



August 23, 2021

PRA Coordinator of the Strategic Collections and Clearance Governance and Strategy Division
U.S. Department of Education
400 Maryland Ave. SW
LBJ, Room 6W208D
Washington, DC 20202-8240

To Whom It May Concern:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), the National Association of College and University Business Officers (NACUBO), we respectfully submit to the U.S. Department of Education (ED) our comments on the proposed Higher Education Emergency Relief Fund (HEERF) I, II, & III Annual Data Collection Form (Docket No.: ED-2021-SCC-0093.)

NASFAA represents nearly 20,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every ten undergraduates in the U.S.

NACUBO is a nonprofit professional organization representing chief administrative and financial officers at more than 1,600 colleges and universities across the country. NACUBO works to advance the economic vitality, business practices, and support of higher education institutions in pursuit of their missions.

Broadly, ED's request for significant disaggregation of data far outsteps the bounds of what is required to ensure institutional compliance with the law. It will impose an unreasonable amount of burden on institutions, in both hours and dollars. Given that these funds served a one-time purpose without anticipated future funding rounds, the disaggregated and comparison data ED is requesting is unlikely to inform future funding. As such, the data collected will serve simply to satisfy curiosity as opposed to leading to action.

NASFAA conducted a limited, informal poll of financial aid administrators about the feasibility of providing the proposed additional disaggregation of data elements in Questions 8 and 10 on the annual reporting form. NACUBO worked with its council of accounting and finance professionals to formulate our response to the proposed questions on institutional expenditures.

Proposed Emergency Student Aid Reporting

We learned that some institutions did not use their student information systems to track HEERF grants to students, relying instead on a separate database or Excel spreadsheet. In some cases, this decision was made in order to keep the process simple and get grants to students as quickly as possible, per ED's instructions and guidance. Others may have chosen to track HEERF grants outside of their financial aid systems because of ED's prohibition on applying HEERF grants to student account balances without student consent, which may have been impossible for institutional systems to handle, or only possible to achieve with significant programming changes that institutions lacked the resources to undertake.

Because no prior indication was given of the requirement for this level of disaggregation, those institutions would need to integrate the HEERF grant data with their student information system data to obtain student characteristics like race/ethnicity, age, and gender. This integration will require significant investments of time and money by institutions during a time when both are more limited than usual due to the Covid-19 national emergency and its lingering effects on postsecondary education institutions.

There are other instances where student demographic data does not exist. For instance, institutions indicated that they collect minimal demographic information from certain student populations, such as non degree students. They also indicated that gender for non-FASFA filers would likely include more than one option to allow for individuals who identify as non-binary, whereas the data collection offers only two options.

Several institutions NASFAA polled agreed that providing disaggregated data, when this is even possible, would at minimum require harnessing the resources of other offices, such as information technology or institutional research, and would impose additional burden beyond ED's estimates.

Financial aid offices often lack access to the student data of non-financial aid recipients in their data warehouses, meaning that some other campus unit with the necessary access would have to complete the reporting on enrollment status by HEERF and non-HEERF recipients in Question 10, adding again to overall institutional burden.

Several institutions also indicated that providing student enrollment data as of the end of the reporting period will add to institutional burden because institutional systems are set up to report by academic year subsets of academic year like semesters or terms.

Separate from the burden of reporting disaggregated data is the question of ED's and the general public's need for this level of granularity. There are no requirements for how institutions spend HEERF grants with respect to the demographic categories ED specifies in the data collection, nor for how HEERF grant recipient outcomes like withdrawal or graduation rates compare to non-HEERF grant recipients or from year to year.

While arguably a worthwhile intellectual pursuit, it does not outweigh the significant burden for institutions. ED is responsible only for ensuring that funds were spent in accordance with the law. ED's own supporting statements cite the purpose of the data collection as "to ensure that

HEERF funds are used in accordance with applicable requirements under the CARES Act, CRRSAA, and ARP.” At minimum, if ED does not entirely remove the disaggregation and comparison questions, it should make responses to those questions optional.

While not necessarily burdensome, Question 4 raises the same concerns as to relevance to ED’s duty to ensure compliance with the law. The series of questions may provide useful insights but, again, falls outside of the scope of ED’s responsibilities with respect to these funds.

NASFAA also engaged with college and university administrators in the spring of 2021 to evaluate the HEERF grants authorized under the CARES Act. In responses to the survey portion of the project, administrators mostly reported not having difficulty meeting HEERF reporting deadlines, but where difficulty was encountered, it was due to a lack of clarity in the reporting requirements themselves as opposed to gathering the data.

There are several areas in the revised annual data collection where additional clarity may reduce institutional burden and ensure accurate responses.

For instance, Question 4c asks institutions to rate their agreement with the statement, “HEERF enabled my institution to keep student net prices similar to pre-pandemic levels (i.e. minimal increases to tuition and fees, minimal decreases to scholarships, etc.)” However, “similar” and “minimal” are subjective terms and responses will vary not necessarily by actual differences in changes to net price but, rather, by differences in respondents’ opinions. While we recommend removing all of Question 4 due to its irrelevance to ED’s responsibility for ensuring compliance with the law, if the question is retained we recommend changing the response options for this question from the Likert scale to a range of increases in net prices (e.g. “less than 1 percent”, etc.)

Question 10 asks a series of questions about HEERF and non-HEERF grant recipients’ enrollment statuses at the end of three separate calendar years. While, again, our recommendation is to remove the non-HEERF question, the demographic disaggregation, and the year-to-year comparison, if this series of questions is retained we recommend adding the calendar year to the header of the table for the 2021 data collection, as is done in the headers to each of the other years for which data is requested, for consistency and clarity. We also recommend adding the calendar year to each column in each table, to ensure that respondents understand that each data element requested is for the same calendar year, as opposed to, say, asking for HEERF recipient status in 2019 and their enrollment status for 2021.

Another consideration for Question 10 is the fact that students did not need to be enrolled to receive HEERF grants. This will make data difficult to interpret if ED is attempting to link receipt of HEERF to persistence toward degree because students who withdrew despite receiving HEERF grants and students who were already withdrawn and did not re-enroll after receiving HEERF grants would both have an enrollment status of withdrawn at the end of the reporting period.

Footnotes 10 and 11, while technically correct in explaining the approved uses of funds for HEERF grants authorized under the CARES Act, may confuse institutions because this reporting

period includes not only CARES Act HEERF grants, but also HEERF grants authorized under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and the American Rescue Plan, which expanded allowable uses of funds for unspent CARES Act funds. We recommend clarifying the footnote to address this fact.

In the aforementioned survey, more than half of respondents indicated higher levels of burden than ED's estimate of six hours. While ED's added 6 hours of burden from the prior annual report's estimate is welcomed in light of the added questions and increased disaggregation of existing questions, we recommend adding at least 10 hours to the burden estimate to account for both the underestimate in the previous annual data collection and the likely underestimate of additional hours required for the new and more detailed questions in this updated data collection. We also recommend providing institutions with the final reporting instrument at least 60-90 days prior to the deadline to allow institutions to collaborate with all of the offices on campus who will need to participate in the reporting and to develop the new systems they need to comply with the reporting requirement.

We understand and appreciate why ED used its limited resources to prioritize getting funds into students' hands as quickly as possible, versus fully developing the methodology institutions would be required to use for data reporting. However, piecing together all of the proposed data items after program funds have been distributed to students is highly problematic, especially for our least resourced institutions who have less sophisticated student information systems and whose staffs are already stretched thin. Requiring this from all schools is neither feasible, nor a good use of institutional resources. Instead of requiring the proposed data disaggregation from all institutions, we suggest the Department of Education gather this data through a grant-funded partnership with a representative sample of postsecondary institutions. This approach will still inform future policy-making, but will ensure that institutions have the resources they need to collect this data.

Proposed Institutional Expenditure Reporting:

Concerning Question 9a, institutions are likely not segregating HEERF institutional funds into a separate program or fund for budgeting as there has been no previous direction or impetus from the Department to do so. HEERF institutional funds claimed typically reside in an institution's general fund and as such can be used to strengthen several operating budgets. Some institutions may target assistance to high need academic programs, for example, those that certify health care workers, others may focus on using the funds across several areas impacted by the pandemic. Generally, the approach will vary across institutions, based on specific needs. Consequently, we suggest the following format for this question:

Has your institution designated HEERF program funds for a specific purpose or budget objective (for example, operation and maintenance of plant, academic programs, residential programs, future institutional aid)?

- Yes
- No

If yes, for which fiscal years? (check all that apply)

- FY21
- FY22
- FY23 and beyond

If yes, for which programs? (list up to three)

If no, are funds in the institution’s general fund for use as needed?

- Yes
- No

If no, please explain your approach _____.

With regard to the proposed reporting matrix in Question 9b, we suggest the following clarification and corrections:

A footnote indicating that for certain line items, it is expected that related salaries and benefits (such as repurposed or newly COVID-19 associated payroll, and/or newly hired faculty and staff) will be included. This would/could include salaries and benefits in the following areas:

- Subsidizing food services
- Additional class sections
- Campus safety and operations
- Training in online instruction
- Evidence based practices to monitor and suppress coronavirus
- Conducting direct outreach to financial aid applicants

Concerning replacing lost revenue, we suggest using the categories outlined in the Department’s March 19, 2021 Lost Revenue FAQ. In lieu of any other guidance on this topic, institutions have documentation for lost revenue estimates based on those categories. If greater detail is desired (for example, concerning enrollment declines or discharging student account balances), we would suggest adding categories for desired details, such as:

- Academic sources:

- Reduced enrollment / reduced tuition
- Discharging student account balances
- Residential services (room and board)
- Other
- Non-academic sources
 - Events
 - Other non-residential auxiliaries
 - Summer camps
 - Other

Additionally, Footnote 9 as currently proposed is not clear enough to obtain accurate reporting. The Department's March 19, 2021 Lost Revenue FAQ does not discuss salary continuation as a lost revenue item. Rather, salary continuation for an academic or non-academic lost revenue source would be an expense claim – an allowable cost reimbursement to defray coronavirus related expenses (*March 19, 2021 Lost Revenue FAQ, Q&A #11*).

Regarding the functional expense information request for those institutions that report lost revenue amounts in the institutional expenditure table, as proposed in Question 9b, the information being requested would be impossible for institutions to produce. Once lost revenue is documented and funds are drawn from G5 accounts, monies are typically placed in an institution's general fund. Higher education institutions (as well as other types of non-profits and governmental entities) do not track, map, or budget revenue "use" dollar for dollar by unique function other than for federally sponsored research. Cash in the general fund is fungible; the general ledger, fund structures, and systems are not designed for this type of tracking. Generally Accepted Accounting Principles (GAAP) do not require the direct tracking of revenue, by type, into functional expense categories nor does the Integrated Postsecondary Educational Data System. Consequently, at best, institutions can only estimate use or allocate HEERF institutional funds across functional categories using a common denominator type of expense, such as salaries.

Because there was no advance notice that this type of reporting would be required in any of the Department's HEERF FAQs, Grant Award Notification, or certification documents it would be impossible for institutions to retroactively create this tracking. In fact, Question 12 in the March 19, 2021 Lost Revenue FAQ indicates that an institution does not need to assign specific costs or expenses once it has charged its HEERF grant award for its estimate of lost revenue.

However, even if HEERF funds were designated as restricted for a certain purpose, at best, reporting use by functional category would be an estimate; budgets are composed using natural expenses (not functional categories) for departments, colleges, and support areas; and again, because GAAP does not require this, systems and processes to track revenue source by function do not exist. Most institutions are using lost revenue HEERF funds for operating activity relief. Consequently, institutions would have to estimate an allocation across functions based on a

common denominator or perhaps make an educated guess if the institution has a desired strategic objective.

Because of the inability to obtain accurate reporting in this area, we respectfully request that this proposed reporting requirement be eliminated. We believe the alternative questions suggested earlier in this letter for Question 9a will provide a better proxy, and more accurate reporting, for intended HEERF institutional fund use and timing of use.

Finally, although we recommend that the lost revenue reporting requirements on the proposed form be altered, as currently proposed the functional categories being proposed for institutions that follow GASB are not correct. Functional expense categories were developed by and are maintained by NACUBO as an industry standard in our Financial Accounting and Reporting Manual. The functions are the same for institutions that follow FASB and those that follow GASB. Institutions that follow GASB would have three additional categories: operation and maintenance of plant, depreciation, and interest – because institutions that report under GASB do not allocate these expenses between programmatic and administrative categories as those that follow FASB do.

We appreciate the opportunity to comment on this proposed data collection. If you have any questions regarding these comments, please contact NASFAA Policy Analyst Jill Desjean at desjeanj@nasfaa.org, NACUBO Senior Director of Accounting Policy Sue Menditto at smenditto@nacubo.org, or NACUBO Senior Director of Government Affairs Megan Schneider at mschneider@nacubo.org.

Regards,



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