



[Home](#) > [Frequently Asked Questions](#) > [CARES Act Funding](#) >

CARES Act Funding

How will students access the money? Will there be an application process?

During the first round of funding, Penn State awarded cash grants of up to \$1,000 based on family income and other information from the FAFSA, and recipients received a message in their Penn State email account notifying them of their award and how to accept it.

Penn State has opened **an application-based second round of funding** for students who were not identified to receive a grant in the initial round, subject to eligibility to receive federal student aid. Penn State has reserved approximately \$2 million for this second round of funding, which is available on a first-come, first-served basis for students who incurred expenses related to the disruption of campus operations due to COVID-19.

Do students have to provide proof that they are suffering financial distress specifically related to the pandemic?

Students receiving aid in the first round of funding were required to certify in LionPATH that the funds will be used to cover eligible expenses they incurred as a result of disruptions to campus operations due to COVID-19. For the second round of funding, submission of an application serves as affirmation that a student has incurred qualifying expenses. As determined by Congress, eligible expenses include



How soon can students expect to see this funding?

Students receiving grants during the first round of funding were notified of their award via their Penn State email account in May and had until June 30, 2020, to accept or decline the aid.

Students with qualifying expenses who were not identified to receive funding during the first round can apply now for a CARES Act emergency grant via a **second round of funding**.

Why is Penn State accepting funding from the federal government?

Penn State, like nearly every other higher education institution across the country, has been allocated emergency funding from the **Higher Education Emergency Relief Fund**, which is part of the CARES Act signed into law by President Donald J. Trump on March 27.

Penn State has been allocated about \$55 million from the Higher Education Emergency Relief Fund, half of which – or approximately \$27.5 million – is directed by law to be distributed as emergency cash grants directly to students in need, which Penn State has begun awarding to certain students to pay for expenses incurred related to COVID-19 disruptions, including course materials and technology, food, housing, health care and child care. The other half, approximately \$27.5 million, will be used to help pay employees with a connection to the educational mission of the University, per the guidance that funds should be used to address costs related to the “significant changes to the delivery of instruction due to the coronavirus.”

It’s important to note that this funding, which comes from the **Higher Education Emergency Relief Fund**, is completely separate from the small business **Paycheck Protection Plan**, though both were established by the CARES Act. None of the funding allocated to colleges and universities was intended by Congress or the president to go to small businesses.

The Higher Education Emergency Relief Fund allocations are based on the number of Pell Grant recipients and full-time-equivalent (FTE) enrollment at each educational institution. Penn State has more than 19,000 Pell students and an FTE on-campus enrollment of more than 76,000 across our 24 campuses. Both of those numbers are among the highest in the country.

Penn State leadership appointed a task group that included Student Affairs, the Office of Student Aid, the Bursar, the Graduate School, our Commonwealth Campuses, general counsel, and additional broad representation to **develop a plan for the distribution of these federal funds**.



that one-third of them are first-generation college students. Since the pandemic began, Penn State has received hundreds of applications from students for grants from our existing institutional emergency financial relief fund, and these additional funds have greatly expanded our efforts.

What is the other half of Penn State’s \$55 million federal relief money being used for?

The institutional portion of Penn State’s allocation under the Higher Education Emergency Relief Fund, approximately \$27.5 million, will be used to reimburse Housing and Food Services (HFS) for **room and board refunds paid to students in April 2020** and to help pay employees with a connection to the educational mission of the University, per the guidance that funds should be used to address costs related to the “significant changes to the delivery of instruction due to the coronavirus.”

Will students have to pay this money back?

No. The emergency grants do not have to be paid back.

Are there any tax implications that students should be aware of?

According to the IRS, CARES Act emergency financial aid grants are qualified disaster relief payments under the Internal Revenue Code and not considered taxable income.

The University encourages students to seek tax advice from a third-party provider regarding their individual tax situation.

Will receiving these funds have any impact on students’ ability to receive future financial aid?

No. The emergency grants are not considered federal student aid under Title IV of the Higher Education Act and will not affect a student’s other 2019-20 financial aid. In addition, the U.S. Department of Education encourages colleges and universities to exclude these grants from the calculation of a student’s financial need for future



Are there any restrictions or requirements for what the money can be used for?

As determined by Congress, the emergency funds must be used to cover expenses related to the disruption of campus operations due to coronavirus, including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, health care and child care.

Why didn't I receive an emergency grant?

As determined by Congress and the U.S. Department of Education, some students are ineligible to receive the emergency federal aid. This includes students enrolled exclusively in online programs, such as Penn State World Campus students. Students who do not meet the criteria to receive Title IV federal student aid, such as international students, also are not eligible to receive Higher Education Emergency Relief Fund grants.

Other students may not have received a grant in the first round of funding because they did not complete a 2019-20 FAFSA, preventing the University from being able to determine their eligibility, or they did not meet the criteria for greatest financial need. Penn State has opened **a second round of funding** for students who were not identified to receive a grant in the initial round, subject to eligibility to receive federal student aid. Penn State has reserved approximately \$2 million for this second round of funding, which is available on a first-come, first-served basis for students who incurred expenses related to the disruption of campus operations due to COVID-19.

Recognizing that students who are not eligible for CARES Act funds may have experienced financial or personal hardships as a result of the COVID-19 crisis, and that families' financial pictures may have been altered by the pandemic, the University is encouraging any student with concerns related to COVID-19 to explore the resources provided by the **Office of Student Care and Advocacy** for assistance.

In addition, **Complete Penn State** provides resources such as financial aid for students who are within one or two semesters of completing their first associate or bachelor's degree and experience a situation that negatively impacts their ability to complete their degree. Eligible students in need of aid are invited to apply at **success.psu.edu/complete**. Complete Penn State is available to students at all Penn State campuses, including World Campus, and to domestic and international students.

Are new students starting in summer or fall 2020 eligible for the federal funding?



By signing the [Certification and Agreement for Emergency Financial Aid Grants to Students](#), the University agreed to the Department of Education's requirement that institutions promptly make these emergency financial aid grant funds available to students for their eligible expenses related to the disruption of campus operations due to coronavirus. These limited funds are provided to students enrolled during the spring 2020 semester who have already incurred expenses.

Are students who recently graduated still eligible for the funding?

All students, including graduating seniors, who were enrolled in on-campus classes as of March 27 when the CARES Act was signed into law, and who meet eligibility criteria for federal student aid, will be considered for these funds.

How did the University decide how much money each student will receive?

The U.S. Department of Education and the CARES Act have provided higher education institutions with discretion on how to award the emergency assistance to students. In a [letter to college and university presidents](#), Education Secretary Betsy DeVos encouraged institutions to prioritize funding for those students with the greatest need, while also distributing grants as widely as possible for maximum impact.

Penn State prioritized lower-income students utilizing data from their 2019-20 FAFSA for the initial round of grants. To make as wide of an impact as possible, students with lower family incomes, including our Pell Grant-eligible students, will receive up to \$1,000 each. This allotment allows Penn State to quickly provide meaningful financial relief to students with the greatest need, while also reaching a significant number of students – more than 25,000 in all across every physical campus.

How is the University dividing the funds between campuses?

The funds will be awarded to undergraduate, graduate, law and medical students at all Penn State campus locations, with the exception of World Campus. In accordance with federal requirements, students enrolled exclusively in online programs during the spring 2020 semester are not eligible for the emergency aid.



grants to approximately 26,000 undergraduate, graduate and professional students across the University via two rounds of funding, with approximately \$1.8 million remaining for eligible students.

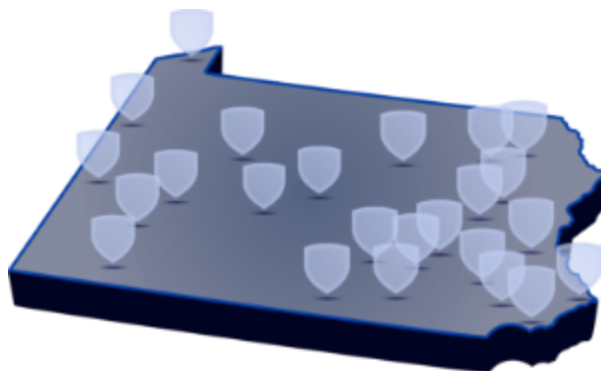
Students who were enrolled during the spring 2020 semester and incurred qualifying expenses related to the disruption of campus operations due to the COVID-19 pandemic can [apply online for an emergency grant](#) to help defray those costs.

How is Penn State awarding student emergency grants from its federal Higher Education Emergency Relief Fund allocation?

Penn State was allotted nearly \$55 million from the Higher Education Emergency Relief Fund as part of the federal Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law on March 27, 2020. Half of Penn State's allocation – or approximately \$27.5 million – is designated by law to be disbursed as emergency cash grants to students impacted by disruptions to campus operations as a result of the COVID-19 pandemic.

Penn State is distributing student grants via two rounds of funding. In the first round, the University **awarded grants up to \$1,000 each to more than 25,000 students**, based on family income and other data from the Free Application for Federal Student Aid. The University also has opened a **second round of funding** that utilizes an application process to award grants to students with qualifying expenses who were not identified to receive funding during the first round.

[Penn State's Higher Education Emergency Relief Fund reporting information is available here.](#)





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