



Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27, 2020, the **Coronavirus Aid, Relief, and Economic Security (CARES) Act** was signed into law. This legislation is one of the largest emergency relief packages in American history and seeks to alleviate some of the worst effects of the swift economic downturn currently underway as a result of the coronavirus (COVID-19) pandemic.

The legislation covers an array of programs, including direct payments to Americans, an aggressive expansion of unemployment insurance, billions of dollars in aid to large and small businesses, and a new wave of significant funding for the health response and related industries.

Incorporated in this legislation is also emergency financial aid resources for our students, direct support for universities because of disruption of campus operations, and additional relief for Pell grant recipients and individuals receiving loans.

HIGHER EDUCATION

The CARES Act provides immediate relief for our **students on Pell Grants and individuals with student loans:**

- Halting all student loan payments for six months and pausing interest accrual on those loans during that time.
- Suspension of involuntary collections during this six-month period, including wage garnishment, reductions on tax refunds, and reductions of any other federal benefits including Social Security payments.
- Each month during this span would still count toward a qualifying payment toward an authorized loan forgiveness program.
- Pell Grant recipients would not be required to repay the federal government if they had to leave school because of the crisis.
- Any disrupted academic terms would also not count toward the lifetime limit on receiving Pell.
- Allows payments to work-study students if they were unable to fulfill their work-study obligation for all or part of the academic year.
- For students who dropped out of school as a result of COVID-19, the student's grades do not affect a student's federal academic requirements to continue to receive Pell Grants or student loans.
- For teachers who could not finish their year of teaching service as a result of COVID-19, their partial year of service shall be counted as a full year of service toward TEACH grant obligations or teacher loan forgiveness and waives a requirement that teachers must serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility.
- Employer-provided education assistance provided prior to January 1, 2021 to be a tax-free benefit.

The bill also includes a **\$30 billion** for an **Education Stabilization Fund**, which includes a **Higher Education Stabilization Fund** of **\$14.25B** to be distributed based on a formula which weighs, among other metrics, the relative share of full-time equivalent enrollment of Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency.

- Institutions would have to spend 50% of their allocation for emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, healthcare, and childcare).
- Universities using these funds may use the funds received to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, 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.
- Universities must also "to the greatest extent practicable, continue to pay their employees and contractors during the period of any disruptions or closures related to coronavirus".

Governors in each state will also receive a share of **\$3 billion** to allocate at their discretion

Historically Black Colleges and Universities (HBCU's) and **Hispanic-Serving Universities (H-Sis)** would also qualify for an additional \$998M in grant funding.

Additionally,

- The bill calls for states to maintain funding for higher education (at an average of the last 3 years), although states could seek a waiver from the Secretary of Education if they are in financial crisis.

EDUCATIONAL REGULATORY FLEXIBILITY

The CARES Act would provide regulatory flexibilities important to the higher education community, including:

- Flexibility to transfer funds from the Federal Work Study (FWS) program to the Supplemental Educational Opportunity Grant (SEOG) program (but not from SEOG to FWS),
- Ability to use excess SEOG funds for emergency grant aid,
- Ability to disburse FWS dollars to students who are not working,
- prevent student withdrawal from courses due to an emergency from impacting federal loan limits or Pell eligibility,
- Waiving the institutional matching requirement for campus-based aid programs,
- Waives the requirement that institutions calculate the amount of grant or loan assistance that the institution must return to the Secretary in the case of students who dropped out of school as a result of COVID-19, and
- Permits foreign institutions to offer distance learning to U.S. students receiving title IV funds for the duration of the COVID-19 declaration of disaster.

DIRECT RELIEF FOR OUR EMPLOYEES AND FAMILIES

CARES would provide direct relief for our employees and families and other tax measures:

- Direct payments to lower- and middle-income Americans Payments of as much as \$1,200 for individual taxpayers, and \$500 per child, phased out when incomes exceed \$75,000 for individuals and \$150,000 for couples filing jointly.
- Expansion of unemployment benefits, extending unemployment insurance by 13 weeks and an increase by \$600 per person per week onto the base maximum unemployment benefit.

STATE STABILIZATION FUNDS

CARES creates a **\$150B** block grant program to states to support fiscal stabilization and for expenditures incurred and considering revenue declines, allocated by population proportions, with a minimum of \$1.25 billion for states with relatively small populations.

Additionally:

- **Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations:**
 - Provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.
 - Provides funding to pay the cost of the first week of unemployment benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead.

HEALTHCARE AND EMERGENCY RESPONSE

Department of Health and Human Services \$140.4B

Assistant Secretary for Preparedness and Response (ASPR) - \$27 B

- **\$100 billion** for a new program to provide direct aid to health care institutions on the front line—hospitals, public entities, not-for profit entities, and Medicare and Medicaid enrolled suppliers and institutional providers
- **\$16 billion** to replenish the **Strategic National Stockpile** (supplies)
- **\$3.5 billion** to expand the production of **vaccines**, therapeutics, and diagnostics to help combat this pandemic
- **\$250 million** to expand the **Hospital Preparedness Program's** support of emergency preparedness, including regional, state, and local special pathogens treatment centers, and hospital preparedness cooperative agreements
- **\$4.3 billion** to support **federal, state, and local public health agencies**, including for the purchase of personal protective equipment, laboratory testing to detect positive cases, infection control and mitigation at the local level to prevent the spread of the virus.

Centers for Disease Control and Prevention \$4.3B

- \$1.5B – State and Local Preparedness Grants
- \$500M– Global Health Security
- \$500M– Public Health Data Surveillance and Infrastructure Modernization
- \$300M– Infectious Diseases Rapid Response Reserve Fund

Administration for Children and Families

- Child Care and Development Block Grant: **\$3.5 billion** to support grants to states for immediate assistance to support child care for families, including for health care workers, first responders, and others playing critical roles during this crisis without regard to typical income eligibility requirements.

Aging and Disability Services Program \$955M

Department of Veterans Affairs: \$19.6B

- \$14.4 billion to support increased demand for medical services
- \$2.2 billion for telework, telehealth and other information technology needs
- \$2.1 billion for medical community care at non-VA facilities
- \$590 million in dedicated funding to treat vulnerable veterans, including homeless veterans and those in VA-run nursing homes

Department of Homeland Security: \$45.9B

- **\$178M** Which shall be for the purchase of personal protective equipment and sanitization materials and respond to coronavirus, domestically or internationally.

FEMA \$44.9M

Disaster Relief Fund \$45B

Cybersecurity and Infrastructure Security Agency: \$9.1M

HEALTH RESEARCH

National Institutes of Health: \$945M

To prevent, prepare for, and respond to coronavirus, domestically or internationally:

- National Institute of Allergy and Infectious Diseases (Dr. Fauci) \$706M
- National Heart, Lung, and Blood Institute \$103M
- National Institute of Biomedical Imaging and Bioengineering \$60M
- National Library of Medicine \$10M
- National Center for Advancing Translational Sciences \$36M
- Office of the Director Common Fund \$30M

National Science Foundation \$75M

To prevent, prepare for, and respond to coronavirus, domestically or internationally, including to fund research grants and other necessary expenses, including to support the agency's ongoing RAPID grant response focused on near real-time research at the cellular, physiological, and ecological levels.

HEALTH WORKFORCE AND TELEHEALTH

The legislation reauthorizes Title VII and Title VIII of the Public Health Service Act, which includes various health professions and nursing workforce development programs, including the:

- Health Professions Training for Diversity program
- Nursing Workforce Development program
- Creates the **Geriatrics Workforce Enhancement Program** to support the training of health professionals in geriatrics, including traineeships or fellowships.

Telehealth network and telehealth resource centers grant programs:

Reauthorizes Health Resources and Services Administration (HRSA) grant programs that promote the use of telehealth technologies for health care delivery, education, and health information services.

Additionally:

- Provides for Limitation of Liability for volunteer health care professionals during the COVID-19 health care emergency.

OTHER FEDERAL AGENCIES

Small Business Administration

Authorizes SBA to provide additional financial awards to resource partners (Small Business Development Centers and Women's Business Centers) to provide counseling, training, and education on SBA resources and business resiliency to small business owners affected by COVID-19.

- **\$240M** for small business development centers and women's business centers for technical assistance for businesses
- **\$10B** for emergency Economic Injury Disaster Loan grants,

Department of Labor

- Dislocated Worker National Reserve **\$345M** for states and communities to respond to the workforce impacts and layoffs resulting from the coronavirus.

Department of Defense: \$10.5B

to expand health care facilities, deal with supply chain disruptions and purchase equipment, among other things

- Defense Production Act **\$1B**
- Defense Health Program
 - Medical Care and Countermeasures **3.8B**
 - Military Healthcare Direct Care Capacity **\$1.6B**
 - Diagnostics **\$415M** research, development, test, and evaluation, to prevent, prepare for, and respond to coronavirus, domestically or internationally

Department of Energy

- Office of Science **\$99.5M**

Department of Commerce

National Institute of Standards and Technology

- **\$50M** for the Hollings Manufacturing Extension Partnership to help small and medium sized manufacturers
- **\$10M** for Manufacturing USA to focus on domestic biopharmaceutical manufacturing, among other allocations.

National Oceanic and Atmospheric Administration (NOAA): \$20M

National Aeronautics and Space Administration (NASA): \$60M

Environmental Protection Agency: \$2.25M

- \$1.M shall be for research on methods to reduce the risks from environmental transmission of coronavirus via contaminated surfaces or materials

STATE DEPARTMENT AND RELATED AGENCIES

- **USAID: \$95M**
- **International Disaster Assistance: \$258M**

BUSINESS OPERATIONS AND CHARITABLE CONTRIBUTIONS

- The CARES Act **does not** expand the paid leave tax credit created in the second supplemental spending bill to cover public universities. The Higher Education community expects to pursue this fix in a future supplemental.
- The CARES Act defers payments of employer payroll taxes through January 1, 2021—employers are required to pay 50 percent of the amount due by December 31, 2021, and the remaining 50 percent by December 31, 2022.
- Permits individuals to deduct up to \$300 of charitable contributions, whether they itemize or not.
- Increases the limitations on deductions for charitable contributions by individuals and corporations. For individuals, the 50 percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income.