

May 12, 2021

HEERF III Allocations and Guidance Released

On Tuesday, the U.S. Department of Education (“Department”) [announced](#) it is making available to postsecondary institutions the majority of the nearly \$40 billion in education stabilization funds appropriated in the [American Rescue Plan Act of 2021](#) (“ARP”). These funds are the third and most recent round of funding under the Higher Education Emergency Relief Fund (“HEERF III”). Although much of the guidance released yesterday is similar to the previous HEERF I and II programs, there are a few significant additions, including a new certification form for proprietary institutions and expanded student HEERF grant eligibility to all students, including undocumented students.

The Department released [various documents](#) that are several hundred pages in length as part of the HEERF III announcement. Although CECU continues to review these documents, below is our initial analysis.

INSTITUTION ALLOCATIONS

The HEERF III allocates approximately \$36 billion to public and private non-profit institutions; approximately \$3 billion to HBCUs, tribal colleges and universities, Hispanic serving institutions and other MSIs; approximately \$198 million to institutions of higher education with unmet need; and approximately \$396 million to proprietary institutions.

CECU converted the Department’s HEERF III allocation tables to a sortable and searchable format for [proprietary institutions](#) and [public and non-profit institutions](#). Each document downloads in Microsoft Excel.

PROPRIETARY INSTITUTIONS

Like HEERF II, HEERF III funds allocated to proprietary institutions can only be used to provide financial aid grants to students, which can include students exclusively enrolled in distance education. Emergency financial aid grants may be used by students for any component of their cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care.

For proprietary institutions that received HEERF II funds, HEERF III funds will be made available without requiring a new application. However, the Department requires that all proprietary institutions complete and submit the [Required Proprietary Institution Certification Form](#) to “assist with management and oversight” before the Department makes HEERF III funds available. Each institution must email a completed certification form to HEERFproprietary@ed.gov before the Department will make a supplemental award to the institution’s existing Proprietary Institution Grant Funds for Students Award under HEERF II in G5. Institutions must submit the certification form by **August 11, 2021** or risk losing their HEERF III allocation.

Proprietary institutions should be aware the certification form mentioned above is a new requirement from the Biden-Harris Administration that is unique to proprietary institutions. The institution’s president or chief executive officer and all owners with at least 25 percent interest in the institution must sign the form.

CECU encourages institutions to discuss the certification form with counsel before submission to the Department. Institutions that wish to keep such ownership information confidential may want to consider

attaching a cover letter to the form to indicate if they believe any information is a trade secret and is subject to protection from public release under the Freedom of Information Act.

PUBLIC AND NON-PROFIT INSTITUTIONS

In addition to using HEERF III funds to provide financial aid grants to students, public and private non-profit institutions can also use the Institutional Portion to defray expenses associated with coronavirus, including lost revenue and to carry out student support activities that address needs related to coronavirus.

If an institution does not use all its Institutional Portion for financial aid grants to students, then it must use some of its funds to implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidance. The Department has listed numerous expenses that meet this requirement in its recent [FAQ document](#) (see FAQ #28). Institutions are also required to conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment if they have experienced certain changes in financial circumstances.

STUDENT ELIGIBILITY

In contrast to the previous administration's interpretation of which students are eligible to receive emergency financial aid grants under the HEERF I and II programs, the Biden-Harris Administration removed the stipulation that a student must be eligible for title IV aid to receive an emergency financial aid grant under the HEERF I, II, and III programs.

In a [final rule](#) published on Tuesday, the Department provides broader flexibility for institutions to award emergency financial aid grants to students who are or were enrolled in an institution of higher education during the COVID-19 national emergency, regardless of whether they completed the Free Application for Federal Student Aid (FAFSA) or are eligible for title IV. This more expansive interpretation permits institutions to award emergency financial aid grants under the three HEERF programs to include citizens, permanent residents, refugees, asylum seekers, Deferred Action for Childhood Arrival (DACA) recipients, other DREAMers, and similar undocumented students. Although international students are also now eligible for HEERF emergency financial aid grants, the Department encourages institutions to prioritize domestic students, especially undergraduates.

Like HEERF II, institutions are required to prioritize providing HEERF III grants to students with **exceptional need**, such as students who receive Pell Grants or are undergraduates with extraordinary financial circumstances. The Department offers several examples of identifying exceptional need beyond Pell Grant eligibility, including whether a student is eligible for other federal or state need-based aid. Institutions should carefully document how they prioritize students with exceptional need since the Department is expected to ask for this information in the future.

AWARD PERIOD

Institutions typically must expend their HEERF funds within one year from the date when the Department processed the most recent obligation of funds for each specific grant period. In the recent [FAQ document](#) (see FAQ #39), the Department clarifies that the grant award period extends each time a supplemental award is made. For example, if a proprietary institution received a HEERF II award on February 1, 2021 and subsequently receives a HEERF III supplemental award on July 1, 2021, the year-long performance period to expend both HEERF II and III awards ends on June 30, 2022. The award period for unobligated HEERF I funds would not extend under this scenario for proprietary institutions since HEERF II funds are not considered a supplemental award.

DRAWING DOWN FUNDS

After the Department obligates HEERF III awards, institutions will have their entire award or supplemental award available in G5. However, existing law requires each institution to minimize the time between drawing down funds from G5 and paying obligations incurred. According to the Department's guidance, institutions should not draw down funds more than 15 days calendar days in advance of awarding an emergency financial aid grant to a student. The draw down period is three days for all other allowable uses of institutional funds.

If an institution draws down a large portion of the available funding, G5 may automatically send an email to the institution and program officer about an excessive cash drawdown. This notification is triggered when institutions draw down large balances instead of gradually throughout the entire length of their performance periods. This is an automatic email designed to detect and prevent risk in other Department grant programs but is not specifically cause for concern given the nature of the HEERF grant programs. If an institution receives such an email, it should send an email to the Department program contact with the award number and a summary of how funds were expended.

Institutions that receive HEERF III supplemental awards must draw down any amount of their grants within 90 days of the date of each supplemental award. Institutions that fail to draw down any amount of their awards could have their awards deobligated and redistributed to other institutions.

REPORTING OBLIGATIONS

Institutions that receive HEERF III funds must continue to adhere to the Department's quarterly and annual [reporting and data collection](#) requirements, like the HEERF I and II programs.

The Department reminded institutions in the recently released guidance that the next quarterly public reporting form(s) for all HEERF programs must be conspicuously posted on the institution's primary website no later than **July 10, 2021** for the previous calendar quarter (April-June). Additionally, some institutions are required to post two quarterly reports no later than the July 10, 2021 quarterly reporting deadline if they did not report HEERF II expenses in the posting due April 10, 2021 (January-March). Since the Department did not previously indicate this reporting requirement was in place for HEERF II, institutions have until July 10, 2021 to post these retroactive reports.

The HEERF III annual reports will be collected in early 2022. Additional information on the deadline and data elements will be forthcoming from the Department.

ENFORCEMENT ACTIONS

The Department indicates it has a range of possible enforcement actions for institutions that have been identified as having an elevated risk or suspected of improperly administering the various HEERF programs. Those actions include: requiring more frequent reporting, monitoring, or auditing; freezing the ability to draw down HEERF funds without prior authorization of the Department; placing the institution on high-risk status, which could lead to scrutiny from the Department's Office of Inspector General; initiating suspension or debarment proceedings; and terminating the institution's HEERF grants, which may trigger additional auditing or investigatory actions.

RESOURCES

CECU encourages all institutions to carefully review the various documents released on Tuesday and posted on the Department's ARP [website](#), including, but not limited to, the official allocation tables for [proprietary institutions](#) and [public and non-profit institutions](#); the [final rule](#) expanding student HEERF grant eligibility; the new certification and agreement (for non-HEERF II recipients) or supplemental agreement (for HEERF II recipients); the [Required Proprietary Institution Certification Form](#); and the [HEERF III Frequently Asked Questions](#).

WEBINAR

CECU is hosting a webinar on **Wednesday, May 19, 2021 at 3:00 pm ET** to provide an overview of the HEERF III and describe how institutions can access and use their respective allocations. The Department's Acting Assistant Secretary for Postsecondary Education Michelle Asha Cooper is confirmed to participate in this webinar to discuss the recent announcement, highlight key aspects of the new guidance, and answer a few questions.

[Register Here](#)

If you have questions about regulatory matters, please contact Nicholas Kent, Senior Vice President of Policy and Regulatory Affairs, at Nicholas.Kent@career.org.



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