



December 23, 2020

Summary of Higher Education Provisions in the Consolidated Appropriations Act of 2021

On Dec. 21, congressional leaders finally reached a deal and passed a \$900 billion COVID-19 relief bill, along with \$1.4 trillion in appropriations legislation to fund the government through the end of fiscal year 2021. The relief bill funds key federal higher education programs, includes billions for institutions of higher education, and includes statutory changes to the Free Application for Federal Student Aid (FAFSA) and federal Pell Grants. The following is a summary of the higher education provisions included in the legislation.

COVID-19 Higher Education Funding

Included in the package is a total of \$81.88 billion for K-12 schools, colleges and universities to prevent, prepare for and respond to the coronavirus crisis. Included within this is \$22.7 billion for institutions of higher education, most of which (\$20.2 billion) will go to public and private universities and their students. The remainder of the higher education funding will go to historically black colleges and universities (HBCUs), tribal colleges and universities, minority serving institutions (MSIs), and other institutions with substantial unmet need or those not served by the primary distribution formula, as well as students attending for-profit universities. By comparison, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in late March, included \$14 billion for higher education, \$12.5 billion of which was allocated directly to institutions. A breakdown of the new provisions can be found below:

Section	Summary
Section 311(a). Education Stabilization Fund Allocations	Allocates a total of \$81.88 billion in flexible funding, to remain available through Sept. 30, 2022, to K-12 schools and institutions of higher education to prevent, prepare for and respond to the coronavirus both domestically and internationally. This includes \$819 million for outlying areas and Bureau of Indian Education-operated and funded schools, and tribal colleges and universities. <i>This funding is broken down in the below sections.</i>
Section 312(a). Governor's Emergency Education Relief (GEER) Fund	Allocates \$4.1 billion for the GEER Fund, including \$2.75 billion for Emergency Assistance to Non-Public School grants and language prohibiting states from using any funds to support vouchers or tax credit scholarship programs. Funding will be distributed to the states based on the formula

	used in the CARES Act—60% on the basis of a state’s relative population of individuals aged five through 24, and 40% on the basis of a state’s relative number of children counted under section 1124(c) of the Elementary and Secondary Education Act.
Section 314(a). Higher Education Emergency Relief (HEER) Fund	Allocates \$22.7 billion for the HEER fund, including \$20.2 billion for public and private non-profit institutions that serve students enrolled in both in-person and distance education, to be distributed by a formula that considers head count and full-time equivalent enrollment. The allocation also includes \$1.7 billion for HBCUs, tribal colleges and universities, Hispanic serving institutions and other MSIs, and \$113 million for institutions of higher education with unmet needs. Additionally, the provision includes a cap on funding for proprietary institutions and restrictions on use of funds.
Sec. 317. Gallaudet University	Allocates \$11 million for Gallaudet University, to remain available through Sept. 30, 2022, in direct support for this federally-chartered university. This funding will also enable grants to students for expenses directly related to the coronavirus.
Sec. 317. Student Aid Administration	Allocates \$30 million for the Department of Education’s (ED) Student Aid Administration, to remain available through Sept. 30, 2022 to administer federal financial assistance associated with the coronavirus pandemic.
Sec. 317. Howard University	Allocates \$20 million for Howard University, to remain available through Sept. 30, 2022, in direct support for this federally-chartered HBCU. This funding will also enable grants to students for expenses directly related to the coronavirus.
Sec. 317. National Technical Institute for the Deaf	Allocates \$11 million for the National Technical Institute for the Deaf, to remain available through Sept. 30, 2022, in direct support for this university, created by the National Technical Institute for the Deaf Act. This funding will also enable grants to students for expenses directly related to the coronavirus.
Sec. 317. Institute of Education Sciences	Allocates \$28 million for the Institute of Education Sciences, to remain available through Sept. 30, 2022, to cover the coronavirus-related costs of implementing the National Assessment of Educational Progress (NAEP) assessments.
Sec. 317. Departmental Management	Allocates \$15 million for ED’s program administration, to remain available through Sept. 30, 2023.
Sec. 317. Office of Inspector General	Allocates \$5 million for the Office of the Inspector General, to be used for salaries and expenses necessary for oversight, investigations and audits of programs, grants and projects funded in this act.

The FAFSA Simplification Act

Congressional negotiators were able to reach bipartisan compromise on FAFSA simplification, which is viewed as a legacy item for retiring Sen. Lamar Alexander (R-TN). On Sunday night, Alexander said that “reducing the FAFSA from 108

questions to 36 will remove the biggest barrier to helping more low-income students pursue higher education." Below is a summary of the legislation:

Section	Summary
Section 701. Short Title; Effective Date	Provides a short title and specifies that unless otherwise provided, the changes shall take effect on July 1, 2023 and apply to award year 2023–24 and each subsequent award year.
Section 702. Making It Easier to Apply for Federal Aid and Making that Aid Predictable	Simplifies the financial aid application process by amending sections in Part F of Title IV of the Higher Education Act of 1965 (HEA). Also, amends provisions in the HEA to expand student eligibility for federal financial aid.
Section 471. Amount of Need	Provides the formula used to calculate a student’s amount of financial need. Replaces the term “expected family contribution” with “student aid index” (SAI).
Section 472. Cost of Attendance	Updates the definition of cost of attendance, and requires each institution of higher education to make publicly available on their website information about their cost of attendance.
Section 473. Special Rules for Student Aid Index	Provides special rules for students eligible for the total maximum Pell Grant, and for those who do not file federal income taxes.
Section 474. Determination of Student Aid Index	Defines the SAI calculation for three separate dependency categories: dependent students; independent students without dependents other than a spouse; and independent students with dependents other than a spouse.
Section 475. Student Aid Index for Dependent Students	Specifies methodology to calculate the SAI for dependent students.
Section 476. Student Aid Index for Independent Students Without Dependents Other Than a Spouse	Specifies methodology to calculate the SAI for an independent student who does not have dependents, but may have a spouse.
Section 477. Student Aid Index for Independent Students With Dependents Other Than a Spouse	Specifies methodology to calculate the SAI for an independent student who has dependents other than a spouse.
Section 478. Regulations; Updated Tables	Authorizes the secretary of Education to annually update tables necessary for calculation of the SAI to reflect changes in the Consumer Price Index.
Section 479. Eligible Applicants Exempt from Asset Reporting	Identifies students who are exempt from providing asset information when applying for federal aid: <ol style="list-style-type: none"> 1. Students who qualify for an automatic zero or automatic negative SAI based on qualifying for the total maximum Pell Grant. 2. Students with an adjusted gross income below \$60,000, that were not required by the Internal Revenue Service to file and who have simple finances as determined by filing form schedules A, B, D, E, F or H. 3. Students who received a means-tested federal benefit program (or whose

	parent or spouse received such benefit) in the previous 24 months.
Section 479A. Discretion of Student Financial Aid Administrators	Authorizes financial aid administrators to make adjustments for students (on a case-by-case basis) with special circumstances to the cost of attendance, or the values used to calculate cost of attendance or SAI.
Section 479B. Disregard of Student Aid in Other Programs	Maintains that financial aid calculations will not consider the following when determining an individual’s eligibility for federally-funded benefits or assistance: Title IV of the HEA; Bureau of Indian Education student assistance programs; and employment and training programs established under section 134 of the Workforce Innovation and Opportunity Act.
Section 479C. Native American Students	Specifies that the secretary of Education shall develop guidance, in consultation with tribal colleges and universities (TCUs), to implement this part of the law without adding questions to the FAFSA.
Section 479D. Special Rules for Independent Students	Sets forth a determination process that financial aid administrators should use for homeless youth and foster youth.
Section 480. Definitions	Establishes definitions for terms.
Section 483. Free Application for Federal Student Aid	Lists the topics that will be covered on the FAFSA, and outlines the procedures that ED must take once an applicant has completed the FAFSA.
Section 484. Student Eligibility	Eliminates the drug conviction penalty and the Selective Service registration requirement. The secretary of Education is authorized to implement these student eligibility changes earlier than award year 2023-24. Establishes requirements for Pell-eligible prison education programs due to the elimination of the ban on Pell eligibility among incarcerated students included in this bill.
Section 485E. Early Awareness and Outreach of Financial Aid Eligibility	Defines activities that the secretary of Education shall implement in order to provide prospective students and their families with information about financial aid.

Pell Grant Changes

This section makes modifications to expand Pell Grant eligibility. Sens. Alexander and Patty Murray (D-WA), leaders of the Senate Health, Educational, Labor, and Pensions Committee, estimate that these changes will make an additional 1.7 million students eligible for the maximum Pell Grant award and an additional 555,000 students newly eligible. Below is a summary of the legislation:

Section	Summary
<p>Section 703. Federal Pell Grants: Amounts and Determinations; Applications</p>	<p>Establishes the methodology for calculating an applicant’s eligibility for a Pell Grant, effective award year 2023-24 and each award year thereafter. A student’s scheduled award will be equal to the maximum award level for the relevant award year, minus the student’s SAI. Additionally, applicants with adjusted gross incomes (AGIs) under specified thresholds will be guaranteed eligibility for a maximum Pell Grant, regardless of SAI. Eligibility for the maximum award will be guaranteed to individuals meeting the following qualifications:</p> <ul style="list-style-type: none"> • Students in a single-parent household with an AGI of less than 225% of the federal poverty line (FPL); and • Students in all other households with an AGI of less than 175% FPL. <p>Certain students with AGIs under a second, higher set of thresholds will also be guaranteed eligibility for the minimum Pell Grant even when they would not be Pell eligible based on their SAI. Eligibility for the minimum grant will be guaranteed to individuals meeting the following qualifications:</p> <ul style="list-style-type: none"> • Single student parents with an AGI of less than 400% FPL; • Married student parents with an AGI of less than 350% FPL; • Dependent children of single parents with an AGI of less than 325% FPL; and • All other students with an AGI of less than 275% FPL. <p>As in current law, a student’s scheduled award will be prorated if they are enrolled on a less-than-full-time basis. Similarly, students eligible for a guaranteed maximum or minimum grant based on their AGI will have their award prorated. Unlike current law, however, students will not lose their Pell eligibility if their part-time enrollment results in a prorated award level lower than the minimum grant.</p> <p>Appropriates \$1.17 billion for fiscal year 2023 and each subsequent award year to carry out this section.</p>
<p>Section 704. Conforming Amendments</p>	<p>Makes conforming amendments to reflect the change from Expected Family Contribution (EFC) to SAI each time the term appears throughout the HEA.</p>
<p>Section 705. Repeal of the Subsidized Usage Limit Applies (SULA) Restriction</p>	<p>Repeals the HEA provision that limits a student’s usage of subsidized loans to 150% of program length, no later than July 1, 2023.</p>
<p>Section 706. Forgiveness of HBCU Capital Financing Loans</p>	<p>Requires the secretary of Education to discharge disbursed loans borrowed under the HBCU Capital Financing program, no later than 90 days after the effective date of this Act.</p>

Student Loans

Earlier this month, Education Secretary Betsy DeVos announced the extension of the federal student loan administrative forbearance period, the suspension of collections activity, and the pause in interest accrual through Jan. 31, 2021. A proposal to further extend the moratorium was removed from the legislation.

However, the bill does include a tax provision (Subtitle B, Sec. 120) that would extend the allowance for employers to provide a student loan repayment benefit to employees on a tax-free basis through 2025. An employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income.

Fiscal Year 2021 Appropriations

Title III - Department of Education – The bill provides a total of \$73.5 billion in discretionary appropriations for ED, an increase of \$785 million above last year's enacted level. This title includes:

- **Career, Technical, and Adult Education** – The bill provides \$2 billion for career, technical, and adult education programs, an increase of \$70 million above the 2020 enacted level. Within this amount, the bill provides:
 - \$1.3 billion for Career and Technical Education State Grants.
 - \$675 million for Adult Education State Grants.
- **Student Financial Assistance** – The bill provides \$24.5 billion for federal student aid programs. Within this amount, the bill provides:
 - \$6,495 for the maximum Pell Grant, an increase of \$150 above the 2020 enacted level. \$880 million for the Federal Supplemental Educational Opportunity Grant program.
 - \$1.2 billion for Federal Work Study.
- **Higher Education** – The bill provides \$2.5 billion for higher education programs, an increase of \$66 million above the 2020 enacted level. Within this amount, the bill provides \$789 million to assist primarily MSIs in the Aid for Institutional Development account, including:
 - \$338 million for HBCUs.
 - \$149 million for Hispanic serving institutions.
 - \$38 million for tribally controlled colleges and universities.
- The bill also provides the following for additional higher education programs:
 - \$1.1 billion for federal TRIO programs.
 - \$368 million for GEAR UP.
 - \$52 million for Teacher Quality Partnerships.
 - \$55 million for the Child Care Access Means Parents in School.
 - \$7 million for the continued support of the Centers of Excellence for Veteran Student Success Program.
 - \$7 million for the Open Textbooks Pilot.
 - \$10 million for the Rural Postsecondary and Economic Development Grant Program.
 - \$2 million for the Center of Educational Excellence.
 - \$5 million for Basic Needs Grants.
 - \$1 million for Transitioning Gang-Involved Youth to Higher Education.
 - \$7 million for Modeling and Simulation Programs.
 - \$2 million for the National Center for Information and Technical Support for Postsecondary Students with Disabilities.
- Lastly, the bill provides \$131 million for the Office for Civil Rights, an increase of \$1 million above the 2020 enacted level.

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