

DOE Releases Institutional Portion of CARES Act Funding to Higher Education Institutions, Publishes New FAQ for Student Grants Funding

April 30, 2020

The U.S. Department of Education has announced that more than \$6 billion is now available to higher education institutions to cover costs associated with significant changes in moving to a remote learning environment due to the coronavirus pandemic. This funding is in addition to the funds previously made available to colleges and universities for emergency financial aid grants to students.

Colleges and universities retain discretion to determine how to allocate institutional funds, but must have a reasoned basis for concluding that costs covered by those funds have a clear nexus to significant changes to the delivery of instruction due to coronavirus. Importantly, higher education institutions may use these funds to reimburse themselves for refunds made to students for housing, food, or other services that the institution could no longer provide due to the pandemic. The funds may also be used to pay for software, hardware, or internet connectivity that a college or university purchased or provided to students in order to transition to a remote learning environment. Institutions are encouraged to spend the funds to expand its remote learning programs, build their IT capacity, and train faculty and staff to operate effectively in a remote learning environment.

Colleges and universities are prohibited from using the institutional funds for:

- payments to contractors for the provision of pre-enrollment recruitment activities, including marketing and advertising;
- funding endowments;
- capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship;
- grants to students who were exclusively enrolled in distance education courses before March 13, 2020; and
- reimbursement of costs incurred before March 13, 2020.

In order to access its share of the \$6 billion in available institutional funds, a college or university must first enter into the Funding Certification and Agreement for the portion of CARES Act funding restricted to grants to students under the Emergency Financial Aid Grants to Students program. The institution may then submit



a second Certification and Agreement for Recipient's Institutional Costs to access the institutional portion of CARES Act funding.

In announcing the availability of the institutional funds, the Department of Education urged colleges and universities to devote the maximum amount of funds possible to emergency financial aid grants to students, including some or all of the funds earmarked for institutional costs. The Department of Education encourages this particularly where an institution has significant endowment or other resources available. In the past week, a number of higher education institutions with significant endowments have declined or returned the funds set aside by formula for their institution in the CARES Act, in response to pressures from various sources to make such emergency assistance funds available to schools without such endowments.

The Department of Education has also released a document with Frequently Asked Questions about the first wave of higher education emergency funding under the CARES Act intended for emergency financial aid grants to students. The FAQ reiterates that institutions cannot use student grant funds to reimburse themselves for refunds for room and board, tuition, and other fees, or for equipment provided to students. The Department also indicated that emergency financial aid grants to students may be provided using checks, electronic transfer payments, debit cards, and payment apps, but must remain unencumbered by the institution. Institutions are prohibited from deducting debts, charges, fees, or other amounts owed by the student to the institution.

The Department of Education encourages institutions receiving funds to keep detailed records of how they are using all Higher Education Emergency Relief Funds, including institutional funds and emergency cash grants to students. Institutions will be required to report the use of funds of institutional costs, identify how the amounts of each student grant was calculated, account for the amount of reimbursement of any costs related to refunds, and describe controls in place to ensure funds were used for allowable purposes and in accordance with cash management principles. The Department of Education will issue instructions in the Federal Register.

Additional information on the Higher Education Emergency Relief Fund and how to apply for institutional funding available under the CARES Act is available on the Department of Education's website, at: <https://www2.ed.gov/about/offices/list/ope/caresact.html>.

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If you have any questions on the Higher Education Emergency Relief Fund or other federal stimulus funding available to your college or university, please contact Catie Bitzan Amundsen, Megan Anderson, Kathryn Nash, or your regular Lathrop GPM contact.