AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Institutional Funding – Frequently Asked Questions

On December 21, Congress passed the CRRSA as part of a massive, year-end bill that also included federal funding for the remainder of FY 21 and a host of other measures. The CRRSA is largely based on a bill crafted by a bipartisan group of lawmakers, which in turn borrows much from the CARES Act enacted in March. However, there are key differences between the final legislation and both of those bills.

The FAQs below cover the higher education funding contained in CRRSA and select other issues. In some cases, final answers to common questions will depend on the Department of Education's (ED) interpretation of the statutory text. ED guidance on key issues, such as which students may receive support, could also change along with the change in administrations. *Please note that this document is AACC's best assessment as of December 23, and while many fundamental aspects of the new law are set, other elements related to its implementation are not.*

1. **How much does the CRRSA provide to education overall?**

Of the bill's approximately $900 billion price tag, $81.8 billion would be provided for education, with the same three large pots (after a 1% set aside for the Outlying Areas and Native American institutions) as the CARES Act:

- Higher Education Emergency Relief Fund (HEERF): $22.7 billion
- Elementary and Secondary Education Emergency Relief Fund: $53.4 billion
- Governor's Emergency Education Relief Fund (GEERF): $4 billion

2. **How is the HEERF funding divided?**
   - 89% of the higher education pot, or $20.2 billion, would be distributed to public and non-profit institutions of higher education via an allocation formula (the "main formula"). This compares to approximately $12.5 billion under the CARES Act, so the CRRSA provides substantially more money to institutions. Generally, individual community colleges can expect to receive at least a proportionate increased allocation relative to CARES, but this will not apply universally.
   - 7.5% ($1.7 billion) will be distributed to Higher Education Act (HEA) Title III- and Title V-eligible institutions. As in the CARES Act, the funds will be allocated between the

individual programs based on their relative share of FY 20 appropriations. These programs will each receive about 62% more than they did through CARES. Funds will be distributed to eligible colleges using the "main formula" outlined below. Monies will be provided in addition to the larger formula grant program.

- .5% ($113 million) for graduate and other institutions with the greatest need not met by the other funding streams.
- 3% ($680 million) to for-profit institutions, also distributed under the same formula used for the main pot of funds. All this money must be used for student grants.

3. How is the main formula allocated among institutions?

As under the CARES Act, the main formula would allocate 75% of funds based on an institution's relative share of Pell grant recipients. The rest would be based 23% on its non-Pell students and 2% on its share of Pell recipients who were enrolled exclusively in online education prior to the pandemic. Each one of these categories, in turn, is based 50% on headcount and 50% on full-time equivalent students, making the total formula:

- 37.5% Pell FTE
- 37.5% Pell headcount
- 11.5% non-Pell FTE
- 11.5% non-Pell headcount
- 1% exclusively online Pell FTE
- 1% exclusively online Pell headcount

4. **Is there a requirement to use a portion of the funds for student grants?**

Each institution must dedicate at least the same *dollar amount* to students with the new funds that it was required to provide in student emergency grants under CARES. However, since institutions will be receiving more funding under the new legislation than under CARES, the *percentage* of funds an institution is required to dedicate to student grants will be lower than the 50% required by CARES. Preliminary calculations indicate that percentage to be about 30% or a little less. Any money received by an institution based on its online students, per the above formula, must be used entirely for student grants.

5. How may institutional funds be used?

Institutions may use their funds to "defray expenses associated with coronavirus," including lost revenue and expenses already incurred, as well as wages, though this last term is not clarified. These uses are significantly broader than corresponding provisions in the CARES Act, which were limited to prospective expenses directly related to the disruption of campus operations due to the pandemic. One question that CRRSA does not clearly resolve is whether state and local budget cuts count as "lost revenue." It is possible, but not certain, at this time that enrollment drops that can directly be tied to the coronavirus can be categorized as lost revenue. CRRSA also authorizes institutions to use funds to "carry out student support activities authorized by the HEA that address needs related to coronavirus." It is unclear how this vague language would be implemented.

6. **How may student grants be used?**

Student grants, which are now dubbed financial aid grants, may be used for any component of the cost of attendance (a student financial aid term - https://studentaid.gov/help-center/answers/article/what-does-cost-of-attendance-mean) at the institution or for "emergency costs that arise due to coronavirus." Like the institutional funds, this language is broader than that in the CARES Act. Among other things, it clearly allows grants to be used for tuition and related expenses. Here, too, ED may play a role in further defining these provisions and exactly how funds can be spent.

7. **What students may receive grants?**

Like the CARES Act, the CRRSA does not define "student" for purposes of who is eligible for grants, so nothing in the bill requires ED to interpret "student" as "Title IV-eligible student," as was done, amidst controversy, with CARES. (There also appears to be nothing that would prevent ED from doing so.) This is critical because the Title IV definition would prevent undocumented and non-credit students from receiving funding. Also, institutions "shall prioritize grants to students with exceptional need, such as students who receive Pell Grants." This does imply some form of needs assessment that would generally, if not necessarily, be associated with Title IV. Unlike under the CARES Act, grants may be awarded to students who are exclusively enrolled in distance education.

8. **How and when will funding be distributed?**

CRRSA directs ED to use the Title IV aid system to distribute funds to institutions, as was done with CARES. ED is required to distribute the main formula funds within 30 days of enactment and Title III and V funds within 60 days, "to the extent practicable." Institutions that had a CARES Act application approved need not reapply for CRRSA funds. Other institutions must apply for funding within 90 days. Funds are available until September 30, 2022.

9. **What about unspent CARES Act funds?**

The broader "uses of funds" language described in Q6 applies retroactively (for both institutional and student funds) to unspent CARES Act funds. However, as under CARES, 50% of all CARES funds must go to student grants.

10. **What are the odds of my college receiving funds from the Governor's fund through this legislation?**

Of the $4 billion GEERF funds, $1.25 billion is provided for education, which is considerably less than the $3 billion provided under the CARES Act. (Private K-12 school students receive $2.75

billion.) This smaller amount of funds may make it harder for community colleges to access these funds.

11. Are states subject to a maintenance of effort (MOE) requirement?

Yes. To receive K-12 or GEERF funds, states must dedicate at least the same proportion of the state budget in FY 22 that K-12 and higher education each received on average in FYs 2017-19. However, states may apply to ED for a waiver if they have experienced a "precipitous decline in financial resources."

12. **Were states given more time to spend unspent CARES Act funds?** Yes, states were given a one-year extension (until December 31, 2021) to expend funds provided under the CARES Act Coronavirus Relief Fund.

For more information please contact David Baime, dbaime@aacc.nche.edu, or Jim Hermes, jhermes@jhermes@aacc.nche.edu