

CARES Act Higher Education Emergency Relief Fund Compliance Guidance



Prepared by the State University System of Florida
Board of Governors
Office of Inspector General and
Director of Compliance
As of May 15, 2020
Revised July 9, 2020

Introduction

On March 27, 2020, Public Law No. 116-136 (House Bill 748), referred to as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law to mitigate the economic impact for those affected by the coronavirus.

The CARES Act provides funding, expands eligibility for existing programs, and establishes new programs to aid individuals, businesses, and state, local, tribal, and territorial governments in response to the coronavirus pandemic. For the purposes of this document, only those relating to higher education are discussed.

In implementing the CARES Act, the U.S. Department of Education (U.S. DOE) released federal funds as emergency financial aid grants under the CARES Act. These emergency financial aid funds are referred to as the Higher Education and Emergency Relief Funds (HEERF). HEERF funds were distributed in April 2020 to post-secondary institutions to support the students and institutions themselves for expenses related to the disruption of campus operations due to the coronavirus. State University System of Florida institutions received a total allocation of \$252 million in HEERF funding (refer to the table in [Appendix A](#) for the breakdown by university).

HEERF funds will most assuredly be subject to an audit in the future. To minimize the possibility of audit criticisms, pertinent university staff should be knowledgeable about the federal uses and restrictions for HEERF funds as they are distributed and ensure that the reporting requirements are met. Contemporaneous monitoring for compliance will be a crucial step in demonstrating institutions' appropriate use of these funds.

With the fast-changing landscape due to the coronavirus pandemic, it is essential that university officials and compliance officers stay informed on the federal guidance for using and complying with these funds. As such, university compliance offices are encouraged to be informed and involved in the implementation and distribution of these funds. Because compliance functions provide a structured and organized approach to promote and support a culture of compliance, risk mitigation, and accountability, university compliance offices can serve an essential role in ensuring compliance with the federal guidelines for using HEERF allocations.

CARES Act HEERF Overview¹

On April 9, 2020, the U.S. DOE Secretary issued a letter introducing the CARES Act, which provides approximately \$14 billion in federal funds to higher education institutions. Of that amount, \$12.56 billion will be allocated to higher education institutions using a formula based on student enrollment. Institutions were required to reserve 50% of their

¹ For more detailed information and to keep current on the latest federal guidance, please refer to the [U.S. Department of Education CARES Act: Higher Education Emergency Relief Fund](#) webpage as well as the [CARES Act, Public Law No. 116-136](#).



allocation to go to students in the form of emergency financial aid grants to cover expenses related to the disruption of campus operations from the coronavirus.

Funds have been distributed in tranches for the intended recipients (refer to CARES Act sections 18004(a)(1) and 18004(c) for details). The first tranche was intended as emergency financial aid to students, and the second as aid to institutions. Federal guidance has been issued for each recipient category. Below are highlights of the guidance and information provided in the use of these emergency funds for students and institutions.

STUDENT Higher Education Emergency Relief Fund

- 50% of the HEERF allocation must go **to students** to cover expenses related to the disruption of campus operations due to the coronavirus.
- Institutions are to develop a system for determining how to allocate funds to their students (for example, to all students or only those with demonstrated significant need).
- Eligible expenses include the student's cost of attendance (food, housing, course materials, technology, health care, and childcare).
- Institutions must not use advanced funds to reimburse themselves for any costs or expenses, including but not limited to those costs related to delivery of instruction or any refunds or other benefits previously issued to students.
- All institutions must sign and return to the U.S. DOE the Certification of Funding and Agreement (via grants.gov) acknowledging the terms and conditions of the funds.
- Institutions must follow the reporting requirements and timelines specified in the Certification of Funding and Agreement.

INSTITUTIONS Higher Education Emergency Relief Fund

As noted in the U.S. DOE Secretary's letter to college and university presidents dated April 21, 2020, the institutions' half of the CARES Act funds is also known as the funds for "Recipient's Institutional Costs." At that time, the U.S. DOE issued a second Certification and Agreement for Recipient's Institutional Costs. Before entering into this certification and agreement, institutions are to have entered into the initial agreement (refer to the Student section above).

Below are highlights of the guidance provided for this funding tranche:

- The CARES Act section 18004(c) allows institutions to use up to one-half of the total funds received to cover costs related to significant changes in delivery of instruction due to the coronavirus.



- Institutions shall not use funds for payment to contractors for pre-enrollment recruitment activity such as marketing and advertising; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship.
- Institutions may use Recipient's Institutional Costs funds to reimburse themselves for costs related to refunds made to students for housing, food, or other services that were impacted as a result of COVID 19; or for hardware, software, or internet connectivity purchased on behalf of or provided to students.
- Recipient's Institutional Costs funds are not to be used for senior administrator and/or executive salaries, benefits, bonuses, contracts, incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; and any other cash or other benefit for a senior administrator or executive.
- Recipient's Institutional Costs must have been first incurred on or after March 13, 2020, which is the date of the Proclamation of National Emergency.
- All institutions must sign and return to the U.S. DOE the Certification of Funding and Agreement (via grants.gov) acknowledging the terms and conditions of the funds.
- Institutions must follow the reporting requirements and timelines specified in the Certification of Funding and Agreement. (For additional information about reporting requirements, see the Reporting Requirements section below.)
- Recipient's Institutional Costs funds shall be used promptly and to the greatest extent practicable by one year from the date of the Certification and Agreement. The institution's efforts to comply with this guidance must be documented and reported as required by section 15011(b)(2) of the CARES Act. (For additional information about reporting requirements, see the Reporting Requirements section below.)

Reporting Requirements

CARES Act funding recipients will receive reporting requirements from the agencies responsible for the providing the funds. To keep the State University System of Florida Board of Governors informed of the state universities' compliance with the use and reporting of CARES Act funds, the Board's Office of Inspector General and Director of Compliance will compile information regarding CARES Act compliance requirements and university actions taken in compliance with the Act's provisions. This information will be summarized and reported in the SUS Compliance Summary report for the January 2021 Board of Governors meeting.



Compliance Self-Monitoring Tool

As an example of a compliance monitoring tool, the Board of Governors Office of Inspector General and Director of Compliance developed the following tool that contains some of the basic requirements for CARES Act compliance based on the federal guidance for using HEERF funds. For additional applicable provisions of the CARES Act, refer to Public Law No. 116-136. CARES Act, Part IV, Subtitle B, sections 3501 – 3519 contain information on modifications to grant and loan programs related to education and federal student aid, for example.

The self-monitoring tool below was developed as an example or guide for universities to use in developing a tool specific to their institution’s operations.

Student Higher Education Emergency Relief Fund (HEERF)		
Implementation Guidance	Yes/No	Comments
Did your institution reserve 50% of the allocated amount to go to students to cover expenses related to the disruption of campus operations due to the coronavirus?		
Did your institution develop a system for determining how to allocate funds to its students (based on, for example, funds to all students or only to those with demonstrated, significant need)?		
Did your institution establish adequate controls that ensure only eligible expenses incurred on or after March 13, 2020 (the Proclamation of Nation Emergency), were covered, such as those included in the student’s cost of attendance (i.e., food, housing, course materials, technology, health care, and childcare)?		
Advanced funds (the first tranche), intended as student emergency financial aid, were not permitted to be used for institutions to reimburse themselves for any costs or expenses, including but not limited to those costs related to delivery of instruction or any refunds or other benefits previously issued to students. Did your institution’s use of funds comply with this guidance?		
Did your institution sign and return to the U.S. Department of Education the		



Certification of Funding and Agreement (via grants.gov) acknowledging the terms and conditions of the funds?		
Is your institution following the monthly and quarterly reporting requirements and timelines specified in the Certification of Funding and Agreement and as required by section 15011(b)(2) of the CARES Act?		
Institutions Higher Education Emergency Relief Fund (HEERF)		
Implementation Guidance	Yes/No	Comments
Did your institution use no more than one-half of the total HEERF funds received to cover costs related to significant changes in delivery instruction due to the coronavirus?		
Institutions are not to use Recipient's Institutional Costs funds for payment to contractors for pre-enrollment recruitment activity such as marketing and advertising; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship. Did your institution's use of funds comply with this guidance?		
Did your institution use Recipient's Institutional Costs funds to reimburse themselves for costs incurred on or after March 13, 2020 (the Proclamation of Nation Emergency), related to refunds made to students for housing, food, or other services that were impacted as a result of COVID 19; or for hardware, software, or internet connectivity purchased on behalf of or provided to students?		
Institutions are not to use Recipient's Institutional Costs funds for senior administrator and/or executive salaries, benefits, bonuses, contracts, incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; and any other cash or other benefit for a senior administrator or executive. Did your		



<p>institution's use of funds comply with this guidance?</p>		
<p>Did your institution sign and return to the U.S. Department of Education, via the grants.gov website, the Certification of Funding and Agreement acknowledging the terms and conditions of the funds?</p>		
<p>Is your institution monitoring the use of Recipient's Institutional Costs funds to ensure they have been used promptly and to the greatest extent practicable by one year from the date of the Certification and Agreement?</p>		
<p>Is your institution documenting its compliance in the use of the Recipient's Institutional Costs funds to report its compliance with federal guidance and as required by section 15011(b)(2) of the CARES Act?</p>		



Appendix A

The table below contains the total allocation amounts for the State University System of Florida by institution. This information was excerpted from the Allocations for Section 18004(a)(1) of the CARES Act accessible via the [U.S. Department of Education CARES Act: Higher Education Emergency Relief Fund](#) webpage.

Allocations for Section 18004(a)(1) of the CARES Act State University System of Florida Institutions Only			
OPEID	School	Total Allocation	Maximum allocation to be Awarded for Institutional Costs
148000	Florida Agricultural & Mechanical University	\$13,051,325	\$6,525,662
148100	Florida Atlantic University	\$22,429,874	\$11,214,937
3255300	Florida Gulf Coast University	\$11,143,620	\$5,571,810
963500	Florida International University	\$38,301,957	\$19,150,978
4263400	Florida Polytechnic University	\$1,253,303	\$626,651
148900	Florida State University	\$29,339,828	\$14,669,914
3957400	New College Of Florida	\$837,170	\$418,585
395400	University Of Central Florida	\$51,071,250	\$25,535,625
153500	University Of Florida	\$31,046,411	\$15,523,205
984100	University Of North Florida	\$11,770,196	\$5,885,098
153700	University Of South Florida	\$34,839,748	\$17,419,874
395500	University Of West Florida	\$6,801,388	\$3,400,694
Total Florida SUS Allocation		\$251,886,070	



Appendix B

Information for this overview were extracted from the following sources:

1. Public Law No. 116-136, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>)
2. Congressional Budget Office letter, dated April 27, 2020 (revised) to the Chair of the Senate Committee on the Budget regarding the fiscal analysis and summary of House Bill 748 (<https://www.cbo.gov/system/files/2020-04/hr748.pdf>)
3. U.S. Department of Education webpage for the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Office of Postsecondary Education webpage (<https://www2.ed.gov/about/offices/list/ope/caresact.html>)
4. April 9, 2020, Letter from U.S. DoE Secretary to College and University Presidents regarding the introduction and implementation of the CARES Act
5. Recipient's Funding Certification and Agreement, Emergency Financial Aid Grants to Students Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act
6. Higher Education Emergency Relief Fund Frequently Asked Questions About the Emergency Financial Aid Grants to Students Under Section 18004 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act
7. April 10, 2020, Memorandum for the Heads of Departments and Agencies from the Executive Office of the President, Office of Management and Budget regarding the Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)
8. April 21, 2020, Letter from U.S. DoE Secretary to College and University Presidents regarding access to the second half of grants to higher education institutions per Section 18004(a)(1) of the CARES Act or Recipient's Institutional Costs
9. Recipient's Funding Certification and Agreement for the Institutional Portion of the Higher Education Emergency Relief Fund Formula Grants Authorized by Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act
10. Higher Education Emergency Relief Fund Frequently Asked Questions About the Institutional Portion of the Higher Education Emergency Relief Fund Under Section 18004(a)(1) and 18004(c) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act
11. National Association of State Auditors, Controllers, and Treasurers (NASACT) article: "President Trump Signs CARES Act Into Law, Recovery Act-Like Reporting



Required”

https://www.nasact.org/article_content.asp?edition=3§ion=5&article=123)

12. Powers Summary of Higher Education Provisions in the 2 Trillion Federal Economic Relief Package Known as the CAERS Act





325 West Gaines Street, Suite 1614

Tallahassee, FL 32399-0400

Phone: (850) 245-0466

Email: BOGInspectorGeneral@flbog.edu

Website: www.flbog.edu

