



# THE CARES ACT AND HIGHER EDUCATION

## Trends and Best Practices

May 2020

In the following report, Hanover Research provides an overview of the CARES Act, including its role in the higher education landscape, controversies, and best practices for institutions.



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# EXECUTIVE SUMMARY

## KEY FINDINGS AND RECOMMENDATIONS

Signed into law on March 27, the [CARES Act](#) (Coronavirus Aid, Relief, and Economic Security Act) includes more than \$14 billion in aid to assist higher education institutions in responding to the COVID-19 pandemic.

The Higher Education Emergency Relief Fund (HEERF) includes aid for students and institutions, and special dispensations for minority-serving and specialized institutions. Institutions must sign a [Certificate of Funding Agreement](#) to receive the funds, and at least 50 percent of awarded funds must be used for emergency financial aid grants to students. The remaining portion may “cover any costs associated with significant changes to the delivery of instruction due to the coronavirus,” according to the U.S. Department of Education ([DOE](#)).



### STUDENT AID

The [DOE](#) and [NASFAA](#) are the best resources for ongoing changes to HEERF-student aid guidelines.

Basic requirements include distribution to students who are Title IV-eligible, direct payment to students for expenses related to educational disruptions, and following administrative procedures, including data collection and reporting.

**To ensure equitable, impactful, and efficient distribution of HEERF-student aid internally, follow general emergency grant distribution best practices, such as:**

- Include stakeholders in the conversation, and build on existing processes
- Communicate aid availability and requirements clearly and across channels
- Set realistic expectations given the funding amount received and the students it can serve
- Collect, review, and disseminate data to determine support for vulnerable student groups



### INSTITUTIONAL AID

Though it encourages recipients to allocate most of the CARES funding to support students, the DOE does allow institutions to use the funds for other purposes.

Institutions can apply aid to offset expenses such as:

- Expanding remote learning programs, including per-student fees to third-party OPMs
- Building IT capacity to support online learning
- Training faculty and staff to conduct programs and services online
- Reimbursement (either to the student or institution) for room, board, tuition, and fees associated with the changes in delivery of instruction
- Reimbursement (either to student or institution) for laptops and other technology associated with the changes in delivery

Contact your Content Director, Relationship Director, or email Hanover’s COVID-19 support group ([covid19-support@hanoverresearch.com](mailto:covid19-support@hanoverresearch.com)) to discuss your unique needs regarding the CARES Act and other research concerns.



# OVERVIEW OF THE CARES ACT

## KEY FACTS AND FIGURES

Signed into law on March 27, the [CARES Act](#) (Coronavirus Aid, Relief, and Economic Security Act) provides more than \$2 trillion in economic relief.

The CARES Act aims “to [protect] the American people from the public health and economic impacts of COVID-19” ([U.S. Department of the Treasury](#)). Specifically, the Act allocates:

- \$500 billion in loans for cities, states and businesses;
- \$349 billion in loans for small businesses (i.e., those with fewer than 500 employees);
- \$150 billion in emergency aid for state, local, and tribal governments;
- \$117 billion for hospitals and health care providers; and
- \$31 billion for an Education Stabilization Fund for states, school districts, and institutions of higher education.

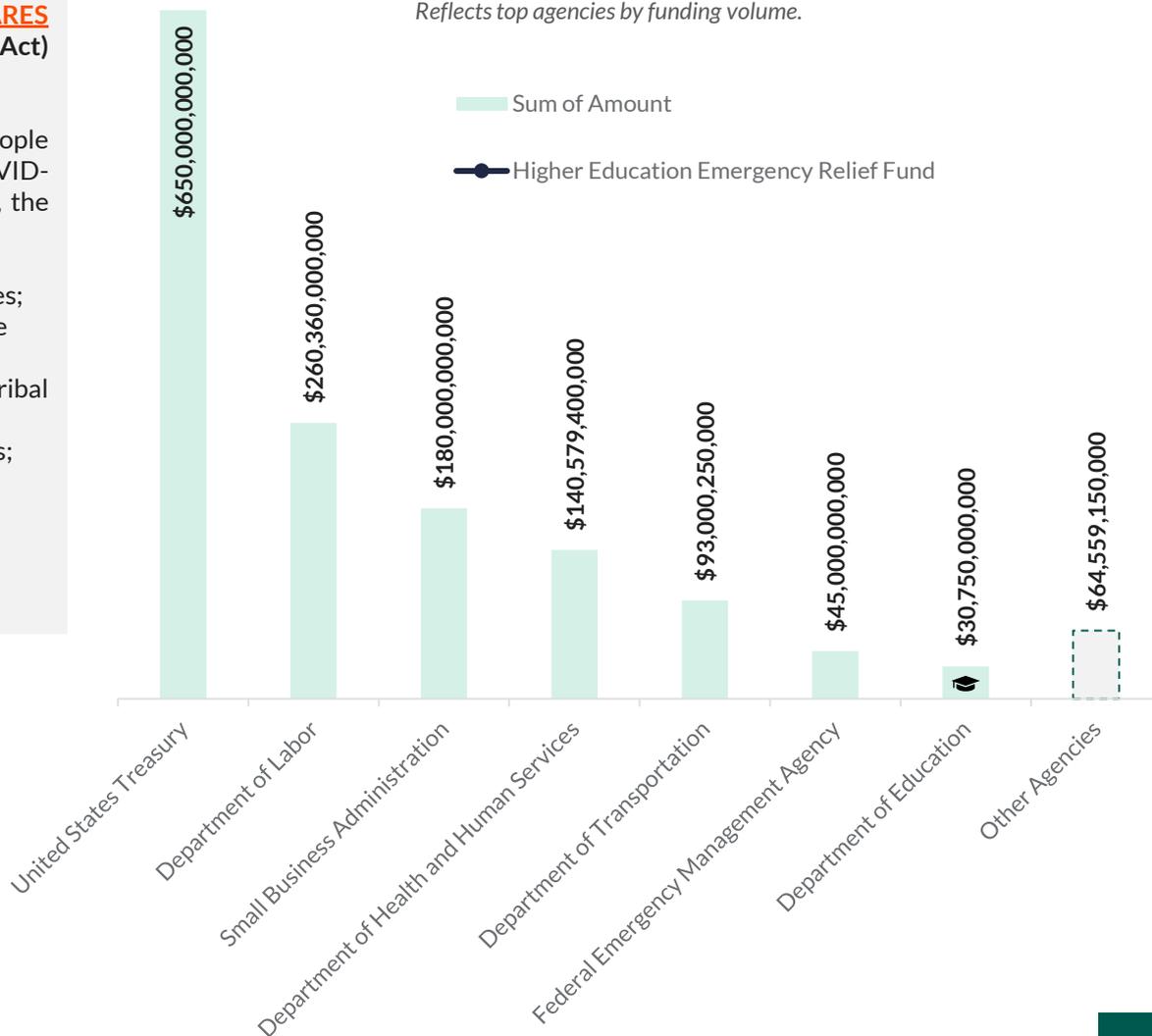


Click [here](#) for Hanover’s complete breakdown of the stimulus package by agency and, where applicable, funding outlets.

## CARES ACT: Funding by Agency

Data Visualization from [Hanover’s Grants Team](#).

Reflects top agencies by funding volume.



# CARES IN THE HIGHER EDUCATION LANDSCAPE

## THE HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF)

The CARES Act includes more than \$14 billion in aid to assist higher education institutions in responding to the COVID-19 pandemic.

The Higher Education Emergency Relief Fund (HEERF) includes aid for students and institutions, with funds earmarked specifically for Historically Black Colleges and Universities (HBCUs), American Indian Tribally Controlled Colleges and Universities (TCUs), Minority Serving Institutions (MSIs), and other institutions eligible for the Strengthening Institutions Program (SIP). Additional funds are available through the Fund for the Improvement of Postsecondary Education (FIPSE). Institutions must sign a [Certificate of Funding Agreement](#) to receive the funds, 75 percent of which is based on full-time enrollment (FTE) of Pell Grant students.



For additional grant opportunities, see Hanover's [Grant Alerts](#) and [sign up](#) for our weekly updates.



### HEERF DISTRIBUTION

National summary from the [Louisiana State Board of Regents](#)



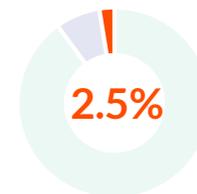
\$12.6 billion to Qualifying Institutions

50% min on student aid, 50% max on institution portion



\$1.1 billion to Minority-Serving Institutions

See next page for distribution between MSI categories



\$1.1 billion to Title VII - FIPSE

\$321M for institutions that received less than \$500k

## STUDENT AID



Provides funding to institutions to provide emergency financial aid grants to students whose lives have been disrupted, many of whom are facing financial challenges and struggling to make ends meet. Students cannot apply for assistance directly from the U.S. Department of Education but should contact their institutions for further information and guidance. Institutions have the responsibility of determining how grants will be distributed to students, how the amount of each student grant is calculated, and the development of any instructions or directions that are provided to students about the grant.

## INSTITUTIONAL AID



Institutions of higher education to use up to 50 percent of the funds they receive to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities, including marketing and advertising; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship (collectively referred to as "Recipient's Institutional Costs").

Source: [U.S. Department of Education](#) (verbatim)

# CARES IN THE HIGHER EDUCATION LANDSCAPE

Nearly three-quarters of HEERF funding will go to public institutions, based on data from the University of Wisconsin-Madison's Student Success Through Applied Research (SSTAR) Lab CARES Act Funding Allocations [dashboard](#). Note the dashboard enables institutions to compare their own funding against that of other universities and colleges.

## HEERF FUNDING BY INSTITUTION CONTROL



Among minority-serving institutions, HBCUs will receive the greatest stimulus funding, according to MSI funding data from the [DOE](#).

## FUNDING FOR MINORITY-SERVING INSTITUTIONS



The DOE also recently released its [list](#) of 980 small, specialized institutions that will divvy up approximately \$321.7 million in stimulus funds. Sample receiving schools include:

- Dallas Inst of Funeral Service - \$279,296
- The Hypnosis Motivation Institute - \$443,457
- Rabbi Jacob Joseph School - \$427,196
- Alaska Bible College - \$457,932

Note: HEERF Funding by Institution Control represents \$12,183,061,254 in total funding among 5,136 colleges and universities. Funding for Minority-Serving Institutions reflects \$1,038,056,553 in total funding among 1,761 colleges and universities.

## CONTROVERSIES

Under political and public pressure, some institutions opted to return their HEERF assistance.

According to the National Association of Student Financial Aid Administrators ([NASFAA](#)), the government “applied pressure to institutions like Harvard, Princeton, Stanford, and Yale to remove themselves from potentially receiving any funds from the CARES Act.” Indeed, Education Secretary Betsy DeVos [applauded](#) these institutions, suggesting that those with sizeable endowments should redirect HEERF funds to those in more precarious financial positions. [Some](#) commentators, however, criticize the current administration’s and public media’s response, suggesting that blame should fall on how the Act was written rather than on institutions that collected the funds.

Furthermore, many institutional leaders are unclear about how best to distribute the funds.

Though the DOE does offer general [guidance](#) to institutions on allocating CARES-related funds, substantial questions remain, such as:

- Which students are eligible to receive HEERF-student funds?
- Can the funds be used to reimburse student room and board?
- Can an institution use the funds to reimburse itself (e.g., for travel?)
- Which services and resources will the HEERF funds *not* cover?

On the pages that follow, Hanover explores best practices and case studies to inform the internal distribution of HEERF assistance.

# BEST PRACTICES: STUDENT AID DISTRIBUTION

## BEST PRACTICES FOR CARES STUDENT AID DISTRIBUTION

Keep an eye on the DOE and NASFAA for ongoing changes to HEERF-student aid guidelines.

Of the nearly \$14 billion in HEERF funds, “more than \$6 billion must go directly to students in the form of emergency financial aid grants (HEERF-student share) for expenses related to the disruption of campus operations due to the COVID-19 crisis,” states [NASFAA](#). However, specific guidelines for how institutions may distribute that aid are frequently changing. Institutions should closely follow both the dedicated [DOE](#) resource page as well as [NASFAA](#)’s “COVID-19 Reference Page: Student Portion of Higher Education Emergency Relief Fund” for the most up-to-date information.

**To ensure equitable, impactful, and efficient distribution of HEERF-student aid, follow general emergency grant distribution best practices.**

MDRC, a nonprofit research group, recently released [guidelines](#) for institutions to quickly and equitably distribute emergency aid and funds received from the CARES act. Sample best practices include:

- Include **stakeholders** in the conversation, and build on existing processes
- **Communicate** aid availability and requirements clearly and across channels
- Set **realistic** expectations given the funding amount received and the students it can serve
- Collect, review, and disseminate **data** to determine and illustrate support for vulnerable student groups

## FAST FACTS

For the HEERF-Student Share



### TITLE IV ELIGIBILITY REQUIRED

- While HEERF-student share dollars are not Title IV aid, DOE’s April 21 guidance states that students must meet Title IV eligibility requirements in order to receive HEERF emergency grants.
- Having a Free Application for Federal Student Aid (FAFSA) on file is the most practical way to track eligibility.
- Note that international, undocumented, and students enrolled exclusively online on or before March 13 are not eligible.



### DIRECT TO STUDENTS

- Institutions must pay HEERF-student share emergency grants directly to students and may not apply the grants toward outstanding institutional charges.
- HEERF-student share dollars are meant to aid students for *expenses* related to the disruption of campus operations due to the coronavirus; this is different than a change in a student’s *financial need* due to COVID-19, which could be a result of a loss of income rather than new expenses.
- Eligible expenses include: Room and board (can be reimbursed to the institution), tuition, computers



### ADMINISTRATIVE REQUIREMENTS

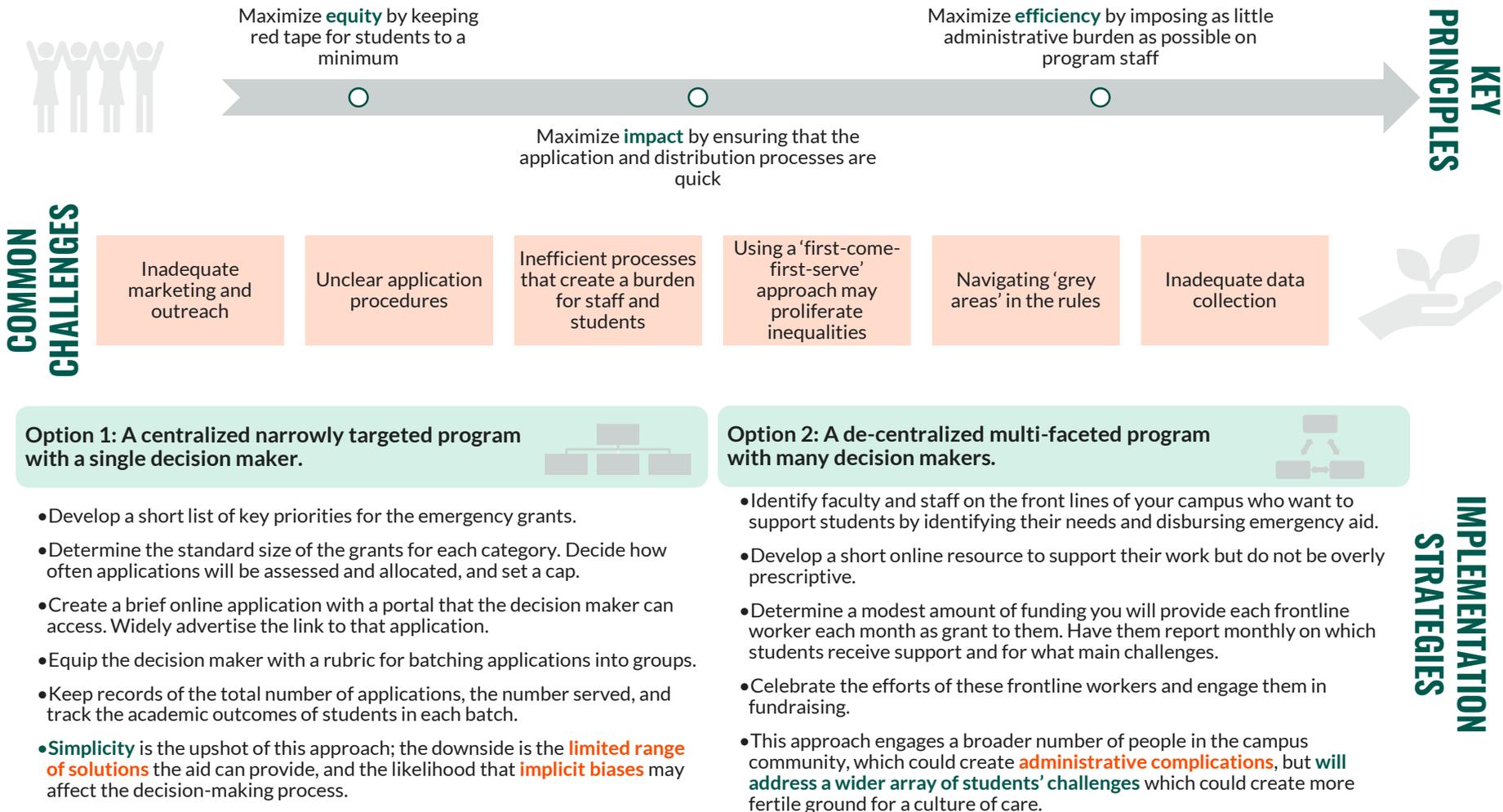
- HEERF emergency financial aid grants must be distributed to students by one year from the date they submit the signed certification form.
- The CARES Act stipulates that the funds are available through September 30, 2021.
- Institutions are required to report:
  - How grants were distributed to students.
  - The amount of each grant/calculations made/instructions to students
- The first report must be submitted within 30 days of signing the certification form, and every 45 days thereafter.

Source: [NASFAA](#) (adapted)

# BEST PRACTICES: STUDENT AID DISTRIBUTION

## MAXIMIZING THE IMPACT OF EMERGENCY STUDENT AID IN HIGHER EDUCATION

Key principles, common challenges, and implementation strategies. Adapted from [the Hope Center](#), associated with Temple University.



# BEST PRACTICES: STUDENT AID DISTRIBUTION

## CARES STUDENT AID DISTRIBUTION CASE STUDIES

Select Institutions' HEERF-Student Aid Distribution Strategies

### UNIVERSITY OF PITTSBURGH

The University of Pittsburgh received \$10.6 million that it will disburse to the following student groups ([verbatim](#)):

- Undergraduate students who received a 2019-20 Federal Pell Grant
- Undergraduate students who did not receive a 2019-20 Federal Pell Grant and who had unmet financial need
- Graduate students who received a federal loan for spring term 2020, or did not borrow but would have earned a summer stipend
- Displaced student employees of Pitt's food service providers
- Resident Assistants who lost meal plan access

"We are committed to supporting our students in every way possible during this challenging time. Ensuring that eligible students with need receive CARES grants as soon as possible is a top priority," said Ann E. Cudd, Pitt's provost and senior vice chancellor.

More information about these grants and what can be expected is found on a [dedicated page](#) of the University's [emergency website](#).

### VIRGINIA TECH

Virginia Polytechnic Institute and State University will allocate \$9.7 million in CARES funding to eligible students.

According to [Virginia Tech Daily](#), the institution will distribute the student financial aid to undergraduate and graduate students "through a process of formula-driven distributions and expanded individual emergency support.... The formula will consider factors that include Pell grant eligibility and prior borrowing from direct subsidized or alternative loan programs." Grants will be automatically disbursed to student accounts.

"The support we are able to offer to individual students through these programs, as they currently exist, is constrained in both the number of students we can help and the level of assistance we can provide," said Luisa Havens Gerardo, vice provost for enrollment management. "Nevertheless, the infusion of these additional funds under the CARES Act does create an opportunity for the university to increase the number of students receiving assistance and expand the type of needs we can help alleviate."

### GRAMBLING STATE UNIVERSITY

Grambling State University received \$7 million from the CARES Act, of which \$3.5 million will go directly to the following ([verbatim](#)):

- 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 and
- Students who have incurred expenses related to the disruption of campus operations due to coronavirus that have affected their cost of attendance (COA) and
- Students who are degree-seeking undergraduate or graduate students and
- Students who are currently enrolled in the Spring Semester at Grambling State University and were not enrolled exclusively in online classes and/or programs prior to the COVID-19 emergency.

Eligible students "will find the application in their student portals beginning May 8, 2020... Those who do not meet the submission date will have their grant applications considered only if funding is still available."

# BEST PRACTICES: INSTITUTIONAL AID ALLOCATION

## GUIDELINES FOR ALLOCATING THE CARES ACT INSTITUTIONAL AID

Though it encourages recipients to allocate most of the CARES funding to support students, the DOE does allow institutions to use the funds for other purposes.

Institutions may “use up to one-half of the total [CARES funds] to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus,” according to the [DOE](#). Eligible costs include, but are not limited to:

- Expanding remote learning programs, including per-student fees to third-party OPMs
- Building IT capacity to support online learning
- Training faculty and staff to conduct programs and services online
- Reimbursement (either to the student or institution) for room, board, tuition, and fees associated with the changes in delivery of instruction
- Reimbursement (either to the student or institution) for laptops and other technology associated with the changes in delivery of instruction

The DOE explicitly [states](#) that funds may not be used for institutional costs such as:

- Payment to recruitment marketing/advertising contractors
- Endowments
- Capital outlays associated with certain facilities (e.g., for athletics)
- Scholarships and future payments not directly associated disruptions to campus operations due to COVID-19
- Recruitment/marketing services from OPMs

Note that funds were first distributed in late April, and institutions must prioritize student aid before determining how to allocate the institution portion. Hanover highlights some opportunity areas for institutions to consider how best to allocate the institutional aid from CARES.

## ONLINE LEARNING: TRENDS AND BEST PRACTICES FROM HANOVER

See Hanover's [COVID-19 Resource Center for Higher Education](#) and our Research Library (existing clients only) for additional reports

[Global Benchmarking and Best Practices in Online Student Supports](#)

[Student Services for Distance and Online Students](#)

[Best Practices in Virtual Student Engagement](#)

[Best Practices in Online Faculty Development](#)

[Best Practices in Online Student Retention](#)

[Best Practices in Online Course Seat Time](#)

[Strategizing Online Program Management](#)

[Getting the Most Out of Online Learning](#)

[Best Practices in Online Learning for Art & Design Programs](#)

[Best Practices in Risk Assessment and Planning](#)

[Best Practices in Virtual Admissions](#)

[Building Community in the Time of COVID-19](#)



# BEST PRACTICES: INSTITUTIONAL AID ALLOCATION

## CARES INSTITUTIONAL AID ALLOCATION CASE STUDIES

Select Institutions' HEERF-Institution Portion Allocation Strategies

### CLARK ATLANTA UNIVERSITY

CAU will use its \$3 million institution portion of CARES funding to reimburse itself for cash refunds made to students.

Per the April 28<sup>th</sup> Town Hall via Zoom ([verbatim](#)):

**Q:** While we know that a certain percentage of the CARES act must be spent to directly support Pell eligible students, what is the process for deciding how the discretionary portion of the funds will be used and how are the CAU Student Emergency Fund dollars being distributed?

**A:** Of the University's \$6M dollar allocation from The CARES Act, \$3M dollars is considered to be the discretionary or the institution portion. The University will use the remaining \$3M dollars to reimburse itself for the cash refunds disbursed to students for room, board and fees which totaled approximately \$4M. (COO, Eli Phillips)

### GRAND CANYON UNIVERSITY

GCU will allocate its entire \$22.3 million in CARES funds to students.

Though the Act stipulates that \$11.2 million must be used for student aid, [GCU](#) has opted to use the entire amount to provide its students with emergency cash grants.

President Brian Mueller said of the move, "This was an easy decision to make. It is incumbent on us to take care of our students and families who are trying to navigate the challenges caused by this coronavirus pandemic."

This decision is within the context of GCU's robust, online education infrastructure, which was already in place before the pandemic. States Mueller:

"Our faculty members have been very pleased with the participation levels of students, the interaction that is taking place and the quality of work that is being produced. From a financial standpoint, these stimulus funds will help both our ground and online students who have been impacted by the pandemic and enable them to continue on a path toward completing their degrees."

### KANSAS WESLEYAN UNIVERSITY

KWU will use five percent of its HEERF funds for institutional expenses associated with COVID-19 related adjustments.

Kansas Wesleyan received \$823,462 from the CARES Act, of which the majority will be used to support students. The funds' three main purposes include ([verbatim](#)):

1. Emergency aid for Pell-eligible students
2. Emergency support for residential students who are no longer on campus
3. Other institutional expenses associated with our response to the pandemic

"Other institutional expenses" includes "remaining funds [that] will be used by the university for institutional expenses like the cost of extra cleaning supplies and support to get courses online for the second half of the semester."



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