial aid grants to students, an institution of higher education shall prioritize grants to students with exceptional need, such as students who receive Pell Grants.

No funds received by an institution of higher education under from the Higher Education Emergency Relief Funds shall be used to fund contractors for the provision of pre-enrollment recruitment activities; marketing or recruitment; endowments; capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship; senior administrator or executive salaries, benefits, bonuses, contracts, incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; or any other cash or other benefit for a senior administrator or executive.

An institution that was required to remit payment to the Internal Revenue Service for the excise tax based on investment income of private colleges and universities under section 4968 of the Internal Revenue Code of 1986 for tax year 2019 shall have its allocation under this section reduced by 50 percent and may only use funds to provide financial aid grants to students or for sanitation, personal protective equipment, or other expenses associated with the general health and safety of the campus environment related to the qualifying emergency.

The Act also includes major changes to student financial aid including a simplification of FASFA form. There are also changes in how eligibility for Pell Grants is determined that should make it easier for lower-income students to receive the maximum amount of federal student aid.

As with the CARES Act, there will be mandatory reporting and audit requirements.

Do you have questions about the upcoming bill? Contact your Dean Dorton advisor, or contact us at:

insights@deandorton.com