

## SUMMARY OF HIGHER EDUCATION PROVISIONS IN H.R. 748, THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

### Education Stabilization Fund

- \$30.75 billion total, less 2 percent for Indian Education, grants to governors in impacted areas and administrative expenses; or \$30.135 billion, divided into three pools.

#### **Sec. 18002. Governors (9.8 percent, or \$2.953 billion)**

- Allocated to states on basis of 60 percent of population ages 5-24 and 40 percent on population of children counted under ESEA.
- Funds are not restricted to public insts. within the state.
- Imposes an MOE on participating states that ties funding for the governors' pool and the K-12 pool to an average of the past three years spending on K-12 and higher education for FYs 20-21.
- MOE doesn't cover capital projects, R&D and tuition revenue.
- The Secretary may waive the MOE requirement for "states that have experienced a precipitous decline in financial resources."

#### **Sec. 18003. K-12 (43.9 percent, or \$13.229 billion)**

#### **Sec. 18004. Higher Education (46.3 percent, or \$13.953 billion)**

- Allocates 90 percent (\$12.558 billion) directly to institutions through the Title IV distribution system.
  - Institutional amounts are calculated using 75 percent of full-time equivalent enrollment of Pell students at an institution and 25 percent of the institutional award is calculated using full-time equivalent enrollment of non-Pell students.
  - Students who were exclusively online are removed from the calculation.
  - At least 50 percent of funds (or \$6.279 billion) awarded to institutions must be used to provide direct emergency aid to students, including "grants to students for food, housing, course materials, technology, health care, and childcare."
  - The bill defines the funds in this section as provided "to each institution of higher education to prevent, prepare for, and respond to coronavirus."
  - Recipients of funds must retain current employees to the "maximum extent practicable."
- Reserves 7.5 percent (\$1.047 billion) for minority-serving institutions.
- Reserves 2.5 percent (\$349 million) for grants to institutions particularly impacted by coronavirus, to be administered through FIPSE.
  - Priority for these grants goes to smaller institutions who received less than \$500,000 under the formula and MSI grants and still have significant unmet need.

## **Regulatory Flexibility**

**Sec. 3503. Campus-based aid waivers** – Waives the requirements that institutions match federal funds and waives the limits on transferring funds between programs in the SEOG and FWS.

**Sec. 3504. Use of supplemental educational opportunity grants for emergency aid** – Allows institutions broad flexibility to disburse SEOG funding as emergency grant aid to students.

**Sec. 3505. Federal work-study during a qualifying emergency** – Allows institutions to make FWS payments for students for a period of up to one year, even if the student is unable to perform the required work due to campus closures.

**Sec. 3506. Adjustment of subsidized loan usage limits** – Excludes loans borrowed from counting towards annual or cumulative limits if a borrower is unable to complete the term due to a qualifying emergency.

**Sec. 3507. Exclusion from Federal Pell Grant duration limit** – Excludes Pell Grants awarded from counting towards annual or cumulative limits if a Pell recipient is unable to complete the term due to a qualifying emergency.

**Sec. 3508. Institutional refunds and Federal student loan flexibility** – suspends an institution's obligation to return Title IV funds if a student withdraws during a payment period due to a qualifying emergency. Suspends a student's obligation to return Title IV aid they have received if they withdraw during a payment period due to a qualifying emergency. Relieves borrowers of the obligation to repay loans that were taken out if they withdraw due to a qualifying emergency during the payment period those loans were borrowed for. Allows for institutions to allow students to take a leave of absence without needing to return in the same semester.

**Sec. 3509. Satisfactory academic progress** – Allows institutions to exclude attempted credits that were not completed as a result of a qualifying emergency in the calculation of a student's SAP. Schools are still required to use the grade-point average (GPA) element of the SAP calculation.

**Sec. 3510. Continuing education at affected foreign institutions** – Allows for otherwise eligible programs at foreign institutions to be eligible for Title IV aid for distance education.

**Sec. 3512. HBCU Capital financing** – Requires the Secretary to make principal and interest payments on these loans during a deferment period in which the institutions are not obligated to make any payments.

**Sec. 3513. Temporary relief for federal student loan borrowers** – Suspends borrowers' obligation to make payments on their federal Direct Loans through September 2020; suspends interest on the payments; counts the suspended payments towards payment requirements for forgiveness provisions; suspends garnishment of wages, Social Security and tax refunds, among other measures, for borrowers in default during this period.

**Sec. 3517. Waiver authority and reporting requirement for institutional aid** - Authorizes the Secretary to waive certain statutory provisions regarding the distribution and uses of grant funding for minority-serving institutions, including graduate programs at HBCUs.

**Sec. 3518. Authorized uses and other modifications for grants** – Allows the Secretary to waive requirements regarding the allowable uses of grant funding and requirements on matching grants at the request of the institution.

**Sec. 3519. Service obligations for teachers** – Modifies the category of extenuating circumstances for the purposes of calculating a TEACH Grant recipient's service obligation to include a qualifying emergency. Includes part-time or semester interrupted by a qualifying emergency towards a TEACH Grant recipient's service obligation. Ensures that semesters of service interrupted by a qualifying emergency count towards consecutive years of service.

## Tax Provisions

Delayed payment of payroll taxes:

- Employers, including public and private nonprofit institutions, are permitted to delay payment of FICA payroll taxes until Jan. 1, 2021. Employers who choose to delay payment of payroll taxes will have to repay 50 percent by Dec. 31, 2021, and the remaining 50 percent by Dec. 31, 2022.

Encourage More Charitable Giving:

- Temporary Universal charitable tax deduction. A temporary universal charitable tax deduction for donations of up to \$300 per individual not itemizing his/her taxes.
- Temporary suspension of charitable contribution limits. The charitable tax deduction claimed by a taxpayer each tax year is generally limited to no more than 50 percent of the taxpayer's adjusted gross income (AGI), unless a taxpayer gives only cash, in which case the limit increases to 60 percent of AGI. The bill will temporarily suspend the limitation for cash contributions in 2020 for which a taxpayer claims the charitable tax deduction.

### **Sec. 127 – Expansion of Employer Provided Education Assistance to Student Loan Forgiveness:**

- Sec. 127 employer provided education assistance expanded to include student loan repayment up to \$5,250 per year made by an employer to the employee or to a lender of principal or interest on any qualified education loan as a tax-free benefit. To qualify, payments must be made before Jan 1, 2021

### **Employee Retention Credit for Employers Subject to Closure Due to COVID-19:**

- The bill creates a refundable payroll tax credit of up to \$5,000 for wages paid by employers to employees during the COVID-19 crisis. Employers whose operations were “fully or partially” suspended due to government orders related to COVID-19 are eligible for the credit. At this time, it appears that student workers will not be covered employees because the credit is linked to payment of payroll (FICA) taxes which students are exempt from paying under the student FICA exemption.
- The credit is available to private nonprofit colleges and universities and to their related entities if they are organized as 501(c)(3)s. We believe this would include a range of organizations such as university foundations, research institutions, alumni organizations, university presses, etc. Employers that receive an Emergency Small Business Loan (SBA section 7(a)) are not eligible to receive the credit. Unfortunately, it appears that public institutions—if they or their related entities are deemed arms or subsidiaries of a state government—are ineligible.
- The bill does not define “partial” suspension. We think a reasonable interpretation of the provision would be that it applies to employees of offices, services or facilities (e.g., dining, dorms, athletic facilities) that have been “fully or partially” suspended would be covered but it would likely not cover for instance the faculty member who continues to teach on an online platform.

### **Scientific Research Funding**

- National Science Foundation: \$75 million to respond to the COVID-19
- NASA: \$60 million to respond to COVID-19
- Department of Energy Office of Science: \$99.5 million to respond to COVID-19 and provide “support and access to scientific user facilities.” This is being included so researchers can use DOE’s supercomputers.
- National Institutes of Health (scattered among various institutes within NIH)
  - . NHLBI: \$103.4 million
  - . NIAID: \$706 million
  - . NIBIB: \$60 million
  - . National Library of Medicine: \$10 million
  - . NCTAS: \$36 million
  - . Office of the Director: \$30 million
  - . Total NIH: \$945 million

### **Cultural Agencies Funding**

- Provided to states and through direct grants.
- National Endowment for the Arts: \$75 million
- National Endowment for the Humanities: \$75 million
- Institute of Museum and Library Services: \$50 million