

# The Coronavirus Aid, Relief, and Economic Security (CARES) Act (S. 3548)

## OVERVIEW

Congress has passed three coronavirus relief bills: the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 ([H.R.6074](#)), the Families First Coronavirus Response Act ([H.R.6201](#)), and the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([S. 3548](#)).

The CARES Act is the largest stimulus bill in U.S. history — totaling roughly \$2 trillion dollars — and includes \$30.75 billion for educational purposes. The bill includes the following education provisions:

### State Stabilization Fund for K-12 and Higher Education

The bill creates a \$30.75 billion state stabilization fund for K-12 and higher education.

- \$13.5 billion of this fund must be used for K-12.
  - Distribution to States: K-12 funds will be distributed to states using the Every Student Success Act's (ESSA) Title I formula.
  - Distribution to Districts: Once states receive the money, they must distribute at least 90% of those funds to districts based on how much the district receives from Title I of ESSA.
  - Uses of Funds: Funding can be used to plan for long-term closures, sanitize schools, purchase educational technology, provide mental health supports, as well as other activities authorized by ESSA, the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2018, and the McKinney-Vento Homeless Assistance Act.
- \$14.25 billion is automatically allocated specifically for higher education, to be distributed based on the total student population and Pell student population in states and institutions of higher education (IHEs).
  - Roughly \$1 billion of the fund is earmarked for HBCUs and MSIs.
- Additionally, governors will be issued \$3 billion that they can use at their discretion for either K-12 or higher education.

### Preschool, Elementary and Secondary Education

#### Increased Federal Waiver Authority

Though the Elementary and Secondary Education Act (ESEA) already provides waiver authority, the final legislation provides explicit waiver authority for the following specific provisions in the law. **States must still apply for waivers of the following provisions and publicly post waiver requests; the Education Secretary must approve or deny the request within 30 days.**

- Annual assessments and accountability, and associated reporting under ESEA sections 1111(b)(2)-(3), 1111(c), 1111(d) and related provisions of 1111(h)
  - States do not have to administer annual assessments, as normally required under ESEA.
  - States will not have to release new accountability ratings based on data from 2019 – 2020 and will “freeze” accountability designations for 2020 – 2021.
  - States will still need to release report cards, but will not have to include data related to assessments or accountability.
- Limited funding requirements under ESEA sections 1114(a)(1); section 1118(a) and section 8521; section 1127; GEPA section 421(b)
  - Schoolwide program eligibility: With a waiver, Title I schools where less than 40% of students are classified as “low income” can implement a schoolwide Title I program (instead of a targeted program).

- Maintenance of Effort (MOE): With a waiver, states and districts could continue to receive federal funding, even if total spending on students decreased from the prior year.
- 15% limitation on carryover funds: With a waiver, local education agencies (LEAs) can carry over more than 15% of their Title I, Part A funds.
- Title IV: Student Support and Academic Enrichment Grants under ESEA sections 4106 (d); subparagraphs (C), (D), and (E) of section 4106(e)(2); and section 4109(b)
  - Removes requirement for a needs assessment before using Title IV funds.
  - Removes requirements that schools spend a specific percentage of funding on specific categories, including a well-rounded education and safe and healthy students.
  - Removes 15% limit on technology purchases.
- Definition of professional development under ESEA section 8101(42)
  - Removes requirement that schools use funding for professional development that meets ESSA definition.

### **Possible Additional Federal Waiver Authority**

- The final legislation requires the Education Secretary to submit a report, within 30 days, to the Senate Health, Education, Labor, and Pensions (HELP) Committee that provides recommendations on additional waivers that may be necessary to provide flexibility to states and school districts to meet the needs of students during this emergency.
- It specifically requires the secretary to consider recommendations related to these federal laws:
  - IDEA; The Rehabilitation Act of 1973; ESEA; and/or Carl D. Perkins Career and Technical Education Act of 2018

### **Support for Specific Programs and Populations**

- Head Start: Provides \$750 million to states to fund Head Start programs.
- Child Care: Provides \$3.5 billion for Child Care and Development Block Grant (CCDBG).
- Community Service Block Grant: Provides \$1 billion.
- Runaway and homeless youth: Provides \$25 million to states to support runaway and homeless youth.
- Homeless Assistance Grants: Provides \$4 billion.
- Pandemic EBT: A prior coronavirus response bill (H.R. 6201) provides families with an electronic benefits transfer (EBT) card with the value of a free or reduced-price lunch (FRPL) reimbursement. In order to receive the benefits, families must have at least one FRPL-eligible child who attends a school that has been closed for at least five consecutive days. (States must apply to participate in Pandemic EBT).

## **Higher Education**

### **Support for Student Loan Borrowers**

- Suspends nearly all federal loan payments until September 30, interest free.
- Halts involuntary collection and wage garnishments, and suspended payments still count toward loan forgiveness in Public Service Loan Forgiveness (PSLF)/income-based repayment (IBR)/rehabilitation.
- No broad loan forgiveness in this bill.

### **Statutory Authorizations for Higher Education Act (HEA) Waivers**

- Allows schools to use Federal Work-Study and Federal Educational Opportunity Grant (FSEOG) money as emergency aid.
- Ensures ongoing Pell Grant eligibility and overall access to federal financial aid.