



The Southern Education Foundation's Coronavirus Aid, Relief and Economic Security (CARES) Act Summary

On Friday March 27, 2020 Congress passed a comprehensive \$2-trillion Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package to address the widespread Covid-19 health pandemic. This is the third coronavirus measure to help support Americans during this global epidemic. The bill includes over \$30 billion in emergency education relief funding to help students, schools, districts, and colleges deal with Covid-19's ravaging impact on the education system. Below is a summary of equity-related provisions and the potential impact for Black and low-income students in the South. *It is also important to note that there may be other programs included in the bill that may support education programs. We will update our summary as necessary after a deeper analysis of the legislation.

Appropriations

- The Department of Education will receive an **Education Stabilization Fund of \$30.75 billion**. It includes:
 - **\$3.01 billion** for Emergency Education Relief Fund grants to the Governor of each state with an approved application. These allocations will be determined by the relative number of school- and college-aged students within the state, and may be used to provide:
 - Additional grants to school districts and state agencies with support for additional ongoing educational services.
 - Emergency support through grants for institutions of higher education within the state with the highest level of need.
 - Support to other higher education institutions, school districts or education-related entities that will need to provide emergency services, childcare or early education, social and emotional support, and other education-related services.
 - **\$13.5 billion** for Elementary and Secondary School Emergency Relief Fund – States will have to apply to receive these grants within 30 days of the bill's passage. These funds will be distributed to states in accordance with Title I allocation guidelines.
 - LEAs will receive over 90 percent of the state's grants to coordinate responses to COVID-19, provide principals and school leaders resources to address the needs of their schools, **activities to address the needs of student subgroups including students of color and low-income students**, addressing the needs of low-income students by planning for online learning during the summer months and purchasing educational technology and supplemental learning activities for students, providing mental health and student supports, sanitizing schools and providing for emergency preparedness, and other activities necessary to maintain the continuity of services.

- **\$14.24 billion** for the Higher Education Emergency Relief Fund - 90 percent of the funds under this section will go to each institution of higher education, including Historically Black Colleges and Universities (HBCUs) to respond to COVID-19. The majority (75%) of funding allocation will be determined by the relative share of Pell grant recipients, and 25% of allocation will be determined by the share of students who are not Pell grant recipients.
 - The funding can be used for: lost revenue, reimbursement for lost expenses, technology costs associated with a transition to distance learning, faculty and staff trainings and payroll, and costs of attendance including food, housing, course materials, technology, healthcare, and childcare.
 - **\$1.046 billion** of this funding will go specifically go to HBCUs and Minority-Serving Institutions (MSIs) to address the above needs and other emergency needs associated with the COVID-19 pandemic.

K-12 Accountability

- The bill creates an expedited application process for state education agencies to waive testing and accountability requirements. The bill also grants the Secretary of Education broad authority to issue additional waivers. Testing waivers will also apply to charter schools.
- The bill allows the Secretary of Education to waive regulatory and statutory requirements for state education agencies and LEAs.
 - Limitation: This broad authority does **not** grant the Secretary to waive any regulatory requirements under applicable civil rights laws.
- Schools identified for targeted and comprehensive support and improvement under ESSA will continue to receive the necessary supports in the 2020-2021 school year.

Higher Education

- The bill allows the use of the federal Supplemental Educational Opportunity Grants (SEOG) for emergency aid. This is intended for undergraduate and graduate students who rely on financial aid but are experiencing economic hardship due to the pandemic. A qualifying student can receive emergency funds that are not more than the maximum Pell grant amount.
- The bill contains a provision that enables institutions to continue to pay federal Work-Study students for the period of time that they are out of work due to the COVID-19 pandemic.
- The bill excludes any semester or term a student is unable to attend classes from the federal Pell Grant duration limit.
- The bill cancels federal student loan obligation until October 1st for a student who withdraws from the institution due to the pandemic.
- Suspension of payments on all federal loans, including interest, until October 1st.
 - Under this period, suspended monthly payments will count towards official payments to any federal loan forgiveness programs, such as the Public Service Loan Forgiveness program.
- The Secretary of Education also has the authority to suspend payments for students in default during this pandemic.
 - Protects student borrowers from any involuntary collections, wage garnishments, reduction of tax refund, or reduction of federal benefit payment during the COVID-19 public health crisis

- TEACH Grant and Teacher Loan Forgiveness programs are modified to allow exemptions during qualifying emergencies, like COVID-19, if the educator is unable to fulfill their teaching service obligation (TEACH) or consecutive years of teaching service (TLF). Other part-time and temporary teaching roles can be counted towards TEACH grant requirements.
- The bill includes a new tax provision that will allow a company to pay up to \$5,250 annually of an employee's student loan payments without the payment being counted toward employee income.

HBCU Capital Financing

- HBCUs that received federal assistance under this section may be granted a deferment to repay capital financing loans. Institutions will not be required to pay periodic installments of principal or interest.
- The deferment will end when the COVID-19 pandemic ends, and institutions will be required to begin repayment of both principal and interest at this point.
- The bill appropriates \$62 million to be able to carry out this section though this is a cap and limits deferment capability.

Other Relevant Appropriation

- Howard University – receives \$13 million to help defray costs associated with the coronavirus
- Safe Schools and Citizenship Education - receives an additional \$100 million to prevent, prepare for, and respond to the coronavirus
- Institute of Museum and Library Services – receives \$50 million to expand digital services for students and families as they deal with the coronavirus

What is Not in the Bill

- Dedicated funds for the Homework gap, e.g. the E-rate for schools to get Wi-Fi hotspots to students.
 - While the \$13.5 million Education Stabilization Fund for K-12 includes purchasing education technology (hardware, software and connectivity) as an allowable use, there is not a dedicated fund to ensure the homework gap is addressed
- Department of Agriculture Rural Development bill provides \$25 million to support the Distance Learning and Telemedicine program.
 - Related, but not immediately helpful for the homework gap is a \$100 million provided to the ReConnect program to ensure rural Americans have access to broadband.

If you have any questions about the content or potential impact the CARES Act will have on students in the South, do not hesitate to reach out to Fred Jones or Sujith Cherukumilli at fjones@southerneducation.org and scherukumilli@southerneducation.org.