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Education Department Releases Institutional Portion of CARES Act Higher Education Emergency Relief Fund

This week, the U.S. Department of Education (ED) released the “Institutional Portion” of the Higher Education Emergency Relief Fund (HEERF) established by the CARES Act to provide financial support to colleges, universities, and students facing educational challenges related to COVID-19. Below is a brief summary of the provisions governing these institutional funds, as well as an overview of the related application process. For information on the CARES Act’s provisions concerning higher education generally please see [The CARES Act: Key Provisions Affecting Colleges and Universities](#).

Colleges and universities participating in Title IV federal student financial aid programs are each entitled to a formula grant under the HEERF. ED has calculated [each institution’s allocation](#) based on the [student enrollment formula](#) stipulated in the CARES Act. This formula grant contains two equal components—financial aid for students and institutional relief. At least 50% of an institution’s HEERF grant must be used as emergency financial aid for its students. ED this week also released [Frequently Asked Questions](#) on emergency financial aid grants to students. For more information on the student-directed portion of the HEERF, please see [Education Department Releases Higher Education Student Relief and Governor’s Emergency Education Relief Funds](#).

The remaining half of HEERF grant funds, the Institutional Portion, is now available and may be utilized as follows:

- Institutions have significant discretion in determining how to allocate the Institutional Portion of the HEERF grant, provided that such funds will be spent only on those costs having a clear nexus to significant changes to the delivery of instruction due to COVID-19 (“Institutional Costs”). Recipients must use the funds for Institutional Costs promptly and, in any event, within one year.
 - Only Institutional Costs first incurred **on or after March 13, 2020**, are eligible for reimbursement with HEERF grant funds.
 - A recipient **may** use the Institutional Portion of its HEERF grant to reimburse itself for refunds made to students for housing, food, tuition, or other services no longer provided by the recipient; or for hardware, software, or internet connectivity the recipient purchased on behalf of or provided to its students.



- A [letter](#) from U.S. Secretary of Education Betsy DeVos **encourages** applying the Institutional Portion of HEERF funds to expenses such as expanding remote learning programs, building IT capacity to support remote learning programs, and training faculty and staff to operate effectively in a remote learning environment.
- A recipient **may** use the Institutional Portion of its HEERF grant to supplement and/or expand the emergency financial aid grants contemplated by the student-directed portion of the HEERF. Indeed, the [Funding Certification and Agreement for the Institutional Portion of the HEERF Formula Grants under the CARES Act](#) urges recipients to devote the maximum amount possible of HEERF funds to emergency financial aid grants to students, including some or all of the funds earmarked for Institutional Costs, especially if the recipient has significant endowment or other resources at its disposal. If an institution does apply its Institutional Portion in this manner, such use would be subject to the requirements contained in the [Funding Certification and Agreement for the Emergency Financial Aid Grants to Students under the CARES Act](#).
 - ED's [Frequently Asked Questions](#) about the Institutional Portion note that institutions **may** also use HEERF grant funds for Institutional Costs to award student scholarships or to provide payment for future academic terms, as long as such expenses are associated with significant changes to the delivery of instruction due to COVID-19 or, if in the form of emergency financial aid to students, are for costs related to the disruption of campus operations due to COVID-19.
 - Students who were enrolled exclusively in online programs on March 13, 2020, are **not** eligible for HEERF grant funds.
- A recipient **may not** use the Institutional Portion of its HEERF grant for payment to contractors for the provision of pre-enrollment recruitment activities, which include marketing and advertising; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.
- ED does **not** consider any of the following to be an allowable expenditure of the Institutional Portion of a HEERF grant: senior administrator and/or executive salaries, benefits, bonuses, contracts, incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; or any other cash or other benefit for a senior administrator or executive.



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- Colleges and universities should keep detailed records of how HEERF grant funds are being expended for purposes of quarterly and other reports to ED. In particular, ED instructs recipients to be prepared to report on the use of HEERF funds for Institutional Costs, demonstrating how such use was in accordance with the CARES Act requirements, accounting for the amount of reimbursements to the recipient for costs related to refunds made to students, and describing any internal controls in place to ensure that HEERF funds were used for allowable purposes and in accordance with cash management principles.
- Consistent with applicable CARES Act provisions, to the greatest extent practicable, recipients of HEERF grant funds must pay all employees and contractors during the period of any disruptions or closures related to COVID-19.
- **To apply** for the Institutional Portion of the HEERF grant, an institution is required to have first have entered into the [Funding Certification and Agreement for the Emergency Financial Aid Grants to Students under the CARES Act](#).
 - Subsequently, an institution must sign and submit the [Funding Certification and Agreement for the Institutional Portion of the HEERF Formula Grants under the CARES Act](#) through [grants.gov](#) (Opportunity Number ED-GRANTS-042120-004).
 - An **Application for Federal Assistance (SF-424)**, as well as the **SF-424 Supplemental Information form**, must also be completed and provided simultaneously.
 - After ED receives and verifies the completed application, funds may be drawn down using ED's G5 system.
 - The application period is open, and the deadline to apply is **September 30, 2020**.

Contact Us

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