

FIPSE Provides Additional Funding Option for Higher Education

By Christopher DuKate, Principal

A portion of the CARES Act enacted in March 2020 provided additional COVID-19 relief for higher education institutions through the Fund for the Improvement of Postsecondary Education (FIPSE). The Secretary of Education can award additional dollars from the fund to institutions determined to have the greatest unmet need.

Here's what your institution should know about FIPSE funding.

How FIPSE Funding Works

The Education Department (ED) has allocated additional funding from FIPSE to institutions that received less than \$500,000 through other funding mechanisms of the CARES Act, up to a total overall allocation of \$500,000 in CARES Act funding.

To receive FIPSE funding, institutions must complete a [Certification and Agreement form](#). You can see the additional funding that has been allocated [on the ED website](#).

The ED has also outlined prerequisites for receiving the funds for institutions that meet at least one of the four categories below:

- Is subject to heightened cash monitoring as of June 1, 2020;
- Is slated to receive a section 18004(a)(3) award of more than \$400,000;
- 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.

If your institution falls into one of these categories, you will be required to provide the ED with an estimate of the losses or expenditures your institution has incurred or expects to incur between March 13, 2020 and the beginning of the fall term as a result of COVID-19. You will also be required to provide a budget outlining the proposed use of the funds. A copy of that budget on [the ED website](#) outlines examples of specific qualifying expenditures and should be a helpful tool for institutions as they plan for the use of the funds.

You also can access [a copy of the ED's methodology on the allocation and requirements](#).

The ED expects an additional \$28.2 million to be available after the allocation noted above. The ED will announce the plans for the remaining funding at a later date.

Allowable Uses

Unlike the funds awarded through Section 18004(a)(1) of the CARES Act, there is no requirement for 50% of the FIPSE funds to be used for grants to students. However, an April 30, 2020 [letter from Secretary of Education Betsy DeVos](#) encouraged the distribution of as much funding to students as possible.

The April 30 letter also noted that:

- To receive these grants, students must be eligible to receive federal financial aid

The [Certification and Agreement document](#) provides additional guidance related to allowable uses.

- Funds granted to students can be used for any component of the student’s cost of attendance, including:
 - Tuition
 - Course materials
 - Technology

The Certification and Agreement document provides additional guidance related to allowable uses, including more information about allowable student costs such as:

- Food
- Housing
- Course materials
- Technology
- Health care
- Child care

Secretary DeVos specifically noted that institutions with significant endowments or access to other significant funding should take strong measures to award as much of the funding to students as possible. Institutions will need to weigh the impact of this encouragement when determining how to use this funding.

For amounts not granted to students, the April 30 letter broadly outlines how costs may be used to defray institutional expenses. Examples provided include:

- Lost revenue
- Reimbursement of expenses already incurred
- Technology costs associated with the transition to distance learning
- Faculty and staff training
- Payroll

The letter also encourages institutions to expand remote learning capabilities and build IT capacity.

For portions of the grant used for institutional purposes, the Certification and Agreement document states that costs must be incurred on or after March 13, 2020. The following costs are not allowable:

Senior Administrator and/or executive salaries, benefits, bonuses, contracts, incentives, stock buy-backs, shareholder dividends, capital distributions, and stock options, and any other cash or benefit for a senior administrator or executive.

Action Steps

If your institution is granted FIPSE funds, as specified on the Certification and Agreement document you will need to:

- Provide a quarterly report on your use of the funds, along with documents accounting for the expenditures incurred and the internal controls you implemented to ensure that the funding met the requirements under the grant agreement
- Maintain records of grants made to students that show:
 - How the grants were distributed to students
 - How the grants were calculated
 - Any instructions given to students about the grants

As your institution determines the highest and best use of this funding, it is important to thoroughly scrutinize your decision plan in light of the current guidance provided by the Education Department. The guidance is written broadly and mandates very few “musts.” This gives institutions leeway in interpreting the appropriate uses of the funds.

We strongly recommend that you document your spending plan to the fullest extent possible and formalize the rationale for the expenditures reimbursement.

Please [contact us online](#) or at info@capincrouse.com with questions.

This article has been updated.

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Chris has more than 14 years of experience providing auditing, accounting, and consulting services for nonprofit and higher education clients. He has worked extensively with a variety of nonprofit clients, including social service organizations, foundations, museums, sport and membership associations, and colleges and universities. Chris has significant experience performing audits in accordance with Uniform Guidance and has led many consulting projects in both the nonprofit and governmental industries.

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