



Use of CARES Act Funding Awarded

December 10, 2020

Office of Internal Audit and Risk Management



Missouri State[™]

U N I V E R S I T Y

DATE: December 10, 2020

TO: The Board of Governors

CC: Clifton M. Smart III, University President
Dr. Dennis Lancaster, Interim Chancellor – West Plains
Dr. Frank Einhellig, Provost

FROM: COVID-19 Cost Recovery Team

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BACKGROUND

In response to the Coronavirus pandemic, the U.S. Congress passed a \$2 trillion economic relief package called the CARES Act, which was aimed to help governments, businesses and individuals react and recover from the downturn created by various local public health emergency requirements. Through federal, state, and local governmental sources, the University system was awarded more than \$28 million in CARES Act funding during the calendar year 2020. The University assembled a COVID-19 Cost Recovery Team who worked to identify reimbursable expenses, compile required documentation, and submit requests for reimbursement to these various governmental bodies. As of November 30, 2020, this team has ensured reimbursement of qualifying expenditures totaling nearly \$26 million. The following compilation provides an understanding of each award, its intended purpose and use by the University, and any amount remaining unused or unclaimed on November 30, 2020.

COVID-19 Cost Recovery Team Members:

Springfield Campus:

Natalie B. McNish, Senior Auditor (co-chair)
Steve Foucart, Chief Financial Officer (co-chair)
Lori Swindell, Accounting Manager
Teresa Lindsay, Payroll Manager
Rachel McGinnis, Director of Research Admin.
Michel Hackworth, Assistant Director of Grants & Capital Projects
Rob Moore, Director of Financial Aid
Rachel Anderson, Business Incubator Director
Ryan DeBoef, Chief of Staff
Suzanne Shaw, VP for Marketing & Communications
David Hall, Director of University Safety

Karen McKinnis, Emergency Preparedness Manager
Jen Cox, University Space Manager & Director of Support Services
Donna Christian, Director of Internal Audit & Risk Management

West Plains Campus:

Scott Schneider, Director of Business & Support Services
Jennifer Walker, Coordinator of Financial Aid
Christina Kerley, Accounting Manager
C.J. Collins, Coordinator of Information Systems Support

EXECUTIVE SUMMARY

In March 2020, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provided over \$2 trillion in economic relief through numerous grant programs focused on citizens, businesses, healthcare facilities, educational institutions, and governments. A portion of this money was granted directly to grantees and another portion was passed down to each state for further distribution. As a result, the State of Missouri received \$2.69 billion. Using this money, the State of Missouri recovered costs related to the state response and recovery, provided grants to businesses, schools, not-for-profit entities and governments, and passed a portion of this money down to each County. The counties were tasked with establishing their own cost recovery and granting processes.

The University was awarded grant funding from all three levels (federal, state, local) which totaled \$28,668,545 (\$11,523,508 System, \$15,943,846 Springfield; \$1,201,191 West Plains) as of November 30, 2020. The following report will provide an understanding of each award received (See also Exhibit A), its use, and any amount remaining or pending as of November 30, 2020.

1. Higher Education Emergency Relief Fund (HEERF)

In April 2020, the Office of Postsecondary Education (OPE) released granting opportunities for the \$14 billion of CARES Act monies held in the Higher Education Emergency Relief Fund (HEERF). The HEERF was divided into eight programs. The University received awards from three of these programs.

HEERF – Student & Institutional Portion Programs

\$14,815,840

The Student Portion and Institutional Portion (two separate programs awarded simultaneously) provided grants to all Title IV schools using a formula based upon student enrollment. These programs required each institution to provide at least 50 percent in emergency financial aid grants to students. Guidance provided by the OPE allowed each institution to develop its own policies and procedures to award these emergency financial aid grants to students requiring only that, “the funds be used to cover expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and child care).”

The University was awarded and received a total of \$14,815,840 (\$13,855,674 Springfield, \$960,166 West Plains) for both the Student & Institutional portions of HEERF in April 2020. Knowing that at least 50 percent must be directly paid to students, University Administration worked quickly to develop a three-phase plan to identify qualifying students and disburse assistance payments. Exhibit B provides information on each phase of the plan for each campus, including eligibility requirements, maximum amount of award available per eligible student, total disbursed during phase and timing of that disbursement. By June 30, 2020, the University had disbursed **\$7,407,920** (\$6,927,837 Springfield, \$480,083 West Plains) of the student portion to qualifying students.

The University utilized a portion of the Institutional funds to reimburse itself for student refunds totaling **\$4,708,319** (\$4,660,771 Springfield and \$47,548 West Plains) issued for room and board expenses not utilized due to the campus shutdown in compliance with local public health guidelines and **\$10,597** in additional emergency student aid for West Plains. The remaining **\$2,689,004** is available for qualifying use.

HEERF – Strengthening Institution Program (SIP)

\$739,898

The Strengthening Institution Program (SIP) provided grants to institutions which have at least 50 percent of their degree seeking students receiving need-based assistance or have a substantial number of enrolled students receiving Pell Grants. Allowable uses of these monies include direct aid for students (only if students are Pell eligible), reimbursement of lost revenue, costs associated with the transition to virtual learning, faculty and staff training and payroll expenses.

The University was awarded a total of \$739,898 (\$693,007 Springfield, \$46,891 West Plains). The Springfield campus requested and received reimbursement for **\$225,608** in lost revenue from a cancelled conference held on campus annually with verifiable past revenue history. The Springfield campus also requested and received reimbursement for **\$416,499** in lost revenue for Summer Session student fees. Under the existing fee structure, student fees are not charged to those taking online classes; however, due to local public health guidance, all summer session classes were held virtually and therefore no student fee revenue was collected. The remaining **\$97,791** is available for qualifying use.

2. Governor’s Emergency Education Relief (GEER) \$2,164,761

In collaboration with the Office of the Governor, Office of Administration (OA), and Department of Elementary and Secondary Education (DESE), the Department of Higher Education & Workforce Development (DHEWD) established and funded the GEER fund with more than \$23.6 million in CARES Act monies. Using enrollment, employment, and other data the DHEWD allocated these funds to all state institutions including a grant of \$2,164,761 to Missouri State University. The grant agreement allows monies to be used for “any expense that can be justified as having been incurred or will be incurred to continue to provide educational services and support to the ongoing functionality of the institution.” Allowable expenses include payroll and benefits dating back to March 13, 2020, expenses related to the virtualization of classes (computer, internet access, etc.), and expenses to provide outreach services such as mental health, hunger, homelessness, job loss and childcare. The University requested and received reimbursement of payroll and benefit costs incurred between April 1 and September 30, 2020 totaling **\$2,164,761** related to employees who assisted with transitional and functionality efforts of the University as required by current local health orders. This amount included \$305,065 for payroll and benefits of employees in the Faculty Center for Teaching and Learning (FCTL) whose specific focus was dedicated to providing virtual support for faculty transitioning to alternative teaching methods and \$247,246 for West Plains.

3. Coronavirus Relief Fund (CRF)

The Coronavirus Relief Fund (CRF) was created by the CARES Act and appropriated \$150 billion to the State of Missouri. Using this funding, the Office of the Governor, OA & DHEWD established two programs for higher education. Submissions for reimbursement were sent to the DHEWD and, with their approval, were then forwarded to the Office of Administration for final approval. In total, the University was awarded and received a total of \$9,358,747 for qualifying expenses.

CRF – COVID-19 Response & Reopening Program

\$8,278,784

The COVID-19 Response & Reopening program was developed to reimburse higher education institutions for costs incurred in relation to the public health emergency which were not budgeted prior to March 27, 2020 and were incurred between March 1 and December 30, 2020. Costs allowed included PPE, disinfection, quarantine and isolation, modifications and expenses required to comply with public health orders, increasing medical treatment capacity, testing, screening materials, and some payroll and benefit expenses when employees are substantially dedicated to mitigating or responding to the pandemic. This program was funded with \$80 million and Missouri State University was awarded and received \$8,278,784 for qualifying expenses including:

- Spring break was extended one week (March 23-27, 2020) to allow faculty and staff to transition classroom learning to a virtual environment. In relation to this COVID-19 response event, the University requested and received reimbursement of **\$1,840,085** for payroll and benefit expenses of non-grant sponsored faculty who had at least one seated class prior to March 16, 2020.
- Due to the COVID-19 pandemic, the University closed campus from March 24, 2020 through July 2020. During this time, custodial and maintenance staff cleaned all buildings and upgraded

air handling, plumbing and HVAC system for appropriate COVID-19 sanitation. The University requested and received reimbursement of **\$1,923,510** for payroll and benefit expenses of custodial and maintenance staff during this period.

- In response to the COVID-19 virus, all students, faculty, staff, and dependents were encouraged to utilize the services of Magers Health & Wellness Center for non-emergent medical needs, testing, and treatment. Given the wide range of symptoms for COVID-19 and the unknown impact on the campus community, the university health center, unlike other on-campus student services operations, remained open to provide access to medical care and testing as a result of the public health crisis. By remaining open, the university health center provided another source of patient care as local hospitals reduced staff. Regardless of the patient's office visit, COVID-19 screening was implemented. It was estimated that at least 40% of office visits were or may have been COVID-19 related. The University requested and received reimbursement of **\$1,374,941** of payroll and benefit expenses for non-pharmacy medical staff incurred between March and September 2020.
- Consistent with Section 18006 of the CARES Act, the University implemented a policy to compensate full-time non-critical employees who were not able to work remote with 2/3 their salary or average weekly pay for as long as they remain in this category. The University requested and received reimbursement of **\$1,183,767** for payroll and benefit costs for these employees.
- While the campus was closed to most students, several student athletes still needed medical assistance. Staff of Athletic Medicine & Rehabilitation worked March through July to fulfill the needs of these students while also addressing COVID-19 concerns and completing screenings. The University requested and received reimbursement of **\$77,061** for payroll and benefit costs for these employees.
- As COVID-19 spread through the area, several employees needed to utilize sick and FMLA leave to care for themselves and their families through sickness or quarantine. The University requested and received reimbursement of **\$65,962** for the payroll and benefit costs for these employees.
- In response to the anticipated spread of the COVID-19 virus on campus at the beginning of the fall semester, students living on campus were scheduled dates and times to move in over a one week period and quarantine and isolation protocol required the University to separately house those identified to have contracted the virus or those who had close contact with someone who had contracted the virus. To accomplish this, the University paid for all student meals prior to the start date of the student's meal plan, contracted with area businesses to provide housing, made arrangements with the University's food service provider to provide meals for quarantined and isolated students who did not have a meal plan or sufficient meal plan to allow for 3 meals per day. The University requested and received reimbursement of **\$708,188** for housing (August-December 2020) and meal (August 2020) expenses incurred.
- Cleaning supplies and personal protective equipment (PPE) expenses were incurred by various colleges and administrative offices in response to COVID-19. The University requested and received **\$141,594** for these incurred for the period of March and June 2020.
- In effort to address the ongoing impacts of COVID-19 requiring employees to maintain social distancing and the impacts of quarantining, the benefits of the new phone system support working remotely, the University upgraded its phone system to Voice over Internet Protocol (VoIP). This upgrade included software-based telephones or softphones that work as telephones on computers when internet connections is available, mobile applications allowing users to use cellular phones as their office phone and adding functionality for hearing impaired users. The new phone system will allow employees to function seamlessly at remote locations

and provide all the support to our students as in an office environment. The University requested and received **\$461,954** for this upgrade which reimbursed expenses incurred in August 2020.

- In consultation with the Greene County Health Department, it was agreed that scheduled student and faculty Fall Break (October 8 & 9) would be extended to staff so that additional cleaning could take place. During this break, all staff were fully compensated. The University requested and received reimbursement totaling **\$501,722** for payroll and benefit costs for all staff paid for this time off excluding executives, first and mid-level managers, and any employee with a director title.

CRF – Building Remote Learning Capacity

\$1,079,963

The Building Remote Learning Capacity program was developed to reimburse higher education institutions for expenses necessary to facilitate distance learning for students and telework for employees. Allowable expenditures include technological improvements, training and support, upgrades and creation of networks and internet accessibility, and solutions for hands-on learning components. This program was funded with \$10 million and Missouri State University was awarded \$1,079,963. As of November 30, 2020, the University has requested and received reimbursement for **\$210,542** in costs related to an upgrade performed to the University's network to facilitate a safer and more productive work and learn from home environment, **\$812,672** in technological improvements in classrooms to facilitate virtual and blended learning environments from campus teaching areas, and **\$56,749** in equipment expense for the shift to telework.

4. Department of Economic Development (DED) Coworking and Incubator Grant Program \$250,000

The DED received \$20 million in CARES Act Relief Fund monies to provide grants to eligible incubator facilities such as the eFactory. The University was awarded **\$250,000** in September 2020 for technology, furnishing and other expenses related to the safe continuation of business development services to entrepreneurs and emerging companies. As of November 30, 2020, the University had requested reimbursement of qualifying expenses totaling the full award but had not received payment of the grant award.

5. Greene County \$1,145,165

Greene County received approximately \$34 million in CARES Act Relief Fund monies from the State of Missouri to support local COVID-19 response in May 2020. The Greene County Commission established a reimbursement grant program to make funds available for unbudgeted COVID-19 related response and recovery incurred by eligible organizations between March 1 and December 31, 2020. The University was awarded and received **\$845,165** for return to campus and ongoing testing expenses. The University was also awarded **\$300,000** in November 2020 for non-capital technology and physical distancing expenses related to the eFactory. The University has requested reimbursement of the full award but had not received payment as of November 30, 2020.

6. Howell County \$194,134

Howell County received approximately \$4.7 million in CARES Act Relief Fund monies from the State of Missouri to support local COVID-19 response in May 2020. The Howell County Commission established a reimbursement grant program to make funds available for unbudgeted COVID-19 related response and recovery incurred by eligible organizations between March 1 and December 31, 2020. The West Plains campus was awarded and received reimbursement totaling **\$194,134** for sanitation, technological improvements for learning and working from home, and payroll for custodial and maintenance staff from March 16 through July 15, 2020.

Exhibit A – Schedule of Awards

Level	Grantor	Grant Fund	Grant Program	Total Award	Springfield	West Plains	
Federal	Office of Postsecondary Education (OPE)	Higher Education Emergency Relief Fund (HEERF)	Student Portion	\$ 7,407,920	\$ 6,927,837	\$ 480,083	
			Institution Portion	\$ 7,407,920	\$ 6,927,837	\$ 480,083	
			Strengthening Institution Program (SIP)	\$ 739,898	\$ 693,007	\$ 46,891	
State	Department of Higher Education & Workforce Development (DHEWD)	Governor's Emergency Education Relief (GEER) Fund		\$ 2,164,761	* \$ -	\$ -	
			Coronavirus Relief Fund (CRF)	COVID-19 Response & Reopening	\$ 8,278,784	* \$ -	\$ -
				Building Remote Learning Capacity	\$ 1,079,963	* \$ -	\$ -
	Department of Economic Development (DED)	DED Federal Stimulus Fund	Coworking and Incubator Grant Program	\$ 250,000	\$ 250,000	\$ -	
Local	Greene County			\$ 1,145,165	\$ 1,145,165	\$ -	
	Howell County			\$ 194,134	\$ -	\$ 194,134	

* Grants from DHEWD were awarded to the Missouri State University System and not any specific campus.

Total Awarded	\$ 28,668,545	\$15,943,846	\$ 1,201,191
Total Received	\$ 25,331,750		
Total Pending Payment	\$ 550,000		
Awards Remaining as of 11/30/2020	\$ 2,786,795		

Exhibit B – Emergency Student Financial Aid

Phase	Description & Eligibility	Timing	Amount Per Student	Total
Phase One Immediate Assistance Grant Springfield & West Plains	<ul style="list-style-type: none"> Undergraduate degree seeking students enrolled in Spring 2020 semester Eligible for federal funding Not enrolled in an exclusively online program prior to March 13, 2020 	Disbursed on April 29, 2020	\$250 each	\$1,637,500
Phase Two Emergency Assistance Grant Springfield & West Plains	<ul style="list-style-type: none"> Degree seeking students enrolled in Spring 2020 semester Eligible for federal funding Not enrolled in an exclusively online program prior to March 13, 2020 Have documented financial need or hardship due to COVID-19 Have made reasonable use of other support sources 	Application period May 4-5, 2020 Disbursements issued between May 26, and June 18, 2020	Up to \$1,000	\$3,913,000
Phase Three Housing Assistance Grants Springfield	<ul style="list-style-type: none"> Degree seeking students enrolled in Spring 2020 semester Eligible for federal funding Not enrolled in an exclusively online program prior to March 13, 2020 Had an active Spring 2020 housing contract on or before March 13, 2020 <p style="text-align: center;">OR</p> Experienced a reduction in Spring 2020 housing stipend and did not receive a residence hall housing	Disbursed on June 22, 2020	\$674 each \$800 each	\$1,712,294
Phase Three Second Immediate Assistance Grant West Plains	<ul style="list-style-type: none"> Remaining funds allocated to West Plains were distributed to students using the eligibility requirements established for phase one. 	Disbursed on June 22, 2020	\$188 each	\$ 145,833