



Item: BF: A-1

Tuesday, April 21, 2020

SUBJECT: DELEGATION OF AUTHORITY TO AMEND THE UNIVERSITY'S 2019-20 OPERATING BUDGET TO RECEIVE AND EXPEND FLORIDA ATLANTIC UNIVERSITY'S PORTION OF THE FUNDS PROVIDED BY THE CARES ACT

PROPOSED BOARD ACTION

Approval to Authorize the President (i) to amend the University's 2019-20 Operating Budget to receive and expend Florida Atlantic University's portion of the education stabilization funds established in the federal Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and (ii) to develop a methodology for determining the use and allocation of these funds in accordance with federal requirements.

BACKGROUND INFORMATION

On March 27, 2020 President Trump signed the CARES Act into law. The legislation provides approximately \$2.2 trillion dollars in relief to several sectors of the economy, including creating a \$30.75 billion education stabilization fund that designates roughly \$14 billion in emergency funding from the U.S. Department of Education (DOE) to colleges and universities. The majority of the higher education funding will flow to institutions through the Title IV disbursement system based on a formula that considers the number of full time equivalent Pell Grant recipients and non-Pell students not exclusively enrolled in distance education prior to the coronavirus emergency.

Institutions are required to provide half of their allocated funding to students in the form of emergency financial grants. The criteria for using the funds is as follows:

- 50 percent of an institution's funding must be provided to students for emergency financial assistance to offset expenses related to the disruption of campus operations due to the coronavirus (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, healthcare, and child care).
- Institutions may use the funds received to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.

An additional \$2.95 billion will be dispersed to governors for their use to support higher education and K-12 at their discretion. There is also special funding of \$992 million that Historically Black Colleges and Universities and Minority Serving Institutions can receive in addition to the other funding in the bill. The DOE will handle the distribution of these funds.

The CARES Act and the DOE provide institutions with significant discretion on how to award the portion of this emergency assistance that must go directly to students. Each institution may develop its own system and process for allocating the funds. The only statutory requirement is that the funds be used to cover expenses related to the disruption of campus operations due to coronavirus. The DOE has encouraged each institution to prioritize students with the greatest need and to consider establishing a maximum funding threshold for each student to ensure that the funds are distributed as widely as possible.

Florida Atlantic University's total education stabilization fund allocation is \$22,429,874, and its minimum amount that must be disbursed as grants to students is \$11,214,937. The portion designated for emergency grants to students will be available to institutions as early as April 16. DOE will release details on its disbursement of the remaining funding reserved for institutional use in the coming days.

In order to access the funds, an institution must certify acknowledgement of the terms and conditions of the funding and affirm that the institution will distribute the funds in accordance with applicable law. Recipient institutions must report to the DOE within thirty days of the date of their Certification, and every forty-five days thereafter, (i) details of how grants were distributed to students, and (ii) document that the institution has continued to pay all of its employees and contractors during the period of any disruptions or closures to the greatest extent practicable, explaining in detail all specific actions and decisions related thereto. University administration is developing FAU's distribution and compliance plan and will complete it prior to disbursing any funds.

IMPLEMENTATION PLAN/DATE

Immediately upon Board approval.

FISCAL IMPLICATIONS

Florida Atlantic University's total education stabilization fund allocation is \$22,429,874 and its minimum allocation to be awarded for emergency financial aid grants to students is \$11,214,937. The University's 2019-20 Operating Budget will be amended to include both of these amounts.

Supporting Documentation: N/A

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