



CARES Act Provisions for Iowa Community Colleges

Introduction

On Friday, March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This law represents the largest emergency relief package ever passed into law in the United States. Roughly two trillion dollars will be appropriated to provide relief across multiple economic sectors, including \$30.75 billion for relief for K-12 education and higher education. This guidance provides a preliminary summary of provisions in the CARES Act that specifically relate to institutions of higher education across the country, including Iowa's community colleges.

Provisions of the CARES Act

Emergency Stabilization Funding

There are many provisions within the CARES Act. The sections with the most direct impact on Community Colleges fall under two subsections of the Emergency Stabilization Funding provision: Governor's Emergency Education Relief Fund and Emergency Aid to Institutions and Students.

General Allocation

One percent of the \$30.75 billion (approximately \$307 million) will be provided through competitive grants to states with the highest Coronavirus burdens. *Iowa will not likely qualify for this fund, but applications will be out within 30 days of enactment.*

Governor's Emergency Education Relief Fund

9.8% of the \$30.75 billion (approximately \$2.953 billion) will be allocated to the Governor's Emergency Education Relief Fund. This fund will provide a broad discretionary fund for higher education and/or K-12 supports to local education agencies (LEAs) that the State Education Agency (SEA) has deemed most significantly impacted by COVID-19.

Iowa will receive approximately \$26.304 million from this fund:

- 60% awarded based on each state's share of individuals ages 5-25 compared to all states and
- 40% awarded based on each state's share of children counted in Section 1124(c) of the Elementary and Secondary Education Act (ESEA; students ages 5-17 living in poverty).

Uses of the Governors' Education Relief Funds include providing:

- Emergency support through grants to LEAs that the SEA deems have been most significantly impacted by the Coronavirus to support the ability of the LEAs to continue to provide educational services to their students and to support the ongoing functionality of the LEA;
- Emergency support through grants to institutes of higher education serving students within the State that the governor determines have been most significantly impacted by Coronavirus to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institution; and
- Support to any other institution of higher education, local educational agency, or education-related entity within the State that the governor deems essential for carrying out emergency educational

services to students for authorized activities described the Elementary and Secondary Emergency School Relief Fund (below) or the Higher Education Act, the provision of child care and early childhood education, social and emotional support, and the protection of education-related jobs.

Higher Education Emergency Relief Fund

Of the nearly \$14 billion allocated to higher education in the Emergency Stabilization Fund, 90%, or \$12.5 billion, will be allocated to institutions of higher education based on 75% on the enrollment of full-time equivalent (FTE) Pell Grant recipients and 25% on enrollment of FTE non-Pell Grant recipients. An additional \$1 billion is allocated to minority-serving institutions and roughly \$350 million to help colleges most affected by the crisis. Students who were enrolled exclusively in online, distance education courses prior to the COVID-19 emergency will be excluded from this calculation.

The CARES Act stipulates that funding will be distributed by the Secretary in the same manner that other Title IV aid is distributed. These funds will be distributed directly to institutions of higher education with approximate amounts of \$33 million to Iowa's three regent institutions, \$33.5 million to private institutions, and \$2.7 million to for-profit institutions. Just over \$36 million will be distributed to Iowa community colleges as follows ([Allocations for Section 18004\(a\)\(1\) of CARES Act](#)):

Community College	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid Grants to Students
Northeast Iowa	\$1,835,580	\$917,790
North Iowa Area	\$1,293,311	\$646,656
Iowa Lakes	\$966,888	\$483,444
Northwest	\$422,535	\$211,268
Iowa Central	\$3,053,198	\$1,526,599
Iowa Valley	\$1,352,571	\$676,286
Hawkeye	\$1,769,048	\$884,524
Eastern Iowa	\$2,709,712	\$1,354,856
Kirkwood	\$6,336,610	\$3,168,305
Des Moines Area	\$7,345,999	\$3,673,000
Western Iowa Technical	\$2,023,618	\$1,011,809
Iowa Western	\$3,175,383	\$1,587,692
Southwestern	\$490,411	\$245,206
Indian Hills	\$2,199,657	\$1,099,829
Southeastern	\$1,155,058	\$ 559,151
TOTALS	\$36,129,579	\$18,064,793

At least 50 percent of emergency funds received by institutions must go directly to students in the form of emergency financial aid grants for expenses related to the disruption of campus operations due to coronavirus. Guidance from the National Association of Student Financial Aid Administrators [Coronavirus \(COVID-19\) Web Center](#) should be considered when awarding emergency grants to students. Emergency grants to students can be used for eligible expenses under a student’s cost of attendance such as:

- Food,
- Housing,
- Course materials,
- Technology,
- Health care, and
- Child care.

Institutions may use remaining emergency funds, not given to students, on crisis-related expenses (“to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus”), such as:

- Lost revenue,
- Reimbursement for expenses already incurred,
- Technology costs associated with transitioning to distance education,
- Faculty and staff training, and
- Payroll.

Institutions may not use funds for the following activities:

- Payment to contractors “for the provision of pre-enrollment recruitment activities,”
- Endowments, and
- Capital outlays “associated with facilities related to athletics, sectarian instruction, or religious worship.”

An institution of higher education that receives funds from the Higher Education Emergency Relief Fund “shall submit a report to the Secretary [of the United States Department of Education], at such time and in such manner as the Secretary may require, that describes the use of funds provided” from that Fund.

An institution of higher education receiving CARES Act funds “shall to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus.”

Additional Provisions Related to Higher Education

The CARES Act provides substantial flexibility and relief for institutions of higher education and students, including the following relief during a “qualifying emergency” (which is defined as an emergency related to COVID-19 that is declared by either the President or the Secretary of Health and Human Services).

- Requires the Secretary to waive the requirements that IHEs match federal funds and waive the limits on transferring funds between programs in the Supplemental Educational Opportunity Grants (SEOG) and Federal Work Study (FWS).
- Grants IHEs broad flexibility to disburse SEOG funding as emergency grant aid to students, including waiving “the amount of need calculation under section 471 of the Higher Education Act,” allowing “students affected by a qualifying emergency to receive funds in an amount that is not more than the maximum Federal Pell Grant for the applicable award year,” and using a “contract with a scholarship-granting organization designated for the sole purpose of accepting applications from or disbursing funds to students enrolled in the institution of higher education, if such scholarship-granting organization disburses the full allocated amount provided to the institution of higher education to the recipients.

- Allows, with certain conditions, IHEs to make FWS payments for students for a period of up to one year, even if the student is unable to perform work because the campus is closed.
- Excludes loans borrowed from counting towards annual or cumulative limits if a loan recipient is unable to complete the term due to a qualifying emergency.
- Excludes Pell Grants awarded from counting towards annual or cumulative limits if a Pell Grant recipient is unable to complete the term due to a qualifying emergency.
- Grants flexibility to IHEs and recipients of federal student aid, including the following:
 - Waiving the IHE's requirement to return grant or loan assistance (other than Title IV, Part C) if a recipient withdraws "during the payment period or period of enrollment as a result of a qualifying emergency."
 - Requiring IHEs using such a waiver to report to the Secretary "the number of such recipients, the amount of grant or loan assistance (other than assistance received under part C of title IV of such Act) associated with each such recipient, and the total amount of grant or loan assistance (other than assistance received under part C of title IV of such Act) for which each institution has not returned assistance under title IV to the Secretary."
 - Waiving the amounts student recipients of Federal Pell Grants or other grant assistance are required to return "if the withdrawals on which the returns are based, are withdrawals by students who withdrew from the institution of higher education as a result of a qualifying emergency."
 - Cancelling a student borrower's "obligation to repay the entire portion of a loan made under part D of title IV of such Act (20 U.S.C. 1087a et seq.) associated with a payment period for a recipient of such loan who withdraws from the [IHE] during the payment period as a result of a qualifying emergency."
 - Allowing IHEs the discretion to "as a result of a qualifying emergency, provide a student with an approved leave of absence that does not require the student to return at the same point in the academic program that the student began the leave of absence if the student returns within the same semester (or the equivalent)."
- Allows IHEs to exclude terms affected by a qualifying emergency in the calculation of a student's satisfactory academic progress.
- Suspends a federal student loan borrower's obligation to make payments on their federal Direct Loans through September 2020; provides that interest shall not accrue during the period of suspension; counts the suspended payments towards payment requirements for student loan forgiveness or student loan rehabilitation programs; provides that suspended loan payments shall be reported to credit reporting agencies as regularly made payments; and suspends involuntary collection for borrowers in default, such as garnishment of wages, Social Security, and tax refunds.