

Date: May 19, 2020

RE: CARES Act Funds for Student Relief -Revised

This guidance seeks to lay out processes and answer questions about the Certification and the Direct Payments to Students under the newly passed H.R. 748. (*More information will be forthcoming about other H.R. 748 CARES Act provisions and distributions soon.*) However, ensuring prompt and appropriate management of the Direct Payment to Students funds is the issue most immediately pressing.

This memo contains information and guidance on the following for Direct Payments to Students:

- I. Payments to Students
- II. Reporting and Accountability (also see Appendix/Template)
- III. Maintenance of Effort
- IV. Timeline and Process to Submit Grant for Student Direct Funds
- V. Allocation and Management of the Student Direct Funds
- VI. Appendix: TEMPLATE – Information for Campuses to Collect, Maintain, and Report

I. Payments to Students

Question:

What expenses can the direct payment to students cover?

Response:

The CARES Act certification of direct payments to students indicates it can cover all expenses “related to the disruption of campus operations due to coronavirus” which are part of the student’s cost of attendance such as food, housing, course materials, technology, health care, and child-care expenses.¹

On April 9th, Secretary DeVos sent a letter to college and university presidents with the following guidance related to these student direct payments:

"The CARES Act provides institutions with significant discretion on how to award this emergency assistance to students. This means that each institution may develop its own system and process for determining how to allocate these funds, which may include distributing the funds to all students or only to students who demonstrate significant need. The only statutory requirements that the funds be used to cover expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, healthcare, and childcare). With that said, I would like to encourage the leadership of each institution to prioritize your students with the greatest need, but at the same time consider establishing a maximum funding threshold for each student to ensure that these funds are distributed as widely as possible."²

¹ *Funding Certification and Agreement, paragraph 2.*

² *Secretary of Education letter to college and university presidents, April 9, 2020, paragraph 4.*

The federal definition of Cost of Attendance under Section 472 of the federal Higher Education Act of 1965, as amended, includes normal tuition and fees, as well as specifically identified living expenses. This federal language defining Cost of Attendance follows:

SEC. 472. ø20 U.S.C. 1087II COST OF ATTENDANCE. For the purpose of this title, the term “cost of attendance” means— (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study; (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution; (3) an allowance (as determined by the institution) for room and board costs incurred by the student which— (A) shall be an allowance determined by the institution for a student without dependents residing at home with parents; (B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; (C) for students who live in housing located on a military base or for which a basic allowance is provided under section 403(b) of title 37, United States Code, shall be an allowance based on the expenses reasonably incurred by such students for board but not for room; and (D) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;³

Question:

Is there a limit on how much money can be given to each student?

Response:

Yes. The individual student grant should be based on the individual emergency circumstance. However, importantly, per the guidance from the Secretary of Education, **the direct payment per student should not exceed the amount of a maximum Federal Pell Grant for the award year.**⁴

Additionally, the campus Financial Aid Office should be mindful of each student’s socioeconomic circumstances and should **prioritize students with the greatest need.**⁵

Question:

Does the student have to request the funding in order for the campus to disperse it to them?

Response:

No. The Secretary of Education has provided flexibility to institutions on how to distribute the funds to students, as long as the expenses are allowable. “Each institution may develop its own system and process for determining how to allocate the funds, which may include distributing the funds to all students or only to students who demonstrate significant need... **prioritize your students with the greatest need...**”⁶

³ Section 472 of the federal HEA of 1965.

⁴ Secretary Of Education letter to college and university presidents, April 9th; also, Funding Certification And Agreement paragraph 3. Note that the maximum Pell is \$6,195 for FY20.

⁵ Secretary of Education April 9 letter, paragraph 4.

⁶ Secretary of Education April 9 letter, paragraph 3

Question:

Can a campus transfer the moneys to a university institutional account in the student's name? What is the means by which the funds are transferred to the student?

Response:

No. A campus cannot transfer the student direct moneys to a university institutional account in the student's name.

The April 21st federal Q & A provides additional guidance about how to get the student direct funds to students. These moneys must be paid to the students in an account separate and outside of their university institutional account.

Q & A #11: "Institutions may provide emergency financial aid grants to students using checks, electronic transfer payments, debit cards, and payment apps that adhere to the Department's requirements for paying credit balances to students. **The disbursement of the emergency financial aid grant to the student must remain unencumbered by the institution; debts, charges, fees, or other amounts owed to the institution may not be deducted from the emergency financial aid grant. The emergency financial aid grant may not be made to students through the use of a credit card that can be used only on campus or in a retail outlet affiliated with the institution.**"⁷

And furthermore, in the Secretary DeVos call with higher education stakeholders, Acting Assistant Secretary for Post-Secondary Education Diane Auer Jones specified that the student direct funds cannot be applied to students' institutional accounts or used to create scholarships for the next academic term.

Question:

Do the direct funds to the student count against the student's financial aid total?

Response:

No. The direct funds do not count against the student's financial aid total.⁸

Question:

Do the direct funds to the student count against the student's expected family contribution (EFC)?

Response:

It would appear that the funds MAY indeed count as EFC -- given that Section 3 of the Funding Certification and Agreement allows the Recipient Financial Aid administrator to use "professional judgment" to adjust "on a case-by-case basis to exclude" the grants from the EFC.⁸ Thus, because discretion is given to remove said grants from the EFC, it is assumed that the grants otherwise would count against EFC. **In order to be certain that grants applied toward tuition are not characterized as reimbursement to the institution for benefits previously provided to students, Financial Aid Offices should make adjustments to ensure that this emergency payment is excluded from the student's EFC.**

⁷ Source: Higher Education Emergency Relief Fund Frequently Asked Questions about the Institutional Portion of the Higher Education Emergency Relief Fund under Section 18004(a)(1) and 18004(c) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, April 21, 2020, Question #11.

⁸ Funding Certification and Agreement, paragraph 3.

⁹ Funding Certification and Agreement, paragraph 3.

Question:

Do all student direct payments made have to be related to coronavirus?

Response:

Yes. All campuses must ensure that any direct payment to the student is related to coronavirus and that said payment is only for an expense allowable as a Cost of Attendance. An impact due to coronavirus could be economic loss, having to move, health issues, family related economic job loss or working hours loss or a health care condition that makes work in a COVID-19 environment unadvisable, other health issues, child care or family considerations due to COVID-19. The impact of COVID-19 is substantial, varied, and constantly changing for students and families. It will be important for campuses to certify that the direct payment was related to coronavirus.

An opt in or out box could be used to certify that they will spend the funds on the allowed expenses ("Cost of Attendance"). Such an approach would need to ensure all of the following:

- The student has a significant need for the money;
- The student is experiencing a life impact due to COVID-19; and,
- The student agrees to only spend the money on Cost of Attendance expenses.

Question:

Can certain student populations be prioritized for support with the student direct payment?

Response:

It is essential that the student direct payment be distributed in a manner that is not discriminatory based on any protected classification. Second, the student direct payment must be for students with the greatest need. We would define need as economic in the context of this Act.

Question:

What students are eligible to receive the student direct payments?

Response:

The April 21st FAQs provided by the Department of Education indicates: "Only students who are or could be eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965, as amended (HEA), may receive emergency financial aid grants."¹⁰ This category of eligibility includes U.S. citizens and "eligible non-citizens". For more information on some of the categories within this Section, see <https://studentaid.gov/understand-aid/eligibility/requirements/non-us-citizens>. Financial Aid officers are familiar with these areas and will want to note eligibility per this Section.

The April 21st FAQ also indicates that if a student *is eligible to file a FAFSA* then the student has demonstrated eligibility to participate under Section 484 of the HEA.

Other criteria provided in the FAQ: "The criteria to participate in programs under Section 484 of the HEA include but are not limited to the following: U.S. citizenship or eligible noncitizens; a valid Social Security number; registration with Selective Service (if the student is male); and a high school diploma, GED, or completion of high school in an approved homeschool setting."¹¹

Note that DACA students are specifically not eligible for the student direct payment, per the April 21, 2020 Department of Education guidance.

^{10, 11} Secretary of Education, FAQs, April 21, 2020, Question #9, page 4.

Question:

Can on-line students receive the student direct payments?

Response:

No, not if they were only taking on-line classes originally this semester. Students who were “enrolled exclusively in an online program on March 13, 2020,” the date of the national emergency proclamation, are not eligible for the student direct payments. However, if a student was taking ground-based classes and on-line classes as of March 13, 2020, they would still be eligible for the student direct payments.

Question:

What expenses are not covered under the direct student payments?

Response:

Any cost that is not defined in student Cost of Attendance is not allowable to pay for the student direct payments. The Funding Certification and Agreement Reads as follows: "Recipient shall not use the advanced funds to reimburse itself for any costs or expenses, including but not limited to any costs associated with significant changes to the delivery of instruction due to the coronavirus and/or any refunds or other benefits that Recipients Previously Issued to students."¹²

Note that tuition and fees are included as a student expense covered under student Cost of Attendance and all expenses covered under Cost of Attendance can be covered by student direct payments. Additionally, all campuses will need to establish a system whereby the payment is made to an eligible student's account.

Question:

Can the student use the funds to pay their tuition and fees if the student has had an economic hardship that makes it difficult to pay tuition and fees?

Response:

A student's tuition and fees are an allowable Cost of Attendance expense under Section 472 of the Higher Education Act. The federal funds may be used to cover any expense under Cost of Attendance as long as the student can certify a COVID-19 impact and has a significant financial need in order to receive the funds. By accepting the funds, the student must certify that they will only expend the funds on allowable Cost of Attendance expenses.

Question:

Should PTC distribute all the funds to qualifying students up front?

Response:

While PTC's goal is to get the moneys out to students as soon as possible, Financial Aid Offices may also want to “hold back” a sum to make available specifically for additional emergency direct payments to students, as long as the payment to a given student does not exceed the maximum federal PELL Grant (of \$6,195 for FY 20).

Question:

Can a student with student loan payments use this money to pay back a loan?

Response:

No. A loan payment is not a covered expense that is eligible under this Act.¹³

¹² *Funding and Certification Agreement, paragraph 2.*

¹³ *However, note that federal student loan payments are waived under a separate section of the CARES Act -- if the loan is federal AND if the federal loan was issued by the federal government (federal Department of Education).*

II. Reporting and Accountability

Question:

How often does PTC need to report?

Response

TCR needs to report within 30 days of the certification's signature and then every 45 days thereafter.

Question:

What Kind of information does the campus need to track in order to manage the student direct payments?

Response:

The following information must be collected:

1. How many grants were distributed to students.
2. The amount of each grant distributed to students.
3. How each grant was calculated.
4. Instructions given to students with each grant.
5. Financial Aid Office, campus, and system shall maintain and certify records available for examination and audit. The Finance Aid Office will need to monitor its expenditures against the monies available.
6. Additionally, Section 18006 of HR 748 provides that institutions of higher education shall "to the greatest extent practicable, continue to pay its employees and contractors during the period..." Thus, recipient campuses need to be able to show they are complying with this provision (to the extent possible). The Appendix contains components of a reporting template.

Question:

Is this funding related to the money that the Governor receives for Education or other state budget purposes?

Response:

No. This sum is unrelated to any federal dollars provided to and from the Governor, under the Act.

III. Maintenance of Effort

Section 18006 of HR 748 provides that institutions of higher education shall "to the greatest extent practicable, continue to pay its employees and contractors during the period..."

Section 18008 of HR 748 provides that the "State will maintain support" ... "for higher education (which shall include State funding to institutions of higher education and state need-based financial aid....)" in "fiscal years 2020 and 2021 at least at the levels of such support that is the average of such State's support.... for higher education provided in the 3 fiscal years preceding the date of enactment of this Act."

IV. Timeline and Process to Submit Grant for Student Direct Funds

The Department of Education has begun dispersing the student portion of the allocation from the Higher Education Relief Fund Created By The CARES act. Campuses Need to submit a [Certificate of Agreement Form](#) in order to receive the funding. The Department of Education has indicated it hopes to release the funds within 72 hours of certificate completion and submission.

The certificate is attached above and linked [here](#). It is also attached as a document to this email. Each campus (“Recipient”) needs to complete and submit a certificate for the funds to be released to them in order for them to get the funds that they distribute to their students pursuant to the Secretary’s guidance.

Once a campus completes a certificate it should be submitted on grants.gov.

Important: When filling out the Certificate of Agreement, please remember to only enter the campus’ 50% direct-to-student allocation on the certificate, not the full 100% allocation. The availability of the remaining 50% of these funds will be announced soon.

The federal Department of Education website on the higher education funding can be found here: <https://www2.ed.gov/about/offices/list/ope/caresact.html>. The closing date for the application on the grants.gov website is September 30, 2020.

Additional Instructions

Please refer to the posted instructions on navigating the grants.gov website and uploading Certificates of Agreement, and please refer to the Secretary’s letter (attached) for guidance regarding distribution and usage of these funds. The opportunity number is ED-GRANTS-041020- 003.

The Education website has two documents with additional directions for applying for funds:

- Grants.gov Submission Procedures and Tips for Applicants: [PDF](#) (169K)
- A Guide for how to apply for funding in GRANTS.gov [PDF](#) (168K)

Please note that the U.S. Department of Education is working on an FAQ document to answer questions regarding allowable uses of the student funds. The plan is to release the document this week or next. It will be a rolling document and the Department will add new questions/answers as needed. The Department has also created a central e-mail address to receive questions: HEERF@ed.gov. Additionally, if it’s of interest, here is a [resource](#) one of our APLU colleagues shared on establishing processes to distribute the relief funds to students.

Finally, the U.S. Department of Education Announced Twill soon be releasing the\$3 billion to Governors for emergency block grants for higher education and other guidance soon.

V. Allocation and Management of the Student Direct Funds

Campus	Total Allocation	Minimum DIRECT payments to Students	Remaining for Campus
PTC	\$839,918	\$419,959	\$419,959

Question:

How was the total amount of funding that the campus receives for direct payments to students determined?

Response:

The funds are dispersed to the Recipient (campus) based on the formula established in Section 18004 (a) (I) of the CARES Act.¹⁴

Question:

When can the funds be accessed?

Response:

Campuses can submit their certifications to [grants.gov](https://www.grants.gov) as of April 15, 2020. Funds Are Anticipated to be allocated to campuses in response within 72 hours. Funds are dispersed to campuses in the same manner as Title IV funds.

The direct student payments are “advanced” directly to the “Recipient” that has applied for the allocations through the certification. The Recipient is the campus which receives the allocation upon submission of the certification. See III. Allocation by Campus, which follows.¹⁵

Question:

Who should disperse the student direct funds?

Response:

The campus should disperse the student direct funds. The funds should be dispersed by the receiving campus (“Recipient”) financial aid office. These are the offices that are also closest to each student experience. The Secretary’s Funding Certification and Agreement contains guidance for the financial aid administrator relative to these funds.¹⁶

Note that each campus CFO may be responsible for reporting on the use of funds (see Reporting and Accountability, which follows) to the system office on the use of the funds, if deemed necessary for reporting purposes.

Question:

What is the timeline for campuses to offer students the direct payment?

Response:

Recipients “shall promptly comply ...” and report to the US Dept. of Education 30 days after the certification is signed by the Recipient – and every 45 days thereafter. All necessary funds should be dispersed to students by no later than one year after the Recipient (campus) certifies the agreement.¹⁷

¹⁴ Source: Section 18004 (c) of the CARES Act requires Recipient to use no less than fifty percent of the funds received to provide emergency financial aid grants.

¹⁵ Section 18004 (b) references Title IV of the Higher Education Act of 1965.

¹⁶ Funding Certification and Agreement, Paragraph 3.

¹⁷ Funding Certification and Agreement, paragraph 4 (c).

VI. Appendix: TEMPLATE – Information for Campuses to Collect, Maintain, and Report

Compliance Questionnaire

District Director of Finance:

Financial Aid Director:

Student Name:

Is student currently in an eligible program? Yes No

Student demographic information (for socioeconomic information and non-discrimination laws)
(Check all that apply)¹⁸

Student identifies as an underrepresented minority

Student Receives assistance through a Federal Pell Grant

Reason for student emergency direct payment:

Are the funds needed for cost of attendance? Yes No

What category of authorized care does payment meet? (Check all that apply)

Food

Housing

Course materials

Technology

Health care

Child-care expenses

Other

Amount Provided to student: \$ _____

Is this the only CARES Act funding this student is receiving? Yes No

¹⁸ It is a good idea to focus on low-income students (but the Secretary's language is about mindfulness).