MHEC Higher Education Policy Update

04/23/2020

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SHEEO
About SHEEO

- SHEEO is a national organization based in Boulder, CO and Washington DC serving chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs.
- SHEEO has been a presence in American higher education for 66 years.
- Committed ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors.
Higher Education and COVID-19

- Losses in tuition and fee revenue
- Losses in campus auxiliary revenue (housing refunds, refunds of dining fees, lost parking revenue, cancelled events, etc.)
- Increased costs due to the transition to online instruction (costs to move employees to remote access, consultants, purchase of laptops, webcams, etc.)
- Drops in research revenue
- Cleaning and sanitation costs and employee overtime
- Others (Repatriation costs for study abroad students, lost fundraising revenue, etc.)
Third Stimulus Proposal

- SHEEO joined the Six presidential associations (APLU, AASCU, AACC, AAU, NAICU, and ACE) and numerous other higher education in support of a unified plan to provide emergency aid and flexibility to colleges and universities.

- Four pillars
  - Emergency aid to students and institutions
  - Access to low-cost capital
  - Technology Implementation Fund
  - Temporary Regulatory Flexibility
CARES Act

• SHEEO joined the Six presidential associations (APLU, AASCU, AACC, AAU, NAICU, and ACE) and numerous other higher education in support of a unified plan to provide emergency aid and flexibility to colleges and universities.

• Four pillars
  – Emergency aid to students and institutions-YES BUT NOT ENOUGH
  – Access to low-cost capital-KIND OF
  – Technology Implementation Fund-NO
  – Temporary Regulatory Flexibility-YES
CARES Act-Funding

• Signed into law by President Trump on 3/27
• Includes $30.75 billion state stabilization package
  – 9.8% to governors/43.9% to K-12/46.3% to higher education
  – 90% of the aid to higher education is based on a formula: 75% to relative share of Pell FTE and 25% to non-Pell FTE share. At least 50% of this aid must be spent on students
  – Remaining 10% to institutions under Title III, V, and VII of the Higher Education Act.
• Includes an “maintenance of effort” for FY 20 and 21. Higher ed will receive funding regardless of state funding levels, but not for the K-12 and governor’s fund.
## CARES Act Funding

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education Stabilization Fund</strong></td>
<td>$30,750,000,000</td>
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<tr>
<td>2% to Secretary to Indian Education/Outlying Areas/Areas of Most Need</td>
<td>$615,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$30,135,000,000</td>
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<tr>
<td><strong>Education Distribution</strong></td>
<td>$30,135,000,000</td>
</tr>
<tr>
<td>9.8% to Governor’s Emergency Education Relief Fund</td>
<td>$2,953,230,000</td>
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<tr>
<td>43.9% to K-12 Education</td>
<td>$13,229,265,000</td>
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<tr>
<td>46.3% to Higher Education</td>
<td>$13,952,505,000</td>
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<tr>
<td><strong>Higher Education Allocation</strong></td>
<td>$13,952,505,000</td>
</tr>
<tr>
<td>90% to all Qualifying Institutions (with 75% based on Pell FTE and 25% on non-Pell FTE)</td>
<td>$12,557,254,500</td>
</tr>
<tr>
<td>At least 50% to students</td>
<td>$6,278,627,250</td>
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<td><strong>Maximum Funds for institutions</strong></td>
<td>$6,278,627,250</td>
</tr>
<tr>
<td>10% to MSIs and Title VII</td>
<td>$1,395,250,500</td>
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<tr>
<td>7.5% to MSIs</td>
<td>$1,046,437,875</td>
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<tr>
<td>2.5% to Title VII FIPSE</td>
<td>$348,812,625</td>
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CARES Act

- No tax relief for public universities for paid sick and family leave.
- Student loan suspension until 9/30/20. No garnishment of wages until then. No student loan relief.
- A variety of flexibilities on laws re: federal Title IV financial aid.
- Employers including universities can delay FICA payments until January 1, 2021.
- Expanded opportunities for loans through the Small Business Administration (SBA) for organizations with under 500 employee.
- New opportunities for charitable contributions:
  - Non-itemizing taxpayers can deduct up to $300 in charitable gifts for 2020.
  - Suspension of AGI limitations to 100% for 2020, up from 60%.
CARES Act-Governor’s Emergency Education Relief (GEER) Fund

- Nearly $3 billion to governors to use on their choice of K-12 and/or higher ed priorities
- Governors have broad latitude on the use of the funds
- Subject to a “maintenance of effort” requirement
- Governors have 1 year to use the funds.
- Program opened by Department of Education on 4/13
CARES Act-GEER

As part of its continued effort to share information and best practices, SHEEO is requesting information on how states plan to use and distribute these funds.

Please send this information to David Tandberg, vice president for policy research and strategic initiatives, at dtandberg@sheeo.org.
CARES Act-Higher Education Emergency Relief (HEER) Funds

• Nearly $14 billion directly to institutions
• Not subject to the “maintenance of effort”
• 90% distributed to public/private/for-profit colleges on a formula (75% based Pell student FTE, 25% on non-Pell FTE)
• Remaining 10% distributed under Title III, V, VII of HEA
• At least 50% of the aid must be spent on students through emergency grants
CARES Act-Higher Education Emergency Relief (HEER) Funds - Student Emergency Grant Aid

- $6.28 billion to public, private, and for-profit institutions
- Emergency grant aid to students through checks or debit cards. Cannot be posted to student accounts.
- Institutions cannot use this money to reimburse themselves for refunds for housing & meal plans. They can only reimburse themselves for emergency aid given to students after March 27th.
- Students must be Title IV participants or Title IV eligible to receive aid. Undocumented, DACA, and international students are ineligible.
- Students already in the system will likely have a natural advantage, as they have checked all the boxes for eligibility.
CARES Act-Higher Education Emergency Relief (HEER) Funds - Institutional Emergency Grant Aid

- $6.28 billion to public, private, and for-profit institutions
- Secretary DeVos states that these funds cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.
- DeVos encourages institutions to use the funds to expand remote learning programs, strengthen IT capacity, and train faculty and staff for remote learning.
- Can also be used for student emergency grant aid
Stimulus IV

- Interim stimulus package expected to pass soon directed at small business
- Congress is expected to take up another major stimulus package in May
- Bipartisan support for a rescue package to states.
SHEEO Advocacy

• SHEEO has asked for $31.2 billion in economic assistance to states for higher education.
• We urged the Federal Reserve to extend the Main Street Lending Program to nonprofits/public institutions.
• Endorsement of extended tax credits to public entities for extension of employee benefits.
• Endorsement of aid for broadband extension.
Other issues

- Higher Ed Act discussions on pause
- Visas suspended as of March 20th
- New Title IX rules could be released at any day
SHEEO Emails

- We have a daily higher education policy email
- The latest reports, government documents, and news clippings
- Both state and federal policy
- Available at https://sheeo.org/sheeo-newsletter-signups/

Tuesday, March 31, 2020

3/25 SHEEO Statement on Bipartisan Stimulus Deal

National Policy Update

Report: Do College Applicants Respond to Changes in Sticker Prices Even When They Don’t Matter?
NBER (Date posted: March 2020)

Report: Preliminary Simulation of Distribution of Funds under the CARES Act
American Council on Education (Date posted: March 25, 2020)

Pelosi Floats New Stimulus Plan: Rolling Back SALT Cap
The New York Times (Date posted: March 30, 2020)

After Three Coronavirus Stimulus Packages, Congress Is Already Prepping Phase Four
The Wall Street Journal (subscription required) (Date posted: March 29, 2020)

More Stimulus? Here’s the Case for Adding On
The Wall Street Journal (Date posted: March 30, 2020)
Questions?

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