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**Summary of Education,
Workforce, and Child Care
Provisions Under the
“Coronavirus Aid, Relief, and
Economic Security Act” (CARES
Act)**

March 26, 2020

Overview



H.R. 748, the Coronavirus Aid, Relief, And Economic Security Act” (CARES Act) provides \$2 trillion in emergency relief through cash payments to individuals, and critical support for hospitals, employers, states, unemployed workers, schools, libraries and childcare providers.

This presentation focuses on those provisions related to education, workforce and child care.

Nation Emergency Education Waivers



The bill includes a new Secretarial waiver authority for the Elementary and Secondary Education Act. Under this authority, ED can waive certain provisions, upon request by a State, Indian tribe or LEA due to the COVID-19 emergency. At the State level, this includes the use of a streamlined application process and allows for the waiver of the following provisions:

- certain accountability system requirements,
- certain requirements related to school identification under the accountability system (currently identified schools must maintain their designation and continue to receive supports and interventions)
- any ESEA report card reporting requirements related to these areas.
- Provisions regarding time periods to obligate funds (Tydings amendment)

Nation Emergency Education Waivers



States, Indian tribes and LEAs may request waivers on a different set of provisions under a process other than the streamlined process described in the pervious slide. Waivers under this process must be approved or disapproved within 30 days and this process requires an applicant to provide an assurance of how negative consequences, if any of the waiver will be mitigated. Provisions which may be waived under this process include:

- the poverty threshold necessary to do a schoolwide program
- maintenance of effort
- restrictions on carry over limitations (unused funds from one year to the next)
- certain requirements under the Student Supports and Academic Enrichment Grants program, including the needs assessment, spending certain percentages among the three programmatic focuses, and the limitation on technology spending
- requirements related to the definition of professional development
- Waivers issued apply to all schools including public charter schools (for charter schools in accordance with State charter school law). Waivers are applicable for the 2019-2020 academic year, except for a maintenance of effort waiver granted during this present school year.

Secretary of Education HEA Flexibility



The bill provides flexibility of certain student aid and related provisions under the Higher Education Act:

- The requirement to provide a non-Federal match for SEOG and Campus Work-study is required to be waived by ED for the 2019-2020 and 2020-2021 award years.
- During the COVID-19 emergency, an IHE can transfer unexpended funds from Federal Work-study to SEOG.
- IHEs are permitted to use SEOG funds to provide emergency financial aid grants to assist students with unexpected expenses due to COVID-19 emergency.
- For up to one academic year, IHEs are permitted to continue to make Federal Work-study payments to individuals who were participating in workstudy, but are unable to fulfill their Work-study obligation due to the COVID-19 emergency.

Secretary of Education HEA Waivers and Flexibility



- For up to one academic year, IHEs are permitted to continue to make Federal Workstudy payments to individuals who were participating in workstudy, but are unable to fulfill their workstudy obligation due to the COVID-19 emergency.
- For the purposes of usage limitations on subsidized loans, ED is required to exclude any period of enrollment during which a student was unable to complete due to the COVID-19 emergency. (As a reminder, current DL borrowers are generally limited to receiving subsidized loans for up to 150% of the length of program – i.e. for a 2-year program the limit would be 3 years.)
- ED is required to exclude any semester in which a student is unable to complete due to the COVID-19 emergency from the student's Pell Grant lifetime usage limits (if the Secretary is able to administer the policy in a manner that limits complexity and burden on the student).

Secretary of Education HEA Waivers and Flexibility



- IHEs may provide a student with an **approved leave of absence** due to a qualifying emergency under certain conditions.
- IHEs may exclude any attempted credits not completed by a student from the student's **satisfactory academic progress** calculation due to a qualifying emergency.
- **Foreign institutions may offer programs via distance learning** to Title IV eligible students during a qualifying emergency for the payment period during such emergency and the following payment period. Programs offered via distance education from March 1, 2020 through the date of enactment of the bill are covered by the previous sentence.
- A **foreign institution** may enter into an agreement with a US-based institution to allow a student of the foreign institution to **take courses at the US-based institution** due to a qualifying emergency.

Secretary of Education HEA Waivers and Flexibility



- ED may defer payments on HBCU Capital Financing Loans due to COVID-19 issues.
- ED may modify matching requirements and required and authorized uses of funds under certain HEA programs.
- ED may waive certain requirements related to wait out periods, allotment requirements and other matters for IHEs receiving assistance under certain MSI program authorities
- ED may modify service requirements related to TEACH Grants and Teacher Loan forgiveness due to the COVID-19 emergency.

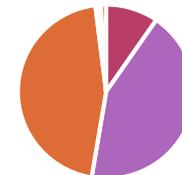
Education Stabilization Funding

The bill includes \$30.75 billion for Education Stabilization Funding divided as follows:

- 9.8% for the Governors' Emergency Relief Fund
- 43.9% (\$13.5 billion) for Elementary and Secondary School Emergency Funding
- 46.3% (\$14.25 billion) for the Higher Education Emergency Relief Fund

Funding is also taken off the top of this amount for Outlying areas (.5%) and BIE schools (.5%) and 1% for Highly Impacted States.

Education Stabilization Funding



- Governor
- K-12
- Higher Ed
- Outlying Areas
- BIE
- Highly Impacted States

Governors' Emergency Relief Fund



- Secretary will make Emergency Education Relief grants to Governors with an approved application which must be available in 30 days.
- Funding allocated to states that is 60% based on population ages 5 through 24 and 40 percent on Title I child count.
- Funds may be used for emergency support:
 - the most significantly impacted LEAs to support on-going functionality of the district;
 - the most significantly impacted institutions of higher education to continue the on-going functionality of the institution; and
 - any other education related entity deemed by the Governor as essential for carrying out emergency educational services including PreK, social and emotional support and protection of jobs.

Elementary and Secondary School Emergency Relief Fund



- Secretary will make grants to each State educational agency with an approved application which must be made available within 30 days
- State educational agencies may use not more than 10 percent to address needs
- Not less than 90 must be allocated to local educational agencies (including charter schools that are LEAs) based upon share of Title I funds
- Applies Title I equitable services provisions for students and teachers in non-public schools
- Uses of funds are very broad – including those authorized under ESEA, CTE, IDEA and Adult Ed and McKinney-Vento. In addition, several specific uses of funds are spelled out:
 - Coordination of response across health and education agencies;
 - Providing principals and school leaders necessary resources to address needs;
 - Planning for long-term closures
 - Unique needs of special populations
 - Purchase of ed technology including hardware, software, and connectivity)
 - Summer learning and supplemental afterschool programs including on-line learning
 - Mental health services
 - Other activities necessary to maintain operation of services and employing existing staff

Higher Education Emergency Relief Fund



- Secretary will allocate 90% of funds to each institution of higher education (including, public, private and for-profits) funds based upon:
 - 75% according to the institutions relative share of full-time equivalent enrollment of Pell grant recipients who are not exclusively on-line
 - 25% full-time students who are not Pell recipients who are not exclusively on-line
- Funds may be used IHEs are required to use at least 50% of the funds for emergency grants to students related to COVID-19 issues including those related to cost of attendance, food, housing course materials, technology, health an child care. Remaining institutional funds may be used to cover costs associated with significant changes to the delivery of instruction due to the coronavirus.
- The remaining 10% allocated as follows: 7.5% for MSIs and 2.5% for IHEs with the greatest unmet need (with priority given to IHEs not getting at least \$500,000 under the other IHE allocations)

Student Loan Payment Suspension



The bill also includes several provisions which would suspend payment and interest on Direct Loan and FFEL loans held by ED. These include:

- ED would automatically suspend payments on these loans until September 30, 2020 and no interest would accrue during this period of suspension. Months for which payments are suspended will be deemed as counting for the purposes of PSLF, other loan forgiveness programs and for those borrowers who are rehabilitating their loans.
- ED would ensure that any payment that is suspended would be treated as a payment made by the borrower for consumer reporting agency purposes.
- ED would suspend involuntary collections during the suspension period described above (such as wage garnishment).

The bill would also provide income tax exclusion for individuals who are receiving student loan repayment assistance from their employer.

Tax Benefit Pertaining to Companies that Contribute Toward Student Loans of Employees



- Under the bill, employers could provide a student loan repayment benefit to employees on a tax-free basis. An employer would be able to contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021.

Continued Payment to Employees

Requires that “A local educational agency, State, institution of higher education, or other entity that receives funds under “Education 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 coronavirus.”

Maintenance of Effort

States must provide an assurance they will maintain support for elementary and secondary education and postsecondary education in FYs 2020, 2021 with ED being able to waive this requirement for states that have experienced a precipitous decline in financial resources.

Additional Education Funding

- Project Serv - \$100 million
- Student Aid Administration - \$40 million
- \$8 million for ED administrative and management expenses
- \$4 million for the ED IG

The bill also provides \$8.8 billion to the Food and Nutrition Services at USDA for child nutrition programs to prevent, prepare for, and respond to COVID-19.

Funding for Workforce



- The bill includes \$345 million for the Department of Labor's dislocated workers national reserve invest in programs that provide training and supportive services for dislocated workers, seniors, migrant farmworkers, and homeless veterans.

Funding and Flexibility for CCDBG

- **\$3.5 Billion for the Child Care Development Block Grant** - Funds can be used for providing assistance to providers due to decreased enrollment, closures or to remain open. States are encouraged to place conditions on providers to use a portion of funds to continue to pay staff wages. Funds are authorized to provide childcare assistance to health care workers, emergency responders and sanitation workers without regard to income eligibility requirements. Funds can be available to providers even if providers were not receiving CCDBG assistance prior to COVID-19. Funds can be used for expenses incurred prior to bill's enactment for previously mentioned purposes.
- **\$750 million for Head Start** to meet emergency staffing needs.
- **\$5 billion for the Community Development Block Grant** –for states, counties, and cities to rapidly respond to COVID-19 and the economic and housing impacts caused by it, including the expansion of community health facilities, child care centers, food banks, and senior services.

Institute for Museums and Libraries



- The bill provides \$50,000,000, to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, including grants to States, territories and tribes to expand digital network access, purchase internet accessible devices, and provide technical support services:
- Does not require matching funds.

Provisions to Support Small Business and Non-Profits



- **Charitable contributions**— allows individuals to make contributions up to \$300 to qualifying charities and deduct the contribution “above the line” in computing adjusted gross income (AGI). Also modifies the AGI limitations on charitable contributions for 2020, to 100% of AGI for individuals and 25% of taxable income for corporations.
- **Employee Retention Credit** – provides a credit against social security payroll taxes (6.2%) for any business – including non-profits - that close or suspend its operations due to the virus.
- **Tax Delay of Payment** – Employers - including non-profits- struggling to make payroll would be able to pay their share of the 6.2% Social Security tax that would otherwise be due from now until the end of the Year. .
- **Paycheck protection program** - \$350 billion for 8-weeks of cash-flow assistance to small business and small non-profits (under 500 employees) through guaranteed loans. Loan may be forgiven if they largely maintain their payroll. Loans equate to lesser of 2 ½ months of payroll or \$10 million.
- **Economic Injury Disaster Loan (EIDL)** – Creates expedited access to capital by establishing a \$10 billion program for small businesses, including non-profits, who have applied for an EIDL loan to request an advance of up to \$10,000 on the loan to provide paid sick leave to employees, maintaining payroll, and other debt obligations.