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Subject: UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19)

The Department appreciates that postsecondary institutions and their students face continued challenges resulting from the novel coronavirus disease (COVID-19) pandemic. This guidance provides updated information that expands upon the Department's March 5, 2020 and April 3, 2020 guidance. Here, we provide additional regulatory flexibilities due to the President's declaration of a national emergency due to COVID-19 and provide information about the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub. L. No. 116-136, signed by President Trump on March 27, 2020. We will provide additional guidance on our COVID-19 webpage as needed.

## Department Guidance

### Accrediting agency virtual evaluation visits

We are extending through December 31, 2020, the flexibilities provided in the March 17, 2020, guidance permitting accrediting agencies to conduct virtual site visits. We remind accrediting agencies that an on-site visit must follow a virtual site visit, in a timeframe that is reasonably practicable, and may be performed by staff or a trained site visitor and need not repeat the full review. A focused site-visit to confirm the presence of facilities viewed during the virtual site visit and, if required by the accrediting agency, the opportunity to randomly select students to interview as part of the normal site visit process, is sufficient to meet the Department's requirements for an on-site visit following a full virtual site visit.

### Distance Education

We are aware of the need for institutions to plan how they will offer instruction for upcoming periods of enrollment. Many institutions have informed us of their intent to offer both the summer and fall terms using distance education. To provide the

necessary flexibility for institutions to make timely decisions, we are expanding the broad approval for the use of distance education as provided in the April 3, 2020, EA to include payment periods that overlap March 5, 2020, or that begin on or between March 5, 2020, and December 31, 2020.

### *Accreditation requirements*

Normally, an institution offering a program via distance education must be accredited for distance education by an agency that has distance education in the scope of its recognition by the Secretary. The Department has interpreted this requirement to apply when an institution offers a program where at least 50% of the program is offered through distance education. The Department is waiving this requirement under the Higher Education Relief Opportunities for Students (HEROES) Act for payment periods that begin on or before December 31, 2020 as outlined above.

### **Financial Statement and Compliance Audit Requirements**

The Secretary is exercising her authority under Section 2 of the HEROES Act to extend the financial statement and compliance audit deadlines by six months.

### **Institutional Eligibility – Change of Ownership**

Typically, the Department issues a temporary Program Participation Agreement (PPA) to extend the participation of an institution while its change of ownership application is pending, and the institution must submit additional information to the Department. This information includes approvals from the institution's accrediting agency and State, as well as a same day balance sheet prepared under required financial standards, and is typically due by the end of the month following the change of ownership. However, as a result of the COVID-19 national emergency, the Department recognizes that States accrediting agencies, and auditors may need additional time to review and prepare this information due to the COVID-19 pandemic. Therefore, the Secretary is exercising her authority under Section 2 of the HEROES Act to provide an additional six months for the institution to provide the required information.

### **Medical College Admissions Test (MCAT)**

The Department is aware that the American Association of Medical Colleges has temporarily ceased offering the MCAT exam, which means that some medical schools may be required to accept applicants without the benefit of including an MCAT score in the admissions process. The Secretary is exercising her authority under Section 2 of the HEROES Act to waive the MCAT requirement for foreign graduate medical school

admissions for students admitted to medical school during an admissions year in which the MCAT was unavailable to students for some period of time during that year due to COVID-19 related interruptions.

### **Verification of High School (or Equivalent) Completion Status**

Official documentation of high school completion or documentation of the equivalent (or high school completion may be difficult for FAFSA applicants to obtain during this national emergency. For applicants in verification groups V4 or V5, institutions should use documentation of an applicant's high school completion status that it may already have obtained for other purposes (e.g., documentation maintained in its admissions office). Where an applicant is unable to obtain such documentation and an institution does not already have such documentation, it may accept a signed and dated statement from the applicant in which he or she truthfully attests to his or her secondary school completion or the equivalent. The statement must indicate whether a high school diploma or the equivalent was obtained and date of completion (or approximate date). This guidance applies until December 31, 2020, for both the 2019-2020 and 2020-2021 award years.

In addition, institutions that require (as a result of their own policies) an official transcript to verify a student's eligibility for Title IV participation that are unable to obtain a transcript after making a reasonable effort to do so institutions may accept a signed and dated statement from the applicant in which he or she truthfully attests to his or her secondary school completion. While this attestation does not obviate institutional requirements to meet applicable state authorizing agency or accrediting agency requirements regarding proof of high school or equivalent completion status, the Department is granting authority to accrediting agencies to implement temporary changes to its policies regarding verification of high school completion for the time period covered by this guidance, and any extensions to the time frame granted by the Department in the future.

### **CARES Act Information**

#### **Paycheck Protection Program (PPP)**

The Department is aware that institutions receiving loans from the Small Business Administration through the PPP under §1102 of the CARES Act have an opportunity to have up to the full amount of the loan principal forgiven by meeting certain employment requirements. Therefore, as long as an estimate of the amount of

forgiveness of PPP loan funds the institution expects to earn, or the actual amount of loan forgiveness provided is identified on an institution's audited financial statements for the year in which the loan was received, and attested to by the institution's auditor the Department will exclude that portion of the PPP loan from total liabilities and increase the institution's equity or net assets by that amount in calculating the institution's composite score.

### **Student Workers and PPP Loan Eligibility**

As directed in Interim Final Regulations located at <https://home.treasury.gov/system/files/136/IFR-Nondiscrimination-and-Additional-Eligibility-Criteria.pdf> (<https://home.treasury.gov/system/files/136/IFR-Nondiscrimination-and-Additional-Eligibility-Criteria.pdf>), student workers generally count as employees when determining the number of employees for PPP loan eligibility, unless (a) the applicant is an institution of higher education, as defined in regulation at 34 C.F.R. § 675.2, and (b) the student worker's services are performed as part of a Federal Work-Study Program or a substantially similar program of a State or political subdivision thereof. Institution of higher education must exclude work study students when determining the number of employees for PPP loan eligibility and must also exclude payroll costs for FWS students from the calculation of payroll costs used to determine their PPP loan amount. For more information on the PPP, please visit [www.sba.gov/paycheckprotection](http://www.sba.gov/paycheckprotection) (<http://www.sba.gov/paycheckprotection>) or [www.treasury.gov/cares](http://www.treasury.gov/cares) (<http://www.treasury.gov/cares>).

### **Higher Education Emergency Relief Fund (HEERF) and Emergency Financial Aid Grants to Students**

The IRS provides additional information on the tax treatment of student funds here. <https://www.irs.gov/newsroom/faqs-higher-education-emergency-relief-fund-and-emergency-financial-aid-grants-under-the-cares-act> (<https://www.irs.gov/newsroom/faqs-higher-education-emergency-relief-fund-and-emergency-financial-aid-grants-under-the-cares-act>).

### **Federal Student Aid Program Information**

#### **Campus-Based Waivers/Reallocation and FSEOG Emergency Aid Grants**

Section 3503 of the CARES Act waives the institutional share (match) requirement associated with the Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grant (FSEOG) programs for the 2019-2020 and 2020-2021

award years. An institution may reimburse itself from the FWS allocation for the nonfederal portion of wages paid to students on or after March 13, 2020. Likewise, an institution may, for all disbursements of FSEOG made on or after March 13, 2020, reimburse itself from the FSEOG allocation for the nonfederal portion of FSEOG awards contributed through a fund-specific match. Additionally, this section permits an institution to transfer up to 100 percent of its unexpended FWS allocation to FSEOG.

The CARES Act (Section 3504) further provides that an institution of higher education may use any amount of its FSEOG allocation (including funds transferred from FWS) to award emergency financial aid grants to assist undergraduate or graduate students for unexpected expenses and unmet financial need as the result of a qualifying emergency. Eligibility for grants is determined by each institution within the parameters established in the CARES Act (grants to be made for unexpected expenses and unmet financial need).

Institutions may contract with scholarship-granting organizations for the purpose of accepting applications from or disbursing FSEOG Emergency Aid Grants to students provided students receive the entire amount of the grant with no FSEOG funds used to pay for such contracts.

FSEOG awarding rules, i.e., exceptional need, with grants made first to Pell eligible students having the lowest Expected Family Contributions, are waived for the purpose of making FSEOG Emergency Aid Grants. FSEOG Emergency Aid Grants are not considered Estimated Financial Assistance.

## ***General Provisions***

### ***Leaves of Absence (LOA)***

Section 3508 of the CARES Act waives the requirement for term-based programs that a student returning from an approved leave of absence (LOA) must resume training at the same point in the academic program that he or she began the LOA. This flexibility makes it practical to use LOAs for term-based institutions for students who are unable to continue attending due to a COVID-19 related circumstance. The tuition and fees component of the cost of attendance (COA) for any subsequent term or award year in which a student returns from the approved LOA may not include the tuition costs for coursework he or she was taking when the LOA began. However, the COA for a subsequent term or academic year may include living expenses even if the student is enrolled in no additional credits. Additionally, credits associated with the coursework :

student is completing upon return from an approved LOA may count toward that student's enrollment status.

Institutions that have not previously had a formal written policy regarding approved LOAs may adopt one, even on a temporary basis. The policy must require all request for leaves of absence to be submitted in writing and include the reason for the student's request. Normally, such requests are expected to be received and approved prior to the student beginning any LOA.

However, for all leaves of absence granted as the result of COVID-19 related circumstances, an institution may approve, and students may begin, a leave of absence prior to submitting a written request for an LOA (LOA requests must be obtained subsequently). For example, an institution offering a program for which distance education is not a viable option may decide to suspend the program on a temporary basis placing all students on approved LOAs. The institution would then solicit LOA requests from those students.

## **Return of Title IV Funds (R2T4)**

### *In General*

Section 3508 of the CARES Act directs the Secretary to waive the statutory requirement for institutions to return Title IV funds as the result of student withdrawals related to a qualifying emergency. For any student who begins attendance in a payment period or period of enrollment that begins on or includes March 13, 2020, or subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.

This includes students who withdrew during the applicable period for whom the institution has already performed an R2T4 calculation and returned funds. Where returns have already been made, the institution should re-disburse Title IV funds to those students, making required adjustments in COD, crediting students' ledger accounts, and requesting any necessary funds from G5. In the case of withdrawn students for whom no returns have been made, the institution should:

1. Perform an R2T4 calculation in order to determine the amount of Title IV funds that would otherwise have to be returned;
2. Make no adjustments to COD as a result of the withdrawal;
3. Make no adjustments (as the result of the withdrawal) to the amount of Title IV a credited to the student's ledger account.

If an affected student withdraws prior to some or all her Title IV aid having been disbursed (a situation that would normally result in a post-withdrawal disbursement), the institution should proceed with making any remaining disbursements for the payment period, and then follow steps one through three above. To determine whether a student has withdrawn from a payment period or period of enrollment, please refer to 34 CFR 668.22.

The CARES Act also directs the Secretary to waive student grant overpayments that result from the R2T4 process for students who withdraw as a result of COVID-19-related circumstances. If a student's grant overpayment has been waived in accordance with this provision, an institution is not required to notify the student or the National Student Loan Data System (NSLDS) of the overpayment or refer any portion of the overpayment to the Department. In addition, an institution must not apply any Title IV credit balance to pay down the grant overpayment. An institution must document in the student's file when it applies this waiver as a result of the CARES Act. If an institution has already returned the amount of a student overpayment on behalf of a student, it should re-request those funds in the same manner as described above for Title IV funds that the institution was otherwise required to return under normal R2T4 requirements.

### *Interaction with Tuition Refund Requirements*

The Department's R2T4 provisions do not affect institutional refund policies. However, some institutions or states may have policies requiring the refund of some or all of a student's tuition charges if the student withdraws during a certain period of time. If a student who qualifies for CARES Act R2T4 relief withdraws and is granted a tuition refund, the refund may create a Title IV credit balance that must be provided to the student within 14 days.

For example, consider a student who withdraws during the first week of a semester as a result of COVID-19 disruptions. The student was originally charged \$10,000 in tuition and received \$5,000 in Pell Grant funds and \$3,500 in a Subsidized Direct Loan. When the student withdraws, the tuition refund policy will result in a refund of \$9,000 tuition, leaving only \$1,000 in charges on the student's account. Furthermore, because R2T4 requirements will be waived, the student will still have a total of \$8,500 in Title IV funds on his or her account, resulting in a Title IV credit balance of \$7,500 that must be paid to the student within 14 days of the refund.

Institutions may choose to amend tuition refund policies to all students in a given program if such changes are documented and disclosed to students, although students may have rights under state law to enforce an institution's refund policy for a payment period that was started under an existing refund policy. An institution may not amend its tuition policy on a student-by-student basis based on the amount of Title IV aid that the student receives as a credit balance as a result of the CARES Act R2T4 waiver.

### *Reporting Requirements*

The CARES Act requires an institution to report to the Department information specific to each student for whom it was not required to return Title IV funds under the waiver exception (and for each student for which Title IV funds were previously returned and are now being redrawn). The Department has determined that reporting requirements under the CARES Act include:

- Identifying information for each student for whom R2T4 was waived under the CARES Act;
- The payment period "begin" and "end" dates for the period that the student did not complete as a result of the COVID-19 emergency;
- The amount of Title IV grant or loan assistance (other than Federal Work Study funds) that each such student received for the payment period in which he or she withdrew; and
- The total amount of Title IV grant or loan assistance that each institution has not returned to the Secretary as a result of the CARES Act provisions.

Institutions should retain this information for each student who withdraws and qualifies for an R2T4 waiver under the CARES Act, and should plan to provide, for each student, identifying information, payment period begin and end dates, and information regarding the Title IV grant and loan disbursements (except for Federal Work Study) that the student received for the payment period.

In order to fulfill the third reporting requirement, an institution must determine the total amount of grant and loan assistance that otherwise would have been returned, identified in Step 5 of the R2T4 calculation, had the calculation been performed. Therefore, it will continue to be necessary for institutions to perform an R2T4 calculation for each student covered by the CARES Act R2T4 waiver.



Upon receipt of information from an institution indicating that a covered student has withdrawn, the Department will cancel the entire amount of any disbursement of a Direct Loan borrowed by the student or his or her parent for the payment period or period of enrollment. Additionally, under Sections 3506 and 3507 of the CARES Act, the Department will exclude from a student's Subsidized Loan usage and Pell Grant lifetime eligibility used (LEU) any payment period that the student does not complete due to a qualifying emergency. Additionally, the Department will cancel disbursement of TEACH Grants received by a covered student for the payment period or period of enrollment from which the student withdrew and restore grant eligibility for that amount.

The Department is developing the process by which institutions will fulfill the reporting requirements described above and will provide additional guidance about these requirements in the future. Note that because it will take time to develop a reporting process and provide relief from Pell lifetime eligibility requirements, subsidized usage requirements, and loan obligations in these circumstances, we ask institutions and students to be patient while we develop a process to provide this relief.

#### *Qualification for R2T4 Relief*

Any institution that moved students from ground-based instruction to distance learning closed campus housing or other campus facilities, or experienced other interruptions in instruction may consider all withdrawals from students enrolled in ground-based instruction during the covered period to have been the result of circumstances related to the COVID-19 national emergency. For institutions that did not undergo changes in educational delivery or campus operations as a result of the COVID-19 emergency, the institution will be required to obtain a written attestation (including by email or text messages) from the student explaining why the withdrawal was the result of the COVID-19 emergency. Institutions must also obtain written attestations from students who withdrew from distance education programs explaining why the withdrawal was the result of the COVID-19 emergency.

Allowable circumstances include, but are not limited to, illness of the student or family member, need to become a caregiver or first responder, loss of childcare, economic hardship, inability to access wi-fi due to closed facilities, or an increase in work hours as a result of the COVID-19 emergency. Information (which in the judgment of the institution is reliable) provided by the family member of a withdrawn student whom the institution is unable to contact is acceptable for documentation purposes.

## **Satisfactory Academic Progress (SAP)**

Section 3509 of the CARES Act allows institutions to exclude from the quantitative component (pace measurement) of satisfactory academic progress (SAP) attempted credits a student was unable to complete as a result of the COVID-19 national emergency. It is not necessary for a student to have filed a SAP appeal for an institution to exercise this flexibility. However, to exclude attempted credits from SAP, an institution must have reasonably determined that the student's failure to complete those credits was the result of a COVID-19 related circumstance. Allowable circumstances include, but are not limited to, illness of the student or family member, need to become a caregiver or first responder, economic hardship, added work hours loss of childcare, inability to continue with classes via distance education, inability to access wi-fi due to closed facilities. If an institution temporarily ceases operations during a period of enrollment, attempted credits for all affected students (specific to that enrollment period) may be excluded.

Regarding the effect of excluding attempted credits on maximum timeframe, SAP regulations require that the pace at which students progresses through the program ensures completion of that program within the maximum timeframe. A four-year program consisting of 120 credit hours with a maximum timeframe of 180 credit hours (150 percent of program length) must have a pace of 66.666 percent (rounded to 67 percent), cumulatively measured at each interval, to ensure students complete within maximum timeframe. For example, the pace of a student who has completed 78 of 120 attempted hours is 65 percent ( $78/120$ ), below what is necessary to be making SAP. However, if 12 credits the student attempted but was unable to complete in spring of 2020 are excluded due to a COVID-19 related circumstance, the pace becomes 72 percent ( $79/108$ ) and he or she is making SAP. The 12 credits are effectively excluded from the maximum timeframe as well as the measurement of pace.

## **Title IV, HEA Programs**

### ***Teacher Education Assistance for College and Higher Education (TEACH) Grant Program***

The CARES Act provides that, if previously qualifying teaching service becomes part-time or is temporarily interrupted as a result of a qualifying emergency, that teaching service is considered full-time and fulfills the service obligation requirement under section 420N of the Higher Education Act of 1965, as amended.

Currently, under 34 CFR 686.40, for purposes of completing and documenting the teaching service obligation, an elementary or secondary academic year may be counted as one of the TEACH grant recipient's four complete elementary or secondary academic years if the grant recipient's employer considers that he or she has fulfilled the contract requirements for the academic year for the purposes of salary increases, tenure, and retirement in circumstances where the grant recipient is unable to complete an elementary or secondary academic year due to:

- A condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2612(a)(1) and (3)).
- A call or order to Federal or State active duty, or Active Service as a member of a Reserve Component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5).

The CARES Act provides that, during a qualifying emergency, the Department may modify the categories of extenuating circumstances under which a recipient of a TEACH Grant who is unable to fulfill all or part of the recipient's teaching service obligation may be excused from fulfilling that portion of the service obligation. A TEACH Grant recipient who was performing qualifying service that was interrupted due to the COVID-19 national emergency will receive credit for a full year of his or her service obligation.

## Attachments

[Title IV, HEA Q and A in Microsoft Word Format, 1 Page, 22 KB \(http://ifap.ed.gov/sites/default/files/attachments/2020-05/COVID19TitleIVHEAQandA.docx\)](http://ifap.ed.gov/sites/default/files/attachments/2020-05/COVID19TitleIVHEAQandA.docx)

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