

# Higher Education Emergency Relief Fund (HEERF) II Proprietary Institution Grant Funds for Students (CFDA 84.425Q) ((a)(4) Program) Frequently Asked Questions<sup>1</sup>

## Coronavirus Response and Relief Supplemental Appropriations Act, 2021

Published January 14, 2021. Updated March 19, 2021.<sup>2</sup>

On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (P.L. 116-260). This new law gives the U.S. Department of Education (Department) approximately \$22.7 billion to distribute to institutions of higher education in order to prevent, prepare for, and respond to coronavirus through the HEERF.

This law has some similarities—as well as important differences—from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116–136) that was enacted on March 27, 2020. These FAQs provide an overview of those similarities and differences and describe the differences between the funds allocated under section 314(a)(4) of the CRRSAA. The grant program authorized under section 314(a)(4) of the CRRSAA is referred to below as the “(a)(4) program” and its funds as “(a)(4) funds.”

### CRRSAA (a)(4) Program

- 1. Question:** Will proprietary institutions receive funds under the CRRSAA? How do they apply?

**Answer:** Yes, but proprietary institutions are not eligible for supplemental funding under the CRRSAA (a)(1) programs; rather, such institutions must apply for awards under a new section 314(a)(4) program. This program provides a separate funding stream for proprietary institutions that may be used only for financial aid grants to students. The amount each proprietary institution is eligible to receive is based on the formula described in section 314(a)(1) of the CRRSAA and listed on [an allocation table](#) (the “(a)(4) allocation table”).

Each completed application for a section 314(a)(4) program grant must consist of:

- 1) A completed SF-424 and SF-424 supplemental form;**
- 2) A Certification and Agreement ([Proprietary Institution Grant Funds for Students](#)) (Red C&A)**

The Grants.gov Funding Opportunity Number is ED-GRANTS-011521-005 for this program, Proprietary Institution Grant Funds for Students (CFDA 84.425Q). Applications

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<sup>1</sup> Other than statutory and regulatory requirements included in the document, the contents of this guidance do not have the force and effect of law and are not meant to bind the public. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

<sup>2</sup> Question 7 has been revised to reflect new changes as of March 19, 2021. Question 15 has been added from the HEERF II (a)(1) FAQs. Questions 16-22 have been newly added as of this March 19, 2021 updated FAQ.

must be submitted by April 15, 2021. To register to use Grants.gov, [please visit their “How to Apply for Grants” webpage here](#), or call their Applicant Support helpdesk at 1-800-518-4726. More information about how to apply is available on our [HEERF II CRRSAA website](#).

2. **Question:** My proprietary institution is listed on the [CRRSAA \(a\)\(4\) program allocation table](#) but did not receive funding under the CARES Act. Can we receive funds under the CRRSAA?

**Answer:** Yes. Your proprietary institution may apply for funds under the CRRSAA (a)(4) program for proprietary institutions even if it did not receive funding under the CARES Act.

3. **Question:** What amount of (a)(4) funds must institutions devote to financial aid grants to students?

**Answer:** The CRRSAA requires that proprietary institutions receiving funding under the (a)(4) program to use all their grant funds to provide financial aid grants to students.

4. **Question:** What are the requirements for making financial aid grants to students?

**Answer:** Unlike the CARES Act, the CRRSAA requires that institutions prioritize students with *exceptional need*, such as students who receive Pell Grants, in awarding financial aid grants to students. However, students do not need to be only Pell recipients or students who are eligible for Pell grants. In addition, the CRRSAA explicitly provides that financial aid grants to students may be provided to students exclusively enrolled in distance education.

Institutions may not (1) condition the receipt of financial aid grants to students on continued or future enrollment in the institution, (2) use the financial aid grants to satisfy a student’s outstanding account balance, unless it has obtained the student’s written (or electronic), affirmative consent, or (3) require such consent as a condition of receipt of or eligibility for the financial aid grant.<sup>3</sup>

Institutions should carefully document how they prioritize students with exceptional need in distributing financial aid grants to students, as the Department intends to establish reporting requirements regarding the distribution of financial aid grants to students consistent with section 314(e) of CRRSAA.

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<sup>3</sup> The Department’s guidance for emergency financial aid grants under section 18004(a)(1) of the CARES Act did not advise institutions to use such grants to satisfy a student’s outstanding account balance. However, upon further consideration, the Department believes that allowing students to consent to the application of a CRRSAA financial aid grant to their student accounts would facilitate such a use of funds, if desired by the student, while retaining the student’s discretion to determine what costs should be covered with his or her financial aid grant funds.

5. **Question:** How may students use their financial aid grants?

**Answer:** Financial aid grants for students may be used 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.

See Question 19 of the [Higher Education Emergency Relief Fund \(HEERF\) Frequently Asked Questions \(FAQ\) Rollup Document](#) for more details as to how institutions may pay the financial aid grants to students, if not applying it to a student's account after obtaining the student's written (or electronic), affirmative consent.

6. **Question:** How long does a proprietary institution have to apply for the (a)(4) program?

**Answer:** CRRSAA section 314(f) requires that proprietary institutions apply for funding within 90 days of the publication of the Notice Inviting Applications, which is April 15, 2021.

### **CARES Act (a)(1) Program**

7. **Question:** My proprietary institution received a CARES Act section 18004(a)(1) Student Aid Portion (CFDA 84.425E) and/or Institution Portion (CFDA 84.425F) grant. How has the use of funds changed for any of these unspent CARES Act grant funds?

**Answer:** The expanded use of funds authority under the CRRSAA also applies to any unspent CARES Act (a)(1) program funds. Institutions may use those unexpended funds for the following:

- Defraying 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);
- Carrying out student support activities authorized by the Higher Education Act of 1965, as amended (HEA), that address needs related to coronavirus; and
- Making financial aid grants to students in the same way they are allowed to use their Proprietary Institution Grant Funds for Students, including by providing such grants to students exclusively enrolled in distance education (as described in Question 4).

Institutions have this expanded flexibility to use unliquidated (unspent) funds effective December 27, 2020 (the date of enactment of the CRRSAA), *for costs incurred on or after March 13, 2020, the date on which the President declared a national emergency due to the COVID-19 pandemic ([85 FR 15337](#))*.<sup>5</sup>

Please note that under section 314(d)(5), an institution that utilizes the expanded use of funds authority under the CRRSAA for its unspent CARES Act funds must ensure at least 50% of the funds it received under CARES Act section 18004(a)(1) (generally, its Student Aid Portion award) is used for financial aid grants to students. (Revised March 19, 2021).

- 8. Question:** What “student support activities” may be supported by the expanded uses of funds for my unspent Institutional Portion CARES Act funds?

**Answer:** Section 314(c)(2) allows a proprietary institution to use unexpended Institutional Portion CARES Act funds (CFDA 84.425F) on student support activities authorized by the HEA, where those student support activities address needs related to the coronavirus. The Department interprets this provision to, among other authorized activities, authorize grantees to use CRRSAA funds to carry out TRIO and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) program activities to the extent that those activities address needs related to the coronavirus.

For example, (a)(1) institutional funds may be used to support the transition to virtual activities, purchase PPE, or support other innovative learning methods that would allow an institution to engage in student support activities authorized under the HEA during the COVID-19 pandemic.

- 9. Question:** My proprietary institution received a CARES Act HEERF grant. Will my institution be able to receive a grant under the (a)(4) program if we have not yet complied with the [quarterly or annual reporting requirements](#) for the HEERF grant program?

**Answer:** Proprietary institutions that have not yet complied with the reporting requirements of the CARES Act may receive (a)(4) awards with a restriction on the ability to use (drawdown) those awarded funds (stop payment status) until the institution has satisfied its CARES Act HEERF reporting obligations.

## Grant Administration

- 10. Question:** Do the existing CARES Act HEERF FAQs still apply?

**Answer:** Except for the differences explained herein, the existing CARES Act HEERF FAQs continue to apply to an institution’s previous expenditures under its existing CARES Act HEERF grants. As explained by Question 7, CRRSAA section 314(d)(2) allows institutions expanded use of funds authority for unexpended CARES Act funds. The Department is in the process of identifying and clarifying which specific FAQs may continue to be relied upon with the new CRRSAA and for an institution’s unexpended CARES Act funds.

- 11. Question:** Does the June 17, 2020 Interim Final Rule (IFR) ([85 FR 36494](#)) limiting student eligibility for emergency financial aid grants under the CARES Act to students who are or could be eligible to participate in the Department’s Title IV Federal student financial aid programs under HEA Section 484 apply to HEERF programs under CRRSAA?

**Answer:** No. The IFR and its implementing regulation, [34 CFR § 668.2](#), apply only to funds made available under the CARES Act and not to funds made available under CRRSAA.

**12. Question:** When should my institution draw down funds once they have been obligated by the Department?

**Answer:** Although the entire amount of a grantee's (a)(4) award will be available to the grantee as soon as it has been obligated by the Department, under [2 CFR § 200.305\(b\)](#), HEERF grantees are under an obligation to minimize the time between drawing down funds from G5 and paying obligations incurred by the grantee (liquidation). If a HEERF grantee is using HEERF grant funds to make financial aid grants to students, the Department may evaluate for compliance with the rule grantees who have not drawn down the funds from G5 and not paid the obligations (the financial aid grants to students) to the students within fifteen calendar days. For all other allowable uses, the Department may evaluate grantees who have not taken these steps within three calendar days. This enhanced flexibility for student grant programs is because students may not accept and draw down their financial aid grants from grantees' accounts within the three day window, or an institution may experience difficulties in contacting eligible students due to factors related to the pandemic.

**13. Question:** Can my proprietary institution charge indirect or administrative costs to the (a)(4) grant award?

**Answer:** No. Proprietary institutions may not charge any indirect or administrative costs to funds made available under this award as the allocation in this grant award represents an amount of funds that must be distributed to students.

**14. Question:** Do proprietary institutions have to submit an audit regarding the use and expenditure of HEERF grant funds?

**Answer:** It depends. Proprietary institutions must have a compliance audit conducted of its administration of the HEERF grant(s) for any institutional fiscal year during which: (1) the institution expended \$500,000 or more in total HEERF grant funds, whether under section 18004(a)(1) of the CARES Act or section 314(a)(4) of the CRRSAA, or (2) was on Federal Student Aid's [Heightened Cash Monitoring \(HCM\) 1 or 2 list](#) during any point of the institution's fiscal year in which it expended any HEERF grant funds. The Department will communicate with grantees on timing and audit submission procedures.

**15. Question:** Where can I obtain more information about the HEERF program?

**Answer:** Institutions should regularly check our HEERF II CRRSAA website for the latest CRRSAA information and program guidance. For earlier CARES Act information and program guidance, please check our HEERF CARES Act website here.

#### **FAQs added March 19, 2021:**

**16. Question:** Under the Uniform Guidance requirements, institutions must receive [prior written approval](#) (prior approval) for a many types of costs under [2 CFR § 200.407](#). Is that prior approval required for HEERF grants?

**Answer:** Generally, no. This FAQ constitutes notice that due to the COVID-19 pandemic, the Department is providing its prior approval for the following cost items for all formula grants under the HEERF program from March 13, 2020 through the period of grant performance specified under your institution’s GANs for all HEERF grants. For proprietary institutions, these flexibilities are as follows:

Waivers for section 18004(a)(1) CARES Act grants:

- [§ 200.308 Revision of budget and program plans](#)
- [§ 200.313 Equipment](#)
- [§ 200.430 Compensation—personal services, paragraph \(h\)](#)
- [§ 200.431 Compensation—fringe benefits](#)
- [§ 200.456 Participant support costs](#) (defined at [§ 200.75](#))
- [§ 200.458 Pre-award costs](#)
- [§ 200.475 Travel costs](#)

Waivers for section 314(a)(4) CRRSAA grants:

- [§ 200.458 Pre-award costs](#)

All cost items charged under these categories must be documented and, as with all costs, must be reasonable and necessary for the performance of the grant per the Cost Principles of the Uniform Guidance, [2 CFR part 200 subpart E](#).

Please note that, per the Certification and Agreements and Supplemental Agreements for the HEERF program and under section 314(d)(3) of the CRRSAA, senior administrator and executive salaries, benefits, bonuses, contracts, and incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; and any other cash or other benefit for a senior administrator or executive are not allowable costs under the HEERF program.

Other cost items listed in [2 CFR § 200.407](#) that require prior approval continue to require the institution to seek approval from the Department prior to charging those cost items to your HEERF grant. Please email your assigned education program officer contact as indicated by Box 3 in your GAN with any questions. (Added March 19, 2021).

**17. Question:** Can institutions use HEERF grant funds (unspent CARES Act funds, CRRSAA funds, and American Rescue Plan funds) to make financial aid grants to non-degree seeking, non-credit, dual enrollment, continuing education students or students who are qualified aliens?

**Answer:** Yes. Institutions can use HEERF grant funds to make financial aid grants to non-degree seeking, non-credit, dual enrollment, and continuing education students. Students who are qualified aliens, as defined within 8 U.S.C. section 1641 (including refugees and persons granted asylum), may also receive HEERF financial aid grants. As always, students have discretion about how they receive their grants and institutions must

receive affirmative consent from students before using a financial aid grant to satisfy outstanding bills. (Added March 19, 2021).

- 18. Question:** Can my institution charge financial aid grant expenses to my CRRSAA award if we made financial aid grants to student that were not otherwise covered by CARES Act funds before December 27, 2020?

**Answer:** Yes. Institutions may charge aid grant expenses to their CRRSAA award if they made financial aid grants to student that were not otherwise covered by CARES Act funds and that were incurred on or after March 13, 2020, the day the national emergency was declared, to their CRRSAA awards. (Added March 19, 2021).

- 19. Question:** How much time do institutions have to disburse their CARES Act and CRRSAA funds?

**Answer:** Institutions generally must expend their HEERF funds within one year from the date when the Department processed the most recent obligation of funds for each specific grant. Thus, proprietary institutions have one year from the date of obligation of their CARES Act award to expend those funds, and one year from the date of their CRRSAA obligation to expend their (a)(4) grant funds. No-cost extensions up to one year are also available under certain circumstances. Institutions may contact their assigned grant program officer identified on the GAN for more details on requesting an extension. (Added March 19, 2021).

- 20. Question:** Can students who have left school (for any reason) at any time since the declaration of the national emergency receive financial aid grants?

**Answer:** Yes. Institutions may choose to make financial aid grants to students who have left school for any reason during the period of the national emergency, beginning on March 13, 2020, the date of the declaration of the national emergency.

As always, students have discretion about how they receive their grants, and institutions must receive affirmative consent from students before using financial aid grants to satisfy a student's outstanding account balance. (Added March 19, 2021).

- 21. Question:** Can students give institutions permission to apply CRRSAA funds to student account charges that were posted to the student's account prior to December 27, 2020?

**Answer:** Yes. Institutions may, with a student's permission, make financial aid grants to students to satisfy account charges that were posted to the student's account prior to December 27, 2020, so long as that student was enrolled during a period of time for which the national emergency was declared.

As always, students have discretion about how they receive their grants, and institutions must receive affirmative consent from students before using financial aid grants to satisfy a student's outstanding account balance. (Added March 19, 2021).

**22. Question:** Can institutions use student accounts as a pass-through vehicle to disburse CRRSAA funds without a student's consent if 100% of the award is provided directly to the student's account and 0% is applied to institutional or other charges?

**Answer:** Yes. Institutions may provide emergency financial aid grants directly to students using the normal process for providing credit balances to students without obtaining a student's consent, so long as these funds remain unencumbered by the institution.

As always, students have discretion about how they receive their grants, and institutions must receive affirmative consent from students before using financial aid grants to satisfy a student's outstanding account balance. (Added March 19, 2021).