

## **Methodology for Calculating Allocations for Section 18004(a)(3) of the CARES Act** (updated July 2020)

The CARES Act provides \$13.95 billion for the Higher Education Emergency Relief Fund (HEERF). Section 18004(a)(3) of the CARES Act allocates 2.5% of this funding (\$348.8 million) for Part B of Title VII of the Higher Education Act of 1965, as amended, for institutions of higher education (IHEs) the Secretary determines to have the most unmet need related to coronavirus. Section 18004(d) of the CARES Act further directs the Secretary to prioritize IHEs that did not receive at least \$500,000 combined under the awards provided through Sections 18004(a)(1) and 18004(a)(2) of the CARES Act. To that end, the Department is using the funds available under Section 18004(a)(3) to ensure that all public and private nonprofit institutions of higher education that are eligible under Part B of Title VII of the HEA receive at least \$500,000 through their combined allocations under the HEERF.

After allocating 90% of the HEERF funding to all IHEs, and an additional 7.5% to eligible institutions under the programs specified in Section 18004(a)(2) of the CARES Act, the Department identified 974 public and private nonprofit IHEs that had received less than \$500,000. Of the \$348.8 million available for awards under Section 18004(a)(3), \$320.6 million is being used to raise all public and private nonprofit IHEs up to the \$500,000 level. The Department will announce its plans for allocating the remaining funding available under Section 18004(a)(3) of the CARES Act for additional awards to public and private nonprofit IHEs demonstrating the greatest unmet need due to coronavirus at a coming date.

As a matter of due diligence, the Department is requiring prerequisite reporting for any IHE on the section 18004(a)(3) allocation list that falls into any of the following categories:

- is subject to Heightened Cash Monitoring (that is, HCM1, HCM2 or Reimbursement) as of June 1, 2020;
- is slated to receive a section 18004(a)(3) award of \$400,000 or more;
- is slated to receive an award that is larger than their Title IV aid received in the most recent award year for which program data is publicly available; or
- has 12 month full-time equivalent enrollment of 100 or fewer students based on the school's reporting of credit and/or clock hours.

We have identified 538 institutions (highlighted in the allocation table at this [link](#)) that fall into at least one of these categories and, as such, will be required to provide the Department with an estimate of the losses or expenditures the institutions have incurred, or expect to incur, between March 13, 2020 and the beginning of the fall term, as a result of the novel coronavirus. These institutions will also be required to provide a budget outlining the proposed use of funds in response to the national emergency. The Department will communicate directly with these institutions as to these additional prerequisite reporting requirements.