



2021 Higher Education Virtual Conference

February 9, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Higher Education Virtual Conference

Legislative and regulatory landscape:
What could lie ahead for colleges and universities

-Tom Netting, TEN Government Strategies

TUESDAY, FEBRUARY 9, 2021

Consolidated Appropriations Act of 2021

- ▶ Labor, Health and Human Services,
Education and Related Agencies
Appropriations
- ▶ Coronavirus Response and Relief
Supplemental Appropriations Act of 2021
- ▶ FAFSA Simplification



Consolidated Appropriations Act of 2021

► Labor, Health and Human Services, Education and Related Agencies Appropriations

- Increase in Federal Pell Grant (\$22 Billion)
\$150 Increase in the Maximum Federal Pell Grant (\$6,495)
- Increases in Other Federal Grant Assistance Programs (TRIO, SEOG, & FWS)
- FAFSA Simplification
- Ability to Benefit
- Postsecondary Transfer Articulation Agreements



Consolidated Appropriations Act of 2021

► **Coronavirus Response and Relief Supplemental Appropriations Act of 2021**

- Additional Education Stabilization Funds (\$22,6 Billion)
 - 89% (\$20,200,451,040) to each institution of higher education as defined in section 101 or section 102(c) of the HEA to prevent, prepare for, and respond to coronavirus;
 - 7.5% (\$1,702,285,200) for additional awards under parts A and B of title III, parts A and B of title V, and subpart 4 of part A of title VII of the HEA to address needs directly related to coronavirus, that shall be in addition to awards made in subsection (a)(1); and
 - 3% (\$680,914,080) to institutions of higher education as defined in section 102(b) of the HEA.



Consolidated Appropriations Act of 2021

► **Coronavirus Response and Relief Supplemental Appropriations Act of 2021**

- Additional Education Stabilization Funds (\$22 Billion)
 - 89% (\$20,200,451,040) to each institution of higher education as defined in section 101 or section 102(c) of the HEA to prevent, prepare for, and respond to coronavirus;
 - 7.5% (\$1,702,285,200) for additional awards under parts A and B of title III, parts A and B of title V, and subpart 4 of part A of title VII of the HEA to address needs directly related to coronavirus, that shall be in addition to awards made in subsection (a)(1); and
 - 3% (\$680,914,080) to institutions of higher education as defined in section 102(b) of the HEA.



Consolidated Appropriations Act of 2021

► FAFSA Simplification

- Needs Analysis
- Student Aid Index
- Cost of Attendance
- SFA Administrator Discretion
- Student Eligibility
- Second Chance Pell

16 **TITLE VII—FAFSA** 17 **SIMPLIFICATION**

18 **SEC. 701. SHORT TITLE; EFFECTIVE DATE.**

19 (a) **SHORT TITLE.**—This title may be cited as the
20 “FAFSA Simplification Act”.

21 (b) **GENERAL EFFECTIVE DATE.**—Except as other-
22 wise expressly provided, this Act, and the amendments
23 made by this title to the Higher Education Act of 1965
24 (20 U.S.C. 1001 et seq.), shall take effect on July 1, 2023,
25 and shall apply with respect to award year 2023–2024 and
26 each subsequent award year, as determined under the





Higher Education Platform



Overview of Education Platform

Biden is proposing a bold plan for education and training post-high school that will give hard-working Americans the chance to join or maintain their place in the middle class, regardless of their parents' income or the color of their skin.

- Invest in community colleges and training to improve student success and grow a stronger, more prosperous, and more inclusive middle class.
- Strengthen college as the reliable pathway to the middle class, not an investment that provides limited returns and leaves graduates with mountains of debt they can't afford.
- Support colleges and universities that play unique and vital roles in their communities, including Historically Black Colleges and Universities and Minority-Serving Institutions.





Access/Affordability

- Provide two years of community college or other high-quality training program without debt for any hard-working individual looking to learn and improve their skills to keep up with the changing nature of work.
- Create a new grant program to assist community colleges in improving their students' success.
- Tackle the barriers that prevent students from completing their community college degree or training credential.
- Invest \$8 billion to help community colleges improve the health and safety of their facilities and equip their schools with new technology.
- Invest \$50 billion in workforce training, including community-college business partnerships and apprenticeships.





Access/Affordability (Cont'd)

- Double the maximum Federal Pell Grant award for low-income students.
- Make public 4-year colleges and universities tuition-free for all families with incomes below \$125,000 a year (adopts Sen. Sanders's College for All proposal).
- Direct funds to public and nonprofit colleges and universities and minority-serving institutions based on proportion of low-income students those institutions enroll and graduate.
- Establish new federal grant program to help community colleges create emergency grant programs for students who experience unexpected financial challenge that threatens their ability to stay enrolled.
- Restore formerly incarcerated individuals' eligibility for Federal Pell Grant.





Student Debt & Loan Cancellation

- Cancel student loans through executive action for students who went to “predatory schools” where a determination of misrepresentation or fraud is made by USDE, State Attorneys General or the courts.
- Authorize up to \$10,000 in student debt relief per borrower for COVID-19 relief.
- Improve Public Service Loan Forgiveness program, including forgiving up to \$10,000 in student debt per year for up to five years.
- Allow individuals holding private loans to discharge them in bankruptcy.
- Change the tax code so that debt forgiven through the income-based repayment plan will not be taxed.





Student Debt & Loan Cancellation (Cont'd)

- Loan forgiveness for undergraduate tuition-related federal student debt from public colleges and universities for debt-holders earning up to \$125,000 a year, with appropriate phase-outs.
- Loan forgiveness for Public Servants or Teachers (PSLF/TLFP) and borrowers with a total or permanent disability.
- Pause monthly billing interest on federal student loans for people earning less than \$25,000, cap payments at 5% of discretionary income for those earning more than \$25,000 and forgive remainder after 20 years.





For-Profit Colleges

Stop for-profit education programs from profiteering off of students.

- The Biden Administration will require for-profits to first prove their value to the U.S. Department of Education before gaining eligibility for federal aid.
- Return to the "Obama-Biden" Borrower Defense to Repayment Rule, forgiving the debt held by individuals who were deceived by the worst for-profit college or career profiteers.
- Enact legislation eliminating the so-called 90/10 loophole that gives for-profit schools an incentive to enroll veterans and servicemembers.
- Strengthen the GI Bill Comparison Tool and School Feedback Tool to put an end to postsecondary institutions' predatory practices.





Regulatory Priorities

- Redefine and Extend the 90/10 Rule Requirements
- Reinstitute the Gainful Employment Rule
- Return to the "Obama-Biden Borrower's Defense Rule"
- Return to the "Obama-Biden Title IX Protections"
- Revise the Accreditation Requirements with Emphasis on NACIQI Oversight Rules
- Revisit the Incentive Comp Regulations and Extend Their Reach to Include All Third-party Servicers
- Revise and Extend Limits on Schools Ability to Transition from For-profit to Non-profit Status
- Reestablish and Enhance "Obama-Biden Loan Repayment Rate" Requirements





Proprietary Oversight 2.0

- Reestablishment of the Interagency Task Force Responsible for For-profit Oversight
- Reexamination of ACICS Recognition by National Advisory Committee on Institutional Quality and Integrity
- Repeal of New Borrower Defense to Repayment Assessment Process and Return to Obama-Biden Era Process
- Scrutiny of Use of Higher Education Emergency Relief Funds*



**BREAKING
NEWS**



Executive Orders

Executive Orders

Inauguration Day – January 20, 2021

Extends the existing pause on student loan payments and interest for Americans with federal student loans until at least September 30, 2021

January 21, 2021

Directs the Department of Education and HHS to provide guidance for safely reopening and operating schools, childcare providers and institutions of higher education



Executive Orders

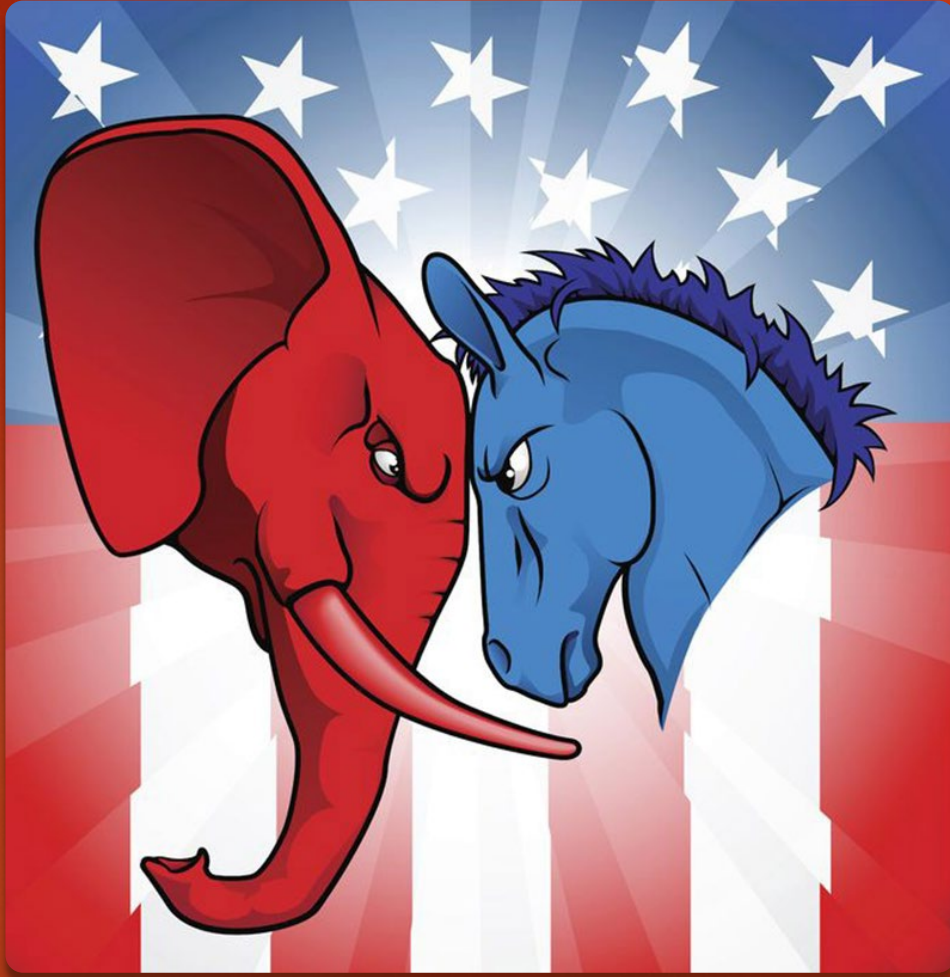
Yet to Come?

Halt on further implementation of Title IX regulations

Inclusion of DACA Students as eligible recipients of Higher Education Emergency Relief Fund grants

Write-off of portions of existing student loan debt (\$10-50K)





117th
Congress



\$1.9 Trillion Economic Stimulus





Omnibus Budget Reconciliation





Reauthorization of HEA





Sustainable Performance Management in Higher Education

*A Conversation with Employee Performance Expert
Christopher D. Lee, Ph.D.*

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Learning Objectives

After this session, you'll be able to:

- Discuss 21st Century management concepts
- Describe the value of the *Performance Conversations* approach in comparison to traditional appraisal methods
- Determine whether performance conversations are a fit for your institution
- Describe how the approach can work well with an increasingly dispersed workforce



Our Higher Ed Guest Christopher D. Lee, Ph.D.

HR SUPERSTAR

Practitioner – 25 years as a CHRO

Researcher – 15 years on performance topics

Author – 4 books

Consultant – for 75 organizations world-wide

Lecturer – @ Top 25 college

Question Writer – for PHR/SPHR exams

www.PerformanceConversations.com



Your Humble Interviewer



Sarah Conroy, SHRM-SCP,
SPHR, CEBS

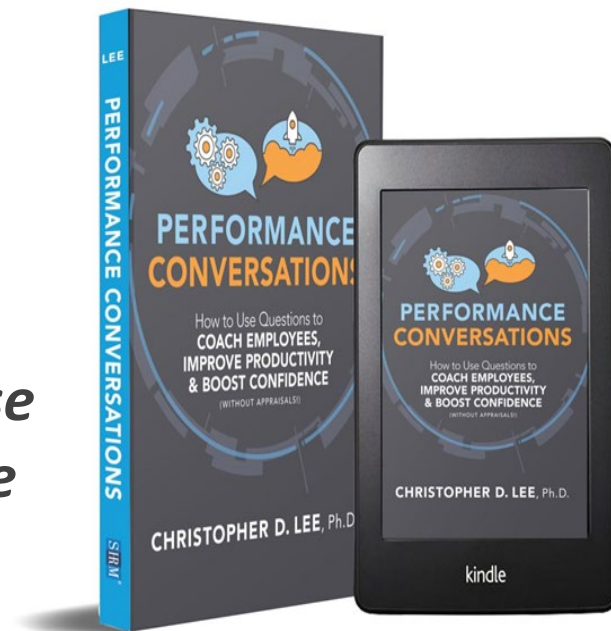
Higher Education Consultant
CLA Human Resources
Consulting and Outsourcing

Our Conversation

Successful employee performance improvement with focus on Chris' most recent book and companion method

Performance Conversations – How to Use Questions to Coach Employees, Improve Productivity & Boost Confidence

www.performanceconversations.com



How To Learn More



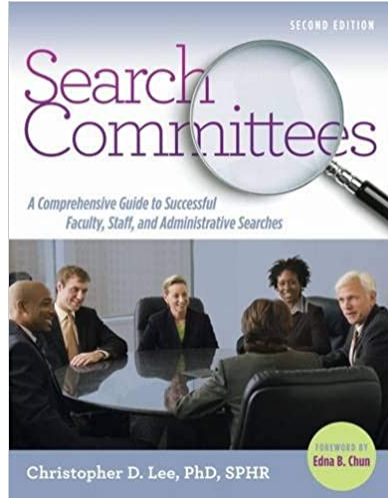
visit

www.performanceconversations.com

For online courses, book orders, workshops and speeches



Other Works By Dr. Lee



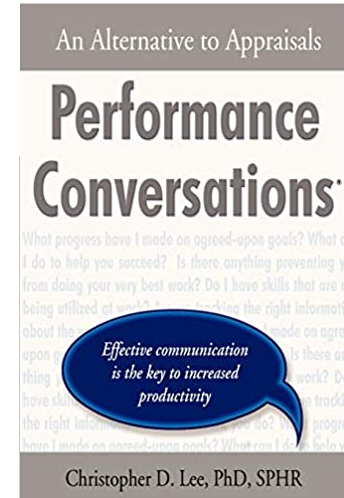
Guiding Faculty Development
*Tools to support productive dialogue
among faculty and
academic department and center leaders*

Christopher D. Lee, Ph.D., SPHR
for
Rochester Institute of Technology
April 18, 2014

HigherEdJobs®
Aspire Higher®

**How to Launch A Successful Job
Search Campaign**

Christopher D. Lee, Ph.D., SPHR
SearchCommittees.com



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Cybersecurity Considerations Emerging from the Pandemic and GLBA Update

Randy Romes, Principal

Kadian Douglas, Principal

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Learning Objectives

- **Recognize risks relating to remote access applications and security of devices and home networks**
- **Review the importance of updating risk assessments and policies including vendor management, business continuity plan and incident response policies**
- **Revisit an example of a recent major attack and the potential impact on higher education institutions**





GLBA Update

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Gramm-Leach-Bliley Act

- **Three laws covered under the Gramm–Leach–Bliley Act**
 - Pretexting Rule
 - ◇ Access to information under false pretense
 - ◇ Addressed under the Red Flags rule
 - Privacy Rule
 - ◇ Protection of and security of nonpublic information
 - ◇ In compliant once IHE is following the Family Educational Rights and Privacy Act (FERPA) regulations
 - Safeguarding Rule
 - ◇ Addresses information security policies, risk assessments and controls in place to address the risks identified



Safeguards Rule Update

- **Safeguards Rule –**
 - The Rule was issued by the Federal Trade Commission (FTC) in 2002 with industry requirement in May 2003
 - In 2015, the Department of Education included the GLBA safeguards rule compliance in its Title IV Program Participation Agreement
 - In 2019 the DOE included a portion of the GLBA safeguards rule as part of the compliance supplement single audit for student financial aid testing



Safeguards Rule Requirement

- **Safeguards Rule –**
 - Section 314.4 of the Rule noted the following:
 1. Designating an individual to coordinate your information security program
 2. Identify internal and external risk to customers' information security, information confidentiality and, integrity
 3. Design and implement information to control the risks identified during the risk assessment and regularly test the controls
 4. Oversee service providers
 5. Evaluate and update information security program based on testing and monitoring procedures



Federal Trade Commission Proposed GLBA Update

- **Potential Updates include**
 - Information security program based on risk assessment
 - Chief Information Security Officer
 - Board reporting by the person in charge of the program
 - Incident Response Plan



Federal Trade Commission Proposed GLBA Update

- **Potential Updates include**
 - Employee training
 - Detailed information security measures
 - Ongoing monitoring & testing of key controls
 - Oversight of service providers



Federal Trade Commission Proposed GLBA Update

- **Potential Updates include**
 - Two additional specific requirements
 - ◇ Encryption
 - ◇ Multifactor authentication



Federal Trade Commission Proposed GLBA Update

- **Potential Updates to the Information Security Program**

- ◇ Address access control
- ◇ Inventory of information
- ◇ Audit/logging
- ◇ Disposal of information
- ◇ Change management
- ◇ Monitor those authorized to use the data
- ◇ Secure development practices



DOE Communication to the FTC

Dear President:

During the period of December 2019 to December 2020, the Department of Education received your most recent Federal Student Aid audit report covering Title IV programs. This letter serves as a follow-up to our initial acknowledgement of receiving that audit.

Your audit contains a finding related to the Gramm-Leach-Bliley Act (16 CFR 314.3 (*Standards for Safeguarding Customer Information*)). This finding will be referred to the Federal Trade Commission (FTC) Bureau of Consumer Protection Division Privacy and Identity Protection as investigative and enforcement authority for this finding falls within their jurisdiction. Additionally, we have also referred this finding to Federal Student Aid's Technology Directorate to determine if any additional action is necessary.

Program records relating to the period covered by this audit must be retained until the latter of resolution of any loan(s) claim(s) or expenditure(s) questioned in the audit, 34 CFR §668.24(e)(3)(i); or the end of the retention period applicable to the record under 34 CFR §668.24(e)(i) and (e)(2).

To review your previous correspondence from the eZ-Audit system regarding your audit, please log into your institution's account on the eZ-Audit website at <http://ezaudit.ed.gov>.

If you have any questions concerning your GLBA finding contained in your audit, please contact the Technology Directorate at FSA_IHECyberCompliance@ed.gov. For questions pertaining to any other finding, please contact the eZ-Audit Help Desk at FSAEZAudit@ed.gov.

Sincerely,

Program Eligibility and Oversight Service



Steps in Preparing for 2021 Audit

- **Follow-up on recommendations from the 2019 and 2020 audit**
- **Prepare for third party oversight to be included in future audit**
- **Be in communication with your auditor today**
- **Complete the necessary assessments prior to yearend**
- **Review prior compliance supplement**



Steps in Preparing for 2021 Audit

- Review prior compliance supplement

11. Gramm-Leach-Bliley Act–Student Information Security

SFA - Title IV Programs

Compliance Requirements The Gramm-Leach-Bliley Act (Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Under an institution’s Program Participation Agreement with the ED and the Gramm-Leach-Bliley Act, institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the federal student financial aid programs (16 CFR 314.3; HEA 483(a)(3)(E) and HEA 485B(d)(2)). ED provides additional information about cybersecurity requirements at <https://ifap.ed.gov/fsa-cybersecurity-compliance>.

https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf



Steps in Preparing for 2021 Audit

- **Review prior compliance supplement**

Audit Objectives Determine whether the institution designated an individual to coordinate the information security program; performed a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b) and documented safeguards for identified risks.

Suggested Audit Procedures

- a. Verify that the institution has designated an individual to coordinate the information security program.
- b. Verify that the institution has performed a risk assessment that addresses the three required areas noted in 16 CFR 314.4 (b), which are (1) employee training and management; (2) information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) detecting, preventing and responding to attacks, intrusions, or other systems failures.
- c. Verify that the institution has documented a safeguard for each risk identified from step b above.

https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf



Discussion: Remote Workforce and the Impact on Higher Education Institutions



SolarWinds Update and Potential Impact on Higher Education

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Summary and Current State of SolarWinds

1. SolarWinds (SW) development/update process is compromised
 - Malware added to plug in component
2. Customers download and install SW update with back door malware
 - Legitimate appearing malware installed
3. Sophisticated malware “scans” location
 - Gathers information (“where am I”)
 - Attacks/disables security tools
4. Malware “phones home”
 - Connects to Command and Control Server (C2)
 - Provides recon information and accepts instructions
5. Some organizations are subject to additional attack activity
 - Lateral movement/pivoting
 - Privilege escalation
 - Creation of additional/secondary persistence mechanisms
6. Objectives?
 - Gather and steal information?
 - Launch point for attack into other trusted systems?
 - Office 365?
 - Other trusted applications/systems?
 - Other trusted organizations?



Summary and Current State of SolarWinds

A. Sunspot

- Malware designed to compromise software development process (at SolarWinds)

B. Sunburst

- Backdoor inserted by Sunspot

C. Teardrop

- Installed via Sunburst backdoor for additional follow on / focused attacks

D. Raindrop

- Loader that delivers Cobalt Strike
- NOT delivered by Sunburst
- Usually delivered/used later in compromise and privilege escalation process

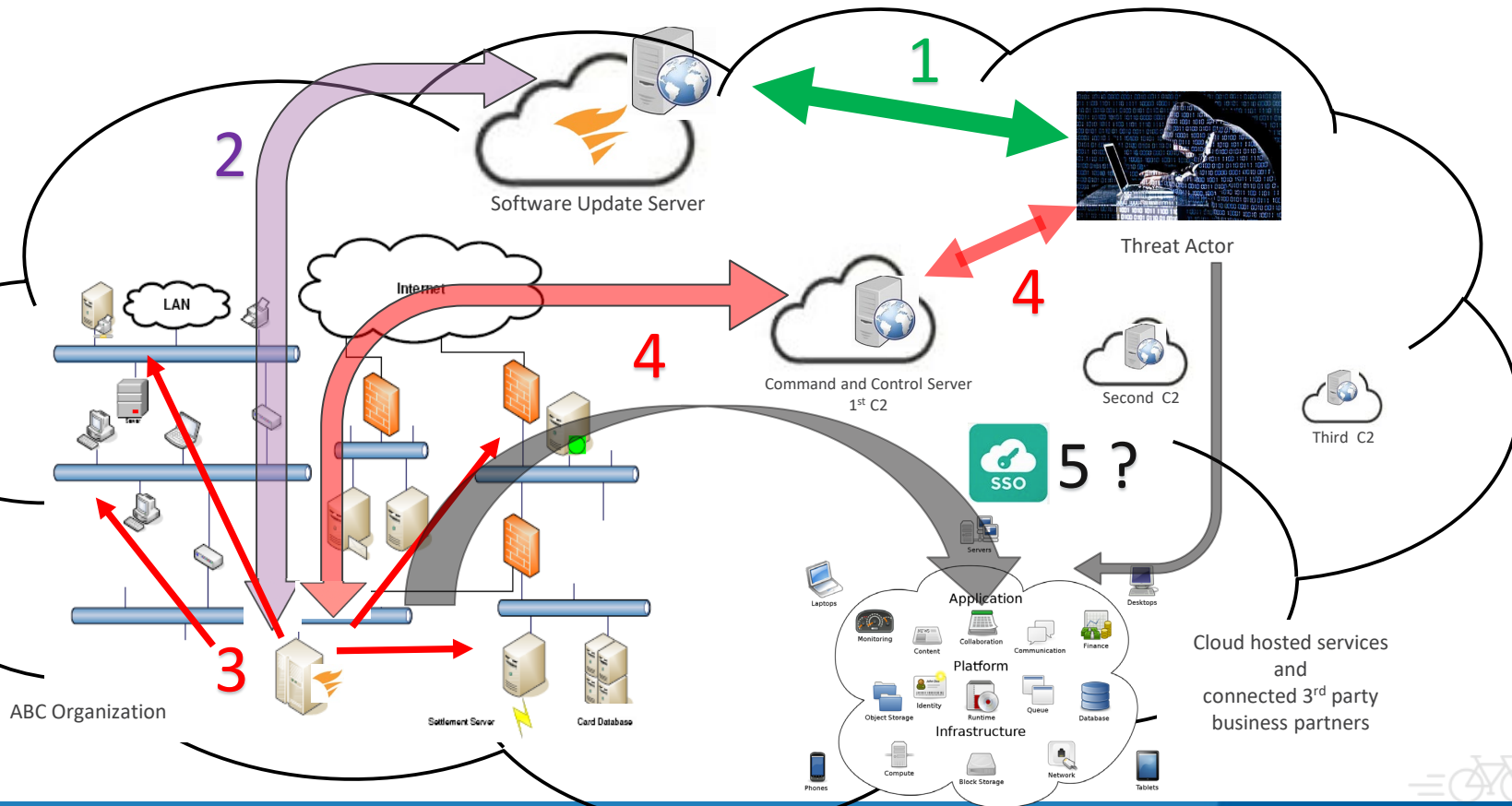
E. Some organizations are subject to additional attack activity

- Lateral movement/pivoting
- Privilege escalation
- Creation of additional/secondary persistence mechanisms

F. Objectives?

- Gather and steal information?
- Launch point for attack into other trusted systems?
 - Office 365?
 - Other trusted applications/systems?
 - Other trusted organizations?
 - “Golden SAML”

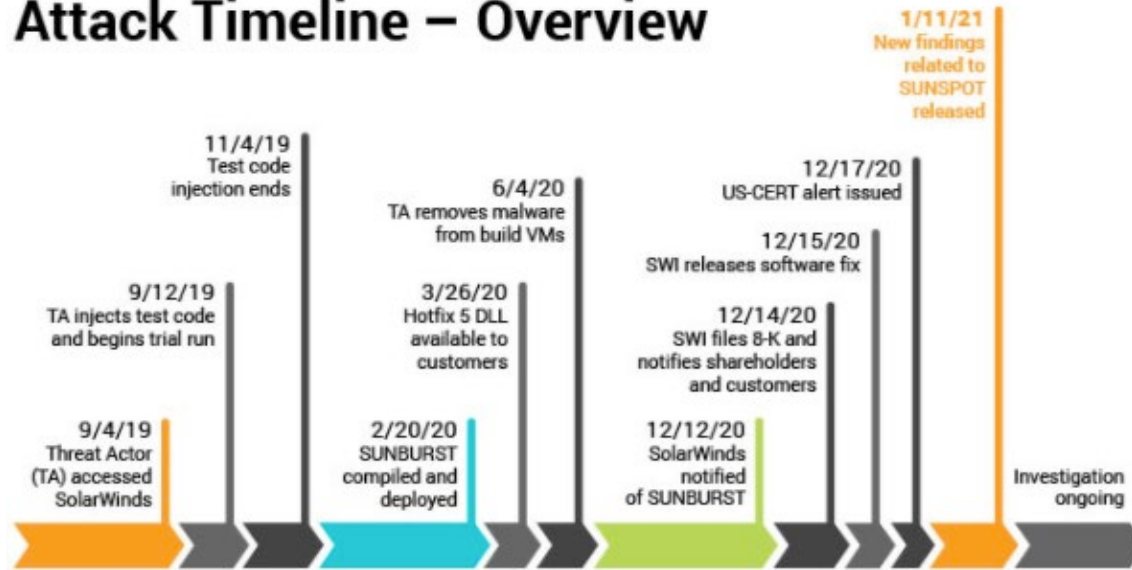
Picture in Your Minds Eye – SolarWinds Orion Compromise



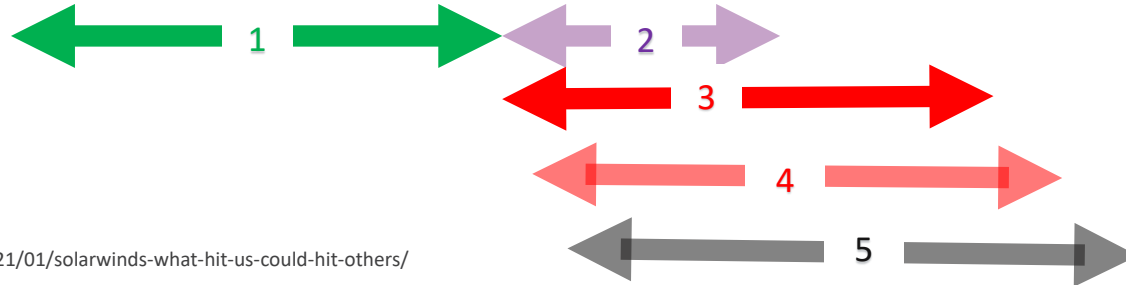
Timeline of Events

Krebs On Security

Attack Timeline – Overview



All events, dates, and times approximate and subject to change; pending completed investigation.



<https://krebsonsecurity.com/2021/01/solarwinds-what-hit-us-could-hit-others/>



Microsoft Timeline

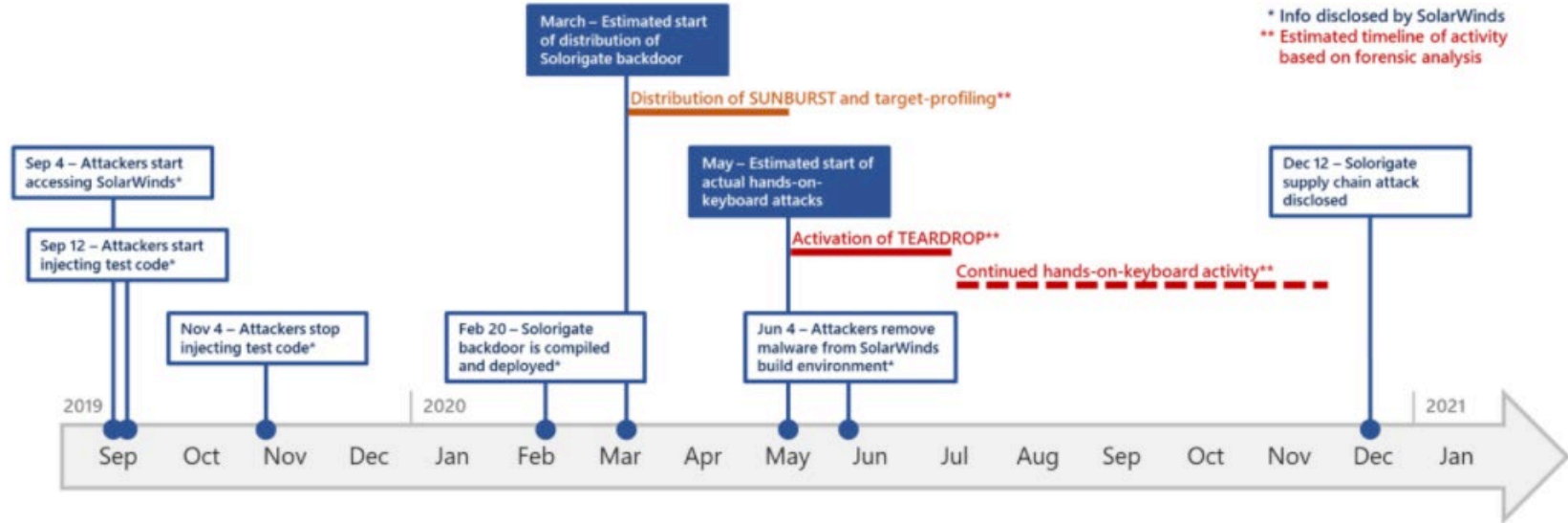


Figure 1. Timeline of the protracted Solorigate attack

<https://www.microsoft.com/security/blog/2021/01/20/deep-dive-into-the-solorigate-second-stage-activation-from-sunburst-to-teardrop-and-raindrop/>

Take-Aways

1. Do we use SolarWinds Orion?
 - If **NO** → Go to 6
 - If YES → What version?
2. Is our version the affected version (see SW advisory)?
 - If **NO** → Go to 6
 - If YES → Continue
3. Have we created a timeline of potential exposure?
4. What logs do we have and how far back in time do they go?
5. What Indicators of Compromise (IOC's) have we searched for?
 - What resources/references have we used to identify known and potential IOC's?
 - Use 3 and 4 to search for IOC's
6. Do we have any third-party service providers with trusted access?
 - Who has remote access into our environment?
 - Who do we push our data out to?
 - Are there any persistent open connections to or from third parties?
7. Repeat 1-5 for those identified in 6

Take-Aways

8. “Know What Normal Looks like”

- Easy to say... Challenging to execute
- Server communication to the outside

9. Logs: DNS, Firewalls/Proxies, Windows...

- Capture information about a newly-seen, unfamiliar domain in network traffic.
- Leverage internal data sources and continuous DNS monitoring. Own-network defense is best augmented through visibility of own-network activity and traffic
- Monitoring for new, unique, or abnormal network connections can identify C2 communication schema.
- Proper asset classification which identifies specific hosts or host-type (e.g., “server” instead of “end-user client”) can further differentiate communication to identify items of concern.
- Similar classification can also work to identify unusual authentication activity, where servers (such as a SolarWinds Orion device) initiate logons to other clients instead of the reverse.

<https://www.domaintools.com/resources/blog/continuous-eruption-further-analysis-of-the-solarwinds-supply-incident>



Take-Aways

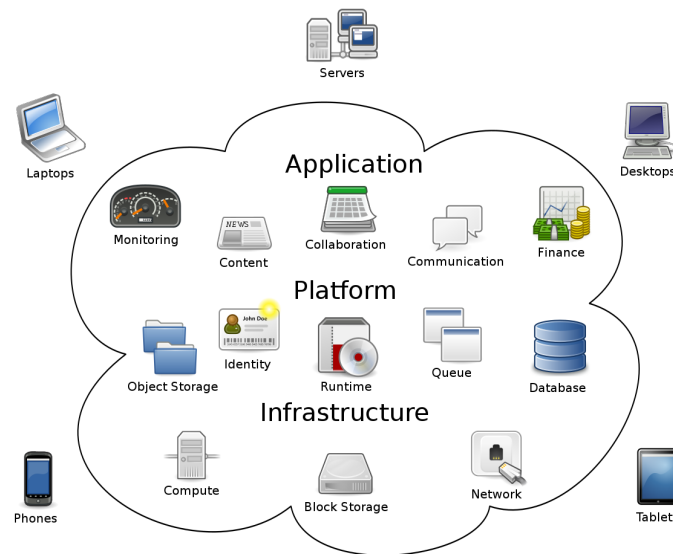
9. Threat Hunting in Cloud Infrastructure

- Mandiant Azure AD Investigator
- CISA Sparrow
- MS Azure Security Compass

10. Inhouse changes

- Privileged accounts and service accounts

11. New information is being released every 2-3 days...



References and Resources

Microsoft Advisory

- <https://msrc-blog.microsoft.com/2020/12/13/customer-guidance-on-recent-nation-state-cyber-attacks/>
- <https://www.microsoft.com/security/blog/2020/12/18/analyzing-solorigate-the-compromised-dll-file-that-started-a-sophisticated-cyberattack-and-how-microsoft-defender-helps-protect/>
- <https://msrc-blog.microsoft.com/2020/12/21/december-21st-2020-solorigate-resource-center/>
- <https://www.microsoft.com/security/blog/2021/01/20/deep-dive-into-the-solorigate-second-stage-activation-from-sunburst-to-teardrop-and-raindrop/>

FireEye Advisory

- <https://www.fireeye.com/blog/threat-research/2020/12/evasive-attacker-leverages-solarwinds-supply-chain-compromises-with-sunburst-backdoor.html>

SolarWinds Advisory

- <https://www.solarwinds.com/securityadvisory>

NSA Advisory

- https://media.defense.gov/2020/Dec/17/2002554125/-1/-1/0/AUTHENTICATION_MECHANISMS_CSA_U_OO_198854_20.PDF

KrebsOnSecurity

- <https://krebsonsecurity.com/2020/12/vmware-flaw-a-vector-in-solarwinds-breach/>
- <https://krebsonsecurity.com/2020/12/solarwinds-hack-could-affect-18k-customers/>
- <https://krebsonsecurity.com/2021/01/solarwinds-what-hit-us-could-hit-others/>



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- <https://krebsonsecurity.com/2021/01/solarwinds-what-hit-us-could-hit-others/>

Domain Tools

- <https://www.domaintools.com/resources/blog/continuous-eruption-further-analysis-of-the-solarwinds-supply-incident>

Crowd Strike

- <https://www.crowdstrike.com/blog/sunspot-malware-technical-analysis/>

Symantec

- <https://symantec-enterprise-blogs.security.com/blogs/threat-intelligence/solarwinds-raindrop-malware>

CLA Blog

- <https://blogs.claconnect.com/Cybersecurity/solarwinds-orion-vulnerability/>



References and Resources



Microsoft Security Response Center Report an issue

Solorigate Resource Center – updated December 31st, 2020

MSRC / By MSRC Team / December 21, 2020

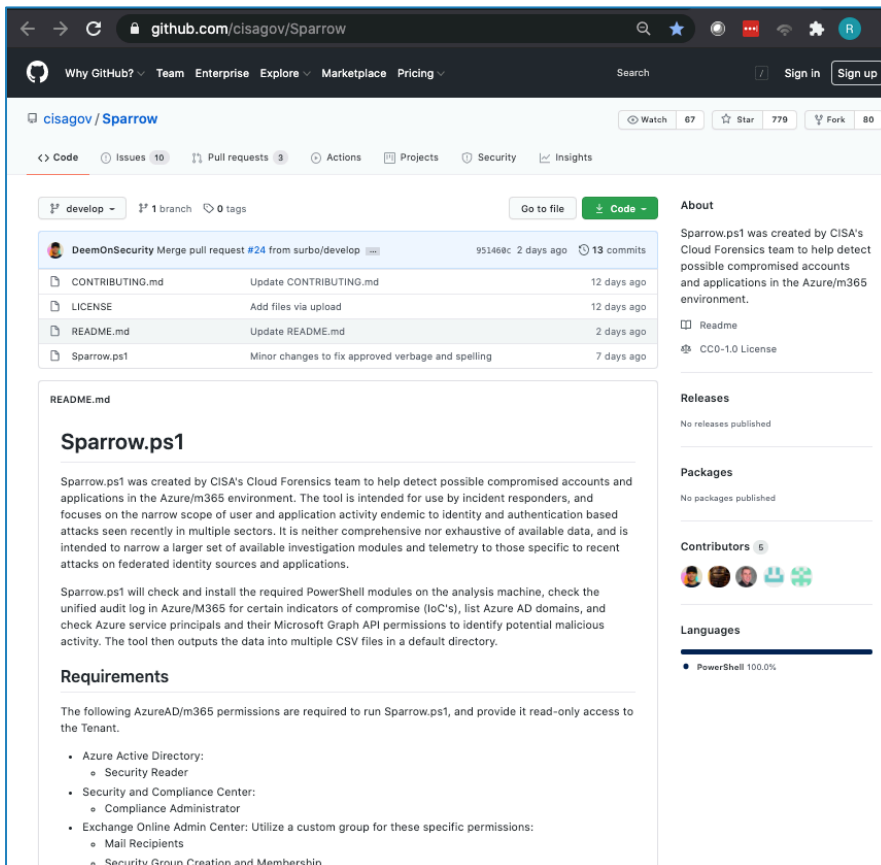
Alongside our industry partners and the security community, Microsoft continues to investigate the extent of the recent nation-state attack on SolarWinds. Our goal is to provide the latest threat intelligence, Indicators of Compromise (IOC)s, and guidance across our products and solutions to help the community respond, harden infrastructure, and begin to recover from this unprecedented attack. As new information becomes available, we will make updates to this article at <https://aka.ms/solorigate>.

Executive Summary and Background Information

Microsoft is aware of a sophisticated supply chain attack that has targeted a variety of victims. The attack utilized malicious SolarWinds files that potentially gave nation-state actors access to some victims' networks. Microsoft cybersecurity experts are investigating the attack to help ensure that customers are as secure as possible.

- December 31 We published a [Microsoft Internal Solorigate Investigation Update](#)
- December 17 We posted an article from Brad Smith on the need for a unified approach to cybersecurity and how we respond to attacks: [A moment of reckoning: the need for a strong and global cybersecurity response](#)
- December 13 We published a blog from John Lambert outlining this dynamic threat landscape and the principles with which we are approaching the investigation and [Important steps for customers to protect themselves from recent nation-state cyberattacks – Microsoft On the Issues](#)
- December 13 We published a [summary of what we know about the actors methods](#). This post will be updated with new information as the investigation continues. **Customers should look to this blog as the one stop for updates on the sophisticated attack.**

Information for Security Operations and Hunters



github.com/cisagov/Sparrow

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cisagov / Sparrow

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<> Code Issues 10 Pull requests 3 Actions Projects Security Insights

develop 1 branch 0 tags Go to file Code

DeemOnSecurity Merge pull request #24 from surbo/develop 951460c 2 days ago 13 commits

| File | Update | Time |
|-----------------|--|-------------|
| CONTRIBUTING.md | Update CONTRIBUTING.md | 12 days ago |
| LICENSE | Add files via upload | 12 days ago |
| README.md | Update README.md | 2 days ago |
| Sparrow.ps1 | Minor changes to fix approved verbage and spelling | 7 days ago |

README.md

Sparrow.ps1

Sparrow.ps1 was created by CISA's Cloud Forensics team to help detect possible compromised accounts and applications in the Azure/m365 environment. The tool is intended for use by incident responders, and focuses on the narrow scope of user and application activity endemic to identity and authentication based attacks seen recently in multiple sectors. It is neither comprehensive nor exhaustive of available data, and is intended to narrow a larger set of available investigation modules and telemetry to those specific to recent attacks on federated identity sources and applications.

Sparrow.ps1 will check and install the required PowerShell modules on the analysis machine, check the unified audit log in Azure/M365 for certain indicators of compromise (IoC's), list Azure AD domains, and check Azure service principals and their Microsoft Graph API permissions to identify potential malicious activity. The tool then outputs the data into multiple CSV files in a default directory.

Requirements

The following AzureAD/m365 permissions are required to run Sparrow.ps1, and provide it read-only access to the Tenant.

- Azure Active Directory:
 - Security Reader
- Security and Compliance Center:
 - Compliance Administrator
- Exchange Online Admin Center: Utilize a custom group for these specific permissions:
 - Mail Recipients
 - Security Group Creation and Membership

About Sparrow.ps1 was created by CISA's Cloud Forensics team to help detect possible compromised accounts and applications in the Azure/m365 environment.

Readme CC-0.1.0 License

Releases No releases published

Packages No packages published

Contributors 5

Languages PowerShell 100.0%

References and Resources

domaintools.com/resources/blog/continuous-eruption-further-analysis-...

PRODUCTS SOLUTIONS PARTNERS RESOURCES COMPANY SUPPORT CONTACT US LOGIN

Background

Multiple entities disclosed a supply chain attack via SolarWinds Orion network monitoring software on 13 December 2020. DomainTools provided initial analysis of network infrastructure and implications on 14 December. Since then, multiple entities have released reports including additional malware analysis, Command and Control (C2) identification, and details on the possible scope of the incident.

The following represent some of the more relevant items published as of this writing:

- Dark Halo Leverages SolarWinds Compromise to Breach Organizations, Volexity.
- Alert AA20-352, Advanced Persistent Threat Compromise of Government Agencies, Critical Infrastructure, and Private Sector Organizations, US Department of Homeland Security, Cybersecurity and Infrastructure Security Agency (CISA).
- SunBurst: The Next Level of Stealth, ReversingLabs.
- SUNBURST Backdoor: A Deeper Look into the SolarWinds' Supply Chain Malware, Prevasio.

Based on additional information released by multiple parties as well as independent DomainTools analysis, this blog adds to and updates, where applicable, previous reporting.

Timeline of Events

While SUNBURST activity was only identified in December 2020, analysis of campaign details and further analysis of SolarWinds software indicates the event may have started, at least in preparatory phases, over a year prior.

Timeline of events from September 2019 to December 2020. Key events include: First indication of possible compromise in SolarWinds Customer (10/2019), Primary C2 Domain Properties Modified (12/2019), Earliest Detected Example of Modified SolarWinds Binary with Backdoor (12/2020), Primary C2 Domain Name Server Created (12/2020), First Observed Change Records in gchq (04/2020), Latest Identified Modified SolarWinds Binary with Backdoor (06/2020), Primary C2 Domain No Longer Hosted, End of October (10/2020), and SUNBURST Campaign Disclosed (12/2020). A blue bar at the bottom indicates the 'Likely Period of SUNBURST Activity, Mar-Oct 2020'.

Joe Slowik
Senior Security Researcher
@jslowik

Share:

solarwinds.com/securityadvisory

SEARCH STAR SIGNALS SETTINGS PROFILE

SolarWinds Security Advisory

Security Advisory CERT Advisory Security Advisory FAQ

Recent as of December 31, 2020, 3:00pm CST

This page covers the SolarWinds response to both SUNBURST and SUPERNOVA. For information about **SUNBURST**, go [here](#). For information about **SUPERNOVA**, go [here](#).

We continue to strive for transparency and keeping our customers informed to the extent possible as we cooperate with law enforcement and intelligence communities, and to the extent it is in the best interest of our customers. Like other software companies, we seek to responsibly disclose vulnerabilities in our products to our customers while also mitigating the risk that bad actors seek to exploit those vulnerabilities by releasing updates to our products that remediate these vulnerabilities before we disclose them.

A detailed Frequently Asked Questions (FAQ) page is available [here](#), and we intend to update this page as we learn more information.

ABOUT SUPERNOVA

Over the last few days, third parties and the media publicly reported on a malware, now referred to as SUPERNOVA. Based on our investigation to date:

- SUPERNOVA is not malicious code embedded within the builds of our Orion® Platform as a supply chain attack. It is malware that is separately placed on a server that requires unauthorized access to a customer's network and is designed to appear to be part of a SolarWinds product.
- The SUPERNOVA malware consisted of two components. The first was a malicious, unsigned webshell .dll "app_web_imagehandler.ashx.b6031896.dll" specifically written to be used on the SolarWinds Orion Platform. The second is the utilization of a vulnerability in the Orion Platform to enable deployment of the malicious code. This vulnerability in the Orion Platform has been resolved in the latest updates.

We constantly work to enhance the security of our products and to protect our customers and ourselves because hackers and other cybercriminals are always seeking new ways to find and attack their victims. We work closely with our customers to address and remediate any potential concerns, and we encourage all customers to run only supported versions of our products and to upgrade to the latest versions to get the full benefit of our updates, improvements, and enhancements.

ABOUT SUNBURST

SolarWinds was the victim of a cyberattack to our systems that inserted a vulnerability (SUNBURST) within our Orion® Platform software builds for versions 2019.4 HF 5, 2020.2 with no hotfix installed, and 2020.2 HF 1, which, if present and activated, could potentially allow an attacker to compromise the server on which the Orion products run. This attack was a very sophisticated supply chain attack, which refers to a disruption in a standard process resulting in a compromised result with a goal of being able to attack

Create Opportunities
1/8/2021

29

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Thank you!

Randy Romes

CISSP, CRISC, CISA, MCP, PCI-QSA

Principal – Cyber Security Team

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New normal - Projecting Before, During, and After a Pandemic

A private institution panel

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Session and Learning Objectives

- **Learn from experiences shared by higher education leaders during the pandemic and how it applies to your institution**
- **Identify strategies for budgeting and communication in higher education and how it has been impacted by the COVID-19 pandemic**



Introductions



Patricia Langer, Associate Vice
President for Finance
Macalester College



Tish Gade-Jones, Vice President for
Finance and Administration
Nebraska Wesleyan University



Mitchell Wein, Senior VP for
Finance/Chief Administrative Officer
Haverford College



Pre-pandemic pressures

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“Current State”

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Impact of COVID-19 on forecast development

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Strategy for developing your model and communication

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Distance Learning

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Student assistance and impact on budget process

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Shift in capital investment

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Silver linings...

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Questions and Answers



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Data and Analytics: Private Colleges

Matthew Lang: Principal, Data and Analytics

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Session and Learning Objectives

In this session, participants will learn how the spectrum of data and analytics offerings is impacting higher education.

We will illustrate potential use-cases for data and analytics in higher education while providing examples of how institutions have executed on select use-cases.

By the end of this session, you will be able to identify tangible action items for participants to jump start their data and analytics initiatives at their college or university.



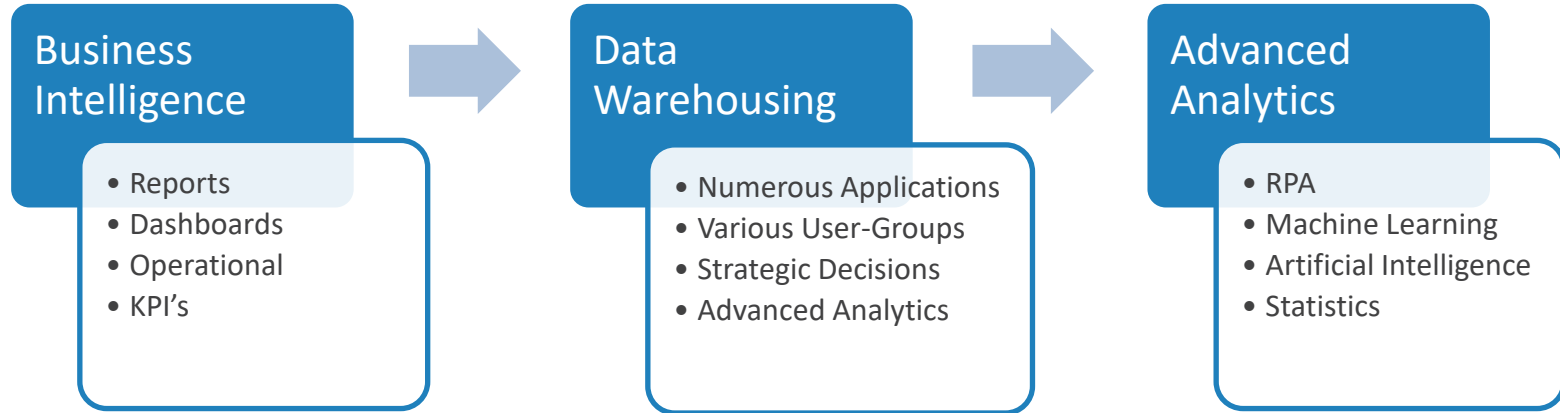
Agenda

- **Introduction**
- **Data and Analytics: What is it?**
- **Challenges to Expect**
- **Data Readiness Evaluations**
- **Potential Use-Cases in Private Colleges**
- **Use-Case Demonstrations**
- **Next Steps**





Data and Analytics: What is it?



Challenges to Expect

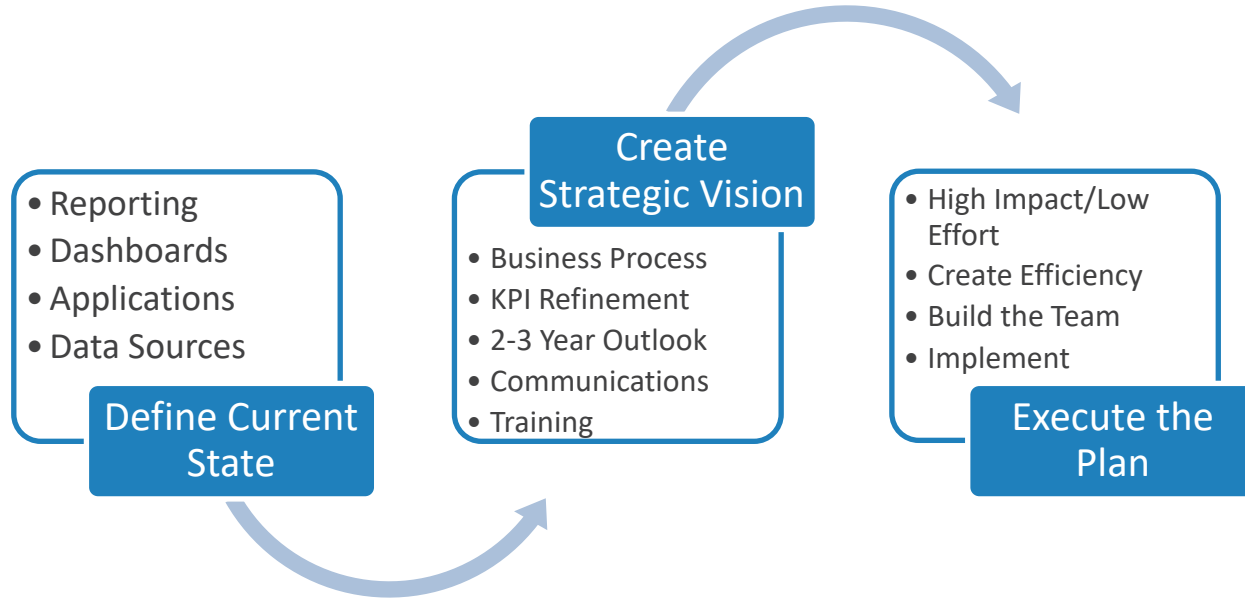
- 1. Institutional Research**
- 2. Data Advocacy**
- 3. Legacy Systems**
- 4. Numerous Stakeholders**
- 5. Internal Bandwidth**



OWN IT!!



Data Readiness Evaluations



Data and Analytics Use-Cases in Private Colleges

- **Leadership Dashboard**
- **Early Warning Indicator Systems**
- **Probability Modeling**
- **Mergers and Acquisitions**
- **Continuous Alumni/Student Engagement**
- **Student Financial Aid Compliance**
- **Financial Aid Matrix**





College Leadership Dashboard

Major Filter

Athlete
FilterProximity
to Campus

Date Filter

Graduation
Rate% of
Students
on AidStudent to
Faculty
RatioCost Per
Student% of
Students
Living on
CampusClassroom
Utilization
Rate

Student Enrollment by Dept: % of Grand Total

Dept. Name

2018

2019

2020

Total

Department One

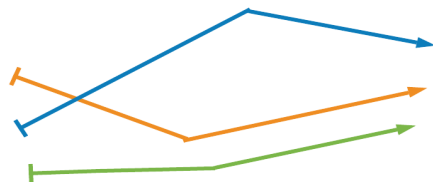
Department Two

Department Three

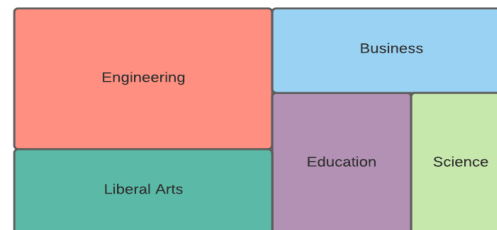
Department Four



Student Attendance Rate Trending Over Time (Year, Quarter, and Month over 4 Year Period '18-'21)



Tree Map Illustrating Graduation Rate by Department with Drill Down to Major





Financial Aid Matrix:

Adjusted Gross Income by High School GPA

| Adj. Gross Inc. | (1) 0 - 1.99 | (2) 2.0 - 2.99 | (3) 3.0 - 3.49 | (4) 3.5 - 3.9 | (5) >= 4.0 | (Blank) | Other | Total |
|---------------------------|--------------|----------------|----------------|---------------|------------|---------|-------|-------|
| (1) <= 0 | | 211 | 371 | 498 | 177 | 1 | 133 | 1391 |
| (2) \$1 - \$24,999 | 25 | 318 | 304 | 355 | 91 | 60 | 27 | 1180 |
| (3) \$25,000 - \$49,999 | 12 | 386 | 441 | 618 | 209 | 76 | 27 | 1769 |
| (4) \$50,000 - \$74,999 | 4 | 288 | 533 | 817 | 306 | 59 | 25 | 2032 |
| (5) \$75,000 - \$99,999 | 3 | 242 | 427 | 763 | 338 | 31 | 27 | 1831 |
| (6) \$100,000 - \$124,999 | | 135 | 265 | 477 | 243 | 16 | 16 | 1152 |
| (7) >= \$125,000 | 2 | 176 | 317 | 590 | 319 | 19 | 30 | 1453 |
| Total | 46 | 1756 | 2658 | 4118 | 1683 | 262 | 285 | 10808 |

| Students | Avg. AGI | Avg. Aid | Avg. Inst. Aid | Avg. GPA | Avg. Distance | Avg. SAT | Avg. ACT |
|----------|----------|----------|----------------|----------|---------------|----------|----------|
| 10.81K | \$71.71K | \$22.5K | 7.24K | 3.48 | 380.20 | 1,056 | 23 |

Award Year

All

Candidacy Stage

All

Academic Program

All

Distance from Campus (Miles)

0.00 9,657.81

Ethnicity

All

Gender

All

Royal Source

All

Athlete

All

Retained

All



Next Steps

- 1. Find Your Advocates**
- 2. Start Small, Think Big**
- 3. Enable Your Peers**
- 4. Catalog Data Sources**
- 5. Prioritize Use-Cases**
- 6. Build a Roadmap**

Thank you!

Matthew Lang
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FASB Accounting and Regulatory Update

February 16, 2021

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Session Objectives

- **Discuss current trends and regulatory matters in higher education**
- **Review recent accounting standards issued by FASB and discuss technical requirements of the standards impacting private higher education institutions**



POLL

Which of the following items are most top of mind for your organization?

- A. Navigating regulatory and operational changes.**
- B. Maintaining and building donor relationships in this virtual environment.**
- C. Impact of upcoming lease standard.**
- D. All of the above and more!**





Donor Advised Funds

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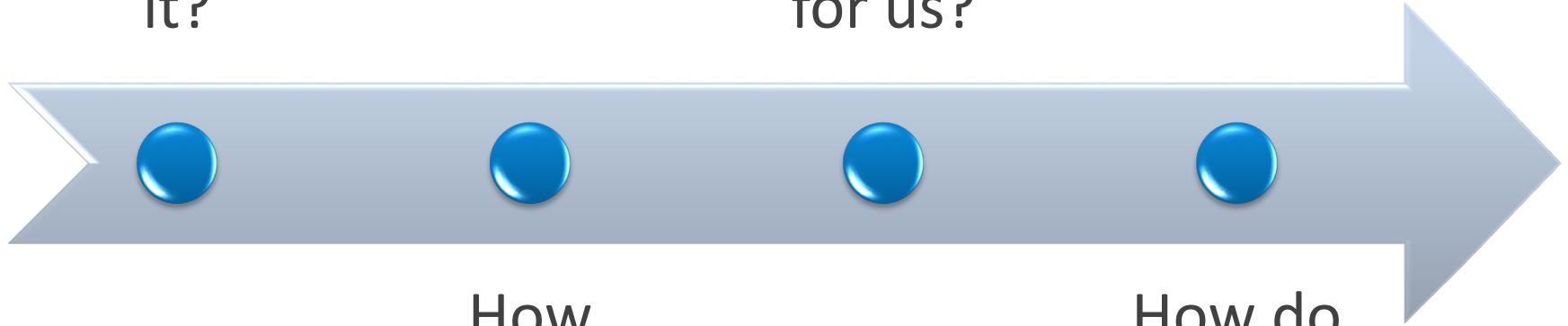
Donor Advised Funds

What is
it?

Is it right
for us?

How
does it
work?

How do
you
account
for it?

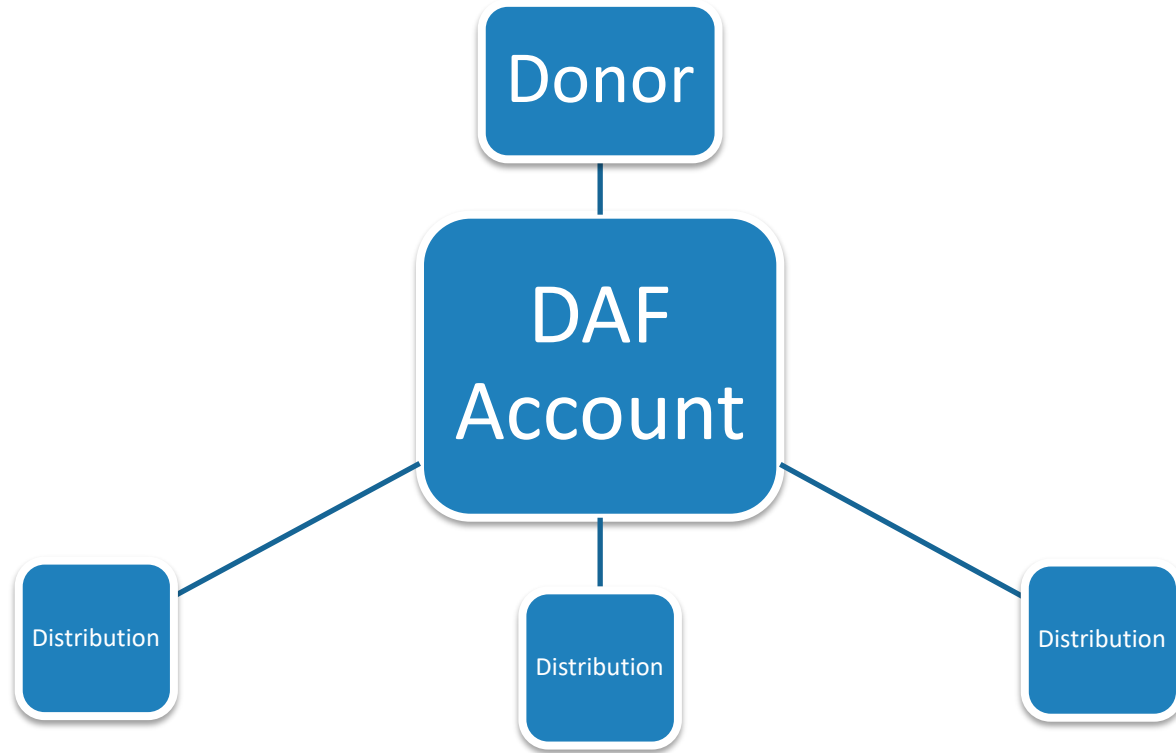


Donor Advised Funds

Financial account that holds charitable contributions for donors that is managed by a charitable 501(c)3 sponsoring nonprofit



Donor Advised Funds



Donor Advised Funds



- **Pros**

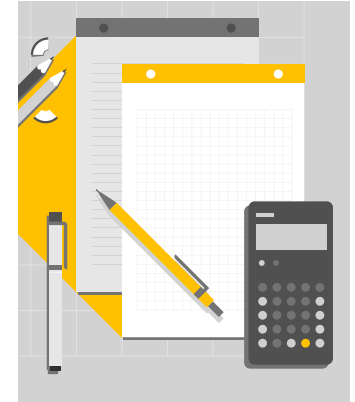
- Attractive to Donors
- Ease & experience with non-cash assets
- Insight from a Financial Manager

- **Cons**

- Time gap between donation & benefit
- Transparency around account fees
- Other traditional giving from the donor lessens

Donor Advised Funds

- **Sponsor Org receives funds from Donor into DAF**
- **No donor restriction on funds**
- **Sponsor Org granted complete variance power**
- **Contributions and investment asset recognized at time of funds received**
- **Award expense and reduction of investment asset when distribution occurs**



Donor Advised Funds



**Can a Donor use DAF
distribution to fulfill
a pledge?**



Income Share Arrangements

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Income Share Arrangements (ISA)



What is an ISA?

A contract in which the student receives educational funding in exchange for a portion of post-graduate salary

Alternative to student loans



How does it work?

Income share

Salary floor

Payment cap

Term



Income Share Arrangements (ISA)

- **Why should an institution consider an ISA program?**
 - Accessibility for students
 - Increase enrollment without raising discount rate
 - Can help with retention and completion goals
 - Can isolate target student populations



Income Share Arrangements (ISA)

Example – In exchange for \$10,000 to cover tuition, a student agrees to pay 10% of their monthly income for 24 months. The payment cap is \$20,000 (2x amount received) and salary floor is \$30,000 (minimum income threshold to begin paying back).

| | Scenario #1 | Scenario #2 | Scenario #3 |
|---------------------|--------------------|--------------------|--------------------|
| Salary (assumes FT) | \$25,000 | \$50,000 | \$75,000 |
| Monthly payments | \$-0- | \$417 | \$625 |
| Total payments | \$-0- | \$10,000 | \$15,000 |





Financial Responsibility Ratio

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POLL – Financial Responsibility Ratio

In regard to the new Financial Responsibility Regulations for the latest reporting cycle, what was the biggest challenge?

- A. Getting the additional requirements in the report.**
- B. Handling the changes with the new lease standard.**
- C. Interpreting the results.**
- D. Nothing - this was easy!**



Financial Responsibility Ratio

- a) **Calculation of the 3 Ratios**
- b) **Calculation of the 3 ratios strength factor**
- c) **$a \times b$ for each of the 3 ratios**
- d) **Add weighted scores calculated in c for each of the 3 ratios = Composite Score**



Financial Responsibility Ratio

| RATIO | Ratio | Strength Factor | Weight | Composite Scores |
|---|--------|-----------------|--------|------------------------|
| Primary Reserve Ratio | 0.1000 | 1.0000 | 40% | 0.4000 |
| Equity Ratio | 0.9308 | 3.0000 | 40% | 1.2000 |
| Net Income Ratio | 0.0170 | 1.8495 | 20% | 0.3699 |
| | | | | <u>1.9699</u> |
| Round the composite score to one digit after the decimal point to determine the final score | | | | |
| TOTAL Composite Score - Rounded | | | | <u>2.0</u> PASS |



Financial Responsibility Ratio



- **Results on scale of -1.0 to 3.0**
 - Pass (1.5-3.0), Zone (1.0-1.4), Fail (-1.0-0.9)
- **Zone Participation Requirements**
- **Consequences for Failing – Changes**





Reference Rate Reform

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Reference Rate Reform

- **Accounting Standards Update (ASU) No.'s 2020-04 & 2021-01**
- **London Interbank Offering Rate (LIBOR) to be discontinued 12/31/21**
- **Affects contracts & transactions referencing LIBOR**



Reference Rate Reform

Example contracts & modification guidance provided on:

- **Debt**
- **Receivables**
- **Leases**
- **Derivative & Hedging (with some exceptions)**
 - Additional guidance and options for specific types of hedging activity



Reference Rate Reform



- **Effective for all entities as of March 12, 2020 through December 31, 2022**
 - Calendar year 2020
 - Fiscal year 2020-2021
- **Don't delay – take inventory now for contracts affected!**
- **Communicate early and often with affected parties.**





FASB Accounting Standards Update

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Lease Accounting (Topic 842)

- **Effective dates**
 - Institutions with conduit debt (public business entities) – fiscal 2021
 - All other entities – fiscal 2023 (early adoption permitted)



Lease Accounting (Topic 842)



- **What have we learned?**
 - Don't underestimate the time and resources required
 - Assess completeness of lease population
 - Consider embedded leases
 - Not all necessary info will be included in the lease agreements
 - Determining the discount rate



Other FASB Standards



ASU 2019-03, Not-for-Profit
Entities (Topic 958): Updating the
Definition of Collections

Effective fiscal 2021 for all entities



ASU 2020-03, Codification
Improvements to Financial
Instruments

Effective fiscal 2021 (already
effective for public business entities)

Other FASB Standards



ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities

Issued June 3, 2020, effective immediately



ASU 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

Effective fiscal 2022 for all entities



Thank you!

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New normal - Projecting Before, During, and After a Pandemic

A public institution panel

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Session and Learning Objectives

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- **Identify strategies for budgeting and communication in higher education and how it has been impacted by the COVID-19 pandemic**



Introductions



Dr. DeRionne Pollard, President
Montgomery College



Dan Durbin, Vice President for
Finance and Administration/CFO
University of Louisville



Katrina Yoakum, Senior Director
for Financial Analysis & Reporting
University of Kansas



Pre-pandemic pressures

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Impact of COVID-19 on forecast development

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Strategy for developing your model and communication

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Distance Learning

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Student assistance and impact on budget process

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Shift in capital investment

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Silver linings...

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Questions and Answers



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Shared Services and Centralization Considerations for Higher Education Institutions

CLA Higher Education Virtual Conference – February 23, 2021

Jean Bushong, Principal

Tim Warren, Principal

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Learning Objectives

- Recognize the differences between shared services and centralized functions.
- Identify why institutions consider shared services/centralization and the functions most commonly included in such models.
- Review case studies to understand how other institutions have transformed their finance and similar functions into shared services/centralization.
- Identify steps to consider in creating shared services/centralized functions.



Introductions

Jennifer Bruntmyer, CPA

- Director of Financial Reporting Services
- University Shares Services Enterprises
- Service Provider to the Oregon Public Universities

Bill Maki

- Vice Chancellor for Finance and Facilities
- Minnesota State Colleges and Universities



Shared Services and Centralization - Introduction



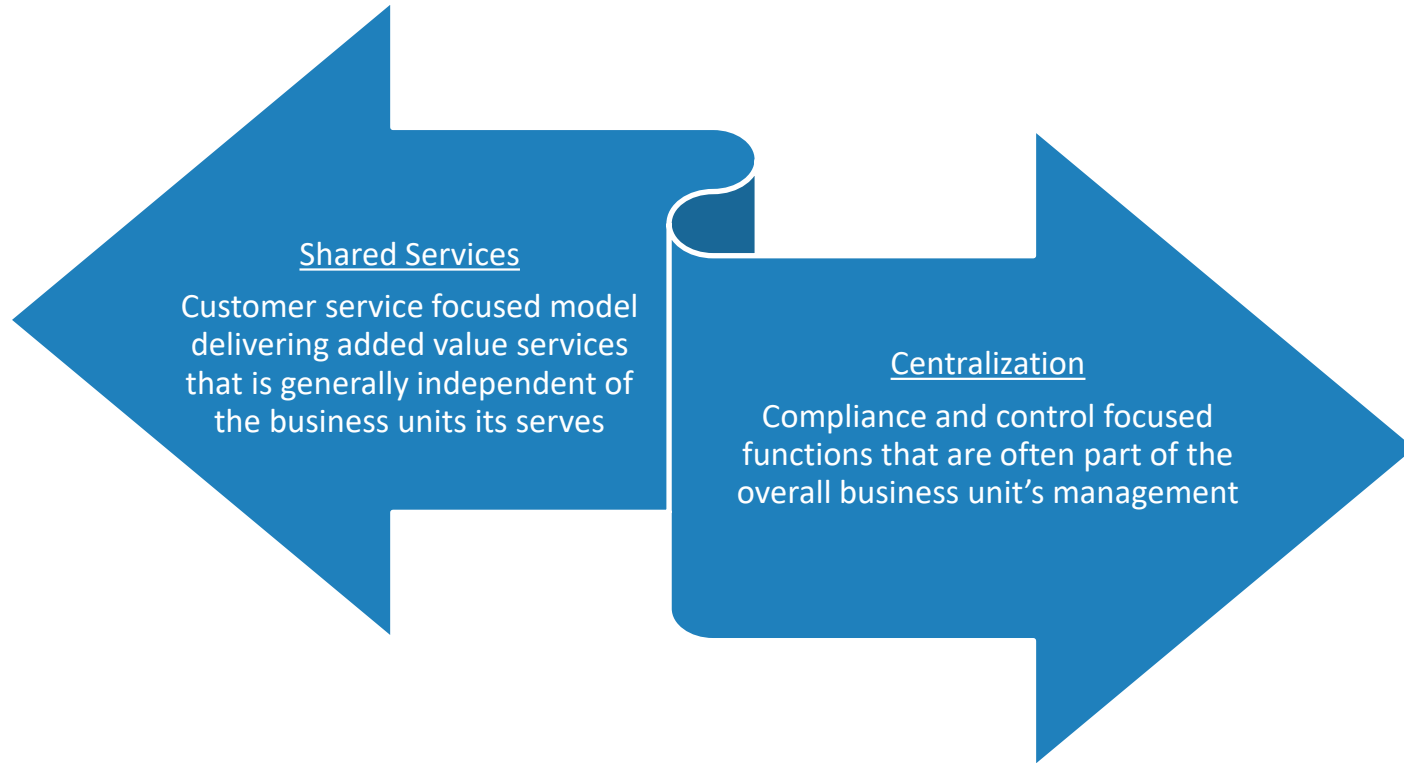
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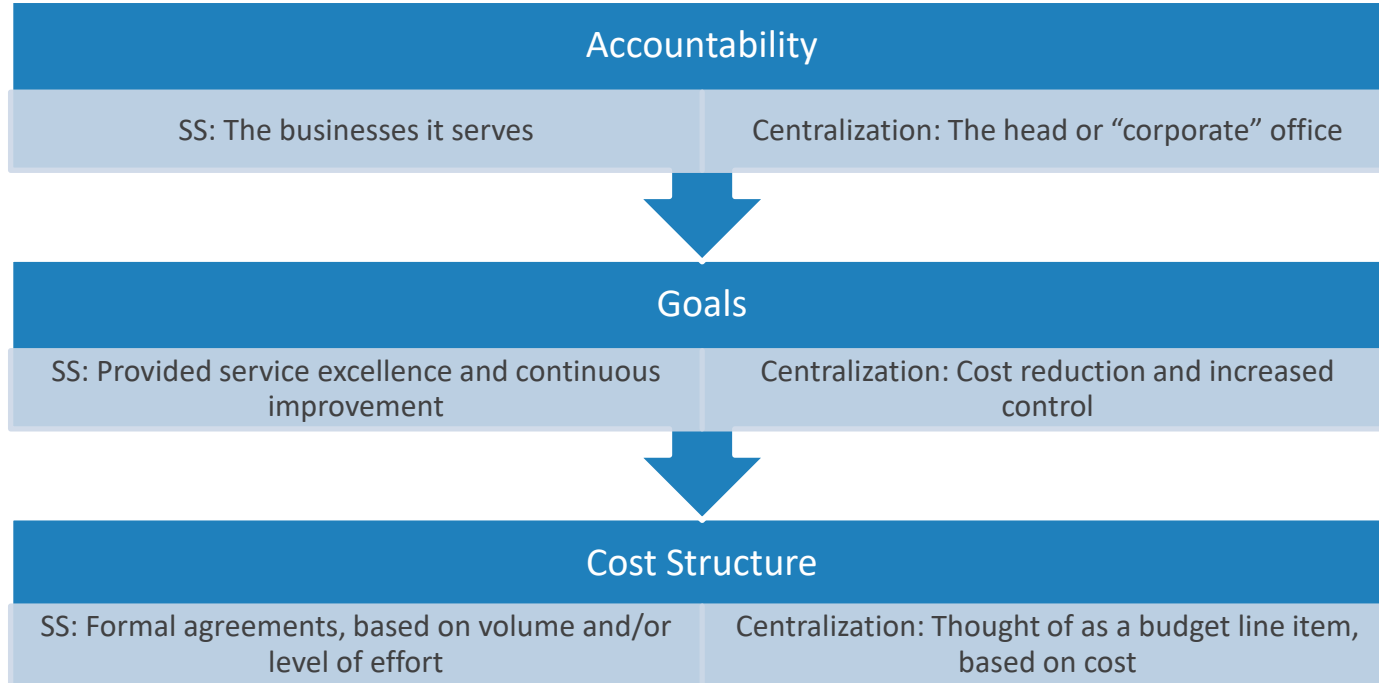
Panel Question 1:

Describe your current Shared Services or Centralization arrangement.

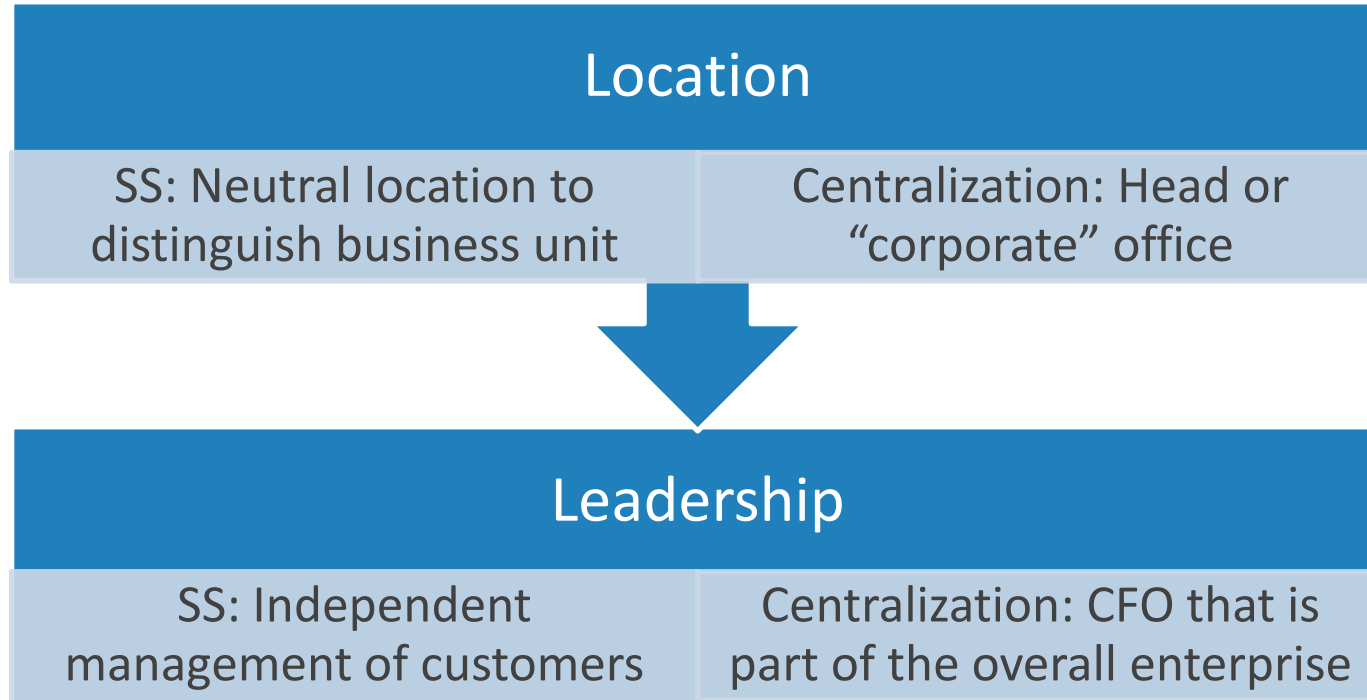
Shared Services vs. Centralization



Shared Services (SS) vs. Centralization



Shared Services (SS)* vs. Centralization



*Note SS's can be further distinguished between in house vs. outsourced solutions



Panel Question 2:

Why did your organization consider implementing either a Shared Services or Centralization model?



Why Consider a Change?

Top Considerations

- Lack of systems/processes that are standardized
- Insufficient access to financial information that is meaningful to management due to system limitations
- Optimizing the cost structure
- Enhance the capabilities of certain roles

Who Benefits (Characteristics)

- Institutions with multiple/dispersed locations (but not limited to)
- Institutions that have costs rising faster than revenues
- Institutions that do not utilize best practices
- Institutions that have incompatible or limited technology
- Institutions that need to develop their financial reporting



Panel Question 3:

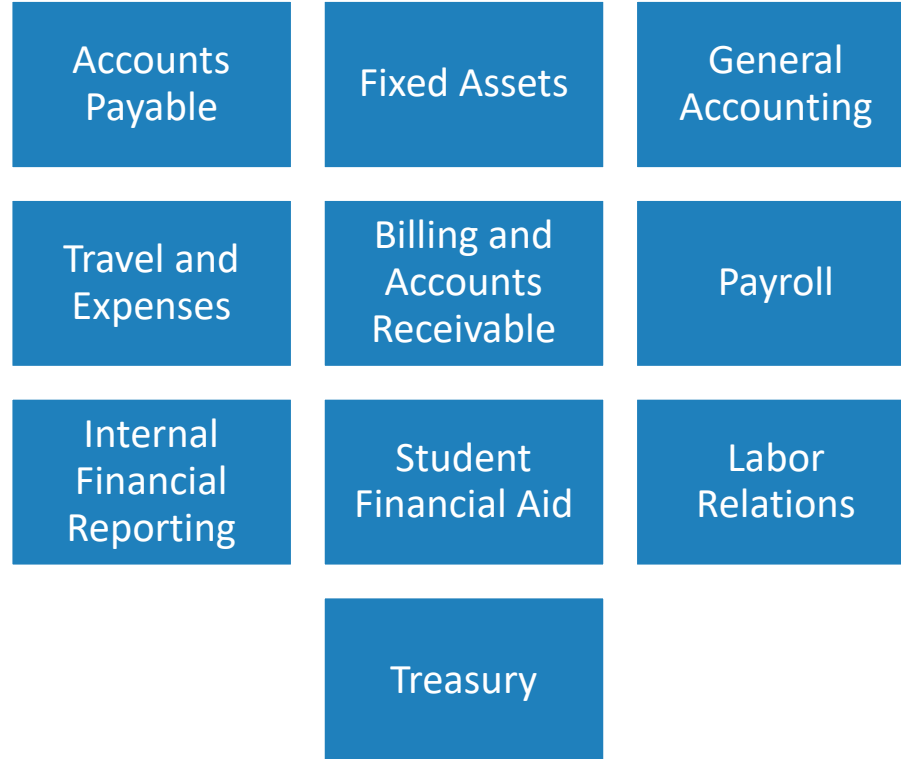
What functions are currently handled by Shared Services or Centralization?

Were there functions originally considered that were ultimately ruled out?

Are there any new functions being considered for future?



Most Common Functions Shared/Centralized





Process Model



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Common Questions when Considering a Transformation

Processes

- How will processes change?

Value

- What value will be created?

Project Management

- Who and how will the project be managed?

System

- What systems and IT infrastructure will be necessary?

Site

- Where will the people be located?

Structure

- How will this be structured? Will this be a separate entity?

Change Management

- How will we be able to facilitate a change mindset?

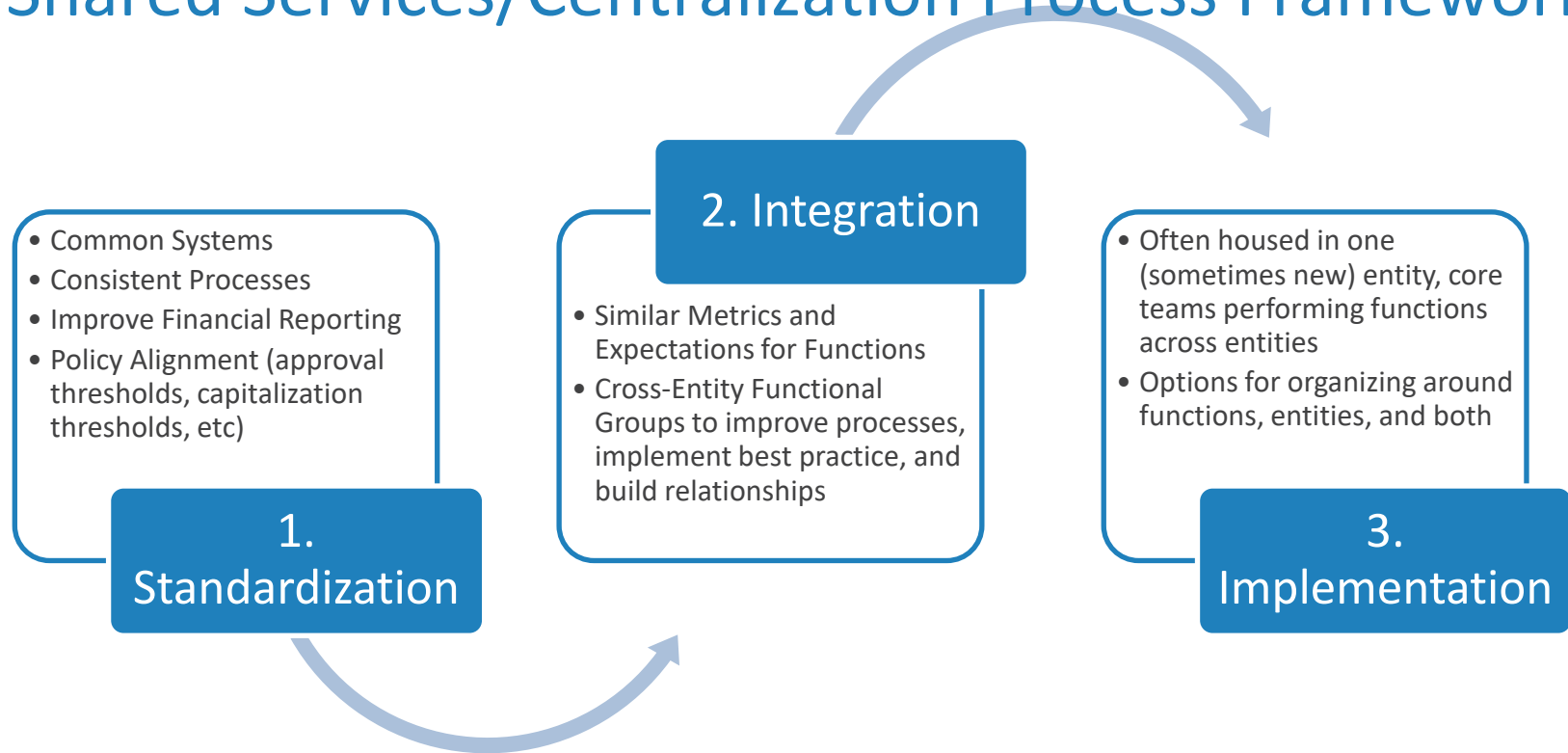


Panel Question 4:

What process did your organization go through to get to your current Shared Services or Centralization model?



Shared Services/Centralization Process Framework



Panel Question 5:

Lessons Learned....If you had to do the process over again, what would you do differently?



Lessons Learned

Best Practices

- When centralizing functions create a consistent approach FIRST, then move to centralizing functions.
- Even with centralized or shared services, you still need people who know and understand the individual institutions. Often having staff assigned to support specific entities within a function enhances the services
- Procedural (step by step), not just process, is critical documentation for a centralized or shared service model

Common Challenges

- Communication around the vision, objective and progress
- If staff reduction is part of the plan determining the staff structure
- Aligning a consistent approach to processes and procedures
- Losing autonomy within the finance function





Shared Services: The Starting Point



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Shared Services: Where to Start?

Develop a vision/consensus along with objectives for establishing shared services

Define and agree on processes that need to be performed individually vs. those that can be centralized

Inventory current technologies and identify potential opportunities/challenges

Develop a high level road map

Analyze cost/benefits and develop a business case

Panel Question 6:

Any advice to give on
how to get started?





Create Opportunities

CLA exists to
create opportunities —
for our clients, our people,
and our communities.

References

- University of Illinois at Chicago, Models of Shared Service Centers and How they Drive Administrative Efficiencies, 2010
- Deloitte, Shared Services – Hit the Road, 2011
- Luoma Leadership Academy, Minnesota State Colleges and Universities, 2015-2016
- University Business, Colleges connect once-decentralized functions to improve efficiencies, August 2013
- Genpact, Eight ways why centralization is not shared services, December 2014
- University Business Executive Roundtable, Making the Case for Shared Services, 2009





GASB – Accounting and Regulatory Update

February 23, 2021

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Learning Objectives

- **The objectives of this session are as follows:**
 - Describe updates to CARES Act compliance requirements.
 - Apply GASB guidance on how to account for leases under GASB 87
 - Explain the new requirements of GASB 94, Public Private Partnerships
 - Apply GASB guidance related to subscription-based information technology arrangements (GASB 96)





CARES Act Update

Compliance Requirements

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CARES Act- HEERF Compliance Supplement

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What Programs Need to be Audited?

- **Generally for fiscal year ends June 30, 2020- if you expended more than \$750,000 for all awards under CFDA 84.425, this will require audit as a High Risk Type A program.**
- **For those with expenditures less than \$750,000, auditors will need to perform a risk assessment to determine if further testing is needed.**



All Programs Under CFDA 84.425

Alpha
characters
required for
SEFA
presentation

| CFDA No. | Program Name |
|----------------|--|
| ESF | See Section 1 (ESF) for compliance requirements and auditor guidance. See also other information below this table. |
| 84.425A | Education Stabilization Fund–State Educational Agency (Outlying Areas) (ESF-SEA) |
| 84.425C | Governor’s Emergency Education Relief (GEER) Fund |
| 84.425D | Elementary and Secondary School Emergency Relief (ESSER) Fund |
| 84.425H | Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governors) |
| HEERF | See Section 2 (HEERF) for compliance requirements and auditor guidance. See also other information below this table. |
| 84.425E | Higher Education Emergency Relief Fund (HEERF) Student Aid Portion |
| 84.425F | HEERF Institutional Portion |
| 84.425J | HEERF Historically Black Colleges and Universities (HBCUs) |
| 84.425K | HEERF Tribally Controlled Colleges and Universities (TCCUs) |
| 84.425L | HEERF Minority Serving Institutions (MSIs) |
| 84.425M | HEERF Strengthening Institutions Program (SIP) |
| 84.425N | HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant |
| Not Applicable | Neither Section 1 nor Section 2 include discussion of this program. See other information below this table. |
| 84.425B | Discretionary Grants: Rethink K-12 Education Models Grants |
| 84.425G | Discretionary Grants: Reimagining Workforce Preparation Grants |
| 84.425P | Institutional Resilience and Expanded Postsecondary Opportunity |

Expenditures
under B and G
are not subject to
audit this year





Compliance Testing

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Matrix of Compliance Requirements- HEERF

| A | B | C | E | F | G | H | I | J | L | M | N |
|---------------------------------|---------------------------------|-----------------|-------------|------------------------------------|---------------------------------------|-----------------------|------------------------------------|----------------|-----------|-------------------------|------------------------------|
| Activities Allowed or Unallowed | Allowable Costs/Cost Principles | Cash Management | Eligibility | Equipment/Real Property Management | Matching, Level of Effort, Earmarking | Period Of Performance | Procurement Suspension & Debarment | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| Y | Y | N | N | N | Y | Y | Y | N | Y | N | N |

Activities Allowed/Allowable Costs (AB)

| Student Portion (section E) | Institutional Portion (section F) | HBCU/TCCU/MSI/SIP/FIPSE |
|--|---|-------------------------|
| Disbursements made directly to students for expenses related to the disruption of campus operations due to coronavirus | Costs associated with significant changes to the delivery of instruction due to the coronavirus | Lost revenues |
| Institution had a <u>documented</u> plan to distribute funds and did not place restrictions on the funds | Additional emergency grants to students | Payroll |
| | Reimburse itself for refunds made to students | |



Matching (G)

- 50% of the total received under Student + Institutional Portion must be spent directly for student grants
- Measured at the end of the Period of Performance. Order in which spent is not relevant for compliance in 2020
- Presentation in the SEFA may be different than presentation in the financial statements



Period of Performance (H)

- One calendar year from the date of the Grant Award Notification (GAN)
- Certain pre-award costs if those expenditures would have been allowable if incurred after the GAN date
 - Institutional: From March 13, 2020 through date of GAN
 - Student: From March 27, 2020 through date of GAN



Procurement, Suspension, Debarment (I)

- If you exercised the option to make sole source awards because the circumstance would not allow for a delay in the process, institution must have sufficiently documented this conclusion.



Reporting (L)

- **Annual Report**
 - Subject to testing if submitted during the time the audit is conducted (extended due date of 2/8)
- **Quarterly Reporting (Institutional Portions)**
 - Posted to institution's website on the same page as reporting of student portion
 - Due 10 days after the end of each calendar quarter (except first report due 10/30/20)
- **Quarterly Reporting (Student Portion)**
 - 30 days after the date of award or after May 6 (whichever is later), then every 45 days thereafter (updated to every quarter starting 8/31/20)





Education Stabilization Act – Higher Education Emergency Relief Funding

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HEERF II Allocations

- **Higher Education Emergency Relief Funding - \$22.697 Billion**

| | | |
|------|----------------------------------|------------------|
| 89% | Private and Public Institutions | \$20.200 Billion |
| 7.5% | HBCU's, TCCU's, MSI's, and SIP's | \$1.702 Billion |
| 3% | Proprietary Institutions | \$681 Million |
| 0.5% | FIPSE | \$114 Million |

- **Private, Public and Proprietary allocations available now**



Initial Awarding

Application process

- Depends on CARES HEERF awarding
- Public/Private and Proprietary differences
- 90 Days

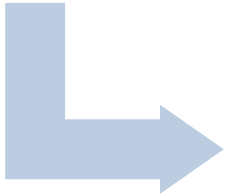
Compliant with HEERF reporting requirements

Excise tax on investment income during 2019 tax year

Timing of Funding

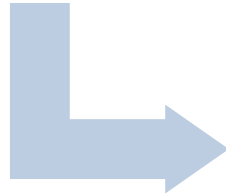
30 Days

- Public
- Private
- Proprietary



60 Days

- HBCU, TCCU, MSI, SIP



120 Days

- FIPSE



Student Funding

- No Title IV requirement
- Distance Education students/programs eligible
- Purpose is same as CARES HEERF
- Minimum amount
- Can be applied to student account if **affirmative (written or electronic) consent** is provided and disclosed appropriately



Student Funding (Continued)

- **Policy Considerations**

- MUST prioritize grants to students with exceptional [financial] need
- No conditions on funding allowed
- Recommended highest amount be maximum Pell Grant
- Recommended judgement by FA and Schools to remove grants from EFC on a case-by-case situation



Institutional Funding

Only for private and public Institutions

Certain procurement policies waived

Purpose is same as CARES HEERF:
Nexus to both pandemic and instruction medium change



Institutional Funding (Continued)

- Allowable uses:
 - **Lost revenue**
 - Reimbursement for expenses already incurred
 - Technology costs associated with a transition to distance education
 - Student support activities
 - Additional financial aid grants to students
 - Indirect costs
 - Reasonable administrative costs
- Unallowable costs similar as CARES with few additions



Special Provisions

- Institutions who paid (or will be paying) excise tax for the 2019 tax year
 - Only eligible for 50% of HEERF II allocation
 - MUST be used for:
 - ◇ Financial aid grants to students
 - ◇ Sanitation, personal protective equipment, or other expenses associated with the general health and safety of the campus environment related to the qualifying emergency
- All obligations under the grants must have been incurred on or after **December 27, 2020**
- Continue to pay its employees and contractors during the period



Special Provisions (Continued)

- Exclusive distance education institutions must use funding for emergency student financial aid purposes

| OPEID | Institution Name | School Type | State | Total Award | CARES Act Minimum Amount for Emergency Financial Aid Grants to Students | Section 314(a)(1)(E) & Section 314(a)(1)(F) Allocation | Minimum Amount for Student Aid Portion (CFDA 84.425E Allocation) | Maximum Amount for Institutional Portion (CFDA 84.425F Allocation) |
|----------|--|--------------------|-------|---------------|---|---|---|---|
| 00100200 | Alabama Agricultural & Mechanical University | Public | AL | \$ 14,519,790 | \$ 4,560,601 | \$ 37,515 | \$ 4,560,601 | \$ 9,959,189 |
| 00100300 | Faulkner University | Private Non-Profit | AL | \$ 4,333,744 | \$ 1,211,489 | \$ 239,004 | \$ 1,211,489 | \$ 3,122,255 |
| 00100400 | University of Montevallo | Public | AL | \$ 4,041,651 | \$ 1,280,001 | \$ - | \$ 1,280,001 | \$ 2,761,650 |
| 00100500 | Alabama State University | Public | AL | \$ 10,072,950 | \$ 3,142,232 | \$ 174,255 | \$ 3,142,232 | \$ 6,930,718 |
| 00100700 | Central Alabama Community College | Public | AL | \$ 2,380,348 | \$ 611,026 | \$ 32,512 | \$ 611,026 | \$ 1,769,322 |
| 00100800 | Athens State University | Public | AL | \$ 2,140,301 | \$ 422,517 | \$ 492,066 | \$ 492,066 | \$ 1,648,235 |

- Proprietary institutions can only use funding for emergency financial aid grants to students
- Unused CARES funding as of December 27, 2020 can be used under the terms of the CRRSAA terms




Cash Management/Grant Administration

- Minimize time between draw down in G5 and incurring eligible expense:
 - 15 days Student portion
 - 3 days Institutional portion
- One year period of performance from GAN
- Audit requirements
- Accounting treatment



Reporting

Quarterly reporting (6 months after GAN)



Annual reporting



More information to be Provided





GASB 87

Leases



Polling Question

- **Where are you with GASB 87 implementation?**
 - Done!
 - I have inventoried my leases and started assessing the impact.
 - I created an implementation team and read the standard.
 - Have not started, there is still over a year to implement.



Why GASB 87 Was Issued

- **Capital vs. operating lease – What is the difference?**
 - Both create the right of use of an asset
 - Both create a liability to be paid in the future
 - Capital normally allows for purchase at the end of lease
 - Convoluted criteria to distinguish between the two
 - ◇ 90% (minimum lease payments) & 75% (useful life) tests
 - ◇ Allowed for “creative arrangements” to classify as an operating lease
- **Convergence of international and US standards**
- **Consistency with private sector (FASB) standards**



When is GASB 87 Effective?

- **Delayed implementation date**

- Fiscal years beginning after June 15, 2021
- June 30 fiscal institutions to adopt for the year ending June 30, 2022
- Early implementation encouraged!?!

- **Transition**

- Retroactively by restating financial statements of earliest period presented using facts and circumstances that existed at the beginning of the period
- Lessors should not restate the assets underlying their existing sales-type or direct-financing leases



Definitions

- **Lease**
 - Contract that conveys control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction
 - Lease Term
 - ◇ Period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods if applicable
 - Lessee extension option if reasonably certain the lessee will exercise the option
 - Lessee option to terminate if reasonably certain lessee will not exercise the option
 - Lessor extension option if reasonably certain the lessor will extend
 - Lessor termination option if reasonably certain lessor will not exercise
 - **Fiscal funding or cancellation clause only if it is reasonably certain the clause will be exercised**
 - Most leases will now fall under this rule except for truly short-term leases (e.g. rental car, storage unit, etc)



Definitions *(continued)*

- **Lease Term (continued)**
 - Reassess if at least one of the following occurs
 - ◇ Lessee or lessor elect to exercise an option even though it was previously determined that it was reasonably certain that it would not exercise that option
 - ◇ Lessee or lessor elect not to exercise an option even though it was previously determined that it was reasonably certain that it would exercise that option
 - ◇ An event specified in the lease contract that requires an extension or termination of the lease takes place
 - Short Term Lease
 - ◇ Maximum lease term including extensions is 12 months or less
 - ◇ Most leases will now fall under this rule except for truly short-term leases (e.g. rental car, storage unit, etc)



Implementation Tip

- **Completeness**
- **Imbedded leases**
 - Long-term contracts will need to be reviewed
 - Food service contracts?



Implementation Tip



- **Sub-ledger**
 - Supporting amounts to be included on the financial statements
 - Excel?
 - Lease software
 - ◇ Decision needs to be made first

Lease Accounting Basics

- **What do we have?**
- **Lessee**
 - Right of Use (asset)
 - Obligation of future payments (liability)
- **Lessor**
 - Future receipts
 - ◇ Receivable
 - ◇ Revenue stream



How do we record?

- **Lessee**
 - Liability for **present value** of expected lease payments
 - ◊ Implies an interest component
 - **Intangible asset** for right to use the leased asset
 - ◊ Initial measurement of lease liability
 - ◊ Any additional payments made at the commencement of the lease
 - ◊ Certain direct costs
 - **Amortization expense** for recognizing the asset amount over the shorter of
 - ◊ Lease term
 - ◊ Useful life of the underlying asset
 - **Interest expense** related to difference between payment and lease liability reduction



Lessee – What is Included in the Liability?

- **Payments Expected to be paid during the lease term**
 - Fixed payments
 - Variable payments fixed to an index or rate (use index/rate at inception)
 - Amounts expected to be paid as residual guarantees
 - Option price if reasonably anticipated to be exercised
 - Cancellation fee, if cancellation is likely
 - Lease incentives receivable from the lessor
 - Any other payments reasonably certain of payment



Lease Accounting - Lessee

- **Liability for present value of expected lease payments**
- **Intangible asset for right to use the leased asset**
 - ◊ Initial measurement of lease liability
 - ◊ Any additional payments made at the commencement of the lease
 - ◊ Certain direct costs
- Amortization expense for recognizing the asset amount over the shorter of
 - ◊ Lease term
 - ◊ Useful life of the underlying asset
- Interest expense related to difference between payment and lease liability reduction
- Note Disclosures



Lease Accounting Lessor

- Receivable for the right to receive payments
- Deferred inflow to reflect resources related to future periods
- Lease revenue over the term of the lease
- Interest revenue related to lease receivable
- Note Disclosures



Implementation Tip

- **Discount rate**
 - Rate provided by lessor (good luck)
 - Rate implicit in the lease (hard to find in real estate lease)
 - Lessee's incremental borrowing rate (probably will be most used)
- **Incremental borrowing rate**
 - Estimate of the interest rate that would be charged for borrowing the lease payment amounts (reflects credit risk, term, amount, economic environment)



Financial Statement Notes

- Lessee
 - Description of the arrangement
 - Amount of leased assets recognized
 - Schedule of future payments
 - Principal and interest
 - 5 single years and 5 yr. increments through maturity
- Lessor
 - Description of the arrangement
 - Total amount of inflows recognized from leases



How does this compare to current accounting

- **Currently we have lease expense related to the monthly payment**
- **Under the new standard as monthly payment is made, a portion will be interest expense and a portion will be amortization**
- **Should get to the same result or relatively close on a monthly basis**
 - Difference would be related to the interest component



How does this compare to current accounting - lessee

- Current accounting

| | <u>Dr</u> | <u>Cr</u> |
|--------------------------------|-----------|-----------|
| 1 Rent expense | XXX | |
| Cash | | XXX |
| <i>To record lease payment</i> | | |

- New standard

| | <u>Dr</u> | <u>Cr</u> |
|---|-----------|-----------|
| 1 Lease Liability | XX | |
| Interest Expense | X | |
| Cash | | XXX |
| <i>To record lease payment</i> | | |
| 2 Amortization expense | XX | |
| Intangible asset | | XX |
| <i>To record amortization of intangible asset</i> | | |



Lease Modifications and Terminations

- **Termination**
 - Reduce the lease asset and liability by lessee or receivable and deferred inflow by lessor
 - Recognize gain (loss) in the period of termination
- **Modification**
 - Adjust (re-measure) the various components of the lessee and lessor entries to coincide with the changes
 - Adjust amortization period as necessary



Other Transactions

- **Sublease**
 - Treat as a separate lease transaction
 - Lessee in original lease becomes the lessor in a sublease
- **Sale-Leaseback**
 - Must include a valid sale component
 - Treat as 2 separate and distinct transactions
 - Difference between the carrying value of the assets sold and the net proceeds from the sale should be recognized as a deferred flow (in or out) and recognized over the life of the lease
 - Account for as a net transaction, but disclose the gross amounts of each portion



Implementation Tip

- Identify project leader – timetable
- Capture all leases – inventory
- Solicit information from within your entity to complete the database
- Database or sub-ledger
 - Present value of lease payments
 - Liability amortization schedule
 - Intangible asset amortization schedule





GASB 94

Public-Private and Public-Public Partnerships and
Availability Payment Arrangements

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Applicability and Effective Date

- **PPP arrangements which are not considered Service Concession Arrangements (SCA)**
 - Contract with an operator to provide services by conveying right to use or operate a non-financial asset for a period of time in an exchange or exchange-like transaction
- **Effective for fiscal years beginning after June 15, 2022**
 - Earlier adoption encouraged
- **Consider adopting when the implementing GASB 87**



P3 Agreements

- **Higher Education Example:**
 - A third party finances and constructs a dorm and cafeteria on university property. In exchange the university pays the third party for a defined period. Payment terms vary in practice. At the end of the term of the agreement, the ownership of the building reverts to the university. The two parties generally also sign a land lease.



P3 Agreements (continued)



P3 Agreements (continued)

- **GASB 60 – establishes guidance and accounting for Service Concession Arrangements (SCAs).**
- **To be an SCA, all of the following criteria must be met:**
 1. University conveys to vendor the right and obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration (in our example, new dorm and cafeteria).
 2. Vendor collects and is compensated by fees from third parties (students).
 3. University has the right to modify or approve what services the vendor is required to provide, who the services are provided to and the price.
 4. University is entitled to significant residual interest in the service utility of the facility at the end of the agreement (building ownership reverts to the University at the end of the agreement).



P3 Agreements (continued)

- If SCA criteria are met, the University would record the facility as its capital asset. It would also recognize a liability for the present value of significant contractual obligations. The offset would be a deferred inflow of resources (to be recognized as revenue over the term of the agreement).



P3 Agreements (continued)

GASB 87 – new lease standard.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

If the agreement meets the definition of GASB 87, asset and lease liability are recorded. Under current standards you can have an SCA and a lease. For example, a dorm could be an SCA and the cafeteria could be a lease (university pays third party for the right to use the cafeteria).



P3 Agreements (continued)

GASB 94 Analysis

- For purposes of applying this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.
- Only apply lease accounting if 1) **existing** assets of the university are the only PPP assets, 2) no improvements required to be made by the operator and 3) PPP does not meet the definition of an SCA.



P3 Agreements (continued)

If the agreement **meets** the definition of an SCA:

- ◇ Record an asset, receivable for installment payments, and deferred inflow of resources.

Not an SCA, however meets the definition of a P3:

- ◇ Record a receivable for the asset (carrying value of asset at the date of future transfer), receivable for installment payments, and deferred inflow of resources.





GASB 96

Subscription-based information technology
arrangements

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Effective Date and Transition

- **Effective dates beginning after June 15, 2022 (June 30, 2023 year-ends). Earlier application is encouraged**
- **Assets and liabilities should be recognized and measured using the facts and circumstances that existed at the beginning of the performance period.**



Applicability

- **Contract to convey control of the right to use another party's software, alone or in combination with tangible capital assets as specified in a contract for a period of time in an exchange or exchange-like transaction**
- **Control of the right to use, as specified in the contract**
 - Right to obtain present service capacity
 - Right to determine nature and manner of use



Not Applicable

- **Standard is not applicable for the following types of arrangements:**
 - Short Term (defined on next slide)
 - Arrangements that meet the definition of GASB 87
 - Governments that provide the right to use their IT software and associated tangible capital assets through SBITAs
 - Arrangements that meet the requirements of public-private and public-public partnerships under GASB 94
 - Licensing arrangements that provide perpetual license under GASB 51



Subscription Term

- **Short-term – maximum term of 12 months or less including options**
- **Time period for which the government has non-cancellable right to use, plus the following:**
 - Government
 - ◇ Option to extend if reasonably certain of extension
 - ◇ Option to terminate if reasonably certain not to cancel
 - ◇ Fiscal funding clauses – only applicable if reasonably certain it will be exercised
 - Vendor
 - ◇ Option to extend if reasonably certain of extension
 - ◇ Option to terminate if reasonably certain not to cancel



Accounting

- **Dependent on Implementation Stage**

- Preliminary Project
 - ◇ Formulation and evaluation of alternatives
 - ◇ *Accounting treatment: Expense as Incurred*
- Initial Implementation
 - ◇ Design, configuration, coding, testing and installation
 - ◇ *Accounting treatment: Capitalize as part of the subscription asset, unless short-term SBITA*
- Operation and Additional Implementation
 - ◇ Maintenance, trouble shooting and other activities related to ongoing operation and use
 - ◇ Other implementation activities related to additional modules
 - ◇ *Accounting treatment: Expense costs as incurred unless specific capitalization criteria are met*



Accounting *(continued)*

- **Subscription Assets and Liabilities**
 - Present value of expected subscription payments
- **Outlays other than subscription payments, should be expensed as incurred**
 - Determination of specific objective of the project
 - Feasibility determination
 - Demonstration of the ability, intention and presence of effort to enter into an SBTIA contract
 - Training costs



Accounting *(continued)*

- **Other Outlays *(continued)***

- Modifications capitalized

- ◇ Increase functionality – perform tasks not previously included
 - ◇ Increase efficiency – increase level of service without ability to perform additional tasks



Accounting *(continued)*

- **Economic Resource Focus**
 - Liability and Right to use intangible asset
 - Present value of payments to be made
- Other Issues
 - Impairments
 - Incentives
 - Multiple component contracts
 - Contract combinations
 - Modifications and terminations



Note Disclosures

- **General description of arrangement**
- **Total amount of subscription assets and related accumulated amortization**
 - Disclosed separately from other capital assets
- **Amount of outflows recognized for variable payments not included in the liability**
- **Amount of outflows for other payments (e.g. terminations) not previously included in liability**
- **Principal and interest payments for each of 5 yrs. and then 5 yr. increments through maturity**
- **Commitments made before commencement of subscription term**
- **Impairment loss**

