

Practice Update

Additional CARES Act Higher Education Funding and Clarification on Emergency Student Grants

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On April 21, 2020, the U.S. Department of Education (the Department) announced that it intends to disburse the remaining higher education institutional funding under the CARES Act. As discussed in a previous Akerman Practice Update, the CARES Act appropriated approximately \$14 billion for higher education institutional funding. The vast majority (\$12.56 billion) of the higher education funding is to be allocated to institutions of higher education using a student enrollment based formula, of which at least 50 percent (\$6.28 billion) must be used for emergency grants to students. This announcement pertains to the remaining 50 percent of the funding (\$6.28 billion) to be used by institutions.

Section 18004 (c) (Use of Funds) states this portion of the funding may be used 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; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.” The Department’s announcement encourages institutions to use the funds “to expand your remote learning programs, build your IT capacity to support such programs, and train faculty

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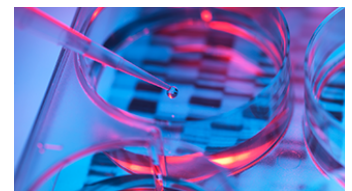
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and staff to operate effectively in a remote learning environment” as well as encouraging institutions to use this funding to supplement the reach of the aforementioned student emergency grants.

Additionally, this funding may be used to award scholarships or to provide payment for future academic terms in limited circumstances, with the Department’s CARES Act institutional funding [FAQ](#) stating, in part: “As long as awarding scholarships and providing payment for future academic terms are costs associated with significant changes to the delivery of instruction due to the coronavirus or, if provided to students in the form of emergency financial aid, are for expenses related to the disruption of campus operations due to coronavirus, such uses are allowable.”

To receive this institutional funding, institutions must have already applied for the 50 percent allocation to be used for student emergency grants. Once received, this institutional funding: (1) cannot be used for any stock buyback, and (2) cannot be used for any salary, bonus, cash, or other benefit to a school’s senior administrators or executives.

To learn more about the Department’s announcement regarding this additional allocation to be used for institutions, including [institutional allocation amounts](#), [information on how to apply](#), and the [Certificate of Agreement](#) necessary to obtain the funds, please visit the Department of Education’s CARES Act: Higher Education Emergency Relief Fund [page](#).

In addition to the announcement above, the Department also issued additional guidance with regard to its first disbursement of CARES Act funding, to be used for emergency student grants. Specifically, the Department issued an [FAQ](#), addressing some of the questions and issues raised since the Department made such funding available on April 9, 2020. Below is a brief summation of the more critical points of the FAQ.

I. Student Eligibility

a. Students receiving such emergency grants must be eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965. Eligibility includes, but is not limited to, the following criteria: U.S. citizenship or eligible noncitizen; 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.

b. Emergency grants are only to be provided to students who are not enrolled in a school's online program.

II. Funding Uses

a. Funding may not be used to cover a student's outstanding balance with the institution.

b. Reimbursements to universities from the emergency grant money is given on a very limited basis, described particularly in the FAQ as follows: "The only institutionally-funded emergency grants to students that are eligible for reimbursement from the funds for emergency financial aid grants to students under the CARES Act are grants: 1) for authorized expenses related to

the disruption of campus operations due to coronavirus as set forth in Section 18004(c) of the CARES Act; 2) made to students eligible to receive emergency financial aid grants under the CARES Act; and 3) made on or after March 27, 2020, the date the CARES Act was enacted.”

For assistance in accessing the CARES Act funding allocated for your institution, or any other general questions with regard to the CARES Act, please reach out to Akerman’s Higher Education and Collegiate Athletics Practice team. In the interim, we will stay abreast of any additional updates regarding the CARES Act.

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