

American Rescue Plan Act of 2021

On Thursday March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARP). The \$1.9 trillion law serves as the fourth round of comprehensive COVID-related legislation Congress has passed since March of 2020.

The legislation includes \$39.6 for higher education, which is approximately 74% more funding than what was provided in the recently passed Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). ARP also includes several policy provisions that will impact the higher education sector as a whole, as well as community colleges specifically.

Below is a breakdown of relevant higher education provisions included in ARP.

Title I – Committee on Agriculture, Nutrition, and Forestry

- CRRSAA included a 15% increase to supplemental nutrition assistant program (SNAP) benefits through June 30, 2021. ARP extends that increase to September 30, 2021.
 - This extension of funding is significant given that CRRSAA made part-time college students eligible for SNAP benefits for the duration of the current pandemic.

Title II – Committee on Health, Education, Labor, and Pensions

- Provides \$39,584,570,000 to the **Higher Education Emergency Relief Fund (HEERF)** divided as follows:
 - \$36,021,958,700 for direct grants to public and nonprofit institutions of higher education (IHEs).
 - Funds are to be distributed based on the following formula:
 - 37.5% based on the relative share of students who are enrolled full-time (FTE) that are Pell Grant recipients and were not enrolled exclusively online prior to COVID-19.
 - 37.5% based on total number of students who are Pell Grant recipients (headcount) and were not enrolled exclusively online prior to COVID-19.
 - 11.5% based on the relative share of students who are enrolled full-time (FTE) who are not Pell Grant recipients and were not enrolled exclusively online prior to COVID-19.
 - 11.5% based on total number of students who are not Pell Grant recipients (headcount) and were not enrolled exclusively online prior to COVID-19.

- 1% based on relative share of students who are enrolled full-time (FTE) that are Pell Grant recipients and who were exclusively enrolled online prior to COVID-19.
 - 1% based on total number of students who are enrolled who are not Pell Grant recipients and who were exclusively enrolled online prior to COVID-19.
 - Student Share:
 - Under ARP, IHEs must use at least 50% of their HEERF funds for student aid grants.
 - The grants may be used to cover a student’s cost of attendance (COA) or emergency costs that arise due to COVID-19, including tuition, food, housing, health care and child care.
 - Institutional Share:
 - As in CRRSAA, institutional funds are flexible and can be used to offset lost revenues, technology costs, payroll, and staff training.
 - \$2,968,842,750 in dedicated funding for Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), Hispanic-Serving Institutions (HSIs), and other Minority Serving Institutions (MSIs).
 - \$197,922,850 for institutions with the greatest unmet needs related to COVID-19, allocated through the Fund for the Improvement of Postsecondary Education (FIPSE).
 - \$395,845,700 for proprietary (for-profit) institutions.
 - Proprietary institutions may only use their allocated funds for student aid grants.
 - Institutions with students who were enrolled exclusively online (both Pell Grant recipients and non-Pell Grant recipients) prior to the pandemic must use the portion of formula funding they received based on those students for student aid grants.
 - Institutions will have to report to the Department of Education (ED) on the use of their ARP funds 6 months from their receipt and subsequently as determined by ED.
- **Maintenance of Effort (MOE) Provisions:**
 - States receiving funds for elementary, and secondary, as well as higher education shall maintain financial support for these sectors in fiscal years 2022 and 2023 at least at the proportional level of the state’s support relative to their overall spending averaged over fiscal years 2017, 2018, and 2019.
 - The Secretary of Education may waive the MOE for the purposes of relieving fiscal burdens incurred by States as a result of COVID-19.
 - **90/10 Rule for Proprietary Institutions:**
 - All federal funds that are disbursed or delivered to or on behalf of a student to be used to attend for-profit institutions shall count towards the 90% cap.
 - This change is subject to negotiated rulemaking requirements under the Higher Education Act, which means the Department of Education (ED) will have to publish their proposed rule to enforce this change in law and the public will have the ability to submit comments on the proposal.
 - ED cannot commence the negotiated rulemaking process until after October 1, 2021 and the finalized rule will not apply until institutional fiscal years beginning on or after January 1, 2023.
 - **Child Care:**

- Provides \$14,990,000,000 for the **Child Care Development Block Grants (CCDBG)**.
- Provides \$23,975,000,000 for **Child Care Stabilization funding**.
- Provides \$1 billion for **Head Start**.
- **Mental Health:**
 - Provides \$1,500,000,000 for community mental health services block grants.

Title VII – Committee on Commerce, Science and Transportation

- **Broadband:**
 - Provides \$7,171,000,000 for the E-rate program and to help schools and libraries ensure students can fully participate in remote learning.
- **Update on CRRSAA Broadband Provisions:**
 - On February 26, 2021, the Federal Communications Commission (FCC) released approved rules related to the Emergency Broadband Benefit (EBB) program which Congress funded as part of CRRSAA. The EBB program provides a \$50 per month benefit for eligible households, including students receiving Pell Grants to pay for broadband services.
 - The FCC's rules on the EBB program allow Pell students to verify their eligibility in multiple ways, including submitting a letter from their institution, a financial aid award letter, a paid invoice showing a Pell Grant or a copy of their student aid report.

Title IX – Committee on Finance

- Waives income taxes on forgiven student loan debt, for loans discharged between December 31, 2020 and January 1, 2026.
- Provides \$219,800,000,000 for States, territories, and Tribal governments to mitigate the fiscal effects stemming from the COVID-19 pandemic.
- Provides \$130,200,000,000 for metropolitan cities, non-entitlement units of local government, and counties to mitigate the fiscal effects stemming from the COVID-19 pandemic.

Title XI – Committee on Indian Affairs

- \$850,000,000 allocated to the Bureau of Indian Education (BIE) to be used for programs or activities operated or funded by the BIE, for Bureau-funded schools, and for Tribal Colleges and Universities.