

COMPLIANCE WITH SECTION 117 OF THE HIGHER EDUCATION ACT OF 1965

KEY TAKE AWAY

We are re-issuing this [compliance alert](#) to emphasize the importance of accurately reporting Gifts and Contracts from Foreign Sources. With increased federal scrutiny, strong compliance and timely reporting are essential to avoid gaps that could lead to federal investigations or loss of funds.

Background

Section 117 requires campuses to report Gifts and Contracts valued at over \$250,000 (alone or in combination) from a Foreign Source, to the Department of Education by January 31 or July 31, whichever is sooner after the date of the Contract or of the receipt of the Gift. The \$250,000 threshold is per calendar year.

On April 23, 2025, the White House issued an Executive Order [14282](#) “*Transparency Regarding Foreign Influence at American Universities*,” which significantly expands federal enforcement of Section 117 and our compliance obligations.

Universities may now be subject to:

- **In-depth disclosure requirements:** Campuses may be requested to provide more details about foreign Gifts and Contracts, including the purpose of foreign funds. This may significantly increase the level of detail and documentation required for compliance.
- **Stronger federal oversight:** Enforcement may extend beyond the Department of Education to the Attorney General, increasing the risk of criminal prosecution and higher penalties.
- **Elevated False Claims Act risk:** Certifications of compliance with Section 117 are considered “material”¹ under the False Claims Act (FCA) and for receipt of federal grants. Inaccurate or false certifications may trigger enforcement under the FCA, exposing the University to significant financial penalties and potential liability.

What can campuses do now?

To ensure all Gifts from, or Contracts with, a Foreign Source are reported, campuses should:

- **Review and Document** workflows related to Section 117 reporting. Identify how contracts and gifts enter the campus, how information is communicated to the campus designated office for Section 117 reporting, and who holds oversight responsibilities. In the coming weeks, ECAS will release an inventory toolkit to further assist campuses with their processes.
- **Coordinate** Since the \$250,000 threshold can be met cumulatively across different campus units, ensure robust coordination among all relevant campus units to capture all relevant items. An illustrative list of relevant offices is included in the appendix.
- **Consult** RPAC Section 117 Guidance Memo and FAQs for due-diligence tools and practical strategies. RPAC issued [Section 117 Guidance Memo](#) and [FAQs](#), based on [updated guidance](#) from the Department of Education. RPAC may provide further clarification before the July 2025 reporting period, which will be distributed broadly.

ECAS, UCL and RPAC will soon launch a systemwide working group on Section 117. The working group’s goals will be to standardize best practices, improve data collection and reporting processes, and promote a culture of transparency.

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¹ The [False Claims Act \(FCA\)](#) defines “material” as “having a natural tendency to influence, or be capable of influencing, the payment or receipt of money or property.” 31 U.S.C. § 3729(b)(4)

Appendix – Additional Information

Summary of Reporting Requirements

Foreign Source Category	Type of Funds	Country Name	Foreign Source Name	Address	Recipient Domestic Party/Institution ¹¹ or Intermediaries ¹²	Aggregate Amount by Source	Gift Receipt Date or Start & End Date of Contract	Description of the Conditions and Restrictions
Foreign Government	Gifts or Contracts	Required	Required	Not Required	Required	Required	Required	Not Required
	Restricted or Conditional Gifts or Contracts	Required	Required	Not Required	Required	Required	Required	Required
Foreign Entity (non-government)	Gifts or Contracts	Required	Required	Required	Required	Required	Required	Not Required
	Restricted or Conditional Gifts or Contracts	Required	Required	Required	Required	Required	Required	Required
Foreign Person	Gifts or Contracts	Required	Required	Required	Required	Required	Required	Required
	Restricted or Conditional Gifts or Contracts	Required	Required	Required	Required	Required	Required	Required

Guidance and Strategies

RPAC 2024: [Section 117 Guidance Memo](#) and [FAQs](#), based on [updated guidance](#) from the Department of Education. The guidelines and FAQs:

- Provide due diligence strategies to determine whether a party is a foreign source, including:
 - Consultation of public records
 - Consideration of the terms of the contract or agreement
 - Requesting sponsors/donors to provide additional information
 - Use of available screening tools such as World-Check One, Thompson Reuters, Sayari, or Kharon
 - Requesting sponsors/donors certify they are/are not a foreign source (in combination with other tools)
- Outline the need to report Gifts *even if* received through an intermediary, such as a Donor Advised Fund if the location is aware that the DAF is a Foreign Source. (In no case should a DAF be used to circumvent Section 117 reporting requirements)
- Highlight availability of the Visual Compliance tool to identify whether sponsors/donors are federal restricted parties and need for a Location's ECO review
- Clarify Contracts with a foreign entity are still reportable *regardless* of how payments are made
- Detail expectation that institutions make a "good-faith" effort to determine fair market value for items of indeterminate value. To do this, locations can use:
 - Value provided by the source
 - Sale prices of comparable items
 - Replacement costs
 - Opinions of experts
 - Prices previously paid for similar items or services

Definitions:

- **Foreign Source:** the term "foreign source" means: (A) a foreign government, including an agency of a foreign government; (B) a legal entity, governmental or otherwise, created solely under the laws of a foreign state or states; (C) an individual who is not a citizen or a national of the United States or a trust territory or protectorate thereof; (D) an agent, including a subsidiary or affiliate of a foreign legal entity, acting on behalf of a foreign source;
- **Gift:** the term "gift" means any gift of money or property;
- **Contract:** the term "contract" means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties;²
- **Restricted or Conditional Gift or Contract:**³ the term "restricted or conditional gift or contract" means any endowment, gift, grant, contract, award, present, or property of any kind which includes provisions regarding- (A) the employment, assignment, or termination of faculty; (B) the establishment of departments, centers, research or lecture programs, or new faculty positions; (C) the selection or admission of students; or (D) the award of grants, loans, scholarships, fellowships, or other forms of financial aid restricted to students of a specified country, religion, sex, ethnic origin, or political opinion.

Non-exhaustive List of Relevant Campus Offices

- Sponsored Projects (including any office responsible for receiving sponsored research agreements, industry contracts, and clinical trial contracts)
- Business Contracts
- Technology Transfer or Licensing
- Material/Data Transfer
- Development/Institutional Advancement
- University affiliated foundations
- Education Abroad
- Financial Aid
- Real Estate
- University Extensions
- Affiliated overseas Locations, institutes, or programs
- For Locations with medical schools or hospitals: any corresponding offices in the clinical enterprise.

² In ED's December 17, 2019, response to public comments, "contract" was noted as excluding contracts transferring funds FROM an institution TO a Foreign Source.

³ Most Contracts and Gifts to the University would likely not meet the conditions above for a "Restricted or Conditional Gift or Contract." An example of a contract that does meet the Restricted/Conditional definition is one that requires the establishment of an institute as a condition of funding, as opposed to generalized support for a variety of research projects or students.