COVID-19 and Federal Student Aid: HEERFs - Webinar Transcript

Recorded May 21, 2021

Question and Answer Segment begins on Page 10

Margot O'Meara:

Hi, everyone. Thank you so much for joining us for this NASFAA webinar, COVID-19 and Federal Student Aid, HEERFs. My name is Margot O'Meara, and I'm the webinar producer here, and I have just a few housekeeping notes to get us started. Hopefully you're hearing us. Audio is working. If for any reason your slides aren't advancing or you have any audio issues, just refresh your browser. That should solve any issue that you encounter. If not, feel free to reach out to us in the Q&A box. I'll be happy to assist you there. That's also where you will submit your questions throughout the presentation today.

We do have closed captions. You can go ahead and minimize that if you don't want to follow along, or if you already did, you can maximize it. All of the widgets on your console are customizable, so go ahead and set it up however you would like.

There is a webinar handout, so go ahead and download that. That includes the slides for today's presentation. And we also have a few other resources listed there. There is a certificate of attendance that will be available 60 minutes into the presentation, and we'll remind you to download that before we wrap up.

And finally, please complete the survey. We really do value your feedback. With that, I will turn things over to your presenters. Justin?

Justin Draeger:

All right. Thank you, Margot. Welcome everybody. We're glad that you could join us. My name is Justin Draeger, President of NASFAA. I'll be moderating today. Joining me are David Futrell, Karen McCarthy, and Jill Desjean. These folks collectively make up the NASFAA genius bar, and we are represented as cicadas today in honor of the Brood X cicada wave sweeping through the East Coast.

So, what are we going to be talking about. We'll be talking about where we are now, the state of emergency, some reporting requirement updates, allocations and applications, student eligibility packaging, and we'll be doing some Q&A's. You can enter your Q&A, as Margot said, in the Q&A box. Just based on past experience, these webinars tend to have a lot of attendees. We're not able to get through all of the questions, but we'll try to get through as many as we can in the time allotted. And then I would also always refer you back to our COVID-19 web center at NASFAA.org, where we post all of our articles, resources, charts, and Q&A's from our knowledge base.

Before we get to all of that, let's do a little benchmarking. This is helpful, I hope, for you and for us. If you wouldn't mind filling out the survey question here. The question is will you award HEERF III emergency grants to institutionally identified students through block grants, application, or both? We also have options here for undecided if you're still mulling it over, I don't know would probably be for those of you where the decision is being made outside of your office. Maybe it's being made somewhere else. So go ahead and fill that out. Margot, if you wouldn't mind letting me know and I can advance.

Margot O'Meara:

You can go ahead.

Justin Draeger:

Okay. So it looks like 50% of the folks that are responding here today are saying that it's going to be done through a combination of some block granting and some application. So for those of you who are in that undecided category in that 20%, that might help as you benchmark across other institutions at this webinar.

Let's do another one, another benchmarking question here. How quickly does your institution anticipate spending the bulk of your HEERF III allocation? Options here are: within one month of receiving the funds, so very quickly; within three months of receiving the funds; within six months, which would put you into well into the fall term; or if you are planning on spending it over the next 12 months that's allotted to you. And Margot, again, let me know when we have enough responses that I should advance the slide.

Margot O'Meara:

Yep. We can go ahead and move forward.

Justin Draeger:

Okay. So this is a bit surprising maybe to me, but it looks like we have a pretty fairly even distribution, except that half of the folks will be spending it over the next 12 months, holding some in reserve to meet probably the emergency needs of students as they move through this next year. So again, if you're thinking about this, this is not scientific. I cannot attest this is a representative sample. All I can say is we have a lot of folks on this webinar today. So hopefully this provides you a flash brief of where folks are at.

All right. Let's take a look at where we're at today. $77 billion in total emergency funds have been made available to students and institutions over the last 13 months. $31 billion of that has been allocated specifically for student grants. And just to give you some perspective, in any given normal year, we spend roughly $29 billion on Federal Pell Grants between discretionary and mandatory funding.

Justin Draeger:

So a lot of money has been made available to institutions. Moody's, if you pay attention to how they look at the health of any industry, recently said that they moved higher education institutions from negative outlook to steady or moderate outlook, and it's largely because of that nearly $80 billion that had been pumped into college access emergency grants and shoring up institutional finances.

We've had three COVID relief bills, the latest this last March. And what's important about the last COVID relief bill is if you were to go back into history when we had the Trump administration, we had 92 senators who supported the COVID relief bill. So, an overwhelmingly bipartisan bill. If you were to go back to the March, this third HEERF III bill, we had zero Republicans in the House and the Senate supporting this bill. So, it's become much more partisan.

If we were to use that and extrapolate out, we might ask the question, what are the odds of another HEERF funding bill, like maybe a HEERF IV? We would say the odds are pretty low. We are not expecting to see additional funding through another emergency spending bill, at least in the immediate future.

That said, we could still see some pretty significant increases to financial aid. So as your school is projecting out, if you're thinking, "Okay, is this the last tranche of funding, or is there going to be a whole other tranche for emergency grants and institutional aid in the fall?" what we would say is it seems like the spigot is being turned off. We do not see on the horizon a HEERF IV. That doesn't preclude us from potentially seeing increases, though, in things like Pell Grants or Supplemental Educational Opportunity Grants. That would be completely separate. That would be in your normal financial aid packaging and award and policies. So that's the other thing I would note.

And finally, we are acutely aware that 45 million borrowers are supposed to be reentering repayment this October 1st. So we are keeping our eyes on that as well.

One other thing I just want to differentiate overall is that we've seen schools looking at two different declarations of emergency. One is the national emergency and the other is the public health emergency. The one that's most pertinent to us when we're talking about the waivers and flexibilities that have been granted to institutions is the national emergency. The public health emergency is declared by the Secretary of Health and Human Services. Our flexibility and waivers are not contingent on the public health emergency. That is specific towards public health issues.

The national emergency declared by the President will be in effect through March 1st, 2022, or ended earlier, that's an option by the President, or extended by the President. So right now the date on record is March 1st, 2022. And remember that those flexibilities and most of the waivers that have been granted will go through the next payment period after which the national emergency has ended. For example, if it ends March 1st, 2022, the flexibilities and most of the waivers would continue through summer if that's your next term and end the following fall. And there's a chart that's attached to an Electronic Announcement and I think in the webinar notes for you to help keep track of all of that.

With that, Jill, I think I'm going turn it over to you.

Jill Desjean:

Thanks, Justin. So the American Rescue Plan includes two new spending requirements for the institutional share of your funds. So institutions without a HEERF III institutional share do not have to meet this requirement. That would include proprietary institutions who are only eligible to receive student share funds in this round, as well as any institution that chooses to spend 100% of its institutional share on student grants. So in those cases, these requirements that I'm going to mention won't apply. These requirements apply to everyone else who has an institutional share to spend.

The first requirement is that institutions spend a portion of their institutional share to implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines. So the Department of Education provided some examples of activities that would meet this requirement in the HEERF III FAQ document that came out earlier this month. Those included things like COVID testing, vaccinations, deep cleaning, supports for students who are in isolation and quarantine, and a pretty long list of other activities. Be sure to review that document if you're not sure which activities might meet this requirement.

And like a lot of Title IV institutional requirements, this doesn't fall directly under the financial aid office’s purview. I doubt that you all would be giving vaccinations to students, but you should at minimum be ensuring that the right people know about this requirement to ensure that your institution is in compliance, even if it's not your office that would be carrying out these activities.

The second new requirement in the American Rescue Plan requires institutions to spend a portion of their institutional share HEERF dollars on direct outreach to students about the possibility of an aid adjustment for special circumstances, which include things like loss of employment. The law requires that this outreach be direct, and the Department of Education has confirmed that just posting something on an institutional website is not sufficient. That would be passive, and this requirement requires direct outreach. Things like mail, email, phone calls to students, something sent via your institution's student portal or in-person communications all would satisfy that direct outreach requirement.

We've heard a number of concerns about this requirement from member institutions, such as the fact that for many schools, the 2020-2021 award year is over or nearly over, and schools don't necessarily have the resources to make the adjustments or don't want to give students false hope that it would be available at this late point in the award year. And I'll just note that while you have to send these communications to all of your financial aid applicants, you don't have to send the same communication to all of them. You can tailor your messaging so that students understand what circumstances might actually yield an aid adjustment, etc., so that you're not inundated by requests for reconsideration that you wouldn't be able to honor.

The Department also did not specify a dollar amount that needs to be spent on these outreach activities, and the law just says a portion. The only thing that is clear is that you must spend something. We’ve had schools ask if they can just document activities that they are already undertaking or that they add on that they don't consider having a cost without attributing a cost to them, and that would not be adequate to satisfy this requirement. Some spending has to take place.

Moving on to reporting, the Department of Education affirmed the HEERF III, as well as HEERF II reporting requirements in their May FAQ document.

Institutions will be subject to two quarterly reporting requirements for HEERF III. Two quarterly requirements, the quarterly student share spending report and the quarterly institutional share spending report. They'll also be subject to the annual reporting report. These were all requirements of HEERF I. Of particular note, ED noted that it is considering adding some items to the annual report, and those include how institutions prioritize exceptional need and how institutions implemented those two new institutional requirements I just covered; those activities to monitor and suppress COVID-19 and direct outreach on the availability of aid adjustments. So institutions should be sure to maintain good records on all of these activities as preparation for next year's annual report.

As for HEERF II reporting, you may remember that ED never affirmed those reporting requirements. They addressed that also in this May FAQ, confirming that HEERF II, not surprisingly, is subject to the same quarterly and annual reporting requirements that HEERF I and HEERF III are subject to. ED did offer a deadline extension for the HEERF II first quarter of 2021 report, which would have covered the period from January to March of 2021 and would have been due on April 10th. Since ED did not announce this requirement until after that April 10th deadline, they offered an extension until June 30th, 2021. This applies only to the HEERF II first quarterly report for 2021. All other deadlines remain in place.

And lastly, we hope you'll find this updated HEERF Reporting Chart, which you'll find on NASFAA's COVID-19 Web Center, which is at NASFAA.org/covid19, helpful as you're complying with these reporting requirements.

I will pass things off now to David, who is going to cover HEERF III allocations and applications, as well as updates on student eligibility. David?

David Futrell:

All right. Thanks, Jill. Let's talk briefly about how schools are receiving their HEERF III allocations and which schools must actually submit an application or another type of form in order to receive their new funds.

On May 11th, the Department published allocation tables for public and non-profit schools and proprietary schools. You can find the allocation tables on the website listed on the slide. Unfortunately, allocation tables are not yet available for Historically Black Colleges and Universities and Tribally Controlled Colleges and Universities. And for the special fund for greatest need, those allocations are not yet available.

Those tables include the minimums and maximums for spending the student and institutional portions, so you don't have to do any calculations. The calculations are done for you right on those allocation tables.

Now, the school has one year from the date that the most recent grant obligation was processed by the Department of Education to spend all of its HEERF funds, including funds from prior rounds of HEERF I and HEERF II. Now, this has been a point of confusion in the past, so I want to be clear here. Schools that are receiving HEERF III funding in May of 2021 will have until May of 2022 to spend all of their remaining HEERF I, HEERF II, and HEERF III funds. The exact deadline date will appear in Box 6 of the school's most recent Grant Award Notification, or GAN for short. If the school is unable to meet this deadline, of course, it can request a no-cost extension, and the Department says it intends to be "very flexible" in granting an initial extension of that deadline. So don't panic yet. There's a possibility for an extension come next May.

Public and private nonprofit schools that previously received student or institutional HEERF II funds do not need to submit a new application to receive HEERF III funds. They'll receive a supplemental HEERF III grant award automatically, like HEERF II funds. That notification will be sent to the school's HEERF project director that has been designated by the school for HEERF spending. These notifications are going out on a rolling basis, so if you haven't received yours yet, don't panic just yet.

Schools that previously received HEERF II grant funds and are receiving supplemental HEERF III funds are required to start drawing down funds from both the student and the institutional portions of HEERF III within 90 days of the date of that supplemental award. So, for each supplemental award for both the student and institutional portion. Drawing down any amount of HEERF III funds constitutes the school's acceptance of the allocation and any applicable terms and conditions which are found in the supplemental agreement for each allocation. And that supplemental agreement will be sent to the school. It's not something you have to complete, sign, and send back. It's just a supplemental agreement that is sent to the school with the allocation.

Now, failure to draw down any amount of the school's allocations by the 90-day deadline may constitute nonacceptance of the allocations. Now, if this happens, the Department of Education can go in two directions. It can de-obligate those funds for you and redistribute them to other schools, or it might take other "appropriate administrative actions" up to and including terminating the grant award. That having been said, we do have an outstanding question with the Department. NASFAA is still seeking clarification on whether the school must first spend all of its HEERF I and HEERF II funds before it can begin drawing down any HEERF III funds. Now, the Department has said schools must spend the funds on a first dollar in, first dollar out basis, but if that's truly the case, it could complicate the school's ability to meet the 90-day requirement for HEERF III funds. So we're trying to get an answer for you. So stay tuned to *Today's News* for that.

Proprietary institutions that previously received HEERF II funds also do not need to submit a new application for HEERF III funds, but there is a form they must complete, and it's called a Required Proprietary Institution Certification form. And that certification form must be emailed to HEERFARP4@ed.gov. That's H-E-E-R-F-A-R-P-4 at ed.gov before August 11th, 2021. That email address is in the HEERF III frequently asked questions document, so I'm sorry it's not on the slide, but it's in the HEERF III FAQ. Otherwise, the same general rules apply to drawing down funds that I just talked about for public and nonprofit institutions.

Now, schools that did not receive HEERF II funds must submit a separate application, actually two separate application forms, for the HEERF III student aid portion and the institutional portion of funds separately by August 11th of 2021. This is true for public and private nonprofits, as well as proprietary schools, except the proprietary schools only receive an allocation of student grant funds. They don't get institutional grant funds under HEERF. Information on how to apply, including the necessary forms to complete, are found in the HEERF III frequently asked questions and on the American Rescue Plan fund webpage, and that link is a couple of slides back. For schools that did not previously receive HEERF II funds, there is no requirement that you have to start drawing down your funds by August 11. You just have to apply before August 11.

All right, moving on. Let's talk student eligibility. The biggest and most controversial change in the new guidance, and we're talking student eligibility requirements, and basically there aren't any anymore. In case you haven't heard, the Biden administration has reversed the Trump administration's attempt to bar certain student populations from receiving HEERF funds. Under the May 14th, 2021 Final Rule, the Department moved the definition of the term “student” from the Title IV regulations into the regulations governing HEERF. And basically the only regulations governing HEERF are the definitions of student and emergency grants for students. They created regulations just so they could put the definition there and refer to it and move away from the Title IV definition of “eligible student.”

As a result, any individual who was or is enrolled at a Title IV eligible institution on or after March 13, 2020 is now eligible for HEERF I, HEERF II, and HEERF III funds. This is true, regardless of whether the student completed a FAFSA or is eligible for Federal Student Aid. It's also true even if the student is not enrolled in a Title IV eligible program. So it means in addition to US citizens and permanent residents, refugees, asylum seekers, DACA recipients, Dreamers, and all other undocumented students are now eligible for student grants from all three HEERF programs. It also means that schools can award HEERF funds to non-degree, non-credit, and continuing education students, students who are simultaneously enrolled in high school and college, students who have graduated or withdrawn, and students who are not making Title IV satisfactory academic progress, and so on. Just go on through the list of Title IV eligibility. They no longer apply. So you can award HEERF to these students.

Even though these are not Title IV funds, the Final Rule refers to the definition of “enrolled” in the Title IV regulations as a student who has either completed the registration requirements except for paying tuition fees at the school that the student is attending or has been admitted into an educational program offered predominantly by correspondence and has submitted at least one lesson. The school defines its own registration practices, so you have to make your own determination of whether the student has met your registration and enrollment requirements at any time since March 13th of last year.

All of this means that HEERF funds from all three programs can be paid retroactively for allowable costs that were incurred on or after March 13, 2020. And those are any cost in the student's cost of attendance and emergency costs related to COVID-19. So that's a massive change.

Let's talk a minute about international students because this seems to be the concept that is generating the most questions we're getting about student eligibility. In the new guidance, the Department of Education is encouraging, it is not requiring, schools to prioritize domestic undergraduate students when you award these grants. Like any other enrolled student, international students can receive these funds. The schools still have to ensure they are prioritizing students with exceptional financial need or exceptional need. Beyond that, there are no special requirements for international students that we're aware of. Again, there are no special requirements for international students. If they are or were considered enrolled at your institution after March 13th of last year, they are eligible.

This includes students who are not in the US but were enrolled and taking classes at your school. Again, just like any other student. Also, we're not aware of any special disbursement restriction. Meaning you can deliver the funds to an enrolled student overseas like any other student. That having been said, we want to emphasize that graduate students are still eligible. And we agree that this wording in the HEERF

III FAQ's is unfortunate, especially since graduate schools and programs constantly find themselves holding the short end of stick when schools are divvying out funds. So we agree that it's unfortunate, but graduate schools are still eligible for these funds, keep fighting. So with that, I'm going to turn it over to Karen to talk about some awarding in activities.

Karen McCarthy:

Okay, thank you very much, David. I only have two slides related to packaging, but I think at the NASFAA office we've received hundreds of questions about packaging of HEERF funds. So I only have two quick slides, but I imagine it will be quite the hot discussion topic and I already saw lots of questions in the Q&A box about it. So there are kind of three prohibitions that all kind of intersect when you're talking about whether or not you can package HEERF funds. The first bullet here, schools may not include the amount of a HEERF Grant in a financial aid package. This is addressing question 17 in the ED FAQ documents, so that's the one that came out earlier this month. So, the basic premise here is that HEERF money is not Title IV money. As we have heard, it is not considered estimated financial assistance in a financial aid package in any way.

So that's what this question is talking about, because of the timing of when these funds have been released, a lot of schools were initially interested in, "Hey, we are going to be sending out our aid offers around the same time. Wouldn't it be nice if we could include everything in the same batch of notifications?" And the answer is that you cannot include it as part of the financial aid package because it is not EFA. The HEERF Grant is not associated with any particular award period, which I know that all of us in the financial aid community have a lot of difficulty disassociating dollars from certain periods of time. But that is true, the HEERF money is not tied to any particular payment period. So it is not part of a student's financial aid package. Based on the question in the FAQ and some conversations that we've had with the department of education, our understanding is that this also means that you cannot, even if it's not part of the financial aid package, you cannot include a HEERF Grant on a financial aid notification or aid offer at all.

The Department really wants to keep these completely separate and not have the HEERF Grant even included on the aid offer just as, like, a vehicle of communication. They really want that notification to the student to be a completely separate notification. And I am sure there will be many questions about that which we can get into. The other two related prohibitions came about specifically because the Department saw some practices that happened during the initial rollout of the first HEERF, way back when we were talking about the HEERRF grant, in that they saw some institutions who were either using the opportunity to receive a HEERF Grant as a way to advertise or recruit students to enroll at their institution, or they were adopting policies that were similar, as an example, we will give you a HEERF Grant if you enroll in the summer.

So, they do not want institutions implementing policies in that vein. So they have instituted requirements that would prohibit the institution from conditioning the receipt of a HEERF Grant on continued or future enrollment. And schools are also prohibited from using HEERF Grant funds to advertise or recruit students by promoting the opportunity to receive a HEERF Grant. And this last bullet, I do want to clarify that this doesn't mean that you can't tell students about HEERF availability. You should put information out there so students know how you are awarding your HEERF Grants, if there's an application that's involved. All of that, that is absolutely fine and encouraged for you to post that information on your website and get the word about that out to the students. Where you start to cross into the gray area is where you are using the opportunity to get HEERF Grant as a recruiting mechanism.

So an example that came up in internal discussions is it may not be appropriate for you to be telling students over on your admissions page all about how you'll be able to get a HEERF Grant if you enroll at our institution, that may be crossing over into the area where you do not want to go and where you would be prohibited from going. But things like general availability, this is how you get one, we have funds available, all of that is general consumer information and would absolutely be allowed and encouraged. We do want that public information to get out there. As you know, you're also required to include that in your reports when you're reporting back to the Department. They want to know what information you have released to students to tell them about the opportunity to get a HEERF Grant.

And I have one more the slide, which is also kind of a factor once we are getting into the area of packaging HEERF funds, because we've had a lot of questions about enrollment and when you can award a HEERF Grant to a student based on what their enrollment picture looks like. And what the Department has said to us is that students must have prior or current enrollment to receive a HEERF Grant. So when you think about that, the questions that we get are mostly in the context of continuing students and incoming students or prospective students. And so, for continuing students; if the student was enrolled at any time on or after March 13th, they can receive a HEERF Grant, they do not need to be currently enrolled. So, any enrollment that goes all the way back to last March qualifies the student to receive a HEERF Grant. When you're talking about incoming students or prospective students who don't have that prior enrollment to rely on that you can base their eligibility on, they must be currently enrolled at your institution to receive a HEERF Grant.

However, according to your policies and procedures, you consider somebody to be enrolled at your institution. So, within your institutional set up, whatever the student has to do to kind of flip the switch that, okay, now they are enrolled, at that point, they are eligible to receive a HEERF Grant. So an example might be that we have discussed is say a student comes to you over the summer and they have some type of qualifying expense for which you want to award them a HEERF Grant. If the student is a continuing student, has been enrolled since March, even if they are not enrolled in the summer, you can go ahead and award that HEERF Grant. But if an incoming student who has never been enrolled at your institution and say, won't start enrollment until later in September and whatnot, if they have a qualifying expense, you would not be able to make that HEERF Grant until they establish that enrollment.

So going forward, then the student has now established enrollment and they would be eligible for HEERF Grants moving forward. So I know that we will probably get a lot of questions on this topic and there are a lot of different scenarios that we've talked about internally. I don't know, Justin, do you want to talk about any of those scenarios now or do you just want to move forward to Q&A and talk about them there?

Justin Draeger:

We just have a few more slides Karen. So why don't we press forward and then we'll get ready in the Q&A, there are a lot of questions about this.

Karen McCarthy:

Okay. So, the one last slide that I just wanted to call your attention to sum up everything that we've been talking about is that NASFAA has created a HEERF Comparison Chart to help everybody, including the staff, keep straight between HEERF I, II, and III. Where they're the same and where they're different in terms of the funding and the eligibility and what you can do and what you can't do with all of the funds. We did update it to include HEERF III, and that is posted on our COVID web center, and I believe it is also in your handouts because I know it's really tiny in the slideshow right now, but you can take a look at that and that is available now for your reference. And I'm going to turn it on back over to you, Justin.

Question and Answer Segment

Justin Draeger:

All right, thanks Karen. Just as a reminder to everybody, we do have several other resources that are available to you, including registering for Let's Talk where our folks over at Blue Icon are convening groups of members, peers to discuss HEERF III allocations and formulas and strategies and tactics on getting these funds to students and how to spend. I think from here, folks, we're ready to dive into questions. So I'm going to ask the NASFAA team to put your cameras back on, just so we can do some nonverbal communicating as we kind of go through here. We have a lot of questions. I'm counting more than a hundred, just around 160 questions that have come in so far. So, we'll tackle these as best we can.

Karen, I want to start with you specifically and let's go back to the packaging limitations here. So the first question is, and I'm going to try to push these questions out as we tackle them, can I offer HEERF funds specific to the 21-22 academic year prior to the start of the fall term?

Karen McCarthy:

An example of this is a scenario that I mentioned during the presentation where you have, like, in August, somebody comes to you and says, "I would like a HEERF Grant, how can I get one?" The first thing I would say is to make sure that you remember that HEERF funds are not tied to specific years, so it wouldn't be a HEERF fund specific to any particular academic year. You don't have any restrictions related to the beginning of any particular academic year. Really the only restrictions that you have here would be the enrollment rules and that the student needed to have established eligibility regarding enrollment.

So, if the student does have enrollment that goes back at any point to March 13, 2020, you would be able to award HEERF funds. If the student does not have any enrollment yet, you would not be able to award any HEERF funds until they establish that enrollment.

Justin Draeger:

All right. So Karen, let me walk through a couple of things here to reaffirm what you just talked about. So, they're looking at the 2021-22 year. So, fall of 2021. They have HEERF funding that just came in. They want to make, and we looked at our benchmark, our survey results at the top of the hour and 50% are planning on spending this money over the course of the next 12 months. So if they're going to hold funds back, they're going to send these students an aid offer, but HEERF funds cannot be anywhere on that aid offer. Is that right?

Karen McCarthy:

Yes.

Justin Draeger:

Okay. So, the Department has said that the funds can't be there, they're going to send an aid offer. It's going to have the remaining need for the student. They might also get a bill with an outstanding balance that they'll have due. And at this point, I think people will understandably struggle with how are they supposed to tell students that they have emergency grants available to them to help cover those expenses or expenses they have outstanding at the school, if it can't be in any way tied to their aid offer. So where does the rubber meets the road there?

Karen McCarthy:

I think it just needs to be a separate notification about the HEERF Grant. That it can't be in combination with the other aid that you're offering to the student.

Justin Draeger:

Could you tell them on the aid offer, like, we have HEERF Grant emergency grants available, like, here's a link where you can learn more or apply for them?

Karen McCarthy:

I think that would be acceptable. Yes.

Justin Draeger:

Okay. Because it's not packaged and you're not giving them an amount. A good portion of our members indicated at the front of the hour that they were going to do some combination of block granting and applications. So, the application is pretty easy because you could just put the link and say, “We have emergency grants, if you're interested, you can apply here.” But if you've identified students in Fall 2021 that you're going to block a portion of your funds to who have exceptional need as David pointed out, and you've already identified the amount that you're going to give these folks in a block grant, that can't be part of the aid offer, but it could be part of a separate notification. And I guess I should ask, and is that the same for returning students and new students, or do you have to differentiate there? Does that make sense?

Karen McCarthy:

Yeah, I think this is where the conditioning on enrollment piece comes in and that you can't condition the award on enrollment. It may be easier to wait for your continuing students, if they have prior enrollment, you can send them the money whenever you want. You don't have to wait for the fall term to start at all. You can make the award and make the disbursement right now. For your incoming students, you kind of get stuck in this circular thing which would lead me at an institution to not want to make any awards ahead of time before they've established that enrollment. And that is because once you've notified the student that they will be eligible for a HEERF award, what will you do if they don't end up enrolling, because you can't make it contingent on them actually enrolling. And if they never enroll, for an incoming student, they're not eligible for a HEERF Grant based on what ED said, because for your incoming students, they have to establish that enrollment eligibility. So you kind of get yourself in a circle there.

Justin Draeger:

So, if you tell a student that they're going to qualify for a HEERF Grant for a thousand dollars, the school had better be prepared to pay the one thousand dollars out. In other words, because it can't be held in contingent without student authorization and telling them. If the student tells you exactly that's what they want you to do, the school would have to pay out. And this is where it really runs counter to what's been ingrained in financial aid which is tied to a period of enrollment.

Karen McCarthy:

Make the award ahead of time, get the money once they start enrollment, like, that's how we're used to doing everything, and this is different from that. Okay.

Justin Draeger:

Okay, all right. This question might come up a couple different ways, but let's keep going here. Karen, I think this next one is for you as well. Is there a maximum award amount or are we required to cap the award at something like max Pell?

Karen McCarthy:

No, there is no maximum award amount. The maximum Pell award was suggested by the Department as a good number to use for a maximum HEERF award amount, but it was only a suggestion. It is not a requirement, and we've also gotten a question if, kind of related to this, a student can receive multiple HEERF awards that when all combined together would exceed the maximum Pell award, and if that is okay, and the answer to that is yes. There aren't any award dollar amount restrictions at all.

Justin Draeger:

Okay. I'm going to stick with you for just a minute here. This is a question that'll apply to a group of schools out there that have a student self-help portion that the student is supposed to come up with on their own. Question is, can a school use HEERF Grants to replace the amount the institution set as the student's self-help contribution? So, instead of requiring the student to contribute, they could use a HEERF Grant, can a school do that?

Karen McCarthy:

Yeah. This one is kind of tricky and will only apply to some institutions. I'm sure there are some people hearing this question, and they're like, what's a self-help contribution, but those of you who use it will absolutely understand the question and our response would be, because the self-help contribution is part of your packaging model, you can't use the HEERF Grant as a way to reduce that self-help as part of the financial aid package, because you can't include the HEERF Grant in the financial aid package. Although, Justin, when we were talking about self-help before you kind of raised the next step. So, does that not mean that somebody could use a HEERF Grant towards, instead of taking out a loan towards their own self-help and, and of course they could, but institutions can't build that into their packaging model.

Justin Draeger:

Okay. This next question, I think touches on something we touched on, but it's sort of asking in a different way. So if most or half the schools are planning on spending this over the next 12 months, I think it would be natural then to think about the student's emergency needs for the next 12 months. This one's asking, so if they have like a long-term disruption, like loss of parental income or something, they're looking at Fall and Spring for 2021-22, do they disburse all the funds at once? If the student's getting a HEERF Grant? Or can they hang onto it for fall and do another disbursement in the spring?

Karen McCarthy:

Yeah. You could. A school could absolutely set aside some money that they are going to award in the spring. You could do that. That's one option. I think in this scenario, what they wanted to do was make the award now and have like one part of it for this fall, for the student, and then one part of it for the spring. And, so again, you get into the scenario of... But then what will you do with the spring award if the student doesn't come back and enroll? Because you can't condition that spring grant on them being enrolled in the spring. So you'd have to give the student that spring award anyway, based on the student's fall enrollment. So, then it quickly becomes, is that really a viable option for the institution? It might be easier to just give them a larger fall award and be done with it. But I think that the institution is going to have to sort through all of that. Because you can't condition the grant on the future enrollment. And so, and that isn't how all of their aid systems are built. So there would need to be some tweaks in your systems to make sure that that spring award goes through anyway. So, it gets more complicated.

Justin Draeger:

Yeah, there's like two things happening here. There's the rewiring the way we think about getting these funds out, disassociated from enrollment or future enrollment and not being able to package them. And there's the whole systems issue, which is how do schools treat all these as they pass through? Because those are usually tied to current and future periods of enrollment and, that's not allowed, yeah? Okay... We'll probably circle back to this, Karen, but let's in the interest of time, move on to some other topics and maybe revisit some of these. David, I think this next one is coming to you. The question here is, are the Title IV student eligibility requirements ever taken into consideration when awarding HEERF funds? And they put plural, so I think this might also mean that, like all the funds.

David Futrell:

Right, HEERF I, II, and III. No, Title IV eligibility requirements are not taken into consideration unless the school chooses, as a part of its awarding policy to limit the funds in some way, according to a student eligibility requirement. So, the school has discretion in it's policy for setting, making awards, establishing who's eligible for the awards. And as long as you're prioritizing exceptional need and awarding for costs in the cost of attendance or emergency costs related to COVID, you can set other restrictions. So you can choose to have a student eligibility requirement in there.

Justin Draeger:

Okay. I think you covered part of this, David, but I think it's good to revisit it because we get a lot of questions. This is a two-parter. One is, so international students are eligible, but what if they never actually came here, COVID restrictions, et cetera? And then the second thing is if we can give it to them, are the schools allowed to determine the need of those students using their own calculations?

David Futrell:

Gotcha. Like I said earlier, these funds HEERF I, II, and III are available for all enrolled students on or after March 13th of last year and that includes international students. And it does include students who were studying online, who were enrolled at your school and studying online from abroad. And yes, you're allowed to determine the exceptional need according to your own institutional calculations. That's just all a part of your awarding policy.

Justin Draeger:

Okay, David, I still think this one is yours. So, this school learned that their institution awarded HEERF Grants to international students prior to the May 14th Q& A when ED issued the Final Rule making them eligible. So were they out of compliance? Are they out of compliance now for funds that went out the door before the Final Rule which was issued?

David Futrell:

Yeah, there was a period before or after the Department of Education released an Electronic Announcement on April 21st last year, where the Department had guidance that the student had to be Title IV eligible. But the Department came around and said, "This guidance is not enforceable, so we don't expect that to be enforced", up until the issuance of the June 17th interim Final Rule. Once the interim Final Rule was published on June 17, you were required to award these funds only to Title IV eligible students, which means DACA and international students, etc., were not eligible except if you were a Washington State Community College, in California, or in the state of Massachusetts where the courts vacated the law. Otherwise you were required to meet the federal requirements. We don't expect that the Department is going to enforce these items. However, there are auditors. HEERF is an audited program and there will be auditors that will question. So we can't speculate how your auditor might address this, but you can tackle it in a couple of ways as we see it.

You can cancel their initial HEERF Grant and re-award the new grant of this. That's just to get it correct on the books. But if you do that, there's a written authorization required when you're disbursing those funds again, if you're putting them back on the student account. So that can be complicated by the fact that you would now need a written authorization to credit those funds to the student's outstanding balance. Or you can simply add a journal entry to the account acknowledging the error, and that you're not canceling the grant given the change in the eligibility rules and the fact that this was all over the place for the better part of a year. It may be dependent upon your school's past audit performances and your tolerance to risk. That's about the best we can do for you on that one.

Justin Draeger:

All right. David, I'm going to do one more with you on international students, and then I'm going to move on to some other topics. But this question's come up quite a bit, specifically on international students. Are any of the HEERF Grants taxable for international students?

David Futrell:

Not that we know of at this time. We're not tax experts and we don't do taxation here at NASFAA, so we reached out to NACUBO and NACUBO is thinking that the IRS has consistently been characterizing these grants as nontaxable income, so we expect that rule to hold. There is nothing in any of the statutes or the guidance that suggests that schools should apply disparate treatment to pandemic relief for international students. So, we don't think it would be taxable, even for international students.

Justin Draeger:

All right. Thank you, David. Jill, let me pull you into the conversation here. We have some questions on direct outreach to students. And I think this is one we've seen a couple of times over the last week which is schools are wondering if they should exclude or can exclude their Automatic Zero EFC or graduate students from the PJ outreach. Do you want to comment on that?

Jill Desjean:

Sure. Yeah. We have seen this question come up in a few different iterations over the past week or so. And it's obviously coming from the idea that, well, if there's nothing that I can do for this student, why am I going to encourage them to apply for PJ and just frustrate them and waste a lot of their time and our time? Unfortunately, there aren't any exceptions in the law or in the guidance that would allow schools to skip complying with this requirement for certain populations like Automatic Zero EFC or graduate students. So we don't think that that's something you could do.

It's important to remember that zero EFC students, students who've maxed out on their aid in some other way, can still receive an adjustment to their cost of attendance using PJ. So, it's not as though there is no opportunity for PJ for these students. And of course, you could still use a PJ request to award a student a HEERF Grant in lieu of actually going through the PJ process and giving them federal aid. So there would be ways where a student could still benefit from this outreach, even if their EFC couldn't go any lower or if they didn't have any more room under their cost of attendance for more aid.

Justin Draeger:

And Jill, I suppose there's nothing that prevents the school from giving different messaging to different students or directing them to a webpage where they could sort of lay out the scenarios whereby the school is doing PJ.

Jill Desjean:

That's a great point, Justin, right. So, if it truly is a hopeless case for a student, you could reach out to them and explain to them what PJ is, but you could set their expectations realistically, bring them to a link on your website that explains what circumstances qualify for PJ, things like that that can communicate realistic expectations to the students so that you're not inundated by requests that you can't honor.

Justin Draeger:

Okay. Another question here about that direct outreach, so a portion of the funds have to be used on that direct outreach, but I think schools are wondering what portion. And some of the nature of this is it doesn't cost the school any material money to send one to one direct emails to students or post to each student specific communication hub in the school's communication infrastructure. So how much money and how do they allocate or figure out the standard whereby to spend?

Jill Desjean:

Yeah. So ED was deliberate in not setting a percentage or a dollar amount that schools need to spend. It's a funny thing that people are asking for that because if they had set a dollar amount or percentage, schools would be saying, "Oh my God, that's not realistic," or "We can't do that." So, it's one of those things where sometimes you just don't want to ask the question. As far as how much to spend, ED did give some guidance in the May 11th FAQ, they had a link to the cost principles in the uniform guidance. So, really schools have to make their own determination as to what constitutes a reasonable and necessary portion of their HEERF dollars.

And as far as figuring out what exactly does count toward this outreach, if you do something, it has to have some cost associated with it. If a staff member drafts an email, if your IT department adds a link to a resource on your webpage, all of those things are costing your school some amount of money. You can talk with your finance office to estimate indirect costs associated with those outreach efforts. We can't really tell you how to do that, but anything that you're doing that involves people and resources on your campus has a cost associated with it and those are the costs that you can attribute to that HEERF institutional share.

Justin Draeger:

And Jill, unless they're spending all of their institutional share on student grants, they have to spend a portion. So for example, the school couldn't just document that they met the requirement for the direct outreach. They do have to spend a portion of the funds on the outreach. Is that right?

Jill Desjean:

That's right. So even though ED hasn't specified an amount, they have specified that something has been spent. So it cannot just be documentation that you completed these activities, you have to attribute a cost to these activities. You're right, but yes, if an institution doesn't have an institutional share, they're exempt from this requirement. So, someone who chose to spend a hundred percent of their institutional share on student grants, or for instance a proprietary institution that didn't get an institutional share, they don't have to meet this requirement. It's just if you have an institutional share.

Justin Draeger:

Okay. David, this is a question I think I'm going to send your direction. What is the HEERF Grant performance period as applied to students?

David Futrell:

Generally, the grant performance period is one year from the date of the school's most recent HEERF allocation from the Department. That's the date indicated in Box 6 of your most recent grant award notification (GAN). So you have to look there to find the exact date, but it's typically one year. So, if you only received CARES Act funds under HEERF I, your one year has expired. However, if you received HEERF II and are now receiving HEERF III funds, the grant award or the grant performance period has been extended and is all the way now through May or June of next year, based on the date of the most recent allocation of your HEERF III funds from the Department. And again, you'll get a new GAN with an updated Box 6 with the new deadline date. And again, no cost extensions can happen if we get closer to that period and you haven't spent all your money.

Justin Draeger:

Okay. Thank you. Jill, I want to go backwards for just a second, sorry, on PJ again. I think this is a good question. So the PJ direct outreach requirement is in the same bucket of HEERF III grants and I think sometimes folks conflate the two things. So the question here is, are the requirements requiring PJ more about making sure schools let families know about PJ for eligibility for other types of funds, as opposed to being tied directly to the emergency grants?

Jill Desjean:

Yeah, I think that's a safe assumption. We saw language in the FAFSA Simplification Act that prohibits institutions from having a policy of not conducting PJ. So we know that Congress is interested in institutions using PJ and letting families know about it. So yeah, that's probably where this does come from.

Justin Draeger:

Okay. David, back to you for a second. This question is about delivering funds to the students. And I think we're getting into some mechanics here about the way they do it on their campus might be via the student account and whether they can do that if it's only used as sort of a pass-through mechanism. If the students want the school to keep the funds, the student would have to authorize that. And then the question is, well what is that authorization? Are there any specifics about what type of authorization the school would have to receive?

David Futrell:

No, the Department has not been prescriptive at all about what form and what method that authorization must take, except that it must be separate from your cash management authorization, it must be in writing either paper or electronic, it must be entirely voluntary with no coercion from the school about applying these funds to the account and the student must affirmatively consent, which means they have to opt in. You can't send it to them and make them opt out. Outside of that, the language is up to you and it can be done by email or through your student portal. The method is also up to you. It could also be a separate authorization on your Title IV cash management authorizations, as long as it is certified separately from your cash management authorization.

Justin Draeger:

Okay thank you, David. Karen, I'm going to come back to you now. Going back to this period of enrollment, so if a student withdraws before they were able to actually disburse the HEERF Grant, their question is, can we still disburse it? Like they were told about the emergency grant?

Karen McCarthy:

Yes, if the student was enrolled at any time on or after March 13th, 2020, they are eligible. They do not need to be currently enrolled.

Justin Draeger:

Okay. Sticking with student eligibility for a second, I'm going to go to you, David. The question here is, does the institution have the option to choose which eligible students to issue HEERF funds to? And their specific example is, the institution is choosing to issue funds to students that are still active as opposed to non-active statuses. I assume they're talking about students that are there right now. Do the institutions have the option to choose which eligible students to issue HEERF funds to? The institution chooses to issue funds to students that are still active as opposed to non-active statuses?

David Futrell:

Entirely the school's choice. If they award it, as long as they award it prioritizing exceptional need and it's for costs in the cost of attendance or emergency costs due to COVID. The school gets to choose its own awarding practices and can subset any eligibility requirements, including not awarding it to students who have already left. That's entirely up to the school.

Justin Draeger:

Okay. I'm not sure who wants to grab this, but please jump in with both feet. This is on institutional portions. So the question, and we have several questions on institutional portions, for the institutional portion, must the expenses related to COVID monitoring and suppression be new, or can they defray costs from existing prevention methods? So we talked about two requirements here, one is the proactive direct outreach on PJ. This is another one of those requirements. So who wants to jump in here?

Jill Desjean:

I can take a stab. I don't think they have to be new expenses given that institutional share can be used to cover expenses that date back to March 13th at the beginning of the national emergency. So I think any expenses that were incurred since then. Would you agree with that, David? Karen?

David Futrell:

Yep.

Karen McCarthy:

Mm-hmm (affirmative).

Justin Draeger:

Sticking with institutional funds for a second, Jill, can we use our institutional funds for things like contactless technology to reduce the potential spread of COVID-19?

Jill Desjean:

I would refer you back to that May 11th FAQ in which the Department gives a pretty exhaustive list of activities that qualify under the monitor and suppressing. Oh, you know what? I think this is not about the requirement. This is just can we use your money for that, sorry. Somebody else want to grab that? My mindset's not in the right place.

David Futrell:

I'm thinking you can use it for this purpose.

Justin Draeger:

It's pretty broad, so I think there's institutional discretion there. Okay, Karen, let's go back to you for just a second. The question here is, I understand the funds cannot be used to recruit new students. However, can funds be used to help students who have not been able to register due to past due balances?

Karen McCarthy:

Yes. So, in this case, for your past due balance students, you have a couple of options. You could award them a HEERF Grant out of your student share and advise them that they might choose to authorize. They could pay their prior balance if they want to with those funds and they could authorize that in writing and then that would help take care of their prior balance. That would have to be up to the student to do it that way. You make the HEERF Grant, and they are not required to apply it towards their balance, so they might not choose to do that. And if that's the case, that's just what happens.

On the other side, the institution does have the option to use some of their institutional share to help with past due balances. And the way that it works is that the school is technically using its institutional share to cover its lost revenue. And what happens is the institution would write off the outstanding balance to the students using institutional share funds, and then it would reimburse itself as the lost revenue from writing off that balance with the institutional share. If it does it that way, using the institutional funds, it does not have to get the students authorization to do that. Obviously, you want to tell the student that you paid off their balance and now they can register. So, it's either you can use student share, you need the authorization, or institutional share and you do not need the student's authorization.

Justin Draeger:

Okay, Karen, let's stick with you for just another second here. We're looking back at slide 29. The question is here. Can we mention in emails to students that HEERF funds may be available in future terms, but not promise it? So we're not promising it, but they're saying that the funds may be available for future enrollment. What do you think?

Karen McCarthy:

I think that this is okay. Primarily, we were just talking about this word earlier in our discussions. You can't promise any funds based on future enrollment, but you can let students know that funds may be available. So this does sound like it would be acceptable to me.

Justin Draeger:

A lot of the examples we've talked about, Karen, have been sort of presented in a modality of like, "I'm sending an aid offer," as if it's a letter or PDF, but this one's really about a student account portal. And I'm not sure we could necessarily answer this unless we saw it. But in general, they're saying we can't have the HEERF Grant show up on the student's financial aid awards on their self-service portal, even if we're not including them on the award letter. So, they've done an aid offer. Now they've got the student account portal. If they're going to block grant that money to students, can it show up there?

Karen McCarthy:

I think so. Does anybody disagree?

David Futrell:

Even though you're not sending them an award letter, it's an aid offer. There is the packaging issue. If this is your way of providing the package to the student and it's somehow included in that packaging, that's awfully close to the line that you shouldn't be crossing here. And just because it does not sit as an award letter, it is still an award notification in the student self-service portal, so I'm having a little bit of trouble with that.

Justin Draeger:

Jill?

Jill Desjean:

Yeah, I was just going to agree with David. I'm hung up on the fact that they say it's showing up with the financial aid awards. It definitely is gray. You're listing it with the student’s Pell Grant, with their loan. The Department has been clear that this isn't financial aid.

Justin Draeger:

Okay, David, let's go to you. HEERF funds are available to any student. Can the institution restrict it at least to half-time degree-seeking students or other restrictions based on how they segment their student population?

David Futrell:

Yes, they're getting tired of hearing me say this, except for prioritizing exceptional need and awarding for costs or emergency COVID costs, you get to set the awarding criteria for making awards of HEERF I, HEERF II and HEERF III. So, you can restrict these in this manner if you choose to do so, if you have good reasons for doing that.

Justin Draeger:

Okay, Jill, I want to come back to you for a second. We have multiple questions, basically hitting the same thing which is, for the portion that they're going to spend on direct outreach, can that include a portion of the staff salary who are spending time and effort on doing the outreach?

Jill Desjean:

Yeah, I think absolutely. Even though a lot of people are kind of hung up on how could we possibly spend money to do this? If you do something, it's costing some money. You're using your institution ... you're using the WIFI connection, you're using the human resources that you have in your office, their time is going into this. So yeah, staff salary seems like a perfectly reasonable way to allocate expenses for this requirement.

Justin Draeger:

Yeah, and I would just advise, if this is unfamiliar in the financial aid office, the business office, your CFO, or the development office will be well aware of this because grants often come with indirect expense calculations or limitations on them. So, okay. Jill sticking with you for a second. Is there a deadline for schools to do this required PJ outreach?

Jill Desjean:

No, there isn't. Neither the law, nor ED gave any dates. So, they didn't say by when this needed to be done.

Justin Draeger:

This would be more in the direct expense category. But is there anything that prevents a school from hiring an independent third party to do the outreach for them?

Jill Desjean:

I think that would be acceptable.

Justin Draeger:

Okay, good. I'm seeing multiple continuing questions about the Automatic Zero EFC students. I think we've answered that. So I'll refer folks back to our previous comments about other PJ's like cost of attendance increases that they can check out. We've tackled that. Thank you for bearing with me as I go through. All right, Karen, are you back with us? Can I hear you? No. You might have to dial in separately, Karen. I'll hold this for a minute until you get back with us. Okay. Sorry. We've got a lot of questions here. Many of these we've answered.

Okay. This is an interesting one. Jill and David, you might have to tag team this one. They are trying to incentivize a student to use their student funds towards their balance. So, for example, the student is offered $1,000 from HERF III and they say, if the student chooses to put that towards their balance, they will match $1,000 from their own institutional aid bucket. David, this is why we have the camera's on, because I can tell from your body language, you're champing at the bit, so go ahead.

David Futrell:

My facial expressions give me away. And they also give away my opinion on the question, I guess sometimes. This is pushing the envelope. If you look at the HEERF III FAQs, there is a Q&A in there that says that schools cannot in any way, control the way the student uses their own funds. These are student funds not institutional funds. I don't think this would be a good practice based on that guidance. Jill, what do you think? Feel free to disagree with that.

Jill Desjean:

No, I totally agree. You know, I'm just thinking of a scenario where a student comes to you and says, I need $500. I can't afford to eat. And you say, well, we'll give you $1,000 if you apply it to your account. You would at minimum be putting the student in a really awkward position where they have to choose between getting more money or getting the money directly in their hands for something they need. It doesn't seem advisable.

Justin Draeger:

Okay. Thank you. Jill, this is about reporting. Is the HEERF student portion reporting cumulative. Do they combine all HEERF monies when they do the report or are they going to separate out the three HEERF funds?

Jill Desjean:

David, correct me if I'm wrong, we are not certain on this, correct? Do we have a question out to the Department on this?

David Futrell:

I don't know if we have a question out yet, but it looks like we might have to, because I was just reading the HEERF III FAQs before this call, and I missed that the first time around. It says both cannot be cumulative. Both the quarterly for student and institutional. Whereas on the CARES Act institutional site or the CARES Act reporting site, I think it says it can be cumulative for student and not cumulative for institutional. So, I think we might have to follow up on this one because that's…

Jill Desjean:

I think we're talking about cumulative.

Karen McCarthy:

Yeah, and there are two issues. There's the cumulative one. And then there's the HEERF I, II, and III. Can those all go together? I don't know if you've been hearing me. I might just be gesturing.

Jill Desjean:

I can hear you. You're saying what I wanted to say.

Justin Draeger:

I feel you, but. So could you recap? Is what David said, correct. Or is the student portion cumulative or not? Karen?

Jill Desjean:

There's sort of two questions about whether something's cumulative. Whether, the quarterly reports can be all combined. So one report could be for all quarters. And then there's the cumulative, can one quarterly report include HEERF I, II, and III. And we need to follow up with the Department on both of those because they aren't totally clear as to which thing they're referring to, whether you can combine all three funds in one quarterly report or whether you can bunch up a quarterly report. So, we'll get that question out to ED and publish something for the members.

Justin Draeger:

Thank you, Jill. David, this one's coming to you. Their school's a hundred percent online. They did not receive any HEERF I or II funds, institutional or student. They were allocated a very small portion for HEERF III but accepting that amount creates more administrative burden than the benefit. In other words, they're going to be spending more than they would otherwise be able to award out. The question here is, can they decline the funds? And if so, how?

David Futrell:

Yes, you can decline the funds. And I'm going to post the email address. You have to send an email to decline the funds. You have to send a voluntary decline of HEERF grants funds form to heerfrefund@ed.gov. And you have to do that by August 11th. Yeah. You have 90 days, until August 11th to do that. So yeah, there it is.

Justin Draeger:

Thank you, David. Karen, here's a, strings attached question for you. So, the school says they understand that the fund should not be awarded through financial aid offers for new, Fall 2021, since there's a enrollment contingency there, but would it be viewed similarly, if we issued checks to those new students who registered for classes, but have not yet attended before the start of Fall 2021. So I'm going to presume that students before they came in, they're saying we have an emergency. This would be no strings attached. It's not contingent on enrollment. Is that allowable, advisable?

Karen McCarthy:

The Department did say that for students who have no enrollment history at your institution, so these are brand new students, it sounds like from the question that the student must establish enrollment as an eligibility factor before they can receive an award. So if this institution consider students to be enrolled, when they register for classes, that would be fine. And no strings attached. Once they're registered, they're enrolled, you send the money out the door and it is gone. No, and it doesn't matter if they actually begin attendance in classes that is fine. So it all hinges on when the institution considers the students to be enrolled. If they've met that standard, then you can make awards.

Justin Draeger:

Okay.

David Futrell:

No really quick. Remember that the definition of enrolled is students who have registered under the school's enrollment policy.

Karen McCarthy:

Yeah. So it's a little bit, there's the regulation and then it's kind of, well, how does your school determine that based on your processes within your institution? Yes.

Justin Draeger:

Question, David, let's say the president ends the national emergency early. Can they still spend HEERF III funds then beyond the national emergency?

David Futrell:

Yes. Anybody disagree with me? This one is a yes, you can spend it all the way through the end of the grant performance period, which is the end date, the deadline date on your Box 6 of your grant award notification, your most recent grant award notification.

Justin Draeger:

Right. Okay. Thank you. Sticking with the draw-down of funds. Is there an order of operations here, David? Are they allowed to draw institutional funds before they draw the student grant portions?

David Futrell:

Yes. You are allowed to draw institutional before the student grant portion, and there is no proportional requirement. You're not required to draw down the same dollar amount of your student funds as your institutional or vice versa.

Justin Draeger:

Jill, this one's coming to you. If the student is not chosen for verification by ED will the HEERF III PJ adjustments be subject to the verification requirements?

Jill Desjean:

I'm not sure if I'm following the question, but if you did a PJ adjustment and you set the PJ flag to yes when you submit the verification results, this student won't be selected for verification as a result of performing a PJ.

David Futrell:

I agree. I think the question might be a little more geared towards the requirement that you have to complete verification before you exercise PJ under the Title IV rules.

Jill Desjean:

Oh okay.

David Futrell:

You only have to complete verification first, if the student is selected by the CPS or the school for verification. So just because you're doing PJ does not mean you'd need to select them for verification. So, if students not chosen by the Department or the school, no, you do not have to verify them before making this PJ adjustment cause that's Title IV rules and Title IV rules apply.

Justin Draeger:

A general question here that I think we're just going to move on from, but I did want to point out one resource. The question here is, what would be the best way to award HEERF III funds since we can't package it in financial aid? We've kind of covered ways in, in past webinars and podcasts about how schools might be identifying students who have exceptional needs. I'll just flag that next week, on our, Off-the-Cuff podcast, we will be having three aid directors on from different sectors, institutional sectors, who will talk about how they are thinking about HEERF III funds. So that's more of a best practices, what are my peers doing questions? So feel free to tune in. That will be published next Thursday night slash Friday.

Okay. I see several questions that are variations of questions we've already talked about. Okay, this one's a little trickier, David, I'm going to send to you.

David Futrell:

Oh thanks.

Justin Draeger:

Since, I think this is your portion. The institutional portion FAQ's indicate institutional grant expenses incurred back to March 13th, 2020, which is the date of the national emergency. Since the March 13th date was in the middle of the spring semester for many colleges, does this mean that outstanding debt for the Spring 2020 semester can be included even if the originating bill was sent to students in January

2020, but were not paid and subsequently considered incurred debt by colleges until there was an overlap there, I guess.

David Futrell:

So, it is our understanding based on the lost revenue frequently asked questions, which is a whole separate set of frequently asked questions, that if you're using the institutional portion and writing it off as debt, you get to define the lost revenue period for which you are writing off that debt. And if you include that debt in your loss revenue period, then you may pay it with institutional grant funds. However, if you're paying it with student funds, you cannot pay for charges that were incurred prior to March 13th, 2020. So, for bills that happened in November, December before the Spring 2020 payment period, the Department did a webinar with the American Council on Education just the other day, and said, no, you cannot pay for costs that were incurred before March 13th with student grant funds. So your alternative here is to go the route of the lost revenue avenue with institutional funds.

Justin Draeger:

All right, Jill, I think I'm coming to you because, if I'm reading the question correctly, I want to differentiate two issues here. So, I had asked earlier it was allowable to meet the requirement, to spend a portion of your funds on direct outreach, by hiring a third party to do that direct outreach in which we said yes, but this person's asking about hiring staff to manage the HEERF funds that may be associated with all the stuff that comes with managing them, identifying the students, et cetera, et cetera. So I think there's two issues at play here. One, this is separate from the direct outreach requirement. I think this question is really about, is this an allowable use of institutional funds?

Jill Desjean:

Yeah. And I would say yes, institutional funds can be used to pay staff salaries. So this would be an appropriate use of institutional funds. If this person did direct outreach, then they can probably attribute some of those expenses, those salary expenses to the direct outreach requirement as well.

Justin Draeger:

Yeah. So those are two separate things. An allowable use, but that doesn't necessarily get at the direct outreach piece, which schools would be required to spend some portion on. So. Okay, good. Thanks. I think we're closing in here on the end. Let me try to get on one or two more questions. I think we've answered that one. Okay. This is one I don't think we've tackled yet. We have a university considering offering their school's HEERF funds as an incentive to get the COVID vaccine. Is this allowed, since it's basically a hurdle to getting the funds and ED was all about removing those sorts of barriers? And then they end with, this will be spent with the institutional funds, if anything. So these wouldn't be the direct, these wouldn't be the direct grants to students. These would be institutional funds, any issue with using them as an incentive to get the vaccine? Karen, what do you think?

Karen McCarthy:

Let's see. So definitely I think we all agree on the student funds is a no. Well, yes. Okay. So we're only talking about the institutional funds, so you can spend, I'm kind of thinking through this, on the fly here, but you can spend the institutional funds for costs related to coronavirus, right?

Justin Draeger:

And to mitigate the spread. Yeah.

David Futrell:

And to suppress COVID-19.

Justin Draeger:

Right.

Karen McCarthy:

This should be encouraging vaccines. I don't know.

Jill Desjean:

It might count as your requirement to spend a portion of your institutional share funds to suppress COVID-19.

Justin Draeger:

Right.

Karen McCarthy:

Yeah. I mean, if they have that requirement in there, I would think this would be an allowable use.

David Futrell:

Double check with legal counsel, but sounds good to me.

Justin Draeger:

Okay. Let's see here, Karen, you're going to get the last one here and we might've answered this one. The school is asking if we send out an aid offer and during the semester, we decide who will get the HEERF funds. Are you saying we should not put it on their account where they can see it if they look at their student portal? So we had a question earlier about student portals and how that interacted with aid offers. It sounds like this person saying, disassociated from aid offers, but if we use their student account as the pass through, they're going to see it. Is that a problem?

Karen McCarthy:

And how did you all answer this while I was absent?

Justin Draeger:

I'll try to summarize and I'll tell by David and Jill's facial reactions if I summarize it correctly. But I think what we said before is not knowing what everybody's portals look like, if it's associated with a package or an aid offer, it's a no-go. If they're able to log into their portal and see the totality of funds or account balances, and this is how a system works, then in my mind, that's different than a promise of funding. And I know that regardless of what we're trying to do here, there are like, there are million dollar systems here on how we can actually get funds out the door, short of, somebody writing a personal check, or an institutional paper check. So, I'm sort of leading you here, Karen, but I know you won't have any issue in correcting me if I'm off base, but this is disassociated for me. It's not so much that it can appear anywhere in a student portal, as much as it can't be part of the aid offer. It can't be packaged.

Karen McCarthy:

Yeah. When you talk about the systems, I think there are only so many, I mean, if the student got the money, it's going to show up somewhere, right? So, it's funds the student got, so I don't think it's a, I don't want to put too many negatives. I think it's oh, it can be okay for it to show up in a portal. I think it's just how it's, how it's displayed within the portal. That it doesn't look like it's part of the student's financial aid package. So I think I am agreeing with you, Justin.

Justin Draeger:

Okay.

David Futrell:

Just don't send them an email that says, "Go look at your financial aid offer in the portal" and then it's showing there with your financial aid offer. That's where I think it gets a little more gray.

Karen McCarthy:

Yeah.

Justin Draeger:

Thank you, David. I think that takes us just a few minutes past the time of our webinar, we started with 160 questions when we started Q&A. We're ending with 265 outstanding questions. So I do see several iterations of this. Just as a reminder, you will be able to see all of these, most of these questions answered in some form on the NASFAA website, nasfaa.org/COVID19. We have our AskReg's Knowledge Base, which is overseen by David and a team of experts. Jill and Karen are analyzing information as it's coming in from the Department of Education and working with them on trying to clarify some of this guidance.

Justin Draeger:

I know you'll all join me in thanking the NASFAA team and those who are on the webinar and those behind the scenes who are working hard to get you all the answers that you need. Just as a reminder, you can download your certificate for this session of attendance. Please complete the survey. We look at each and every one of all the compilations and it does help us determine whether we need to do an additional webinar and what the topics of those webinars should be. Thank you all for joining us. Keep up the good work we're here for you, and we'll keep giving you information and guidance as quickly as possible. Have a great day.