



Higher Education Emergency Grants

Frequently Asked Questions

Sections 3504, 18004, and 18008 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, allow higher education institutions to use certain funds allocated by the Department of Education to support students and higher education institutions with expenses and financial needs related to the coronavirus (COVID-19) pandemic.

Section 3504 of the CARES Act allows higher education institutions to use additional supplemental educational opportunity grant funds they receive through subpart 3 of Part A of the Higher Education Act of 1965 (HEA) to award emergency financial aid grants to support undergraduate and graduate students experiencing "unexpected expenses and unmet financial need" as the result of the COVID-19 pandemic.

Section 18004 of the CARES Act directs the Secretary of Education to allocate funds out of the Higher Education Relief Fund to higher education institutions to directly support students facing urgent needs related to the COVID-19 pandemic, and to support institutions as they cope with the immediate effects of the COVID-19 pandemic, including school closures. These funds may be used:

1. to defray the institutions' expenses, including lost revenues and payroll for employees and
2. for "emergency financial aid grants to students for expenses related to the disruption of campus operations due to the COVID-19 pandemic (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, health care, and child care)."

Recipient higher education institutions must pay no less than 50 percent of these funds to students as emergency financial aid grants.

Section 18008 of the CARES Act directs the Secretary of Education to allocate additional funds to Howard University and Gallaudet University to directly support students facing urgent needs related to the COVID-19 pandemic, and to support these institutions as they cope with the immediate effects of the COVID-19 pandemic, including school closures. These funds may be used:

1. by the institutions to help defray their expenses and
2. for "grants to students for expenses directly related to" the COVID-19 pandemic and for expenses "caused by the disruption of university operations" resulting from the COVID-19 pandemic.

Section 314 of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), enacted as Division M of the Consolidated Appropriations Act, 2021, (December 27, 2020), allocates additional funds to higher education institutions in order to prevent, prepare for, and respond to the COVID-19 pandemic. Under section 314(c)(3) of the CRRSAA, these additional funds can be used to provide financial aid grants to students

which may be used for any component of their costs of attendance or for emergency costs that arise due to the COVID-19 pandemic, such as food, housing, health care (including mental health care), or child care. Recipient higher education institutions must pay no less than 50 percent of these funds to students as emergency financial aid grants.

Section 277 of the COVID-related Tax Relief Act (COVID Relief Act), enacted as Subtitle B of Title II of Division N of the Consolidated Appropriations Act, 2021, provides that a student does not include in gross income the emergency financial aid grants awarded to him or her under section 3504 or 18004 of the CARES Act, or any other financial aid grant from a Federal agency, State, Indian tribe, institution of higher education, or scholarship-granting organization (including a tribal organization) for the purpose of providing financial relief to students enrolled at institutions of higher education in response to a qualifying emergency, as defined in section 3502(a)(4) of the CARES Act. Section 3502(a)(4) of the CARES Act defines a qualifying emergency as an event related to the COVID-19 pandemic. In addition, section 277 of the COVID Relief Act provides that for purposes of the Lifetime Learning Credit, American Opportunity Tax Credit, or the amount of a tuition and fees deduction, a student does not reduce an amount of qualified tuition and related expenses by the amount of an emergency financial aid grant.

Section 2003 of the American Rescue Plan Act of 2021 (ARP), enacted on March 11, 2021, allocates additional funds to higher education institutions through the HEA, discussed above. These funds may be used to provide financial aid grants to students for any component of their costs of attendance or for emergency costs that arise due to the COVID-19 pandemic, such as food, housing, health care (including mental health care), or child care. These financial aid grants to students are to be provided in accordance with section 314(c)(3) of the CRRSAA.

⊕ Q1. I am a student who received an emergency financial aid grant under section 3504, 18004, or 18008 of the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic. Is this grant includible in my gross income? (updated May 18, 2021)

⊕ Q2. I am a student who received an emergency financial aid grant under section 314 of the CRRSAA or section 2003 of the ARP for a component of the cost of my attendance or for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic. Is this grant includible in my gross income? (added May 18, 2021)

⊕ Q3. I am a student who received an emergency financial aid grant from a Federal agency, State, Indian tribe, institution of higher education, or scholarship-granting organization (including a tribal organization) because of

an event related to the COVID-19 pandemic. Is this grant includible in my gross income? (added updated May 18, 2021)

⊕ Q4. I received an emergency financial aid grant as described in Q1, Q2 or Q3 above and used some of it to pay for course-related books, supplies, and equipment that are now required for online learning because my college or university campus is closed. The books, supplies, and equipment do not have to be purchased from my college or university. Can I claim a tuition and fees deduction for these expenses, or treat the cost of these items as a qualifying education expense for purposes of claiming the American Opportunity Credit or the Lifetime Learning Credit? (updated May 18, 2021)

⊕ Q5. I received an emergency financial aid grant as described in Q1, Q2 or Q3 above and used some of it to pay for course-related books, supplies, and equipment that are now required for online learning because my college or university campus is closed. The books, supplies, and equipment must be purchased from my college or university. Can I claim a tuition and fees deduction for these expenses, or treat the cost of these items as a qualifying education expense for purposes of claiming the American Opportunity Credit and the Lifetime Learning Credit? (updated May 18, 2021)

⊕ Q6. Do higher education institutions have any requirements under Internal Revenue Code section 6041 to report information on Form 1099-MISC for emergency financial aid grants awarded to students under section 3504, 18004, or 18008 of the CARES Act, or otherwise in response to the COVID-19 pandemic (including under other provisions of the CARES Act, section 314 of the COVID Relief Act, or section 2003 of the ARP)? (updated May 18, 2021)

⊕ Q7. For tax year 2021, do higher education institutions have any requirements under Internal Revenue Code section 6050S to report information on Form 1098-T for emergency financial aid grants awarded to students under section 3504, 18004, or 18008 of the CARES Act, or otherwise in response to the

COVID-19 pandemic (including under other provisions of the CARES Act, section 314 of the COVID Relief Act, or section 2003 of the ARP)? (updated May 18, 2021)

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