
Docket Item:

April Legislative Update

Summary:*Federal CARES Act – Response to COVID-19*

At the end of March, Congress passed, and the President signed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act, more commonly known as the CARES Act. The largest federal emergency package in history, the Act contains several provisions that will result in direct, and may result in indirect relief for students and institutions. The following is a summary of key provisions related to higher education:

Education Stabilization Fund

\$30.75B in funding for education. Of the total, 2% of funding is reserved for Indian Education, grants to governors, and administrative expenses. 46.3% of the remainder is reserved for higher education. Of the amount directly received by institutions (\$12.56B), 90% is allocated based 75% on Pell FTE and 25% based on non-Pell FTE. 7.5% of the remainder is reserved for minority serving institutions and the Strengthening-Institutions Program (SIP), and the remaining 2.5% is reserved for the Fund for the Improvement of Postsecondary Education (FIPSE) program. The American Council on Education has published a preliminary analysis of funding for Oregon institutions. Those figures are attached as docket item 7.0a.

Half of the allotment institutions receive is required to be spent on emergency aid for students, and other funds are to be spent on costs associated with the coronavirus response, but not on pre-enrollment, capital costs, athletics, or religious activity.

In addition to the institutional support, Oregon will receive an estimated \$30M for use according to a plan developed by the executive branch.

These funds are subject to maintenance of effort provisions, the calculation for which is to be determined, but the Act contains a waiver if maintenance of effort causes financial hardship for states.

Financial Aid Provisions

In addition to the provision in the Education Stabilization Fund requiring institutions provide 50% of received dollars direct to students, the Act contains other student aid provisions.

First, institutions may use Supplementary Educational Opportunity Grant (SEOG) funds for emergency aid. SEOG funds are funds institutions receive to provide to students with significant financial need. Unlike the Pell Grant, SEOG funds are limited and provided to institutions to distribute. Institutions may transfer unused federal work-study funds to SEOG accounts for emergency aid.

Institutions will also be allowed to continue paying participants in the federal work study program through the end of the year, even if those students are unable to work.

Finally, students that withdraw due to difficulties caused by the emergency are not being required to return federal aid to their institution, and in turn, the institution is not required to return funding to the federal government.

Relief to Borrowers

The CARES Act suspends, without interest, student loan payments for federal-student loans until the

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end of September, 2020. Borrowers will continue to accrue credit toward income-driven repayment and public service student loan forgiveness programs.

Additionally, the US Department of Education is required to cancel debt if a student withdraws from an institution due to a qualifying emergency.

Dislocated Worker Grant Program Funding

The Act adds \$345m to the pool of funds for federal dislocated worker grants. In the last two weeks, the Office of Workforce Investments applied for two such grants in the total amount of \$37M.

State Special Session

Over the last few weeks, the state legislature convened the Joint Committee on Coronavirus Response to consider a list of initial special session items to provide immediate relief to Oregonians and flexibility to agencies to deliver services. The items under consideration by the Committee are largely immediate action items regarding social services, public health, and employment. No higher education initiatives were under consideration by the Committee.

At this time, while it remains an expectation the legislature will convene in special session, an immediate session is not being considered, and it may be several more weeks, and perhaps not until the economic effects are more clearly defined, until the legislature convenes.

Absent legislative session, the emergency board is scheduled to meet in May and may meet sooner to allocate resources for virus response and relief.

Preparing for the 2021 Session

Prior to the emergency, HECC was beginning a process of engagement through two Governor's office-led work groups, one on affordability and vulnerable populations, and another on equity. These cross agency collaboration workgroups were beginning to develop proposals to bring to the Governor as part of her 2021-2023 budget consideration. Those processes have been suspended, and future engagement is unclear in light of the rapidly changing economic climate.

At present, we will submit a series of placeholder concepts and continue developing these concepts through June for submission to DAS and the Governor. A list of concepts will be presented at a later meeting.

Material:

American Council on Education Preliminary CARES Act Allocations

Staff Recommendation:

For discussion purposes only.