



Town Hall

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Capitol Hill Updates

Pandemic Relief

- More aid likely on the way soon
- Potentially as much as \$40 billion
- Institutions of all type would be eligible
- Currently no restrictions based on NII tax payment

Timing

- Could be late February/early March
- Depends on several factors
 - Impeachment trial
 - Desire for efforts to be bipartisan?

CRRSAA Primary Relief Fund (HEERF II)



- \$21.2 billion available
- Split into a student share and an institutional share
- Dept. of Ed Guidance to Date
 - Supplemental Agreement Forms (if you've already received CARES Act aid)
 - FAQ issued Jan. 14th
- Students may use 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.”
 - Must prioritize students with exceptional financial need, they don’t have to be Pell eligible but that could be a useful metric
 - Students can elect to have their grant directly applied to their account balance BUT you cannot be coercive with this option
 - Likely need to report this aid on the 1098-T since QTRE is an allowable use

1098-T Reporting



- Emergency grants to students under CRRSAA may be used to satisfy a student's outstanding account balance, provided the institution received written (or electronic) affirmative consent form the student
- This could result in payment for qualified tuition and related expenses (QTRE)
- January 19, 2021 IRS notice does not waive 1098-T reporting requirement for payments received for QTRE from CRRSAA grants
- Waiting for further guidance
- Institutions should track these dollars/payments should subsequent IRS guidance provide more clarity and/or changes

CRRSAA Primary Relief Fund (HEERF II)



- Institutional Share
 - Much more flexible than it was with CARES!
- Institutions (apart from those operating under NII tax restrictions) may use funds for:
 - to defray 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);
 - carry out student support activities authorized by the Higher Education Act that address needs related to coronavirus;
 - and make additional financial grants to students
- Same prohibitions apply as with CARES Act funds
 - Funds cannot be used to:
 - “fund contractors for the provision of pre-enrollment recruitment activities; marketing or recruitment; endowments; capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship;
 - 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.”

CRRSAA Primary Relief Fund (HEERF II)



- Still big questions to be answered:
 - Are DACA students eligible for aid?
 - What's up with the timing confusion?
 - How long do I have to spend these funds?
 - How are we determining revenue losses?
 - Are employee benefits covered under payroll?
 - Various student eligibility/timing questions
- Why don't we have these answers and what is NACUBO doing about it?

Accounting: CRRSAA Primary Relief Fund (HEERF II)



- Conditional contributions
 - Student portion and institutional share
 - Whether FASB or GASB
- Institutional portion
 - Revenue can be recognized as student aid portion is used
 - Similar to HEERF I rules, except its not a 50 – 50 split
 - Must distribute at least the same amount of student aid as under HEERF I
 - Remainder can be used by institution
- Student Aid portion
 - A student aid expense (natural category)
 - A scholarship expense (functional category)

Accounting: CRRSAA Primary Relief Fund (HEERF II)



- Institutional portion and allowable expenses
 - Indirect costs
 - Reasonable direct administrative expenses
 - FAQ Question 20 – adds to confusion
 - Indicates **payroll and related benefits** are allowed
 - Authorizes pre-award costs
 - BUT doesn't mention lost revenue
- Lost revenue
 - MSI guidance under HEERF I
 - What about state appropriations?
- SEFA
 - Lost revenue is defined as an expense (similar to allowable R&B refunds)
 - What about if prior fiscal years are allowed?
 - Grant cycle for use of funds
 - Does not have to match the financial reporting cycle
 - But the annual audit must reflect grant activity [expenditures] associated with the grant during the reporting period

Post 9/11 GI Bill Changes



- Dual certification now required (effective August 1, 2021)
 - Student veterans to submit monthly certifications to VA
- Schools responsible for repaying VA overpayments of tuition and fees from enrollment changes (January 5, 2021)
- Disclosures, including costs, aid, graduation rates, and job placement, among others (August 1)
- Risk-based reviews by State Approving Agencies (October 1, 2022)
- More flexibilities with in-state tuition requirements (August 1, 2021)
- Extension of pandemic protections (January 5, 2021)

Q&A

Upcoming Events



- Muddling Through or Planning for the Long Term? (2/22 at 2pm ET)
- NACUBO Endowment Master Class Series (February 9-May 18 at 1pm ET)
- 2021 UBIT Conference (February 24-25)
- Legislative Lunchcast (March 3 at 1pm ET)
- Visit the NACUBO website for all details! (Under the Professional Development tab)

Thank you!

