

# Bond

## Higher Education Emergency Relief Fund II: Questions and Answers

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## Presenters



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## HEERF II

### 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

- Adopted December 27, 2020
- Allocations increased and formula modified from CARES Act
- No application required if an institution received CARES Act HEERF funding, but must **begin** to draw down by April 15, 2021



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## HEERF II

### HEERF provisions track original CARES Act structure: Institutional Uses and Student Grants

- Defraying institutional expenses and student support activities
- Financial aid grants to students
- Broader authorized uses
- Obligation to continue to pay employees and contractors “to the greatest extent practicable”
- Reduction and limitation of authorized uses for institutions subject to the “endowment tax”



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## HEERF II

Different required allocation to student grants:

- Must be an amount no less than the **total value** (not percentage) of student grants the institution was required to provide from its HEERF allocation under the CARES Act
  - Example: If institution received \$2 million in CARES Act HEERF funding (and thus was required to provide \$1 million in CARES Act emergency grants to its students), and now receives \$3 million under Section 314(a)(1) of the CRRSAA, it must provide \$1 million in student financial aid grants from the Section 314(a)(1) funding, and may use the remaining \$2 million for other permissible purposes
  - Institutions that receive amounts apportioned for distance-only students must use those amounts exclusively for financial aid grants to students



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## REPURPOSING OF CARES ACT FUNDING

- Unexpended HEERF funds received under the CARES Act may be used for the new broader purposes
- At least 50% of the CARES Act HEERF funds originally received by the institution must be used for financial aid grants to students as described in either the CARES Act or the new legislation



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## INSTITUTIONAL EXPENSES

- Funds may be used to defray expenses associated with coronavirus, specifically including:
  - lost revenue
  - reimbursement for expenses already incurred
  - technology costs associated with a transition to distance education
  - faculty and staff trainings
  - payroll
- Expenses need not be related specifically to changes to the delivery of instruction due to coronavirus
- Costs must have been incurred on or after December 27, 2020



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## INSTITUTIONAL EXPENSES

### Prohibited Uses:

- Payments to contractors for pre-enrollment recruitment activities
- Marketing or recruitment
- Endowments
- Capital outlays for facilities related to athletics, sectarian instruction or religious worship
- Senior administrator or executive salaries, benefits, bonuses, contracts, incentives or other benefits for senior administrators or executives



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## INSTITUTIONAL EXPENSES

Timing:

- Initial drawdown by **April 15, 2021**
- Must apply funds to institutional expenses within **3 days** after drawing them down
- Funds must be fully expended promptly, and “to the greatest extent practicable” within **one year** after they are obligated to the institution’s G5 account
  - Extensions may be awarded



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## STUDENT SUPPORT ACTIVITIES

- Student support activities authorized by the Higher Education Act that address needs related to coronavirus
- The term “student support activities” is not defined in the CRRSAA – USDOE interprets the provision to authorize use for, among other things, TRIO and GEAR UP program activities addressing needs related to coronavirus
  - Transition to virtual activities
  - Purchase of PPE
  - “Innovative learning methods” that enable student support activities authorized under the HEA during the pandemic”
- Subject to same general considerations as institutional expense portion



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## STUDENT FINANCIAL AID GRANTS

- May be used for:
  - Any component of the Cost of Attendance
    - May be applied to student balances if student consents in writing
  - Emergency costs that arise due to coronavirus (e.g., tuition, food, housing, health care (including mental health care) or child care
- Reimbursable costs need not be related specifically to disruption of campus operations due to coronavirus
- Costs must have been incurred on or after December 27, 2020



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## STUDENT FINANCIAL AID GRANTS

Means testing now **required**

- Institutions must prioritize funding to students with “exceptional need, such as students who receive Pell Grants”
  - Pell grant eligibility is not a mandatory criterion
- USDOE: Institutions should “carefully document” how they prioritize students with exceptional need



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## STUDENT FINANCIAL AID GRANTS

### Eligibility for Grants:

- Interim Final Rule mandating Title IV eligibility does not apply
- Trump Administration: U.S. Citizenship still required
- Biden Administration: ??????



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## STUDENT FINANCIAL AID GRANTS

### Calculation of Amount of Grants

- USDOE recommends the maximum federal Pell Grant for the applicable award year as an appropriate maximum amount for a student's CRRSAA financial aid grant
  - But institutions are encouraged to consider each student's particular socioeconomic circumstances
- Institutions should be prepared to demonstrate the basis on which they determine the amount of grants



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## STUDENT FINANCIAL AID GRANTS

### Distribution

- Institutions may allow students to choose whether to
  - Apply their financial aid grants to balances owed to the institution for items within COA, or
  - Receive grants as direct cash payments using the same means of distribution as authorized under the CARES Act



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## STUDENT FINANCIAL AID GRANTS

### Application to Institutional Account Balance

- Institutions may not:
  - Require a student to apply a financial aid grant to satisfy an outstanding balance as a condition to receiving the grant
  - Condition receipt of a financial aid grant on a student's continued or future enrollment at the institution
  - Per USDOE, incentivize students to apply to account balances
- Must obtain a student's affirmative written or electronic "opt in" to apply to institutional account balance **before doing so**
- "Upon further consideration" USDOE now permits similar use of unexpended CARES Act student emergency grant funds



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## STUDENT FINANCIAL AID GRANTS

### Timing:

- Initial drawdown by **April 15, 2021**
- Must disburse or apply funds within **15 days** after drawing them down
- Funds must be fully disbursed or applied promptly, and “to the greatest extent practicable” within **one year** after they are obligated to the institution’s G5 account
  - Extensions may be awarded



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## HEERF INFORMATION

USDOE guidance can be expected to evolve and change over the coming weeks and months; Institutions should monitor these developments carefully and continuously

- USDOE HEERF II Website:  
<https://www2.ed.gov/about/offices/list/ope/crrsaa.html>
  - FAQs
  - Supplemental Agreements for Institutional Uses and Student Grants
- Grant Award Notification



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