



American Rescue Plan and Higher Education Emergency Relief Fund III: What institutions of higher education need to know

June 4, 2021

President Biden signed the [American Rescue Plan Act of 2021](#) into law on March 11, 2021. The Act includes around \$1.9 trillion dollars in funding for coronavirus recovery, \$39.6 billion of which is appropriated to institutions of higher education under the third installment of the [Higher Education Emergency Relief Fund](#) (HEERF). Prior installments of HEERF were incorporated within the Coronavirus Aid, Relief, and Economic Security Act, and the Coronavirus Response and Relief Supplemental Appropriations Act. HEERF III is structured similarly to HEERF II, however there are important differences that institutions must be aware of.

What is the same?

- A majority of the funds, \$36 billion, are provided to public and private nonprofit institutions. At least half of the allocation is to be used to make emergency financial aid grants to students, and the remainder can be used for institutional purposes.
- \$50 billion dollars in funding is provided to historically black colleges and universities, tribally controlled colleges and universities, minorities serving institutions, and strengthening program institutions.
- About \$198 million dollars is provided for institutions that the Department of Education determines the greatest unmet needs related to coronavirus.
- Around \$396 million for proprietary institutions to be used only for emergency financial aid grants to students.

Changes institutions should be aware of

- If a public or private nonprofit institution uses any amount of its institutional portion for anything other than emergency financial aid grants to students, a portion of the funds must be used to:
- Implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines.
- Conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances described in [Section 479\(a\) of the Higher Education Authorization Act](#).
- Institutions paying the endowment excise tax defined referenced under [HEERF II](#) no longer suffer 50 percent reduction in their A1 allocation.

The Department of Education made HEERF III funds available to institutions of higher education on May 11, 2021. In coordination with the release of the funds, the Department released a frequently asked questions document which addresses issues specific to HEERF III and provides additional clarification on matters that would be applicable to all of the HEERF programs. Within the FAQs, the Department provides further guidance on matters including:

- Students are no longer required to be eligible for Title IV student financial aid in order to receive student financial aid grants.
- Students are no longer required to be students at the institution as of the date a HEERF student financial aid grant is awarded as long as the student was at an eligible institution on or after March 13, 2020, the date of the declaration of the national emergency due to coronavirus.
- Undocumented and international students are permitted to receive HEERF funds.
- Expenses under the institutional portion of the award may be incurred and paid for with HEERF III funds back to March 13, 2020, the date of the declaration of the national emergency due to the coronavirus.
- The Department of Education imported its general administrative regulations requirement under [34 C.F.R. § 75.533](#), which prohibits use of grant funds to engage in construction unless expressly authorized by the underlying statute.

Overall, most institutions likely will not find significant changes in the way they expend or account for HEERF funds over that which they experienced under HEERF I and II. Institutions should continue to track all of their coronavirus related expenses and determine whether they can be covered with HEERF funds by consulting the underlying statutes, Department of Education guidance in the form of frequently asked questions, the Department of Education general administrative regulations, and the uniform administrative requirements, cost principles, and audit requirements for federal awards in order to determine whether a cost is allowable. Institutions should also be prepared to follow all [reporting requirements](#) as laid out by the Department of Education.

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