CALIFORNIA
STUDENT AID
COMMISSION

FEDERAL UPDATE
Consolidated Appropriations Act of 2021 (H.R. 133)
Summary of the Higher Education Provisions
January 2021

The [Consolidated Appropriations Act of 2021 (H.R. 133)]() – a legislative package containing a package of federal funding bills for FY 2021, an emergency spending bill to address the impact of COVID-19, and several other provisions including FAFSA simplification legislation – was approved by Congress on December 21, 2020 and signed into law on December 27.

Federal Relief for Students and Institutions

Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act provides **$22.7 billion in emergency assistance for higher education institutions** and students, including $20.002 billion (89%) allocated to the Higher Education Emergency Relief Fund (HEERF). The bill also provides just over $4 billion divided among governors of each state to use for education at all levels.

Key provisions for the HEERF:

- The formula for allocating funds to institutions relies on several measures of enrollment, including number of Pell and non-Pell students, full-time enrollment (FTE), and headcount.
    - The American Council on Education simulated distribution of the $20.2 billion provided by the HEERF to estimate how much funding each institution would receive.
- Institutions must use the same amount of funding for student emergency aid that they used under the CARES Act formula.
    - Student emergency funding can be used for a broad range of purposes, including anything that is covered under cost of attendance.
- Institutional funds can be used for a broad range of purposes, including replacing lost revenue or paying for new expenses.
- Institutions that paid the endowment tax in 2019 will only receive 50% of their allocation and that funding can only be used for student emergency aid and specific expenses related to addressing COVID-19 on campuses. Institutions can appeal with the Secretary of Education if they can demonstrate need for the full allocation.

This relief measure does not define which students are eligible to receive emergency aid. However, current guidance from the Department of Education restricts eligibility to only students that are currently eligible to receive Title IV aid, which prevents undocumented students and other subgroups from accessing emergency aid. It is expected that the Biden administration will expand eligibility when he takes office. The bill also provides an extension until December 31, 2021 for states to spend funds provided through the CARES Act.

Changes to the Supplemental Nutrition Assistance Program (SNAP) Access in Response to COVID-19

The Supplemental Nutrition Assistance Program (SNAP), also known as CalFresh in California, provides nutrition benefits to supplement the food budget of families with need. Unfortunately, the Student Eligibility Rule, along with barriers related to the application and interview process, prevent many students from accessing these needed benefits. The CalFresh Student Data Report estimates that anywhere from 400,000 to 700,000 college students are potentially eligible for federal CalFresh benefits, but only about 127,000 students receive these resources each year.

Section 702 of the Nutrition and Agriculture Relief portion of H.R. 133 includes temporary relief for college students applying to access SNAP benefits. These provisions allow more students to qualify for SNAP benefits, despite the Student Eligibility Rule which often restricts access, including:

- Students that are eligible to participate in Federal Work Study (FWS) during the regular school year; and
- Students with an expected family contribution (EFC) of $0 in the current academic year.

These provisions take effect on January 16, 2021. The Commission is currently working with the California Department of Social Services (CDSS) to identify strategies in data-sharing and student outreach that can assist in maximizing enrollment in CalFresh under these emergency provisions. These provisions will be in effect until 30 days after the COVID-19 public health emergency is lifted.

Changes to the Chafee Educational and Training Vouchers (ETV) Program in Response to COVID-19

The Chafee ETV program provides resources specifically to meet the educational and training needs of eligible current or former foster youth. The Chafee ETV program offers up to $5,000 per year for post-secondary education and training to assist youth with skill development needed to lead independent and productive lives.

Section 3 of the "Supporting Foster Youth and Families through the Pandemic Act" allows States to request a waiver to suspend the requirement that "a youth must be enrolled in a postsecondary education or training program or making satisfactory progress toward completion of that program if a youth is unable to do so due to the COVID-19 public health emergency."

Should California choose to pursue this waiver, there would be a direct impact on the Commission's administration of the Chafee Grant Program. Commission staff will continue to monitor any action on this provision and coordinate with the Department of Finance and CDSS as needed.

FAFSA Simplification & Expansion of Federal Student Aid

Attached to the appropriations package was a measure (Section 701 of the FAFSA Simplification Act) championed by former Senators Lamar Alexander (R-Tennessee) and Doug Jones (D-Alabama) to significantly rework the processes for determining federal financial aid eligibility and simplify the Free Application for Federal Student Aid (FAFSA) form.

Key provisions of this measure:

- Reduces the FAFSA from 108 questions to an average of 36 questions.
    - Enhanced data sharing between the Department of Education (ED) and Internal Revenue Service (IRS) was authorized by the FUTURE Act in 2019.

  - Applicants are permitted to authorize the ED to share their FAFSA information with agencies that administer public benefits.

- Makes numerous changes to the needs analysis for Pell Grant eligibility, such as replacing Expected Family Contribution (EFC) calculation with a "Student Aid Index (SAI)."
  - Allow for negative SAIs, allowing states to better target need-based aid. This also establishes a framework to allow for the neediest students to receive aid in excess of the Cost of Attendance (COA).
  - Students eligible for the maximum Pell Grant would have an automatic SAI of $0; tax non-filers would have an SAI of -$1,500.

- Expands eligibility for Pell Grants and provides for easier prediction of eligibility for the Pell Grant and the maximum award.
  - Minimum and maximum cutoffs for Pell Grant eligibility would be based on: (1) dependency status; (2) the number of parents in the household (if applicable); and (3) household income as a percentage of federal poverty level. For example, students from a family of four with an adjusted gross income of $45,850 (or less) would now qualify for the maximum grant.
  - Pell Grant awards in the middle ranges of eligibility would be determined by subtracting the SAI from the maximum Pell Grant amount.
  - The CSAC research team estimates that California would see a 12 percent increase in Pell Grant recipients.
  - Means-tested benefits recipients and students whose incomes (or household incomes) are below $60,000 and who file simple tax returns would qualify for a simplified needs test and would not be required to provide asset information on the FAFSA.

- Increases the maximum Pell Grant amount to $6,495 ($150 inflationary increase).

- Restores Pell Grant eligibility for incarcerated students, as long as they are enrolled in an eligible prison education program.

- Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions (removes question on FAFSA).

- Removes the requirement that male students must register with the Selective Service to be eligible for federal aid (removes question on FAFSA).

- Adds a question to the FAFA about the race/ethnicity of the applicant

- Restores semesters of Pell eligibility to students who have successfully asserted a borrower defense to repayment.

- Establishes a process whereby dependent students can complete the FAFSA as a 'provisional" independent student if they qualify for independent student status due to unusual situations (parental abandonment, abuse, neglect, legally granted asylum, or student/parental incarceration).

- Makes several modifications to Cost of Attendance (COA), most notably that the Secretary of Education would now have the authority to regulate all COA components except tuition and fees.
    - Food allowance for on-campus plans or off-campus meals must provide the equivalent of at least three meals per day.
    - Institutions will be required to make publicly available a list of all the element of the COA and disclose those figures on any part of the website describing tuition and fees.

These provisions will take effect on July 1, 2023 for the 2023-24 academic year, with the newly streamlined FAFSA being provided to students in the application cycle starting on October 1, 2023. These federal changes will have significant impact on Commission operations given that the Commission processes millions of FAFSA applications each year. Changes to the FAFSA also have implications for the California Dream Act Application as it is currently required under statute to reflect the FAFSA. Commission staff are in the early stages of analyzing these federal changes in anticipation of developing an implementation plan for 2023. For more detail on these changes, view the In-Depth Analysis of FAFSA Simplification Provisions provided by the National Association of Student Financial Aid Administrators (NASFAA).