



TO: Chancellor Eloy Ortiz Oakley
Chief Executive Officers
Chief Business Officers
Chief Student Services Officers

FROM: Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

RE: Update on CARES Act Allocations – Federal Stimulus Package

Update on CARES Act California Community College Allocations

Summary

The CARES Act (S. 3548/ H.R. 748) is the third federal stimulus packet in response to the Coronavirus. On April 9, the U.S. Secretary of Education announced that \$6 billion of the total \$13.95 billion Higher Education Emergency Relief Fund will be distributed immediately to colleges and universities to provide direct emergency cash grants to college students.

Bill Details

The CARES Act establishes the **Higher Education Emergency Relief Fund** which includes flexible funding to be distributed directly to states and institutions of higher education to help with immediate needs related to coronavirus, including:

- \$13.953 billion to defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education, and grants to students for food, housing, course materials, technology, health care, and child care.
 - \$12.558 billion (90 percent) will **go directly to institutions through the Title IV** U.S. Department of Education (USDE) distribution system.
 - Institutional awards are calculated using **75 percent** of full-time enrollment of Pell recipients at an institution and **25 percent** of the institutional award is calculated using full-time enrollment of non-Pell recipients. (Students who were exclusively online prior to the pandemic are not included in this calculation.)
 - 6.977 billion (50 percent) awarded to institutions must be used to provide direct emergency aid to students, including grants to students for food, housing, course materials, technology, healthcare, and child care.

Funding to Students and Colleges

The USDE will first allocate the portion of CARES Act dollars (\$6 billion) designated for emergency assistance to students. California Community Colleges are expected to receive \$290 million in the first allocation.

The CARES Act provides institutions with significant discretion on how to award this emergency assistance to students. Each institution may develop its own system and process for determining how to allocate these funds. This may include distributing the funds to all students or only to students who demonstrate the greatest need. The CARES Act stimulus funds must be used to cover expenses related to the disruption of campus operations due to coronavirus. This includes, but is not limited to, eligible expenses related to a student's cost of attendance as defined by federal law, 20 U.S. Code § 1087ll. This definition includes housing, food, technology, supplies, transportation, fees, dependent care, tuition, health care, and miscellaneous expenses.

Details on the second allocation which will provide direct assistance to colleges will follow in coming weeks. The second allocation will be allocated to institutions to defray expenses, cover lost revenue, reimbursement for expenses already incurred, and transition to distance education.

Fiscal Analysis

Once all funds are distributed, the CARES Act will provide California Community Colleges \$579 million, or 4.6% of the total \$14 billion Higher Education Emergency Relief Fund. Higher education funding will be distributed based on the number of Pell grant students enrolled (75% of funding) and the total number of non-Pell grant students (25%) of the funding. Students who were previously online only will not be counted for funding under this act.

	Funds for Emergency Assistance to Students	Funds for Direct Assistance to Colleges	TOTAL
California Community Colleges Total	\$289,839,564	\$289,839,514	\$579,679,078
<i>All funds are one-time only.</i>			

Accessing the First Portion of the CARES Act Stimulus

In order to access CARES Act funds, all institutions must sign and return the *Certificate of Funding and Agreement*: (<https://www.grants.gov/web/grants/applicants/registration.html>), acknowledging the terms and conditions of the funding. After the USDE has received the certificate, institutions may draw down their emergency assistance funds using the USDE G5 portal. Allowable uses for the institutional portion of the funds are broad and can be used to “defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education.” Costs may not include payment to contractors for pre-enrollment recruitment, endowments, or athletic capital outlay facilities.

The Chancellor’s Office will continue its federal advocacy and Congressional engagement as Congress considers future Coronavirus response appropriations.

If you have any questions, please don’t hesitate to contact me at lnavarette@cccoco.edu or Vice Chancellor David O’Brien at dobrien@cccoco.edu.