

## Update on Federal Stimulus and Omnibus Legislation

Wednesday, December 30, 2020

Dear Colleagues,

Thank you for your continued leadership. As you are aware, last week Congress reached a bipartisan agreement on both an economic stimulus package that includes significant support for institutions of higher education and students, as well as an “omnibus” package of multiple appropriations bills that include changes to higher education law, particularly around financial aid. The full text of the package is available [here](#), and a summary of important details in both the stimulus package and the omnibus legislation is included below.

### COVID-19 Relief Bill

The COVID-19 relief bill (H.R. 133) is the fourth federal stimulus package in response to the Coronavirus. The stimulus will allocate \$22.7 billion to the Higher Education Emergency Relief Fund of which California Community Colleges are **estimated** to receive \$1.2 billion in one-time resources. A full analysis can be found [here](#).

While the funds will be allocated similarly to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the COVID-19 relief bill applies a new allocation formula which considers both Full-Time Equivalent (FTES) and headcount – an adjustment highly supported by California Community Colleges. *Like the CARES Act, the provisions of this stimulus bill do not appear to restrict colleges’ ability to provide aid to students based on their Title IV eligibility or immigration status.*

#### *Allowable Uses*

The Higher Education Emergency Relief Fund includes flexible funding to be distributed directly to institutions of higher education to help with immediate needs related to the coronavirus, including:

1. Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll);
2. Carrying out student support activities authorized by the HEA that address needs related to coronavirus; or
3. Providing financial aid grants to students (including students exclusively enrolled in distance education), which may be used for any component of the student’s cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care.

#### *Emergency Financial Aid to Students*

The COVID-19 relief bill requires higher education institutions to **spend at least the same amount they spent on emergency financial aid under the CARES Act**. California Community Colleges are expected to spend at least an estimated \$300 million on emergency financial aid to students. Given the extent of student need, more than the required expenditure is recommended and encouraged.

Also passed along with the stimulus package is a bipartisan higher education agreement that made several changes to current law, most notably to the financial aid application process and around barriers to accessing student aid. Specifically, the agreement does the following:

- Simplifies the Free Application for Federal Student Aid (FAFSA):
  - o Reduces the total number of questions from 108 to a maximum of 36, including the removal of questions about Selective Service registration and drug-related offenses.
  - o Changes the U.S. Department of Education's (USED) financial data verification process by using data from the Internal Revenue Service (IRS), building on the [FUTURE Act](#).
  - o Clarifies Pell Grant eligibility guidelines for maximum and minimum awards, so most applicants will know whether they qualify for the maximum or minimum grant.
  - o Enables an additional 555,000 students to qualify for Pell Grants each year, while allowing an additional 1.7 million students to qualify to receive the maximum Pell Grant award.
- Provides clearer information and earlier outreach about college costs, financial aid, and other benefits available to students.
- Restores Pell Grant eligibility for incarcerated individuals. (The Higher Education Reauthorization Act of 1992 and the Violent Crime Control and Law Enforcement Act of 1994 prohibited students currently incarcerated from receiving Pell Grants and other forms of federal aid.)
- Repeals a 1998 law restricting federal financial aid for college students who were convicted of a drug-related offense.
- Reinstates Pell Grants for students who have been defrauded by for-profit colleges.
- Forgives more than \$1 billion in outstanding debt of HBCUs loans issued under the HBCU Capital Financing Loan Program.
- Repeals a requirement limiting how long students can borrow under the subsidized student loan program.
- Boosts the maximum Pell Grant award by \$150 to \$6,495 for the 2021-2022 school year.

As noted in our official statement regarding the stimulus package, while this provides much-needed relief to our colleges and students during an uncertain and trying time, we must continue advocating for more funding and support to ensure an equitable economic recovery for California. We are fortunate to count all of you as partners in this advocacy effort, and we look forward to working with the incoming Biden Administration and new Congress.

If you have questions about the stimulus package and how it will affect your college, please contact Lizette Navarette, Vice Chancellor for College Finance and Facilities Planning, at [lnavarette@cccco.edu](mailto:lnavarette@cccco.edu). For questions about federal advocacy and to continue joining in these efforts, contact David O'Brien, Vice Chancellor for Governmental Relations, at [dobrien@cccco.edu](mailto:dobrien@cccco.edu).

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