2020 CARES Act

Barbara K Mistick, President

Presentation to the:
Association of Independent Colleges
and Universities in Pennsylvania

March 30, 2020
Agenda

• NAICU Partnership & Covid-19 Response
• CARES Act
  • Educational Stabilization Fund
• Regulatory Relief Updates
• Questions
COVID-19 Private, Nonprofit College Leadership

• Action Alerts
• Community Response
  • ACE, AAU, APLU, ASSCU, AACC, NAICU
• Scope of Challenge
  • $50B sector-wide

Dear Colleagues:

I want to thank you for the decisive action and increased engagement you have taken with Congress during the past several days. Our advocacy is making a difference, yet more work remains. I am again writing to urge you to reach out—call, text, or email—to your U.S. Senator (and House if time allows) representatives today and ask them to increase the financial support to higher education to help both students and institutions survive this crisis.

Last night, the motion by Senate Majority Leader McConnell (R-KY) for closure, which is a procedural motion to allow the Senate to stop debate and vote on a bill, failed 48-49. He needed 60 votes to pass the motion. This vote faced the Democratic and Republican leaders in the Senate, who have been negotiating a $3T relief bill.
Higher Education Sector Request

• $50 Billion
  • Emergency Grant Funds for Students
  • Technology Assistance
  • Grants or Zero Interest Federal Loans for Institutions
  • Relaxation of Reporting and Audit Requirements
Congressional Action – Emergency Response

• Families First Coronavirus Response Act (H.R. 6201)
  • SNAP and school meals
  • Paid sick leave and unemployment
  • Medicaid

• Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (H.R. 6074)
  • Funding for federal agency response efforts
1st Poll - NAICU Institutional Aid Notification

- Did you receive our communication?
  Yes/No
Congressional Action – CARES Act

- $14 billion for all sectors of higher education
CARES Act – Institutions

• $6.279 billion distributed through the Title IV system

• $1.047 billion for MSIs/HBCUs

• $349 million set aside for grants to institutions that were particularly hard hit by costs associated with the virus

• Expansion of small business loans to entities with 500 or fewer employees. New loan program for employers with between 500-10,000 employees.
CARES Act – Institutions

• Allowable uses for institutional funds are broad, and can be used to:
  • Defray expenses such as
    • Lost revenue
    • Technology costs associated with a transition to distance education

**Formula:** Allocated amounts will be based 75% on an institution’s Pell FTE enrollment and 25% on an institution’s overall FTE enrollment relative to the national total, except that students who were enrolled exclusively online prior to the pandemic outbreak will not be in the count.
What percentage of your anticipated need from COVID-19 will the CARES ACT cover on your campus?

1. <10%
2. 10% - 20%
3. 20% - 30%
4. 30% - 40%
5. >50%
CARES Act – Institutions

- Delayed payment of FICA payroll taxes until 1/31/2021

- Expansion of SBA Small Business Loans to entities with 500 or fewer employees.

- New loan program for employers with between 500-10,000 employees.
3rd Poll - Institutional Aid CARES Act Relief

• How interested are you in the CARES Act Loan Programs? (SBA and Mid-Size Low Interest Loans)

1. Very Interested
2. Moderately Interested
3. Uninterested
4. Not Applicable
CARES Act – Students

• At least $6.279 billion must be used to provide emergency financial aid grants to students,
  • For 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, health care, and child care.

• Federal student loan payments → Six-Month Suspension

• Student aid program waivers, including regulatory relief for campus-based aid, institutional refunds, satisfactory academic progress, lifetime limits on Pell Grants and student loans, and others
CARES Act – Campus-Based Aid

• Institutions no longer need to make the first one-quarter match of funds for SEOG.

• Work study students no longer have to do their work on campus to get paid.

• FWS funds can be transferred into the SEOG program.

• SEOG funds can be used for Emergency Coronavirus Grants to students.
CARES Act – Other

- Funding for research, museums, and libraries

- Encourages more charitable giving with a temporary universal charitable deduction and a temporary suspension of charitable contribution limits

- States CANNOT cut any previous support to institutions of higher education or need-based grant programs for students unless a waiver is given by the Secretary
Agencies that have Provided Guidance

• Department of Education
• Department of State
• Department of Homeland Security
• Department of Veterans Affairs
• Small Business Administration
Regulatory Relief

- Financial Responsibility Standards
- NC-SARA

March 23, 2020

The Honorable Betsy DeVos
Secretary of Education

We write to ask for U.S. Department of Education to use the authority granted to it under the Higher Education Relief Appropriation Act (P.L. 116-92) during testing of national preparedness to temporarily relax the financial responsibility standards in 34 CFR 668.

We are deeply appreciative of the recent efforts undertaken by the Department of Education to release the financial responsibility standards including the computing and presentation of NC-SARA for independent colleges and universities as they adapt to adverse financial conditions.
4th Poll Question

As we consider future rounds of federal support – what kind of aid would help you most?

• Direct grants

• Low-interest loans

• Increasing Pell Grants

• Support for middle income students

• Financial Responsibility Score waivers
NAICU Resources

  • Updated daily

• Email campus-based and financial impact stories: coronacampuseffects@NAICU.edu
Questions?

- Link to presentation: [www.naicu.edu/CARESact](http://www.naicu.edu/CARESact)
Next Steps

NAICU will be tracking and providing information to member institutions on a number of issues going forward:

• Department of Education guidance

• Finalization of the formulas for relief funds

• Clarifications on loan program eligibility

• Updates on regulatory relief efforts (e.g., Financial Responsibility Scores and NC-SARA among others)

• Relief Package #4
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