

American Rescue Plan (ARP) Act

Emergency Cash Grants for College Students

Impacted by the Coronavirus Outbreak

November, 2021

Background and Requirements

Lincoln College was allocated \$4,253,930 via the Department of Education as part of the roughly \$40 billion higher education stabilization fund included in the APR.

50% of the funding, or \$2,126,965, is reserved to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus.

Institutions have significant discretion regarding how to award this emergency assistance to students but must remain consistent and compliant with all applicable laws including non-discrimination laws. Institutions may develop their own systems and process for determining how to allocate these funds. The only statutory requirement is the funds must 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.

Institutions are encouraged to prioritize students with exceptional financial need, such as students who receive Pell Grants, but, at the same time, consider establishing a funding formula that ensures the funds are distributed as widely as possible. Institutions must be mindful of each student's particular socioeconomic circumstances in the staging and administration of these grants. Students do not need to be Pell Grant recipients or students who are eligible for Pell Grants in order to receive an emergency cash grant. The Secretary of Education does not consider these individual emergency financial aid grants to constitute Federal financial aid under Title IV of the HEA.

Institutions are permitted to obtain a student's written (or electronic), affirmative consent to apply these grants to the student's institutional account provided, however, the student must be informed that they retain the option to receive a direct disbursement of the grant and that an institution may not require the grant be applied to the student's account.

In addition to numerous statutory and special compliance requirements, each institution is also subject to specific grant reporting requirements.

Basis for Distribution

Since a significant majority of the national funding model is based on each respective higher education institution's number of Pell Grant recipients, Lincoln College has established a weighted Pell Grant recipient-based distribution formula that also extends to students with lower EFCs. A weighted Pell Grant recipient-based formula was selected because Pell Grant recipients are, as determined by the Department of Education, deemed those with the greatest financial need. The College will distribute the emergency cash grants to all Pell Grant recipients plus students with EFCs of 15,000 or less that were actually enrolled both during the current semester and as of the determined cutoff date for the respective semester.

Since spring semester enrollments historically average about 80% of fall semester enrollments, approximately 55% of the ARP emergency cash grant funding, or about \$1,169,130, will be awarded for the fall 2021 semester and 45% of the ARP emergency cash grant funding, or about \$957,835, will be awarded for the spring 2022 semester. The amount of the emergency cash grant award for each qualifying student is primarily based on each qualifying student's EFC as follows:

- Students with an EFC of more than 15,000 receive no emergency cash grant award
- Students with an EFC of between 9,000 and 15,000 receive a base grant of \$500
- Students with an EFC of between zero and 9,000 receive a base grant of \$1,000
- Students with an EFC of 6,000 and lower will receive an additional grant award based on a student's individual Pell Grant award as a percentage of total qualifying semester Pell Grant awards made to all qualifying Pell Grant recipients times the semester's remaining designated ARP funding amount after subtracting the sum of all \$500 and \$1,000 base grants
- No individual student's total emergency cash grant award for a semester may exceed the maximum Pell Grant award for each semester

Specific Distribution Process Details and Considerations

1. Import all student account activity (all charges, aid, and the respective various adjustments) posted from the start of the semester and through a certain cutoff date and tie data totals to the appropriate general ledger accounts.
2. Document and segregate all prior semesters' general ledger activity within the report. These items will be excluded from grant award calculations.
3. Document and segregate all general ledger activity within the report of all students who totally withdrew their enrollment from the College prior to the semester's selected cutoff date. These items will be excluded from grant award calculations.
4. Students will be awarded the emergency cash grants using the FAO's PowerFails system with the emergency cash grant awards not coded as 1098-T eligible. Using this system is seen as an advantage as it easily documents the grant award amounts by recipient for reporting and audit purposes and in the possible eventual need for historic retrieval.
5. The grant awards will be used to reduce a student's account balance only if the student authorizes that action in writing (or electronically).
6. Lisa will issue checks in either the exact same amount of the emergency cash grant awards or the remaining account credit balance in those instances where a student authorized the grant award be applied toward his/her account. These refund checks will also be posted to student accounts.
7. All checks must be accompanied by the explanatory letter from President Gerlach on College letterhead and mailed to the home address on file.