COVID-19 Relief – UPDATE

Sarah Flanagan
Vice President for Government Relations and Policy Development
NAICU

Stephanie Giesecke
Director of Budget & Appropriations
NAICU

Sue Menditto
Senior Director, Accounting Policy

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Agenda

• Introductions
• Overview of COVID Relief Legislation
• New Guidance
• Specifics on Lost Revenue and Expenses
• Q&A
Three Rounds of COVID Relief

$76.55 billion in COVID Relief

HEERF I (CARES)  HEERF II (CRRSAA)  HEERF III (ARP)

- Student
- Institutional
- HBCU/MSI
- FIPSE/Other
HEERF I (CARES Act)

- $12.6 billion for students and institutions
- 50% for student emergency grants
- Institutional funds to address the immediate needs of pandemic
- Most funds spent
- Remaining funds can be used under HEERF II rules
HEERF II (CRRSAA)

CRRSAA Becomes Law
12/27/20
$22.7 Billion

Guidance Issued
1/14/2021
Reissued
3/19/2021

• $20.5 billion for students and institutions
• At least the same dollar amount on student emergency grants as CARES ($6.3 Billion)
• Additional allocation for online students
• Institutional funds to defray costs of pandemic
• Endowment tax limitation on funds
HEERF III (American Rescue Plan)

ARP Becomes Law 3/11/21 $40 Billion

- $36 billion for students and institutions
- 50% for student emergency grants
- Removes endowment tax limitation on institutions
- Generally same uses as HEERF II
- Requires some institutional funds be used for virus mitigation, and some funds be used for outreach to financial aid recipients to ensure access to additional aid

Allocations to institutions and guidance expected early April
March 19 guidance updates and overrides January 14 guidance

- Allows broad institutional use for expenses and lost revenue related to coronavirus
- Applies to expenses and lost revenue since March 13, 2020
- Waives federal requirements for approval for pre-award costs
- Specifically cites that these rules will apply to HEERF III
HEERF II Emergency Student Grants

• At least the same dollar amount as HEERF I on student grants

• New student eligibility includes those who:
  • Have left school for any reason during the period of the national emergency, beginning on March 13, 2020
  • Are non-degree seeking, non-credit, dual enrollment, and continuing education
  • All US Citizens and qualified aliens, (including refugees and persons granted asylum)
HEERF II Emergency Student Grants

• Students may receive their grants through the institution’s student account system
• Students can affirmatively direct funds to institutional balances
• May be used on any component of COA
• May be used on any emergency costs related to pandemic
• Student guidance *will likely* apply to HEERF III student funds
HEERF II /III Lost Revenue

Partial list of lost revenue covered – Academic Sources

• Tuition, fees and institutional charges
• Room and board
• Enrollment declines
• Supported research
• Summer terms and camps
Partial list of expenses and lost revenue covered – **Auxiliary Services Sources**

- Cancelled ancillary events
- Disruption of food services
- Dormitory services
- Childcare services
- Use of facilities or venues

- Bookstore revenue
- Parking revenue
- Lease revenue
- Royalties
- Other operating revenue
Lost Revenue FAQs

• Provides a definition
• Applicable to all HEERF grants
• Both academic and auxiliary sources
• Unallowable uses
• Methodologies
• Grant time period charges / uses
• Use extensions
• SEFA
Lost Revenue Generally

• Judgement is always required
• Consider what’s non-allowable first
  • Athletic facilities
  • Acquisition of real property
  • Contributions
  • Marketing / recruitment
  • Sectarian instruction or religious worship related revenue
  • Alcohol sales
  • Investment income
Lost Revenue Methodologies

- Three-year average
- Year-to-year / Term-to-term comparison
  - Prorate FY20 if year-to-year comparison
  - Prorate FY20 if spring term-to-spring term comparison
- Budget amounts
  - Documentation will be important
- Choose a methodology
  - Methods are not specific to the examples
Lost Revenue Accounting and Reporting

• An expenditure
• Report use at the end of the related period
• SEFA
  • At least FY21
  • Several years can be in play
• HEERF II
  • Revenue recognition
  • Barriers to entitlement
Questions?