

# **Higher Education Emergency Relief Fund III Frequently Asked Questions**



## **American Rescue Plan Act of 2021**

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Other than statutory and regulatory requirements included in the document, the contents of this guidance do not have the force and effect of law and are not meant to bind the public. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

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## Higher Education Emergency Relief Fund III Frequently Asked Questions (FAQs)

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2). The ARP appropriated approximately \$39.6 billion for the Higher Education Emergency Relief Fund (HEERF) and represents the third stream of funding appropriated for HEERF to prevent, prepare for, and respond to coronavirus. Taken together, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Pub. L. 116–136), the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (Pub. L. 116-260), and the ARP represent HEERF I, HEERF II, and HEERF III, respectively.

HEERF III is structured like the HEERF II programs under the CRRSAA, with certain important differences that will be discussed within these FAQs. These FAQs are intended to describe the features and allowable uses of grants received under the HEERF III programs and may be updated with additional information in the future.

### A. Overview Questions

1. **Question:** What changes did Congress make to the HEERF programs in ARP (HEERF III) that are different from the HEERF programs in CRRSAA (HEERF II)?

**Answer:** Congress made the following major changes in creating the HEERF III programs:

*Provided supplemental funding under the CRRSAA framework:* As noted above, Congress appropriated approximately \$39.6 billion to be distributed under the following funding streams originally established within the CRRSAA:

- Approximately \$36 billion under **ARP (a)(1)** for public and private nonprofit institutions as defined in section 101 or section 102(c) of the Higher Education Act of 1965, as amended (HEA). At least half of an institution’s allocation under ARP (a)(1) must be used to make emergency financial aid grants to students (the Student Aid Portion); the remainder may be used for institutional purposes (Institutional Portion). For more information on how the minimum amount that must be used for grants to students is determined under ARP, see Question 20 or the [ARP \(a\)\(1\) methodology document](#).
- Approximately \$3 billion under **ARP (a)(2)** for Historically Black Colleges and Universities (HBCUs), Tribally Controlled Colleges and Universities (TCCUs), Minority Serving Institutions (MSIs), and Strengthening Institutions Program (SIPs) institutions. An announcement regarding the availability of these funds is forthcoming.
- Approximately \$198 million under **ARP (a)(3)** for institutions that the Department determines have, after allocating other funds available under HEERF III, the greatest unmet needs related to coronavirus. A Notice of Proposed Eligibility Requirements for these funds is [available in a separate notice here](#) (May 11, 2021).

- Approximately \$396 million under **ARP (a)(4)** for proprietary institutions (as defined in section 102(b) of the HEA) to be used only for emergency financial aid grants to students. For more information on how the ARP (a)(4) amount was determined, see the [ARP \(a\)\(4\) methodology document](#).

*New required uses of grant funds:* The ARP has two new required uses of HEERF III Institutional Portion grant funds for public and private nonprofit institutions in which, if the Institutional Portion is not used entirely for emergency financial grants to students, a portion of funds must be used to: (a) implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and (b) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances, described in section 479A of the HEA.

More information on these new required uses is in [Section D](#), Questions 28-35 of this FAQ document. The allowable uses of institutional funds remain the same as they were in the CRRSAA. Please see Question 21 for more information.

*Modified the share of (a)(1) funds that must be used for emergency financial aid grants to students:* As described in Question 20, the ARP provides a new formula for the amount of (a)(1) funds that must be used for financial aid grants to students. This amount is represented in the “Student Aid Portion” column listed on the [ARP \(a\)\(1\) allocation table](#) and explained in the accompanying [ARP \(a\)\(1\) methodology document](#).

*Maintained a separate program for proprietary institutions:* As under CRRSAA, proprietary institutions are not eligible to receive awards under the (a)(1) program but are eligible under the (a)(4) program. This program supports only emergency financial aid grants to students. Please see the [ARP \(a\)\(4\) allocation table](#) and Questions 4 and 5 for more information about the ARP (a)(4) program.

*Eliminated the CRRSAA requirement for institutions paying the endowment excise tax:* The ARP eliminated the previous requirement under the CRRSAA that institutions that paid or would be required to pay the endowment excise tax in tax year 2019 would have their total (a)(1) allocation reduced by 50%.

- 2. Question:** My public or private nonprofit institution received (a)(1) funding under the CRRSAA and is on the [ARP \(a\)\(1\) allocation table](#). How will we receive (a)(1) funds under the ARP?

**Answer:** The Department will make supplemental awards to your existing Student Aid Portion and Institutional Portion grants (Assistance Listing Numbers (ALNs) 84.425E and 84.425F). No action is required by your institution to receive these supplemental awards. The Project Director identified on the most current Grant Award Notification (GAN) will automatically receive an email indicating a supplement award is made to your institution.

Please note that drawing down any amount of these supplemented funds constitutes your institution's acceptance of the applicable terms and conditions under the ARP and as described in the Supplemental Agreements that will be emailed to the Project Director separately. For reference, examples of the new Supplemental Agreements for the Student Aid Portion and Institutional Portion grants are available in our notice announcing the availability of these new funds in the [ARP \(a\)\(1\) notice inviting applications \(NIA\) published in the Federal Register here](#).

3. **Question:** My public or private nonprofit institution is on the [ARP \(a\)\(1\) allocation table](#) but did not receive funding under the CRRSAA. How can we receive funds under the ARP?

**Answer:** Eligible public or private nonprofit institutions that did not receive Student Aid Portion or Institutional Portion grants (ALNs 84.425E and 84.425F) under the CRRSAA may apply via [Grants.gov](#) for Student Aid Portion or Institutional Portion grants under ARP (a)(1). Institutions must submit separate applications to receive the Student Aid Portion and Institutional Portion grants. Institutions must submit a Student Aid Portion application in order to receive Institutional Portion funding but may also choose to apply solely for Student Aid Portion funds.

Each completed application for a Student Aid Portion or Institutional Portion grant must consist of:

- 1) **SF-424 form and SF-424 Department supplemental information form** (completed in Grants.gov); and
- 2) **A Certification and Agreement** (either the [ARP Student Aid Portion Certification and Agreement](#) (ARP (a)(1) Student Aid), or the [ARP Institutional Portion Certification and Agreement](#) (ARP (a)(1) Institutional), as appropriate).

Applications must be submitted within 90 days of the [ARP \(a\)\(1\) NIA published in the Federal Register](#) regarding the availability of funding (August 11, 2021). To register to use Grants.gov, [please visit their "How to Apply for Grants" webpage here](#), or call their Applicant Support helpdesk at 1-800-518-4726. More information about how to apply is also available on our [HEERF III ARP website](#).

If an institution has previously received a Student Aid Portion grant but not an Institutional Portion grant under the CARES Act, that institution will have to submit an application for only an Institutional Portion grant and its Student Aid Portion grant will be supplemented as described above.

4. **Question:** My proprietary institution received (a)(4) funding under the CRRSAA and is on the [ARP \(a\)\(4\) allocation table](#). How will we receive (a)(4) funds under the ARP?

**Answer:** The Department will make supplemental awards to your existing Proprietary Institution Grant Funds for Students Award (ALN 84.425Q). However, to assist with management and oversight, proprietary institutions must first submit the [Required Proprietary Institution Certification form](#) signed by the proprietary institution's President

or CEO and any owners with at least 25% ownership in the institution. Proprietary institutions must submit the form by August 11, 2021, as specified in our [ARP \(a\)\(4\) NIA published in the Federal Register here](#). Once that certification document has been completed, institutions must email it to [HEERFARP4@ed.gov](mailto:HEERFARP4@ed.gov). Then, your institution will receive a supplemental award. After that date, the Department may choose to redistribute funds to proprietary institutions by re-running the appropriate HEERF distribution formulas and making additional supplemental awards to those proprietary institutions that submitted completed forms.

Please note that drawing down any amount of these supplemental funds constitutes your institution's acceptance of the applicable terms and conditions under the ARP and as described in the Supplemental Agreements for the supplemental awards. For reference, examples of the new Supplemental Agreements for the Student Aid Portion and Institutional Portion grants are available in our notice announcing the availability of these new funds in our [ARP \(a\)\(4\) NIA published in the Federal Register here](#).

5. **Question:** My proprietary institution is on the [ARP \(a\)\(4\) allocation table](#) but did not receive funding under the CRRSAA (a)(4) Proprietary Institution Grant Funds for Students program. How can we receive funds under the ARP?

**Answer:** Eligible proprietary institutions that did not receive a Proprietary Institution Grant Funds for Students award under the CRRSAA (ALN 84.425Q) may apply via [Grants.gov](https://grants.gov) for ARP (a)(4). Each completed application must consist of:

- 1) **SF-424 form and SF-424 Department supplemental information form** (completed in Grants.gov);
- 2) **A Certification and Agreement** ([ARP Proprietary Institution Grant Funds for Students](#)); and
- 3) Signed [Required Proprietary Institution Certification](#) form.

Applications must be submitted within 90 days of the [ARP \(a\)\(4\) NIA published in the Federal Register](#). Applications not received by August 11, 2021 will no longer be eligible for funding. To register to use Grants.gov, [please visit their "How to Apply for Grants" webpage here](#), or call their Applicant Support helpdesk at 1-800-518-4726. More information about how to apply is also available on our [HEERF III ARP website](#).

6. **Question:** My institution has determined that we do not need some or all of our ARP supplemental funds and would like to decline our HEERF III ARP supplemental award(s) and redirect our allocation to institutions with greater needs due to the coronavirus. Can we do this?

**Answer:** Yes. Any institution, such as those with high endowment per student ratios or that have received significant philanthropic support during the pandemic, may decline its full award or a portion of its award. Institutions wanting to decline their award or a specified amount should submit the [Voluntary Decline of HEERF Grant Funds form](#) to [HEERFRefund@ed.gov](mailto:HEERFRefund@ed.gov). If the Department has already made an ARP supplemental

award to the institution, the Department will deobligate those supplemented funds in G5 by the amount specified in the form.

Any voluntary decline of funds will be redistributed to institutions with greater needs due to the coronavirus by re-running the appropriate HEERF distribution formulas and making additional supplemental awards to those institutions that have not declined funds.

Institutions have 90 days, until August 11, 2021, to indicate they would like to decline or return unneeded ARP supplemental funds. After, the Department intends to make the redistribution.

## **B. Emergency Financial Aid Grant to Students Questions**

### **7. Question:** Which students are eligible to receive emergency financial aid grants?

**Answer:** As announced in the Department’s final rule, “[Eligibility To Receive Emergency Financial Aid Grants to Students Under HEERF](#)” (May 14, 2021, 86 FR 26608) (final rule), the term “student,” for purposes of the phrases “grants to students,” “emergency financial aid grants to students,” and “financial aid grants to students” as used in the HEERF programs, is now defined as any individual who is or was enrolled (as defined in [34 CFR § 668.2](#)) at an eligible institution (as defined in [34 CFR § 600.2](#)) on or after March 13, 2020, the date of declaration of the national emergency due to the coronavirus ([85 FR 15337](#)). Thus, students are no longer required to be eligible for Title IV student financial aid in order to receive HEERF grants to students.

Put more plainly, students who are or were enrolled in an institution of higher education during the COVID-19 national emergency are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a Free Application for Federal Student Aid (FAFSA) or are eligible for Title IV. As under the CRRSAA, institutions are directed with the ARP funds to prioritize students with *exceptional need*, such as students who receive Pell Grants or are undergraduates with extraordinary financial circumstances in awarding emergency financial aid grants to students.

Beyond Pell eligibility, other types of exceptional need could include students who may be eligible for other federal or state need-based aid or have faced significant unexpected expenses, such as the loss of employment (either for themselves or their families), reduced income, or food or housing insecurity. In addition, the CRRSAA and ARP explicitly state that emergency financial aid grants to students may be provided to students exclusively enrolled in distance education provided the institution prioritizes exceptional need.<sup>1</sup>

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<sup>1</sup> This FAQ updated on May 24, 2021 to clarify that exceptional need must be prioritized when awarding emergency financial aid grants to students. Exceptional need is not specifically required as an eligibility threshold for students exclusively enrolled in distance education.



**8. Question:** May undocumented students and international students receive HEERF?

**Answer:** Yes. The [Department's final rule](#) on student eligibility for HEERF states that all students who are or were enrolled in an institution of higher education during the COVID-19 national emergency are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV. That includes citizens, permanent residents, refugees, asylum seekers, Deferred Action for Childhood Arrival (DACA) recipients, other DREAMers, and similar undocumented students.

International students may also receive HEERF. However, as noted in Questions 11 and 12, institutions must ensure that funds go to students who have *exceptional need*. The Department encourages institutions to prioritize domestic students, especially undergraduates, in allocating this funding. This includes citizens, permanent residents, refugees, asylum seekers, DACA recipients, other DREAMers, and similar undocumented students.

**9. Question:** Can students who are studying abroad receive HEERF emergency financial aid grants?

**Answer:** Yes. Students studying abroad may receive HEERF emergency financial aid grants from the recipient institution where they are enrolled. These students must meet the criteria based on prioritizing *exceptional need* that the institution has established for distributing its HEERF emergency financial aid grants.

**10. Question:** What civil rights requirements must institutions comply with when distributing emergency financial aid grants to students under the HEERF programs?

**Answer:** HEERF grantees must not distribute student emergency financial aid grants in a manner that discriminates against individuals on the basis of race, color, national origin, disability, or sex. See, e.g., 42 U.S.C. § 2000d et seq., (Title VI), 29 U.S.C. § 701 et seq. (Rehabilitation Act), 20 U.S.C. § 1681 (Title IX).

**11. Question:** What are the requirements for making emergency financial aid grants to students?

**Answer:** Students who are or were enrolled in an institution of higher education on or after the date of the declaration of the national emergency due to the coronavirus (March 13, 2020) are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV. The CRRSAA requires that institutions prioritize students with *exceptional need*, such as students who receive Pell Grants or are undergraduates with extraordinary financial circumstances, in awarding emergency financial aid grants to students.

Beyond Pell eligibility, other types of exceptional need could include students who may be eligible for other federal or state need-based aid or have faced significant unexpected



expenses either for themselves or that would affect their financial circumstances, such as the loss of employment, reduced income, or food or housing insecurity. In addition, the CRRSAA and ARP explicitly state that emergency financial aid grants to students may be provided to students exclusively enrolled in distance education provided the institution prioritizes exceptional need.<sup>2</sup>

The Department encourages institutions to prioritize domestic students, especially undergraduates, in allocating this funding. Domestic students include citizens, permanent residents, refugees, asylum seekers, DACA recipients, other DREAMers, and similar undocumented students.

Institutions may not (1) condition the receipt of emergency financial aid grants to students on continued or future enrollment in the institution, (2) use the emergency financial aid grants to satisfy a student's outstanding account balance, unless it has obtained the student's written (or electronic), affirmative consent, or (3) require such consent as a condition of receipt of or eligibility for the emergency financial aid grant.

Institutions should carefully document how they prioritize students with exceptional need in distributing emergency financial aid grants to students, as the Department is exploring reporting requirements regarding the distribution of emergency financial aid grants to students (see [2 CFR § 200.334](#)).

**12. Question:** When might the Department determine that an institution has failed to prioritize emergency financial aid grants to students with *exceptional need*?

**Answer:** The Department will make an individualized determination about whether an institution failed to prioritize emergency financial aid grants to students with *exceptional need*. The Department may determine an institution has failed to do so if the institution established preconditions for students to receive emergency financial aid grants (e.g., (1) establishing a minimum GPA, (2) imposing other academic or athletic performance or good standing requirements, (3) requiring continued enrollment in the institution or (4) required the student to first pay any outstanding debt or balance) that results in failure to prioritize students with exceptional need.

**13. Question:** How may students use their emergency financial aid grants?

**Answer:** 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. Students determine how they may use their emergency financial aid grant within the allowable uses.

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<sup>2</sup> This FAQ updated on May 24, 2021 to clarify that exceptional need must be prioritized when awarding emergency financial aid grants to students. Exceptional need is not specifically required as an eligibility threshold for students exclusively enrolled in distance education.

**14. Question:** Can an institution direct or control what students may use their emergency financial aid grants on?

**Answer:** No. The student emergency financial aid grant is provided to the student, and may be used by the student for any component of the student's 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 example, as described in Questions 11 and 12, institutions may not compel a student to use a portion of their grants to satisfy any existing debts or balance.

**15. Question:** Are emergency financial aid grants to students under the HEERF program considered taxable income?

**Answer:** No. Emergency financial aid grants made by a federal agency, State, Indian tribe, higher education institution or scholarship-granting organization (including a tribal organization) to a student because of an event related to the COVID-19 national emergency are not included in the student's gross income. For more information, please see the Internal Revenue Service (IRS) bulletin [Emergency aid granted to students due to COVID is not taxable](#) (March 30, 2021).

**16. Question:** Should institutions include a student's receipt of a HEERF emergency financial aid grant when calculating that student's Expected Family Contribution?

**Answer:** As stated in the Department's [April 3, 2020 Electronic Announcement](#), "[a]ny aid (in the form of grants or low-interest loans) received by victims of an emergency from a federal or state entity for the purpose of providing financial relief is not counted as income for calculating a family's Expected Family Contribution (EFC) under the Federal Methodology or as estimated financial assistance for packaging purposes." As such, any HEERF emergency financial aid grant received by a student under the CARES Act, CRRSAA, or ARP should not be counted as income when calculating a family's EFC.

**17. Question:** Can institutions include the amount of a HEERF student emergency financial aid grant in students' financial aid award package?

**Answer:** No, these emergency financial aid grants are not financial aid. As always, students have discretion about how they receive their grants, and institutions must receive affirmative written consent from students before using emergency financial aid grants to satisfy a student's outstanding account balance. Additionally, as described in Question 27, institutions may not use HEERF grant funds to advertise or recruit students by promoting the opportunity to receive a student emergency financial aid grant.

**18. Question:** What steps can my institution take if a student does not cash a check issued for student's emergency financial aid grant?

**Answer:** If a student does not cash their emergency financial aid grant check by a reasonable date, the institution may choose to void the check and redistribute the funds to other students by the end of their HEERF grant performance period. Institutions should engage in reasonable attempts to contact a student prior to voiding a check for an emergency financial aid grant and should document the procedures, policies, and general student contact efforts made and followed as part of their administration of their HEERF grants.<sup>3</sup>

**19. Question:** Can my institution use HEERF grant funds for students (ALNs 84.425E or 84.425Q) to recover stop-payment fees incurred due to voided and re-issued student financial aid checks that were lost or never received by the student?

**Answer:** No. Stop-payment fees on checks that were lost or never received by the student are administrative costs associated with administering the Student Aid Portion award. Such administrative costs are not allowable expenses under the ARP (a)(1) Student Aid Portion and (a)(4) grants since all those funds must be distributed to students as emergency financial aid grants. However, stop payment fees may be an allowable expenditure under the HEERF (a)(1) Institutional Portion grant provided the fees are reasonable.

## C. Institutional Uses of Funds Questions

**20. Question:** What amount of ARP (a)(1) funds must my institution devote to emergency financial aid grants to students?

**Answer:** The amount of ARP (a)(1) funds that a public and private nonprofit institution must devote to financial aid grants to students is based on of the formula contained in section 314(a)(1) of the CRRSAA. More specifically, an institution must use:

- 50 percent of the portion of its allocation received under subparagraphs (A) through (D) (the formula factors based on Pell and non-Pell recipients who were NOT exclusively enrolled in distance education prior to national emergency) for emergency financial aid grants to students, in accordance with ARP section 2003(7); and
- 100 percent of the portion of its allocation received under subparagraphs (E) and (F) (the formula factors based on Pell recipients who WERE exclusively enrolled in distance education prior to the national emergency) for emergency financial aid grants to students, in accordance with CRRSAA section 314(d)(9).

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<sup>3</sup> Please see Question 19 of the [Higher Education Emergency Relief Fund \(HEERF\) Frequently Asked Questions \(FAQ\) Rollup Document](#) for more details as to how institutions may distribute the emergency financial aid grants to students, if not applying directly it to a student's account after obtaining the student's written (or electronic), affirmative consent.

Institutions are not responsible for performing this calculation. Rather, this minimum amount that institutions must spend on emergency financial aid grants to students has been calculated by the Department and is represented in the institution's ARP (a)(1) Student Aid Portion grant (ALN 84.425E) as well as on the [ARP \(a\)\(1\) allocation table](#).

**21. Question:** What are the allowable uses of funds for institutional uses?

**Answer:** Under the ARP, similar to the CRRSAA, allowable uses under the HEERF III (a)(1) Institutional Portion awards include:

- Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll); and
- Making additional emergency financial aid grants to students.<sup>4</sup>

As described in Question 42, grant expenses may be incurred back to March 13, 2020, the date of the declaration of the national emergency due to the coronavirus.

Additionally, as mentioned in Question 1, the ARP has added two new required uses of HEERF III institutional portion grant funds for public and private nonprofit institutions. Namely, a portion of their institutional funds must:

- (a) implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and
- (b) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances, described in section 479A of the HEA.

Please see [Section D](#), Questions 28-35 below for more information on these two new required uses.

**22. Question:** What uses of funds are unallowable for the HEERF grant programs (HEERF I, II, and III)?

**Answer:** HEERF grant funds must not be used for:

- funding contractors for the provision of pre-enrollment recruitment activities;
- marketing or recruitment; (See Question 27 on reengagement activities)
- endowments;
- capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship;

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<sup>4</sup> If institutions use their institutional funds (e.g. (a)(1) institutional portion, (a)(2), or (a)(3) funds) to make additional emergency financial aid grants to students, they must make those additional awards consistent with the requirements for making emergency financial aid grants to students (i.e., determining *exceptional need*) but may employ different methodologies.

- senior administrator 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;
- religious worship, instruction, or proselytization or equipment or supplies to be used for religious worship, instruction, or proselytization; or
- construction or purchase of real property (See Question 23, below).

As with most Federal grants, grantees must also comply with the Cost Principles contained in the [2 CFR part 200 subpart E of the Uniform Guidance](#). Some examples of costs specifically prohibited under the Uniform Guidance include using grant funds for lobbying, bad debts, or purchasing goods or services for personal use.

**23. Question:** Can grantees use HEERF grant funds to engage in construction or purchase real property?

**Answer:** No. In addition to the unallowable uses specified above in Question 22, grantees are prohibited from using HEERF funding for the acquisition of real property or construction under [34 CFR § 75.533](#). This includes using HEERF grant funds on capital projects, including deferred maintenance and capital improvement.

However, this general prohibition on construction and acquisition of real property does not extend to activities that meet the definition of “minor remodeling” under [34 CFR § 77.1](#). Please see Question 24, below, for more information including examples.

**24. Question:** What are some examples of permissible “minor remodeling” that HEERF grant funds may support under the definition in [34 CFR § 77.1](#)?

**Answer:** Minor remodeling means minor alterations in a previously completed building, for purposes associated with the coronavirus. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does not include permanent building construction, structural alterations to buildings, building maintenance, or repairs.

Some examples of permissible minor remodeling may include, but are not limited to:

- The installation or renovation of an HVAC system, to help with air filtration to prevent the spread of COVID-19.
- The purchase or lease of temporary trailer classroom units to increase social distancing.
- The purchase or costs of the installation of “room dividers” within a previously completed building to increase social distancing.

**25. Question:** Can ARP funding be spent on payroll to defray costs associated with transitioning to remote learning, defraying expenses to hire more staff, or expanding class sections as a result of the impact of COVID-19?

**Answer:** Yes, under certain circumstances. Institutions may use ARP, CRRSAA funds, and unspent CARES Act funds to pay for certain payroll costs, including employee benefits, if (1) such costs are newly associated with coronavirus and (2) the costs were incurred on or after March 13, 2020, the date of the declaration of the national emergency due to the coronavirus. Consistent with these principles, an institution may also use ARP funds to pay students for internships and job training experiences that are aligned with local coronavirus-related recovery needs.

For example, HEERF grant funds can be used to pay for any new staff, or repurposed staff, if the new or repurposed staff's work is associated with coronavirus (e.g., contact tracers, IT staff, additional medical personnel, teaching assistants, offering smaller class sizes to support social distancing, etc.). HEERF grant funds can also be used to pay the salaries (from March 13, 2020 onward) of staff who were unable to work during a period of any full or partial campus closures due to the pandemic (e.g., cafeteria workers, maintenance staff, bookstore clerks, etc.). Finally, any additional/overtime work any staff incurred from March 13, 2020 onward associated with coronavirus (e.g., deep cleaning of dormitories, additional trainings to assist with transitioning to online learning, etc.) can also be paid for with HEERF grant funds.

In using HEERF grant funds to transition to online and remote learning, institutions should carefully document how the funds were used to respond to the pandemic consistent with [2 CFR § 200.334](#). If an institution is accelerating a previously planned expansion of online learning, the institution should separate out the costs associated with the acceleration as a result of the coronavirus and only charge those costs to the HEERF grant.

**26. Question:** Can my institution use ARP or other HEERF institutional grant funds to discharge student debt or unpaid balances to their institutions?

**Answer:** Yes. Institutions may discharge student debt or unpaid balances by discharging the complete balance of the debt as lost revenue and reimbursing themselves through their HEERF institutional grants or by providing additional emergency financial grants to students (with their permission). The Department strongly encourages institutions to discharge such debt. The following examples are listed to provide guidance to institutions on handling these situations:

**Example 1: Transcript withholding:** A student who was enrolled in an institution at any point on or after March 13, 2020 with a now-completed degree owes an unpaid debt to the institution and could not obtain an official transcript until the debt is paid off.

**Example 2: Enrollment hold:** A student who is enrolled at the institution at any point on or after March 13, 2020 and in progress toward a degree is blocked from enrolling in the next term because of an unpaid balance.

**Example 3: Transfer student:** A student who is enrolled at the institution at any point on or after March 13, 2020 and has completed progress toward a degree is blocked from obtaining an official transcript to transfer their credits because of an unpaid balance.

The following are two possible solutions to address the three examples above:

**Solution #1: Get affirmative written consent to provide an emergency financial aid grant to the student's account:**

- *What the institution can do:* Institutions can provide an emergency financial aid grant to the student in the amount of the outstanding balance through their HEERF grants, including associated fees and penalties. The Department encourages institutions to waive associated fees and/or penalties that may have resulted from delays, actions, or needs related to the pandemic.<sup>5</sup>
- *What the institution cannot do:* Institutions cannot discharge a student's outstanding account balance, without prior written consent from the student. As always, students have discretion about how they receive their grants, and institutions must receive affirmative written consent from students before using emergency financial aid grants to satisfy a student's outstanding account balance. In obtaining such affirmative written consent, the Department encourages institutions to include a disclaimer whereby students are expressly notified that they have the ability to decline the emergency financial aid grant to pay off debts and instead may use the funds for any component of the student's 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.

**Solution #2: Discharge the student's outstanding balance and count it as lost revenue:**

- *What the institution can do:* Institutions can discharge the complete balance of the debt as lost revenue and reimburse themselves through their HEERF grants, including associated fees and penalties.<sup>6</sup>
- *What the institution cannot do:* The institution cannot condition, nor imply that it will condition, discharging these funds on the condition the student takes any specified actions (i.e., no conditioning a discharge of debt on

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<sup>5</sup> Fees and/or penalties that have increased from pre-pandemic rates must be "necessary and reasonable," in accordance with the Cost Principles in [2 CFR part 200 subpart E of the Uniform Guidance](#).

<sup>6</sup> For more information regarding using HEERF institutional grant funds to reimburse lost revenue, please see our [Lost Revenue FAQs](#) (March 19, 2021).



continued reenrollment). Additionally, institutions may only charge the debt as lost revenue and reimburse themselves through one of the HEERF programs (i.e., no double-dipping).

**27. Question:** What efforts to reengage students are allowable, and would not be classified as impermissible “marketing and recruitment”?

**Answer:** The Department recognizes the personal and communal loss that can occur when students are forced to delay or entirely forgo their postsecondary education. While direct “marketing and recruitment” activities are an impermissible use of HEERF funds, efforts to engage or reengage students who would otherwise be at risk of not completing their college degrees as a result of coronavirus is a permissible use of HEERF funds that can have a positive impact for students, institutions, and their local communities.

For example, HEERF institutional funds may be used for:

- *Retention:* To support additional academic or mental health support systems that will help students to overcome additional barriers that have arisen as a result of coronavirus that may otherwise prevent them from completing their education.
- *Reengagement:* Institutions can discharge the complete balance of a student’s institutional debt as lost revenue and reimburse themselves through their HEERF institutional grants, including associated fees and penalties, so students can re-enroll, continue their education, or obtain their official transcript to transfer and/or secure employment.

However, as noted, HEERF funds may not be used to pay for the costs of advertising (for example, paid media, commercial advertising, recruitment services) to students.

Moreover, no portion of HEERF funds may be used to directly fund staff or contractor salaries who are engaged in marketing and recruitment.

## D. New Required Uses of Funds Questions

### *Practices to Monitor and Suppress COVID-19*

**28. Question:** What does the requirement to spend HEERF grant funds to “implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines” mean?

**Answer:** This provision of ARP requires institutions to use some of their ARP (a)(1) Institutional Portion funds to help fight the spread and transmission of COVID-19 on their campuses and among their student, faculty, and staff community members.<sup>7</sup> This provision also applies to future ARP awards the Department will make under (a)(2) and (a)(3).

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<sup>7</sup> This provision also applies to future ARP awards the Department will make under (a)(2) and (a)(3).

It is critical that institutions take steps to prevent and mitigate the spread of coronavirus on their campuses and local communities.

Congress did not prescribe any specific practices, strategies, or methods that institutions must use to implement this required activity, and institutions have flexibility to carry out activities tailored to their unique needs and circumstances that are evidence-based and in accordance with public health guidelines. Congress also did not set a specific threshold or amount of an institution's ARP (a)(1) Institutional Portion funds that must be used to implement this provision. Please see Question 35, below, for more information on determining an appropriate expenditure level.

Some examples of allowable expenditures and activities include, but are not limited to, costs associated with the following:

*Testing:*

- Establishing a diagnostic or screening testing strategy, such as setting up a testing site, purchasing tests, or hiring additional personnel to administer tests.
- Hiring personnel to support contact tracing efforts in collaboration with local public health authorities.

*Prevention:*

- Setting up vaccination sites on or off campus to bring the vaccine to students, faculty, and staff, including costs of bringing sites to rural and satellite locations and costs associated with building awareness and confidence of the vaccine among students.
- Providing masks and other Personal Protective Equipment (PPE) to students, faculty, and staff.
- Supporting clean and sanitary campus environments, including purchasing hand sanitizer and handwashing stations that can be placed throughout the campus.
- Cleaning and disinfection.
- Enhancing ventilation in classrooms or common areas.
- Using mask campaigns to increase mask compliance on campus.
- Implementing physical distancing guidelines, such as modified layouts.
- Costs associated with vaccination efforts.
- Redesigning food service facilities.
- Developing training and communication systems to communicate with students. Cost associated with campus and local outreach on the benefits of vaccination as a virus-mitigation strategy.

*Reducing Barriers to Vaccination:*

- Paying for time off for staff to get the vaccine.
- Providing sick leave to employees to get vaccinated.

- Spreading awareness and building confidence in getting vaccinated, including setting up clinics for students to receive vaccinations or other confidence and awareness building efforts.

*Supporting Students:*

- Procuring additional space both on or off campus to house students and supporting other costs associated with meeting the basic needs of students in isolation and quarantine.
- Providing academic support services and mental health services for students in isolation or quarantine.
- Supporting coping and resilience for students.

Additionally, the CDC has developed some COVID-19-focused resources tailored to institutions of higher education here: <https://www.cdc.gov/coronavirus/2019-ncov/community/colleges-universities/index.html>. This site includes “Considerations for Institutions of Higher Education” available here: <https://www.cdc.gov/coronavirus/2019-ncov/community/colleges-universities/considerations.html>. Also relevant are those activities found on the [Department’s Best Practices Clearinghouse](#).

**29. Question:** What are considered examples of “public health guidelines”?

**Answer:** Public health guidelines are generally those guidelines distributed by the CDC and State, Territorial, Local, and Tribal Health Departments that recommend best practices to fight the spread and transmission of COVID-19. Some public health resources that include guidelines are the following:

- The Federal Government’s Coronavirus webpage: <https://www.coronavirus.gov/>
- The CDC’s public health guidelines: <https://www.cdc.gov/coronavirus/2019-ncov/communication/guidance.html>
- The CDC’s State, Territorial, Local and Tribal Health Department search: <https://www.cdc.gov/coronavirus/2019-ncov/php/hd-search/index.html>

As part of the proper administration of their HEERF grants, institutions should document how they utilized public health guidelines in implementing this required activity.

**Outreach to Financial Aid Applicants**

**30. Question:** What does the requirement to spend HEERF grant funds to “conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances” mean?

**Answer:** This requires institutions to provide notice to financial aid applicants and current financial aid recipients that they may be able to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other

circumstances. Federal Student Aid (FSA) [notes the following](#) for students and their families:

**Changes to Your Family's Financial Situation**

If you or your family's financial situation has changed significantly from what is reflected on your federal income tax return (for example, if you've lost a job or otherwise experienced a drop in income), you may be eligible to have your financial aid adjusted. Complete the FAFSA questions as instructed on the application (including the transfer of tax return and income information), submit your FAFSA form, then contact the school you plan to attend to discuss how your current financial situation has changed. Note that the school's decision is final and cannot be appealed to the U.S. Department of Education.

Similarly, the Office of Postsecondary Education [published guidance in January 2021](#) reminding financial aid administrators that they may use professional judgment to reduce or adjust to zero the income earned from work for a student and/or parent if the student or parent has received unemployment benefits. As such, institutions should work to disseminate this opportunity widely for their financial aid applicants and make use of the professional judgment authority as needed.

**31. Question:** What does “direct outreach” for this required activity mean?

**Answer:** “Direct outreach” requires an institution to actively engage financial aid applicants and recipients regarding the opportunity to receive a financial aid adjustment. Such outreach should be more than a passive notification of the opportunity to receive a financial aid adjustment, such as posting this opportunity on the institution's website. Direct outreach is not considered advertising or recruiting.

Direct outreach could include, but is not limited to, any of the following:

- Email to students who receive financial aid,
- Mail to students who receive financial aid,
- Phone or voice communication,
- Webinar invitations, and
- In-person interviews or meetings.

Please note that direct outreach does not require in-person interaction to financial aid applicants. Additionally, grantees are reminded that marketing is an impermissible use of HEERF III funds. Please see Question 27 for more information.

**32. Question:** What does “other circumstances” for this required activity mean?

**Answer:** Other circumstances are generally any circumstances that impact the ability of a financial aid applicant to afford their attendance at an institution and would therefore make the student eligible to receive a financial aid adjustment. Please refer to [Chapter 5](#)

[of the Federal Student Aid Handbook](#) for additional guidance on the exercise of professional judgment to account for special circumstances of a student.

**Applicable to both required uses of funds**

**33. Question:** Which institutions must implement these two required activities?

**Answer:** Any institution that receives an ARP (a)(1) Institutional Portion award (both supplemental awards and new awards) or ARP (a)(2) or (a)(3) award must implement these two required activities as part of the implementation of its HEERF III grant, provided it has not allocated its entire institutional portion to emergency financial aid grants for students.

**34. Question:** What does it mean that institutions must “use a portion of funds” on these two required activities mean?

**Answer:** Congress did not set a specific threshold or amount that institutions must use to implement these two required activities. As such, recognizing that each institution’s needs and circumstances are different, institutions should be guided by the Cost Principles in [200 CFR part 200 subpart E](#), which require that an institution spend a reasonable and necessary portion of its HEERF grant funds in order to successfully implement these two required grant activities.

**35. Question:** What should my institution do to document its expenditures under these two required activities?

**Answer:** As noted in several places above, institutions should document how they implemented these two required activities consistent with [2 CFR § 200.334](#). Specifically, institutions should document (1) the strategies used to monitor and suppress COVID-19, (2) the evidence to support those strategies, (3) how those strategies were in accordance with public health guidelines, (4) the manner and extent of the direct outreach the institution conducted to financial aid applicants, and (5) how the amount of the HEERF grant spent on these two required activities was reasonable and necessary given the unique needs and circumstances of the institution.

The Department is exploring following up by collecting more information on an institution’s implementation of these two required activities in the 2021 HEERF Annual Report to be submitted in early 2022.

## **E. Grant Administration Questions**

**36. Question:** What are the quarterly reporting requirements for HEERF III grants? (Updated 9/30/2021)

**Answer:** HEERF grantees receiving ARP funds must continue to adhere to the two quarterly reporting requirements originally implemented through the CARES Act for HEERF I funding. Those reporting requirements include the following:

- [Quarterly Institutional Public Reporting Form](#) for **(a)(1) Institutional Portion, (a)(2), and (a)(3) Funds:** This form must be conspicuously posted on the institutions' website no later than 10 days after the calendar quarter (April 10, July 10, October 10, January 10).
- [Quarterly Student Public Reporting Requirement](#) for **(a)(1) Student Aid Portion and the CRRSAA (a)(4) and ARP (a)(4) program:** The responses to these questions must be conspicuously posted on the institutions' website no later than 10 days after the calendar quarter (April 10, July 10, October 10, January 10).

Additional considerations and requirements:

- Each report is separate for the calendar quarter reporting period and not cumulative.
- Institutions must post their two separate reports (institutional and student) for each quarter until they expend all HEERF grant funds, including the quarterly reports from previous quarters if not already posted on the institution's website.
- Institutions combine all their HEERF funding streams (ARP, HEERF II CRRSAA, and HEERF I CARES Act) in reporting their expenditures for institutional funds and student funds.
- The Department continues to encourage institutions to submit their two quarterly reports (institutional and student) to the Department by emailing those reports as PDF attachments to [HEERFreporting@ed.gov](mailto:HEERFreporting@ed.gov). More information regarding quarterly reporting is available on our HEERF III ARP [website](#).

New Institutional Public Reporting Form Formatting Requirements (effective for the institutional report for the quarter ending September 30, 2021):

- The public reporting form for institutional funds must be completed and uploaded as a digital PDF, using the new template found on the Department's [website](#).
- No written or scanned PDF or word documents are allowed.
- Please refrain from adding additional material to the uploaded form.
- Completed PDF forms must have a file named using the following convention:
  - [8-digit OPEID]\_[Survey Name]\_[Quarter/Year]\_[Date of Release].
  - For example, 00177610\_HEERF\_Q32021\_101021.
- For OPEID, only list the "parent" institution (ending in 00). In the event a DUNS number applies to multiple OPEIDs, use the OPEID for the campus with the highest enrollment.
- The quarter pertains to the calendar year, following the same cadence the reporting periods follow. The date of release should be reported as the deadline for form submission, 10 days after the end of each reporting period.
- OPEID numbers can be found at the Database of Accredited Postsecondary Institutions and Programs ([DAPIP](#)) website or the National Center for Education Statistics (NCES) [College Navigator](#) website.

There are no changes to student fund reporting requirements at this time. Colleges that post a more robust analysis of their funds, such as through PowerBi and similar platforms, must continue to

upload the institutional form to their website alongside any optional more robust analysis.

**37. Question:** What are the annual reporting requirements for HEERF III grants?

**Answer:** The Department will be collecting an annual report for HEERF III ARP grantees in early 2022. The Department will share more information regarding this annual report, which will also require institutions to report on their uses of any remaining HEERF I CARES Act funds and HEERF II CRRSAA funds, in advance of the ARP annual reporting deadline.

**38. Question:** What auditing requirements apply to my institution?

**Answer:** Thorough and comprehensive auditing is an important component of accountability in ensuring the appropriate use of HEERF grant funds. Depending on the type of institution and the amount of HEERF or federal grant funds expended, your

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<sup>8</sup> Please see our [HEERF reporting website here](#) for more information.

<sup>9</sup> Please note this reporting form has been updated effective May 11, 2021.

<sup>10</sup> Please note this reporting announcement has been updated effective May 13, 2021 ([86 FR 26213](#)).

<sup>11</sup> The Department did not previously affirmatively indicate this reporting requirement was in place for HEERF II CRRSAA funds. As such, institutions may have until the end of the second calendar quarter, June 30, 2021, to post these retroactive reports if they have not already done so.



institution may be required to have the HEERF grant programs (HEERF I, HEERF II, and HEERF III) audited, or be subject to audit, for several institutional fiscal years. More information regarding HEERF institution auditing is available in our [March 8, 2021 letter on HEERF Grant Program Auditing Requirements](#).

**39. Question:** How long does my institution have to expend its HEERF III grant funding?

**Answer:** Institutions generally must expend their HEERF grant funds within one year from the date when the Department processed the most recent obligation of funds for each specific grant. Thus, institutions that received a supplemental award under ARP have one year to spend all remaining CRRSAA, CARES, and new ARP funds for each grant from the date their ARP supplemental award is made. The specific period of performance will be indicated in Box 6 of your institution's GAN.

For example, if a public or private nonprofit institution received an (a)(1) CARES Act award on April 12, 2020, it originally had until April 11, 2021 to expend funds. If that institution received a CRRSAA (a)(1) supplement on January 21, 2021, the period of performance was extended until January 20, 2022. For the ARP, for example, if the institution receives a new ARP (a)(1) supplement on May 20, 2021, the year-long performance period will be extended through May 19, 2022.<sup>12</sup>

The Department understands that some grantees, even given the emergency nature of the HEERF grant, may be unable to expend funds by this time. Consequently, no-cost extensions (NCEs) of up to 12 months are available as provided for in [2 CFR § 200.308\(e\)\(2\)](#). NCEs extend a grant's period of performance. NCEs may not be exercised merely for the purpose of using unobligated balances.

Given the emergency nature of HEERF grants, the Department encourages grantees to use their awards to cover expenses associated with the coronavirus as they arise and not hold off on doing so. The Department does not intend an NCE to extend longer than 12 months, but the Department intends to be very flexible in offering an initial NCE. HEERF grantees are also encouraged to discuss any need for an NCE with their respective ED program contact well in advance of the end of their grant period of performance.

Please note that after the end of the grant period of performance, grantees must close out their HEERF grants. For more information on winding down your HEERF grants, please see Question 51.

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<sup>12</sup> Please note that proprietary institutions that received (a)(1) funds did not receive supplemental awards under CRRSAA or ARP and instead could apply for (a)(4) funds under CRRSAA and ARP. Therefore, the initial period of performance for proprietary institution CARES Act (a)(1) grants remains one year from the date of their (a)(1) CARES Act award, with the possibility of receiving an NCE.

**40. Question:** When should my institution draw down funds once they have been obligated by the Department?

**Answer:** Although the entire amount of a grantee's HEERF III grant award or supplemental award will be available to the grantee as soon as it has been obligated by the Department, under [2 CFR § 200.305\(b\)](#), HEERF grantees are under an obligation to minimize the time between drawing down funds from G5 and paying obligations incurred by the grantee (liquidation).

If a HEERF grantee is using HEERF grant funds to make emergency financial aid grants to students, the Department may evaluate for compliance with the rule grantees who have not drawn down the funds from G5 and not paid the obligations (the emergency financial aid grants to students) to the students within fifteen calendar days.

For all other allowable uses of institutional funds, the Department may evaluate grantees who have not taken these steps within three calendar days. This enhanced flexibility for student grant programs is because students may not accept and draw down their financial aid grants from grantees' accounts within the three day window, or an institution may experience difficulties in contacting eligible students due to factors related to the pandemic.

**41. Question:** My institution has received an ARP (a)(1) or (a)(4) supplemental award. Do I have to begin drawing down funds by a certain date?

**Answer:** Yes. Institutions that receive an ARP (a)(1) or (a)(4) supplemental award(s) must draw down any amount of its grant funds within 90 days of the date of each supplemental award. Failure to draw down any amount of the institution's award(s) may constitute nonacceptance of the terms, conditions, and requirements of the Supplemental Agreement and the Department may choose to deobligate and redistribute the ARP supplemental grant funds or take other appropriate administrative action, up to and including terminating the grant award pursuant to [2 CFR § 200.340](#). Please note this requirement is the same as it was for CRRSAA (a)(1) supplemental awards.

**42. Question:** Can my institution charge expenses to my ARP award if those expenses were incurred before March 11, 2021, the date of enactment of ARP?

**Answer:** Yes. Institutions may charge expenses associated with coronavirus (pre-award costs) that were incurred on or after March 13, 2020, the day the national emergency was declared due to the coronavirus, to their ARP awards.

**43. Question:** Can my institution charge indirect costs to its HEERF grants?

**Answer:** Indirect costs may be charged only to Institutional Portion awards, both new and supplemental, and may not be charged to any student grant awards (under either ARP (a)(1) or ARP (a)(4)) because the student allocation represents an amount of funds that must be distributed to students.

Generally, this indirect cost rate will be the on-campus rate specified in an institution's negotiated indirect cost rate agreement. If an institution does not have a current negotiated indirect cost rate with its cognizant agency for indirect costs, it may appropriately charge the *de minimis* rate of ten percent of Modified Total Direct Costs (MTDC).<sup>13</sup>

Please note that as described in [2 CFR § 200.403](#), costs must be consistently charged as either indirect or direct costs, but they may not be double-charged or inconsistently charged as both. For more information, please see the Department's [Indirect Cost website](#).

**44. Question:** Can my institution charge direct administrative costs to its HEERF grants?

**Answer:** Reasonable direct administrative costs may be charged only to Institutional Portion awards, both new and supplemental, and may not be charged to any Student Aid Portion awards (under either ARP (a)(1) or ARP (a)(4)) because the student allocation represents an amount of funds that must be distributed to students.

Any direct administrative costs charged to the grant must be documented and, as with all costs, must be reasonable and necessary for the performance of the grant per the Cost Principles of the Uniform Guidance, [2 CFR part 200 subpart E](#).

**45. Question:** Under the Uniform Guidance requirements, institutions must receive [prior written approval](#) (prior approval) for many types of costs under [2 CFR § 200.407](#). Is that prior approval required for HEERF grants?

**Answer:** Generally, no. This FAQ extends the prior approval previously provided for CARES Act and CRRSAA funds to now include prior approval for ARP grant funds for the following cost items for all formula grants under the HEERF program from March 13, 2020 through the period of grant performance specified under your institution's GANs:

- [§ 200.308 Revision of budget and program plans](#)
- [§ 200.313 Equipment](#)
- [§ 200.430 Compensation—personal services, paragraph \(h\)](#)
- [§ 200.431 Compensation—fringe benefits](#)
- [§ 200.456 Participant support costs](#) (defined at [§ 200.75](#))
- [§ 200.458 Pre-award costs](#)
- [§ 200.475 Travel costs](#)

All cost items charged under these categories must be documented and, as with all costs, must be reasonable and necessary for the performance of the grant per the Cost Principles of the Uniform Guidance, [2 CFR part 200 subpart E](#).

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<sup>13</sup> Please see "[Direct and Indirect \(F&A\) Costs](#)" in the Uniform Guidance, 2 CFR part 200, for more information.

Please note that, per section 314(d)(3) of the CRRSAA (which applies to HEERF III grants made under the ARP), senior administrator and executive salaries, benefits, bonuses, contracts, and incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; and any other cash or other benefit for a senior administrator or executive are not allowable costs under the HEERF program.

Other cost items listed in [2 CFR § 200.407](#) that require prior approval continue to require the institution to seek approval from the Department prior to charging those cost items to your HEERF grant. Please email your assigned education ED program contact as indicated in Box 3 in your GAN with any questions.

**46. Question:** Do the Education Stabilization Fund (ESF) maintenance of effort (MOE) requirements apply to the HEERF program?

**Answer:** No. The ESF MOE requirements in section 18008(a) of the CARES Act, section 317(a) of CRRSAA, and section 2004(a)(1) of the ARP, apply to the Governors of each State and each State educational agency (SEA) as recipients of the Elementary and Secondary School Emergency Relief (ESSER) fund and the Governor’s Emergency Education Relief (GEER) fund. HEERF institutional grantees are not required to meet any ESF MOE requirements; however, States are required to maintain their State support for higher education as a condition of its ESSER and GEER grants. More information regarding State ESF MOE requirements is available in the [Department’s Guidance on Maintenance of Effort Requirements and Waiver Requests](#) document (April 19, 2021).

**47. Question:** My institution received an automatic email alert about excessive cash drawdowns because we drew down all our HEERF grant funds at one time. What response, if any, is required of my institution?

**Answer:** Institutions that receive this notification that have validly incurred large obligations should send an email to the ED program contact with the award number and a summary of how funds were expended. This notification is triggered when grantees draw down large balances, instead of gradually throughout the entire length of their performance periods.

Because of the nature of the HEERF grant program, some institutions may have a large expense that requires a drawdown of all or most of their HEERF grant funds at once. For example, if an institution has determined which students will receive emergency financial aid grants, it may incur an expense for all or most of its (a)(1) Student Aid Portion grant. Once an institution has incurred these valid obligations (as opposed to drawing down funds in advance of need; please see Question 40 for more information), a large drawdown in your HEERF grant may prompt G5 to send an automated “Excessive Cash Drawdown” email.

**48. Question:** My institution is merging or closing. What must we do?

**Answer:** Institutions that are merging or closing must immediately contact their assigned ED program contact specified in Box 3 of your GAN, as required by the Supplemental

Agreement or Certification and Agreement.<sup>14</sup> The Department will provide specific procedures for each merging or closing institution to follow, including (but not limited to) procedures regarding allowability of grant transfers, auditing, reporting, and close-out responsibilities. Institutions that fail to provide timely written notice to the Department of their merging or closing may be subject to the enforcement actions described in Question 50.

**49. Question:** My institution's HEERF grant(s) were placed on route pay status and my institution is unable to draw down funds. What do we need to do to remove this status?

**Answer:** Your institution's HEERF grants may have been placed on route pay status for several reasons. Those could include:

- Your institution is suspected of being closed or closing soon
- Your institution has not complied with the HEERF quarterly or annual reporting requirements (please see Questions 36 and 37 for more information)
- Your institution has been flagged for other performance or financial integrity issues

Importantly, route pay status does not prohibit an institution's use of HEERF grant funds; it merely requires the institution to seek the Department's prior authorization and describe how an institution intends to use the grant funds before accessing funds and drawing them down. Institutions that are on route pay status that are not sure why they were placed on route pay are encouraged to contact their ED program contact specified in Box 3 of their GAN with a copy to [HEERF@ed.gov](mailto:HEERF@ed.gov).

**50. Question:** What are some of the possible enforcement actions the Department can take against institutions that misuse HEERF grant funds?

**Answer:** The Department has a range of possible enforcement actions for institutions that have been identified as having an elevated risk or are suspected of improperly administering their HEERF grant funds. Those actions include, but are not limited to, the following:

- Heightened or more frequent reporting, monitoring, or auditing of your institution.
- Placing your HEERF grants on "Route Payment Status." This freezes the ability of your institution to draw down any remaining HEERF grant funds absent the prior authorization of the Department.
- Placing your institution on "High Risk Status." This flags your institution as a high-risk institution and impacts the ability of your institution to receive other Department grants and may bring scrutiny of your institution from our Office of Inspector General (OIG).
- Initiate suspension or debarment proceedings for culpable individuals as authorized under [2 CFR part 180](#) and other authorities.

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<sup>14</sup> The institution is also encouraged to send an email to [HEERF@ed.gov](mailto:HEERF@ed.gov) with the subject "School Closing".

- Terminating your institution's HEERF grants. Grant termination is publicly reported governmentwide, and it may trigger additional auditing or investigatory efforts.

**51. Question:** My institution has expended all the funds associated with one of its HEERF grants and is preparing to close out this grant. What must we do?

**Answer:** Institutions that are winding down their HEERF grants must do the following to comply with the close out requirements described in [2 CFR § 200.344](#):

- Contact the ED Program Contact listed in Box 3 of your GAN.
- Ensure that they have liquidated remaining funds for expenditures incurred during the grant period of performance. Per recent changes to the Uniform Guidance, institutions now have 120 calendar days to liquidate all financial obligations incurred under the award after the period of performance.<sup>15</sup>
- Ensure that all quarterly reporting is properly publicly posted online and submitted to the Department as required by the HEERF Quarterly Reporting requirements (please see Question 36). Additionally, public quarterly reports should remain online for a period of at least three years after the submission of the last quarterly or annual performance report.
- Submit the annual performance report covering the last period of grant performance when the Department opens the system for annual performance reporting (the next annual performance report will be submitted in early 2022 per Question 37).
- Maintain all grant financial records, supporting documents, statistical records, and all other entity records pertinent to the HEERF grant award for a period of three years from the date of submission of the last quarterly or annual performance report per [2 CFR § 200.334](#).
- Submit all required audits as described in Question 38 and the Department's [HEERF Grant Program Auditing Requirements Letter](#) (issued on March 8, 2021).

**52. Question:** Which previously issued HEERF FAQs and documents apply to the HEERF III programs?

**Answer:** The following FAQ documents remain, in whole or in part, applicable to the HEERF III ARP programs (unless superseded by [the text of ARP](#)):

- [Lost Revenue FAQs](#) (issued on March 19, 2021)
- [CRRSAA HEERF II \(a\)\(1\) FAQs](#) (issued on January 14 and updated March 19, 2021)

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<sup>15</sup> If an institution has as determined that it does not need some or all of our ARP supplemental funds, that institution may submit the [Voluntary Decline of HEERF Grant Funds form](#) to [HEERFRefund@ed.gov](mailto:HEERFRefund@ed.gov) that allows an institution to formally decline a specified amount of unneeded HEERF grant funds by August 11, 2021.

- [CRRSAA HEERF II \(a\)\(4\) FAQs](#) (issued on January 14 and updated March 19, 2021)
- [HEERF CARES Act Rollup FAQs](#) (issued October 14, 2020 and revised January 28, 2021)
- [HEERF Grant Program Auditing Requirements Letter](#) (issued on March 8, 2021)

The Department intends to consolidate all applicable HEERF FAQs into a single document in the near future for ease of program administration and compliance.

**53. Question:** Where can I obtain more information about the HEERF programs?

**Answer:** Institutions should regularly check our [HEERF III ARP website](#) for the latest ARP information and program guidance. For earlier CARES Act and CRRSAA information and program guidance, please visit either the [HEERF CARES Act website](#) or the [HEERF II CRRSAA website](#).