

Education and Relief in the CARES Act the Coronavirus Stimulus Package

Rebates and other Individual Provisions

2020 Recovery Rebates for Individuals

All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate. In addition, they are eligible for an additional \$500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits.

For the vast majority of Americans, no action on their part will be required in order to receive a rebate check as IRS will use a taxpayer's 2019 tax return if filed, or in the alternative their 2018 return. This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit. The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.

Special rules for use of retirement funds

Consistent with previous disaster-related relief, the provision waives the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes made on or after January 1, 2020. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions. Further, the provision provides flexibility for loans from certain retirement plans for coronavirus-related relief.

A coronavirus-related distribution is a one made to an individual: (1) who is diagnosed with COVID-19, (2) whose spouse or dependent is diagnosed with COVID-19, or (3) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

Temporary waiver of required minimum distribution rules for certain retirement plans and accounts

The provision waives the required minimum distribution rules for certain defined contribution plans and IRAs for calendar year 2020. This provision provides relief to individuals who would otherwise be required to withdraw funds from such retirement accounts during the economic slowdown due to COVID-19.

Allowance of partial above the line deduction for charitable contributions

The provision encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not.

Modification of limitations on charitable contributions during 2020

The provision increases the limitations on deductions for charitable contributions by individuals who itemize, as well as 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. This provision also increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.

Exclusion for certain employer payments of student loans

The provision enables employers to provide a student loan repayment benefit to employees on a tax-free basis. Under the provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. 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.

Unemployment Insurance Provisions

Pandemic Unemployment Assistance

This section creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations

This section 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.

Emergency Increase in Unemployment Compensation Benefits

This section provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.

Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week

This section 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 of waiting one week before the individual is eligible to receive benefits.

Emergency State Staffing Flexibility

This section provides states with temporary, limited flexibility to hire temporary staff, re-hire former staff, or take other steps to quickly process unemployment claims.

Pandemic Emergency Unemployment Compensation

This section provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.

Temporary Financing of Short-Time Compensation Payments in States with Programs in Law

This section provides funding to support “short-time compensation” programs, where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated unemployment benefit. This provision would pay 100 percent of the costs they incur in providing this short-time compensation through December 31, 2020.

Temporary Financing of Short-Time Compensation Agreements

This section provides funding to support states which begin “short-time compensation” programs. This provision would pay 50 percent of the costs that a state incurs in providing short-time compensation through December 31, 2020.

Grants for Short-Time Compensation Programs

This section provides \$100 million in grants to states that enact “short-time compensation” programs to help them implement and administer these programs.

Assistance and Guidance in Implementing Programs

This section requires the Department of Labor to disseminate model legislative language for states, provide technical assistance, and establish reporting requirements related to “short-time compensation” programs.

Education Provisions

Campus-Based Aid Waivers

Waives the institutional matching requirement for campus-based aid programs. Allows institutions to transfer unused work-study funds to be used for supplemental grants.

Use of Supplemental Educational Opportunity Grants for Emergency Aid

Allows institutions to award additional SEOG funds to students impacted by COVID-19.

Federal work-study during a qualifying emergency

Allows institutions to issue work-study payments to students who are unable to work due to work-place closures as a lump sum or in payments similar to paychecks.

Adjustments of Subsidized Loan Limits

For students who dropped out of school as a result of COVID -19 excludes the term from counting toward lifetime subsidized loan eligibility.

Exclusion from Federal Pell Grant Duration Limit

For students who dropped out of school as a result of COVID -19 excludes the term from counting toward lifetime Pell eligibility.

Institutional Refund and Federal Student Loan Flexibility

For students who dropped out of school as a result of COVID -19, the student is not required to return Pell grants or federal student loans to the Secretary. 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.

Satisfactory Progress

For students who dropped out of school as a result of COVID -19, the student's grades do not effect a student's federal academic requirements to continue to receive Pell Grants or student loans.

Continuing Education at Affected Foreign Institutions

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.

National Emergency Educational Waivers

Provide the Secretary of Education with waiver authority to provide waivers from the Elementary and Secondary Education Act, except civil rights laws, that are necessary and appropriate due to the COVID-19 declaration of disaster.

HBCU Capital Financing Program

Authorizes the Secretary of Education to defer payments on current HBCU Capital Financing loans during the national emergency period so HBCUs can devote financial resources to COVID-19 efforts.

Temporary Relief for Federal Student Loan Borrowers

Requires the Secretary to defer student loan payments, principal, and interest for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans. This provides relief for over 95 percent of student loan borrowers.

. Provisions Related to the Corporation for National and Community Service

Provide participants serving in the National Service Corps programs with the educational award they were due to receive before their duties had been suspended or placed on hold during the COVID-19 declaration of disaster. Extend the age limits and the terms of service to allow individuals serving in national service programs to continue participating in programs after the COVID-19 declaration of disaster ends.

Workforce Response Activities

Provides local workforce boards with additional flexibility to use funds received under the Workforce Innovation and Opportunity Act for administrative costs, including for online

resources. Allows Governors to utilize reserved workforce funds on rapid response activities in response to COVID-19.

Technical Amendments

Makes technical edits to the FUTURE Act to improve implementation and aid student loan borrowers.

Waiver Authority and Reporting Requirements for Institutional Aid

Authorizes the Secretary of Education to waive certain outcome requirements for FY2021 grant programs for HBCU and other Minority Serving Institutions.

Authorized Uses and Other Modifications for Grants

Authorizes the Secretary of Education to waive or modify current allowable uses of funds for institutional grant programs (TRIO/GEARUP/Title III/Title V/and sections of Title VII) so colleges can re-deploy resources and services to COVID-19 efforts. Permits institutions to request waivers from the Secretary of Education for financial matching requirements in competitive grant and other MSI grant programs in the Higher Education Act so colleges can devote institutional resources to COVID-19 efforts.

Service Obligation to Teachers

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. Waives a requirement that teachers must serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility, if a teacher's service is not consecutive as a result of COVID-19.

Emergency Appropriations

Supplemental Nutrition Assistance Program – The bill includes \$15.5 billion in additional funding for SNAP to ensure all Americans, including seniors and children receive the food they need.

Child Nutrition Programs – The bill includes \$8.8 billion in additional funding for Child Nutrition Programs in order to ensure children receive meals while school is not in session.

Department of Education – The bill includes \$30.750 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to coronavirus. With most elementary and secondary schools closed across the nation, states and school districts are facing increased costs as they deal with the safety and health issues related to coronavirus. At the same time, they must continue to help address the basic needs of students and develop plans for providing online learning for all students, including students with disabilities, English language learners and homeless students. In addition, college students facing closed campuses and the transition to distance education are dealing with increased costs and challenges meeting basic needs like housing and food. These flexible funds will be available to help address these needs. They include:

- For **elementary and secondary education**, \$13.5 billion is available for formula-grants to States, which will then distribute 90 percent of funds to local educational agencies to use for coronavirus-response activities, such as planning for and coordinating during long-term school closures; purchasing educational technology to support online learning for all students served by the local educational agency; and additional activities authorized by federal elementary and secondary education laws.
- **Governors** in each state will receive a share of \$3 billion to allocate at their discretion for emergency support grants to local educational agencies that the State educational agency deems have been most significantly impacted by coronavirus. These funds will support the ability of such local educational agencies to continue to provide educational services to their students and to support the on-going operations of the local educational agency; and provide emergency support through grants to institutions of higher education serving students within the State.
- \$14.250 billion will be available for **higher education emergency relief** for institutions of higher education to prevent, prepare for, and respond to coronavirus. Funds may be used to defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education, and grants to students for food, housing, course materials, technology, health care, and child care.

Department of Labor – The bill includes \$360 million for the Department of Labor to invest in programs that provide training and supportive services for dislocated workers, seniors, migrant farmworkers, and homeless veterans. This also includes funding for DOL agencies to ensure new Paid Leave and UI benefits are implemented swiftly and effectively.

Child Care Development Block Grant – The bill supports child care and early education programs by including \$3.5 billion for the Child Care Development Block Grant. This funding will allow child care programs to maintain critical operations, including meeting emergency staffing needs and ensuring first responders and health care workers can access child care while they respond to the pandemic.

Head Start – The bill includes \$750 million for Head Start to meet emergency staffing needs.

Community Services Block Grant (CSBG) – The bill includes \$1 billion for CSBG to help communities address the consequences of increasing unemployment and economic disruption.

Low Income Home Energy Assistance Program (LIHEAP) – The bill includes \$900 million to help lower income households heat and cool their homes.

Family Violence Prevention Services – The bill provides \$45 million to support families during this uncertain time, and to prevent and respond to family and domestic violence, including offering shelter and supportive services to those who need it.

Substance Abuse and Mental Health Services Administration – The bill provides \$425 million for SAMHSA to increase access to mental health services in our communities through Community Behavioral Health Clinics, suicide prevention programs, and emergency response spending that can target support where it is most needed, such as outreach to those experiencing homelessness.

