



April 13, 2020

Senator Donovan M. Dela Cruz
Senator Jarrett Keohokalole
Senator Michelle N. Kidani
Senator Donna Mercado Kim
Senator Sharon Moriwaki
Senator Kurt Fevella
State Capitol
Honolulu, HI 96813

Dear Senators:

I appreciate this opportunity to respond to your letter received Saturday evening, April 11. The article cited in your letter was one of numerous independent but non-authoritative analyses of the CARES Act.

As I think you know, absolutely no instructions or guidance were provided until the U.S. Department of Education's (ED) announcement on April 9, 2020, just 5 days ago. That guidance applied only to half of one of the three programs under the Higher Education Emergency Relief Fund (HEERF), the largest but not the only source of potential funding available under the CARES Educational Stabilization Fund (ESF)

Since that announcement we have been studying the newly released implementation details with teams from across the UH System. The following responses to your five requests reflect what we know as of this date.

Status of applying for Education Stabilization Funds

ED decided to award the funds directly to each accredited institution of higher education (IHE) using a new process and a system new to many of the parties involved. So each of our ten campuses needs to apply independently with a certification signed by the campus CEO. We have agreed on common procedures, with the Director of our Office of Research Services personally supporting each of our ten campus leaders to ensure applications are submitted in a timely manner. Our initial goal was to have all ten applications submitted by COB Monday, April 13, the first full business day after instructions were released. When I last checked during the writing of this response we were not quite there. Our users reported that the federal online system was having problems, likely because every IHE in the country was trying to submit their applications. So we are now shooting for COB Tuesday, April 14.

Total calculation of funds to be provided to the University of Hawaii System for all campuses
and
Breakdown of funds per campus

The following table shows the total HEERF allocation of Direct Grants to IHEs for each of our ten campuses. ED has only provided instructions for the half of that allocation that is required to be awarded as aid directly to students, i.e., these initial funds cannot be used to cover losses in revenue or expenses associated with the coronavirus pandemic.

**CARES Education Stabilization Fund - Higher Ed Emergency Relief
Fund**

| Campus | <u>TOTAL</u> Campus Allocation | Minimum Allocation for Emergency Financial Aid Grants to Students |
|---------------|---|--|
| UH Mānoa | 11,009,867 | 5,504,934 |
| UH Hilo | 2,994,725 | 1,497,363 |
| UH West Oʻahu | 1,395,000 | 697,500 |
| Hawaiʻi CC | 1,147,226 | 573,613 |
| Honolulu CC | 1,107,387 | 553,694 |
| Kapiʻolani CC | 2,022,941 | 1,011,471 |
| Kauaʻi CC | 535,684 | 267,842 |
| Leeward CC | 2,067,889 | 1,033,945 |
| Maui College | 1,187,907 | 593,954 |
| Windward CC | 551,098 | 275,549 |
| TOTAL | 24,019,724 | 12,009,862 |

There are as yet no specific instructions on how to access the second half of the HEERF Direct Grants to IHEs or guidance about those funds can be utilized beyond the CARES Act itself. We believe the second tranch of funds, equal to the first, will be available to assist with institutional costs arising from the pandemic crisis and we speculate that the application process will be similar to the one we are undertaking now for the grants to students.

ED has also not issued instructions for accessing nor guidance on acceptable utilization regarding the HEERF funds that the CARES Act allocates to minority-serving

institutions. A non-authoritative estimate of total funding available for Alaska Native and Native Hawaiian serving

institutions, both public and private, is \$25.2M. Pending further information from ED, we do not yet know how much of this will come to Hawai'i, UH or our campuses.

And ED has also not issued instructions for accessing nor guidance on acceptable utilization regarding the Governors Emergency Relief Fund (for all levels of education) within the ESF. Unofficial projection of these funds for Hawai'i (not just higher education and not just UH) are \$9.7m. Pending further information from ED, we do not yet know how much of this will come to K12 education, higher education, UH or our campuses.

The plan to award student grants across the University of Hawaii System

Hours after the ED announcement late last week, UH convened a group under the leadership of our Associate VP for Student Affairs to develop UH's approach to awarding student grants. Although ED decided to allocate the funds directly to and under the authority of each campus, we agreed that the UH System should develop and deploy a common approach.

By this morning it was agreed that all ten campuses would focus on the following two priorities for this first half of the HEERF funding:

- 1) Emergency aid grants directly to current students so they can successfully complete the current semester. This is especially critical to those students who may be on track to graduate this spring.
- 2) Aid for continuing students to ensure they can enroll for Fall 2020. This may but need not include support to meet current financial obligations to UH that might keep them from being able to register.

Fortunately, we can leverage the process we set up only weeks ago to invite requests from students experiencing hardship as part of the new UH Foundation Urgent Student Relief Fund we established to solicit philanthropic support for our students in need. These new HEERF grants to students will be disbursed by our ten campus financial aid offices.

The University's strategy to cover budget shortfalls due to Coronavirus

We are just coming out of the intensity of addressing the current crisis and ensuring we complete the current semester and graduate students while protecting the safety of our

students and employees. We are now pivoting to planning for the future. Our first steps include trying to understand significant variables including:

How will the open questions above regarding CARES funding be answer regarding how much funding may come to UH and how can it be used?

- What will the state general fund budget look like next year?
- What will our enrollment numbers and student make-up look like, which both drive our tuition revenue?
- Will there be negotiated public employee labor savings, as there were in the last recession?
- How will the open questions above regarding current CARES funding be answered: How much funding may come to UH and how can it be used?
- What level of higher education support will there be in the next federal stimulus act, if any?

On behalf of UH leadership, I can assure you that we are not taking the perspective that our job is to protect and preserve what we do today. Committee Chair Dela Cruz asked an important question when we met with the committee on March 24 that drives much of our thinking about the future (paraphrasing from memory): What will UH do to help the economy of Hawai'i?

Hawai'i cannot transform our economy, indeed cannot succeed, without a strong university system that is focused on our future and is supported by our State and community. To that end we must be meaningfully engaged from the beginning in the forthcoming conversations among government and the private sector about how to craft a new economy that works better for more of the people of Hawai'i.

Sincerely,



David Lassner

c: Ben Kudo, Chair, Board of Regents
Kalbert Young, VP for Budget & Finance and Chief Financial Officer