

Strategic Opportunities and Threats Presented by the American Rescue Plan

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Joining Us Today...

Meet Your EAB Presenters



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Objectives for Today



Unpack the major provisions of the American Rescue Plan that impact higher education



Provide strategic guidance on the opportunities and risks presented by the relief package's institutional and student allocations



Answer your questions on the American Rescue Plan

- 1 Federal Relief Overview from CARES to ARPA
- 2 Strategic Considerations for Institutional Aid
- 3 Strategic Considerations for Emergency Student Financial Aid
- 4 Next Steps and Further Resources
- 5 Q&A



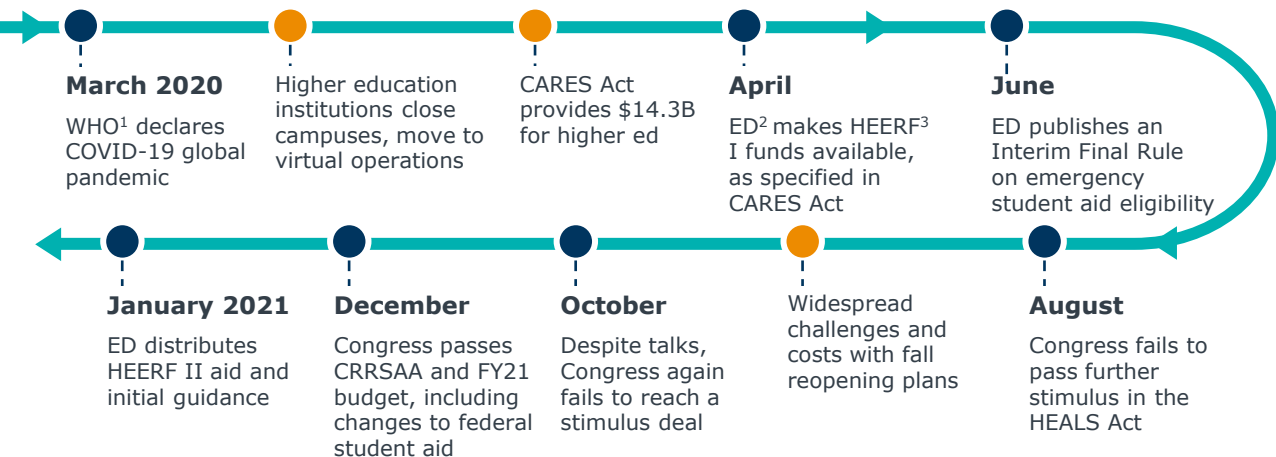
Federal Relief Overview from CARES to ARPA

SECTION

1

The Long Winding Road of Emergency Relief

A Year of Pandemic Challenges, Punctuated by Volatile Federal Responses



Coronavirus Aid, Relief, & Economic Security (CARES) Act

- Enacted on March 27th, 2020
- \$2.2T in emergency relief with \$14.3B reserved for higher ed



Coronavirus Response & Relief Supplemental Appropriations Act (CRRSAA)

- Enacted on December 27th, 2020
- \$900B in emergency relief with \$22.7B reserved for higher ed

1) World Health Organization.

2) US Education Department.

3) Higher Education Emergency Relief Fund.

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Relief, But Not a Bailout

Prior Federal Relief Packages Prevented the Worst-Case Financial Scenario

Breakdown of CARES and CRRSAA Relief Impact and Shortcomings



Aid Provided Some Financial Support...

- Helped cover the most acute fiscal stresses created by the pandemic (e.g., room and board refunds)
- Limited the number of college insolvencies to 11, at least in the short-term
- Funded some added expenses associated with modified campus operations (e.g., COVID testing)



...But Created New Challenges...

- Department of Education guidance on appropriate uses of relief aid was often delayed and ambiguous
- Higher education industry was federalized to an unprecedented extent, and institutions founded themselves serving as quasi-public relief agencies



...And Still Did Not Go Far Enough.

- Total relief grants to higher education amounted to **\$37B**, in contrast to the estimated **\$183B** financial impact of pandemic
- Insufficient fiscal support for states and student aid requirements reduced degree of institutional relief

Quick Pulse Check

Answer the Zoom Poll Prompt

Which institutional archetype on past federal relief (CARES and CRRSAA) most closely matches your institution's experience so far?

1. More Than Enough- total relief aid received to-date has covered close to all our emergency expenses and pandemic-related losses
2. Helpful But Insufficient- total aid received to-date has covered some but not all of our emergency expenses and losses
3. Woefully Inadequate- total aid received to-date has not come close to covering all our emergency expenses and losses

Federal Stimulus Round III

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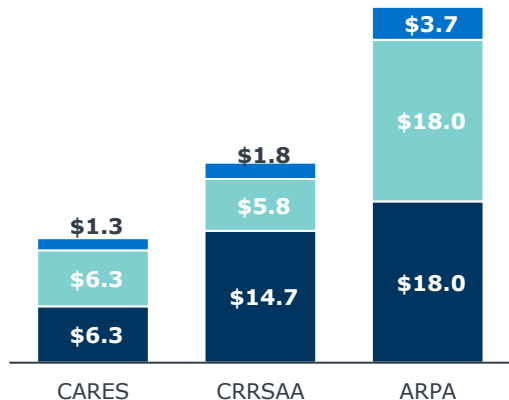
ARPA Will Greatly Expand Relief Measures and Higher Ed Funding

The American Rescue Plan (ARPA)

- Proposed on January 14, 2021, enacted on March 11, 2021
- \$1.9T relief package: the fifth COVID response appropriation bill
- As an emergency measure, most provisions are one-time or temporary in nature
- Key non-higher ed provisions include:
 - Extends \$300 unemployment insurance increase
 - \$1,400 economic impact payments for individuals
 - Offers emergency paid leave tax credit
 - Significantly, but temporarily, expands the Child Tax Credit and the Earned Income Tax Credit
 - \$160B for vaccination distribution
 - Expands the Employee Retention Tax Credit and the Paycheck Protection Program (PPP)

Total Higher Education Emergency Relief Fund (HEERF) Allocations

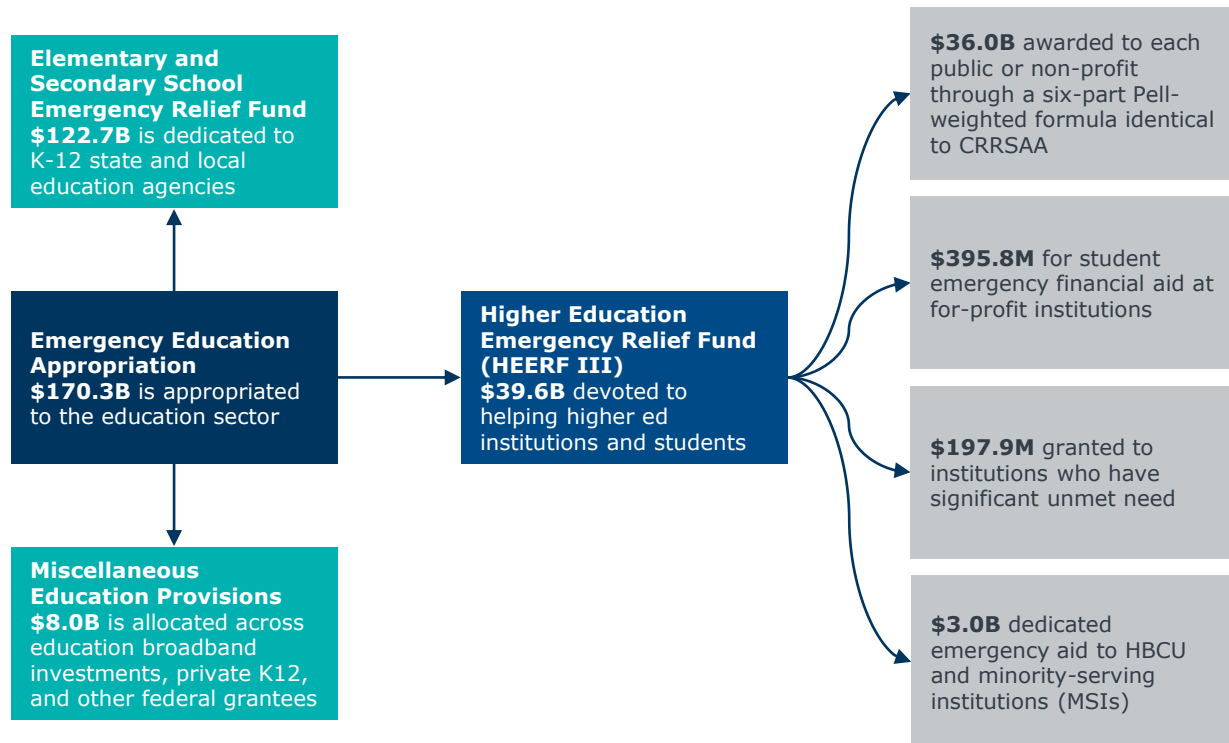
In billions of dollars, public and non-profit funds only, rounded to nearest tenth



■ Institutional Aid ■ Student Aid ■ Supplemental Aid

Education's Slice of the Relief Pie

ARPA Will Reuse Funding Vehicles Created by CRRSAA

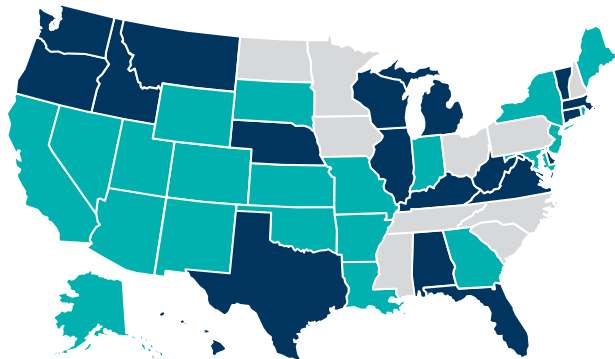


Helping State and Local Governments

ARPA Fiscal Assistance Could Benefit Public Higher Ed

Not Worst Case Scenario, But Not Great

Nationally state funding has remained stable, though some states have seen significant cuts
1-Year Change (FY20-FY21) State Money Only



-1.3%

National change in state only funding

0.3%

National change in state funding after federal aid (e.g., GEERF)

ARPA State and Local Aid Could Help

- Act provides \$350B in fiscal support (see your state and municipal estimated allocations [here](#))
- \$195B will go to states through formula that factors unemployment rate
- \$130B for cities, counties, and towns
- \$25B for territories and tribal governments

Higher Ed Implications



Spending 1% of ARPA state aid on higher ed would erase \$1.9B national decline in public funding



Could reduce competing expenditure pressures for higher ed of healthcare, social services, and K12



Potential to make one-time investments in access programs and higher ed capital projects

Breakdown of Stimulus Differences and Similarities

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Comparison of HEERF I, II, and III

	CARES	CRRSAA	ARPA
Amount	\$14.3B	\$22.7B	\$39.6B
Allocation	• \$12.6B to all Title IV institutions • \$1B MSI funding • \$349M in supplemental aid	• \$20.2B to non-profits and publics • \$1.7B MSI funding • \$114M in supplemental aid • \$681M for-profit student aid	• \$36B to non-profits and publics • \$3B MSI funding • \$197.5M in supplemental aid • \$395.8M for-profit student aid
Timeframe	• One year use window, expenses back to 03/13/2020	• One year use window, expenses back to 03/13/2020	• Pending ED guidance, likely one year, perhaps to FY23
Uses	• At least 50% for financial aid grants to students for eligible cost of attendance expenses (e.g., housing) • Institutional expenses arising from the shift to remote instruction • Uses broadened to CRRSAA categories for expenses	• At least the same amount as CARES for financial aid grants to students for any cost of attendance or emergency expenses • Defray institutional costs associated with COVID, including lost revenue • Student support services related to the Pandemic response	• At least 50% for financial aid grants to students for any cost of attendance or emergency expenses • Defray institutional costs associated with COVID, including lost revenue



Strategic Considerations for Institutional Aid

SECTION

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Higher Education Relief Fund (HEERF III) Uses



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Funds Must Be Used for Same Purposes as CRRSAA, With Two New Mandates

Two Statutory Categories of Fund Use

1 Emergency Student Financial Aid

- 50% of Pell-weighted formula must go to emergency student aid
- Eligible students include those exclusively enrolled in distance education, dual enrollment, non-degree and non-credit programs, continuing education, and qualified non-citizens (e.g., asylum-grantees)
- Can be used for any eligible cost of attendance expense or emergency costs due to the Pandemic
- Institutions must prioritize students with exceptional need (e.g., Pell eligible)

2 Institutional Pandemic Expenses

- Includes lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll
- Funds cannot be used for pre-enrollment recruitment activities, endowments, or capital facility projects for athletic, sectarian instruction, or religious worship purposes

Two New Use Stipulations, Pending ED's Interpretation



Implement COVID Health and Safety Best Practices

- A portion of institutional funds **must go to measures that monitor or suppress COVID**
- Likely includes surveillance testing, personal protective equipment contract tracing, sanitation infrastructure, and ventilation
- Could be defined through ED and the Centers for Disease Control and Prevention's (CDC) forthcoming best practices and guidance



Conduct Direct Outreach to Financial Aid Applicants

- A portion of institutional funds **must go to notifying students about additional aid opportunities or adjustments**
- Involves ED guidance on professional judgment aid recalibration due to job loss

ARPA and the Biden Reopening Schools Plan



Executive Safety Guidelines May Influence ARPA Fund Uses



Executive Order on Supporting the Reopening and Continuing Operation of Schools and Early Childhood Education Providers

January 21st, 2021

- States federal policy objective is to protect students, staff, and community safety while providing continuity of learning
- Orders the government to craft safety guidelines on how to keep colleges and universities open as well as best practices for virtual learning and student support
- The Department of Education (ED) in collaboration with Health and Human Services (HHS) will create a best practice clearinghouse on campus repopulation
- Mandates that ED and HHS provide technical assistance to institutions

Open Questions for Higher Ed Leaders

? *Are these mandates or suggestions?*

The Executive Order (EO) implies that these are purely recommendations, but they could be linked to ARPA funding to incentivize compliance

? *Could these guidelines disrupt current spring operations?*

If the standards are higher than current practice, some institutions may be forced to course correct mid-semester

? *Will the guidelines be replicable on our campus?*

There is a chance that identified practices are not scalable for less resourced institutions

Opportunities to Optimize Institutional Aid

Four Common Pathways for Using ARPA Funding

Pathway	Description	Pro	Con
Recover Campus COVID Health and Safety Costs	Reimburse elevated operating costs such as testing, sanitation, and quarantine & isolation capacity	✓ Could satisfy COVID best practice stipulation ✓ Easiest to justify using grant directly to cover	× Limited strategic or enduring impact × Narrower category of eligible expenses
Reimburse Lost Revenue	Defray lost revenue due to COVID disruptions, especially enrollment declines or auxiliary enterprise (e.g., housing)	✓ Maximize aid impact on institutional budget ✓ Ability to use recovered revenue for other or non-eligible purposes	× Compliance burden in documenting, reporting and auditing lost revenue
Improve Digital Learning and Services	Invest in virtual instruction and service delivery enablement technologies (e.g., learning management service)	✓ Support transition to a digital and student centric institution ✓ Build infrastructure for growth and efficiency	× Limited to technologies that aligns with COVID response imperatives × One-time dollars won't cover reoccurring costs
Award Additional Aid to Students	Provide further financial aid to students on top of required 50% and/or discharge student debts through revenue reimbursement	✓ Further support students during the Pandemic and promote financial access ✓ Positive public relations and student response	× Unable to use dollars to replace existing institutional aid × Aid needs to comply with ED stipulations

Lost Revenue Reimbursement Guidelines

New ED Guidance Provides Greater Flexibility and Clarity

What is lost revenue?

- Estimated revenues an institution otherwise expected but were reduced or eliminated
- Must be directly linked to COVID and not a preexisting secular trend (e.g., demography)

Is applied reimbursed revenue restricted in use?

- No. Once obligated under the HEERF grant, the revenue is unrestricted in use and can be applied at the institution's discretion

What sources are eligible?

- Academic (e.g., tuition, room and board, enrollment declines, sponsored research)
- Auxiliary (e.g., event, housing, royalty, and food service)

What is the eligibility window?

- The lost revenue period is from 03/13/2020 to the HEERF grant's expiration date
- The grant is then charged on or after the lost revenue period is completed

What sources are not?

- Capital outlays for athletics, property transactions, bond revenue, investment income, advancement, alcohol, and marketing/recruitment

What documentation is required?

- A period over period estimation (e.g., Fall 2019 to Fall 2020, or FY21 to FY19)
- Documentation of the rationale, methodology, underlying data, and budgets

Quick Pulse Check

Answer the Zoom Poll Prompt

What's your institution's greatest priority (or greatest need) for new ARPA funding?

1. Recover COVID costs
2. Reimburse lost revenue
3. Expand digital learning and services
4. Award additional aid to students

In Need of Regulatory Guidance

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Six Uncertainties Shrouding HEERF II and III Funds Use



Fund Distribution Timing

- Congress does not require ED to distribute funds by a specified date
- ED will likely release HEERF III grants in the next month, but institutions may need to reapply to receive it



Grant Eligibility Period

- ED can set usage deadline any time before 09/30/2023
- ED resolved the CRRSAA 12/27/2020 limitation and will likely similarly allow ARPA expenses to date back to 03/13/2020



Aid Use Mandates

- The student outreach and COVID best-practice requirement is ambiguous
- ED will need to clarify these obligations and thoroughly define COVID mitigation measures



Lost Revenue Rules

- New lost revenue reimbursement guidance is helpful but very general
- ED guidance will also need to be reconciled with institutions accounting standards and auditors



Compliance Burden

- No statutory reporting timeline as in CARES
- ED likely will try to standardize reporting processes and timeframes but could require more data and expense verification



No Further Federal Aid

- Growing deficit hawkishness may prevent Congress from passing further relief for higher ed
- Institutions should not assume more aid is guaranteed going forward

Building Your Institutional Aid Strategy

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Five Actions to Optimize Aid Approach

Effective Policy Coordination

1

Designate Central HEERF Study Group and Coordinator



Interdisciplinary and cross-departmental group studies ED guidance, identifies potential uses, and provides input to cabinet. Coordinator manages the group's activities.

2

Monitor for Guidance and Compliance



Study group monitors new guidance and updates leaders. HEERF regulatory updates are promptly incorporated into decision making process.

3

Gather Advisory Inputs



Institution consults with professional associations and peers to gut-check assumptions and approach. Auditors and legal counsel are proactively engaged for due diligence.

4

Set Guiding Principles and Frameworks



HEERF aid use decisions are guided by a framework that balances short-term needs with institutional strategic goals. Wherever possible, funds are deployed to maximize ROI.

5

Communicate Clearly with Stakeholders



Leaders transparently inform students, faculty, and staff on received aid, and institutional use. Communication emphasizes that funds are one-time and restricted.



Strategic Considerations for Emergency Student Financial Aid

SECTION

3

An Institutional Approach to Emergency Aid



HEERF III American Rescue Plan

Build a Team



Who to Include

- Financial Aid Office
- Business Office
- Student Support Services
- Marketing/Communication
- Institutional Research
- Others

Communicate



Opportunities

- Transparency and advocacy
- Coordination and timing
- Wrapping in other programs
 - Stimulus payments
 - Expanded SNAP benefits
 - Expanded child tax credit
- Professional judgment outreach

No Major Changes to Student Eligibility



Three Important Tests Applied by ED to HEERF Student Aid

1. The aid cannot be conditioned on continued or future enrollment
2. The aid cannot be applied to a student's balance without informed written consent
3. Students must have the option to request a direct cash payment

Considerations for Crafting Your Student Aid Strategy

Structure

- ▶ Individual application-based grants, formula allocated block grants, or a hybrid?

Target

- ▶ Student need must be prioritized for aid and institution must demonstrate to ED it did so
- ▶ DACA/International student eligibility is still uncertain

Communicate

- ▶ Transparency and clarity (no Title IV legalese) are paramount

Quick Pulse Check

Answer the Zoom Poll Prompt

What aid distribution pathway would best align with your institution's goals and financial aid capabilities?

1. Formula allocated block grants
2. Individual student application-based grants
3. Hybrid of formula block and individual application-based grants

Professional Judgment, AKA “PJ’s”

IN GENERAL: Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case by case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances.

Higher Education Act, Sec. 479(a)

The Complexity of Professional Judgment

Special Circumstances Must Be Documented and Reviewed Individually

*"Use of PJ is **neither limited to nor required** for the situations listed {in statute}"*
2021-22 Application and Verification Guide

Listed in the Higher Education Act:

- Tuition expenses for private elementary/secondary school
- Medical, dental or nursing home expenses
- Unusually high child-care or dependent expenses
- Recent unemployment
- Student or parent is dislocated worker
- Parent enrolled in a degree or certificate program
- Change in housing status
- Other changes in family's income, assets, or status

Challenges



Staffing



Communication and Outreach



Funding



Audit Concerns



Tracking Results



Annual Process



Next Steps and Further Resources

SECTION

4

Next Steps on Federal Relief



Student Aid Distribution

Starting Now

Institutions should notify students and families and distribute CRRSAA, potentially ARPA, emergency financial aid beginning this semester



ARPA Funding Allocations and Award Agreements

Next Few Weeks

ED will publish HEERF III award amounts, funding certificates, and initial guidance. Institutions may have to apply for this new award



Fiscal Year 21 Deadlines

Spring to June 30th

Use all CARES funds before expiration date and ensure fund obligations match auditing requirements for FY21

Recapping Themes and How EAB Can Help

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Access EAB Briefings on
CARES, CRRSAA, and ARPA

Request an Executive
Presentation

Set Up an Expert Call

1

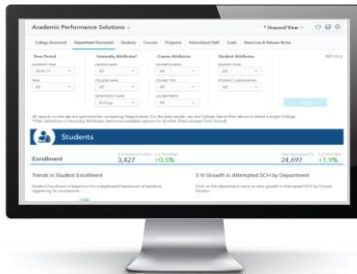
Stay up to date with our latest analysis on existing and forthcoming [federal relief measures](#)

2

Schedule time for EAB experts to **share analyses of federal relief packages and advise on fund usage strategy** with cabinet and/or board

3

Connect with an expert on federal relief questions and gut check thinking on student aid distribution and institutional use



Q&A

Ask the Experts



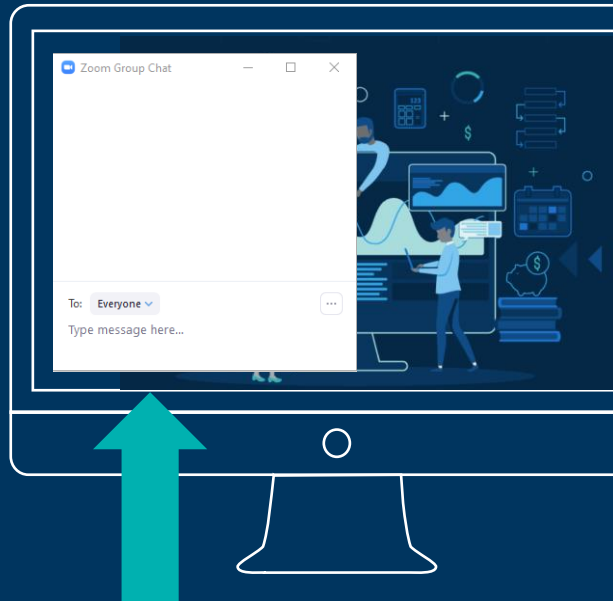
Jackson Nell



Kathy Ruby



Kaitlyn Maloney



**Please type your questions
into the Q&A window**

We Appreciate Your Feedback

Please take a moment to answer this final poll question to provide your overall experience on today's session.

We have also shared a link to a short online evaluation in the **Chat** and we would appreciate if you could take 2-3 minutes to give us additional feedback on your experience today.



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