The novel coronavirus (COVID-19) has created havoc on society over the last few months. While the world economy turns downward and people struggle in these uncertain times, the United States Congress has worked to provide relief to many citizens. One such relief package, the Coronavirus Aid, Relief, and Economic Security (CARES) Act includes provisions for healthcare, businesses and organizations, individuals, and higher education.

The CARES Act, in its original form, was introduced into the House of Representatives by Representative Joe Courtney (D-CT) (H.R.748) and signed into law by President Donald Trump on March 27, 2020. While the CARES Act included around $2 trillion in relief funds, the focus for this guide is on the $14 billion provided in the Higher Education Emergency Relief Fund (HEERF). This guide is intended to provide basic overview information for high school counselors, higher education professionals, and college access advocates about the CARES Act, HEERF, and the impact of these funds on Missouri students. As with all legislation, differences in interpretation may exist and guidance from federal agencies may impact information contained in this guide. The information in this guide is for informational purposes and includes recent federal guidance as of April 24, 2020. The CARES Act is available through the following link https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf.

CARES Act

Although the CARES Act included funding directly to students and institutions, it also outlined additional relief for students including continuation of Federal Work Study payments and paused federal student loan interest accrual and payments.

Federal Supplemental Educational Opportunity Grant Usage

The Federal Supplemental Educational Opportunity Grant (FSEOG) is a need-based grant with eligibility determined by completing the Free Application for Federal Student Aid (FAFSA). Under Section 3504 of the CARES Act, schools may use FSEOG funds as emergency aid to both undergraduate and graduate students for unexpected expenses and unmet needs due to COVID-19. In addition to the flexibility granted by allowing FSEOG as emergency funds, institutions cannot treat the award amounts as financial assistance.

When a student enrolls in a college or university, they are given a cost of attendance, or COA. This COA includes estimates of the full expenses a student is expected to incur during their term of study—typically a student receives a new COA each academic year. When a student receives financial aid, that amount is counted towards their COA. If a student is receiving federal funds, usually referred to as Title IV, they cannot have more financial aid than their COA. When this occurs, the school usually reduces an aid item in the financial aid package to bring the student back under their COA cap. Since the CARES Act excluded the emergency FSEOG funds from counting towards a student’s COA, schools can provide funds to students who would not typically receive assistance. This provision greatly assisted students and provided institutional flexibility in providing emergency aid quickly.
*Federal Work Study*

Understanding that many Federal Work Study students would be unable to continue working as campuses addressed operational disruptions, the CARES Act allows institutions to pay wages to the student they would have normally earned as if they were still working. This has allowed many low-income students to maintain an income stream during the pandemic. Many Federal Work Study students also receive the Federal Pell Grant. As a note, institutions have the option to make Federal Work Study funds in multiple payments, or in one lump sum, with the amounts determined by the average amount a student was working prior to the disruption of campus operations.

*Federal Pell Grant and Subsidized Loan Limits*

The Federal Pell Grant and Federal Subsidized Loans are programs utilized by low- and middle-income students to assist with their educational costs. The Federal Pell Grant is determined by the student’s Expected Family Contribution (EFC). EFC is computed by completing the FAFSA, while Federal Subsidized Loan eligibility is calculated by subtracting a student’s EFC and other grant/scholarship aid from their COA. As a reminder, subsidized loans do not accrue interest while the student is enrolled at least half-time as well as six months after their enrollment has fallen below that threshold.

Both programs provide much needed assistance to low- and middle-income students; however, they are limited. The Federal Pell Grant has a Lifetime Eligibility Used (LEU) of 600% and Federal Subsidized Loans are offered if the student has eligibility under Subsidized Usage Limit Applies (SULA), or 150% of the published length of their program. These limits can become complicated and are only listed here as a reference for relief provided under the CARES Act. To assist students who had to leave school in the middle of the term due to COVID-19, and the student does not complete the term, this will not be counted against Pell LEU or a student’s SULA. Before COVID-19, if a student left school prior to the end of the term, that time would count against a student’s limits for Pell and subsidized loans even though no credit was earned.

*Return of Title IV*

The Return of Title IV (R2T4) process is conducted whenever a student, who has received federal aid, withdraws prior to the end of the semester. The R2T4 calculation is used to determine how much aid a student earned by cross-referencing the days they participated in academic activities and the days of instruction in the term. As with LEU and SULA, R2T4 can be much more complicated, but is just mentioned here as a reference. If a student is shown to not have earned all of the aid they received, it is typically sent back to the Department of Education, sometimes leaving students with bills of several thousand dollars that must be paid before they are able to receive federal aid again.

Under the CARES Act, schools are not required to return Title IV funds if a student withdrew due to COVID-19, and the R2T4 calculation shows a student has not earned all their aid. This provision could potentially assist many low-income students already struggling with financial constraints caused by the pandemic.

*Federal Student Loan Borrowers*

Payments and interest accrual on federal loans have been suspended until September 30, 2020. The CARES Act also provides relief for those in federal loan forgiveness programs by counting those months as if a payment had been made. In addition, wage garnishments, tax refund reductions, or the reduction of other federal benefits collected due to default will cease.
Higher Education Emergency Relief Fund

The Higher Education Emergency Relief Fund (HEERF) provides $14 billion to students and institutions to cover expenses related to the COVID-19 pandemic. Ninety percent (90%) of the $14 billion will be sent to each institution of higher education, as determined by the following formula:

- 75% - According to the relative share of full-time equivalent enrollment of Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency.
- 25% - According to the relative share of full-time equivalent enrollment of students who were not Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency.

The last 10% of the funds will be spent in the following manner:

- 7.5% for additional awards to minority-serving institutions.
- 2.5% for additional awards to institutions most affected by the pandemic.

Half of the $14 billion for institutions must go directly to students as emergency grants for expenses related to the disruption of campus operations due to COVID-19. Students can use these emergency grants for food, housing, course materials, technology, health care, and childcare expenses. The other half of the funds are for the institution to use on crisis-related expenses such as lost revenue, reimbursement for expenses already incurred, technology costs associated with transitioning to online/distance education, faculty and staff training, and payroll (some position types are excluded). Institutions also have the option to use their share of the HEERF funds to provide additional emergency grants to students. To receive both the student and institutional portion of their funds, institutions do not need to apply; however, they are required to complete a certification form via grants.gov before the funds will be sent to them by the Department of Education.

Student Portion

As mentioned earlier, half of the funds allocated to institutions under the HEERF must go directly to students in the form of emergency grants for expenses related to the disruption of campus due to COVID-19. While these funds are not technically Title IV aid (like typical federal aid, such as the Pell Grant), the Department of Education does require students to meet Title IV eligibility requirements as outlined in Section 484 of the Higher Education Act (HEA):

- Must be enrolled or accepted for enrollment in a degree or certificate program.
- Not be enrolled in elementary or secondary school.
- Currently enrolled students must be making satisfactory academic progress.
- Cannot owe an overpayment on Title IV grants or loans.
- Cannot be in default on a Title IV loan.
- Must file "as part of the original financial aid application process" a certification that includes a statement of educational purpose and student's social security number.
- Must be a U.S. citizen or national, permanent resident, or other eligible noncitizen.
- Have returned fraudulently obtained Title IV funds if convicted of or pled guilty or no contest to charges.
- Not have fraudulently received Title IV loans in excess of annual or aggregate limits.
- Have repaid Title IV loan amounts in excess of annual or aggregate limits if obtained inadvertently.
- Have Selective Service registration verified (if born a male).
- Have Social Security Number verified.
- Not have a federal or state conviction for drug possession or sale, with certain time limitations.
Since HEERF funds can only be awarded to students who meet the above criteria, international and DACA students are not eligible to receive emergency grants under the CARES Act. Also excluded from receiving emergency grants are students who were enrolled exclusively in online programs on March 13, 2020—the date President Trump declared a national emergency. Since Title IV eligibility is required for HEERF, many institutions will require students to complete a FAFSA before awarding funds. Some students who are selected for certain types of verification (there are three types: V1, V4, and V5) may also be required to complete verification to meet all eligibility requirements. While a completed FAFSA may be required by institutions to award HEERF emergency grants, there is no EFC cut off, or Title IV financial need (COA-EFC=financial need) requirement to provide funds to students.

Emergency grants under HEERF are to cover expenses a student has incurred due to campus disruption such as food, housing, course materials, technology, health care, and childcare. Many institutions will provide an application for a student to complete and may request documentation of said expenses. Schools are also permitted to award a particular grant amount to a group of students if the institution can document they have incurred the same expense (ex. students in a sculpture course must now order their own materials since campus operations have been impacted and they cannot access the necessary items in the classroom).

Students in need of HEERF funds should contact their Financial Aid Office regarding an application and/or required documentation. It is important to note that institutions may award these funds with different processes and requirements from students.

**Institution Portion**

In addition to funds for student emergency grants, institutions will receive HEERF funds to cover any costs associated with significant changes to the delivery of instruction due to COVID-19 that were incurred on or after March 13, 2020—the date President Trump declared a national emergency. Much like the student portion, schools do have discretion on spending these funds. However, they are prohibited from using the institutional portion to cover recruitment and endowment costs, as well as stock buybacks, stock options, capital distributions, and salaries or bonuses for executives and senior administrators. Schools can also use funds provided in the institutional portion of the HEERF to award additional emergency grants to students to cover expenses related to campus disruption due to COVID-19.

**Conclusion**

The CARES Act was a monumental piece of legislation and the Act contains several provisions related to COVID-19 relief. While the $195 million in HEERF funds received by Missouri institutions will help many students, it is important to consider what was not included in the legislation. Some students may need additional support. With around 7,500 Missouri DACA students ineligible to receive emergency grants, concerns abound on how to assist DACA students to complete the Spring 2020 semester and continue their education. Students with parents unwilling or unable to complete the FAFSA and those with other unique family dynamics may not be able to access federal relief funds for assistance with their expenses.

**References**


_The mission of the Missouri College Access Network (MOCAN) is to increase career and college awareness, preparation, access, and completion in Missouri, particularly for the underrepresented and underserved._