

The US government is continuing to respond to the spread of the Coronavirus disease 2019 (COVID-19) with new actions to provide relief to students and educators. Late evening on Wednesday, March 25, the Senate passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act – the third piece of legislation to respond to the COVID-19 pandemic – by a vote of 96-0. On Friday, March 27, the House of Representatives passed the bill, which was signed into law by President Trump the same day.

The bill provides US\$30.8 billion to the US Department of Education and relaxes statutory requirements in an effort to provide elementary and secondary schools, as well as institutions of higher education, with more flexibility to respond to COVID-19.

We parse out below the education components of the bill.

Statutory and Regulatory Waivers

- The legislation would allow the Department of Education to waive statutory or regulatory requirements for a state educational agency related to assessments and accountability and reporting requirements in those areas, to provide states and Native American tribes with more flexibility.
- The bill would allow states and school districts to apply for waivers for various funding mandates under the Every Student Succeeds Act (ESSA). Secretary of Education Betsy DeVos would have 30 days to approve waiver requests, and waivers would be valid for the 2019 – 2020 academic year.
- In higher education, the bill waives the institutional matching requirement for campus-based aid programs. The bill allows institutions to award additional Federal Supplemental Educational Opportunity Grants (FSEOG) to students impacted by COVID-19 and allows institutions to issue Federal Work-Study Payments, as a lump sum or in installments, to students unable to work due to COVID-19.
- The bill allows higher education institutions to transfer unused work-study funds to be used for supplemental grants. Students who drop out of school as a result of COVID-19 will not be required to return Pell Grants or federal student loans.

Student Loans and Federal Grants

- Student loan payments, principal and interest would be deferred for six months under the bill, through September 30, 2020.
- The legislation also provides flexibility for grant recipients, in order to allow resources to be devoted to COVID-19 efforts. For example, the Secretary of Education could waive certain outcome requirements for fiscal year (FY) 2021 grant programs for Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs) under the bill. HBCUs and MSIs could also request waivers for financial matching requirements and grant programs. The legislation authorizes the Secretary to defer payments on current HBCU Capital Financing Loans during the national emergency period.
- Additionally, the Secretary could waive or modify allowable uses of funds for institutional grant programs such as TRIO, GEAR UP, Title III, Title V and sections of Title VII.

Teachers

- Teachers who could not finish their year of teaching service as a result of COVID-19 could count their partial year of service as a full year of service toward TEACH grant obligations or Teacher Loan Forgiveness under the bill.
- Teachers would also no longer be required to serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility, if the interruption is due to COVID-19.

Tax Provisions

Finally, the legislation includes various tax provisions of interest.

- Under the bill, a company could pay up to US\$5,250 of an employee's student loan payments each year on a tax-free basis. Additionally, employers, including public and private nonprofit institutions, would be allowed to delay payment of FICA payroll taxes until January 1, 2021.
- The bill seeks to encourage more charitable giving by providing a temporary universal charitable tax deduction for donations of up to US\$300 per individual not itemizing his or her taxes, and would temporarily suspend the limitation for cash contributions in 2020 for which a taxpayer claims the charitable tax deduction.
- The bill includes a provision available to tax exempt organizations, providing a refundable payroll tax credit of up to US\$5,000 for wages paid by employers to employees during the COVID-19 crisis.

Below is a summary of the funding provisions and authorized uses allocated in Division B ("Emergency Appropriations for Coronavirus Health Response and Agency Operations") of the legislative package, as well as notable relief measures sought by House Democrats that the CARES Act ultimately excluded.

Funding

- US\$30.8 billion total for the Department of Education
- Education Stabilization Fund
 - **K-12** – US\$13.5 billion in the elementary and secondary school emergency relief fund, to provide formula funding directly to states to help K-12 schools respond to COVID-19 and related school closures, meet the immediate needs of students and teachers, improve the use of education technology, support distance education and make up for lost learning time. Grants may be used to:
 - Provide emergency support through grants to local educational agencies that the state educational agency deems have been most significantly impacted by COVID-19
 - Provide emergency support through grants to institutions of higher education serving students within the state that the governor determines have been most significantly impacted by COVID-19, to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institution
 - Provide support to any other institution of higher education, local educational agency or education related entity within the state that the governor deems essential for carrying out emergency educational services to students
 - **Higher Education** – US\$14.25 billion in the higher education emergency relief fund, to provide targeted formula funding to institutions of higher education, MSIs and HBCUs to directly support students and institutions facing urgent needs related to COVID-19.
 - Institutional awards would be calculated using 75% of full-time equivalent enrollment of Pell students at an institution and 25% of full-time equivalent enrollment of non-Pell students. Students who were already exclusively online are excluded from the calculation.
 - 7.5% of funding reserved for MSIs.
 - 2.5% of funding reserved for grants to institutions particularly impacted by COVID-19, to be administered through FIPSE. Priority for these grants goes to smaller institutions that received less than US\$500,000 under the formula and MSI grants and still have significant and unmet need.
- Funding may be used to cover any costs associated with significant changes to the delivery of instruction due to COVID-19, so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities, endowments or capital outlays associated with facilities related to athletics, sectarian instruction or religious worship.
- Institutions of higher education must use at least 50% of these funds to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19 (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, healthcare and child care).
- **Governors** – US\$3 billion in emergency education relief grants to the governor of each state, based on the needs of their elementary and secondary schools and their institutions of higher education.
 - Allocated to states on the basis of population: 60% of funding allocated based on the population of ages five to 24 and 40% of funding allocated based on the population of children counted under ESSA.
 - Elementary and secondary schools, as well as institutions of higher education, are eligible.
 - Public and private institutions are eligible.
- US\$100 million in targeted funding for Project SERV, for elementary and secondary schools and institutions of higher education to respond to the immediate needs of Coronavirus and the effect on students, including to help schools clean and disinfect affected schools, and assist in counseling and distance learning.
- US\$40 million for the Student Aid Administration, for administrative expenses to support changes (both those carried in the bill and those made administratively) to student aid programs to help students and borrowers.
- US\$7 million for the Office of Inspector General, for audit and oversight of activities funded in the bill.
- US\$750 million for grants to all Head Start programs.
- US\$69 million for schools funded by the Bureau of Indian Education.
- US\$5 million for health departments to provide guidance on cleaning and disinfecting schools and daycare facilities.
- US\$25 million for distance learning, telemedicine and broadband to support rural communities' access to telecommunications-enabled information, audio and video equipment, as well as related advanced technologies for students, teachers and medical professionals.

Uses

- Entities receiving money from the stabilization fund shall, to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to COVID-19.

House Provisions Not Included in the Final Legislation

- A provision forgiving US\$10,000 in student loans per borrower.
- A provision extending suspension of student loan payments to private loans, federally guaranteed loans held by private lenders and federal Perkins loans.
- Funding to the FCC's E-Rate subsidy program, to help schools and libraries with internet connectivity.

Our US education policy team stands ready to answer any questions, and to help provide clarity on this historic emergency aid package and practical support to those seeking relief.

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