

## **CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT**

**Prepared by the PSEA Legal Division**

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act is intended to provide relief to individuals, businesses, educational entities, government entities, medical service providers, farmers, and transit agencies from the economic effects of the COVID-19 Pandemic of 2020. The following is a summary of the relief measures contained in the new law.

### **EDUCATION-RELATED MEASURES**

#### **• EDUCATION STABILIZATION FUND**

- Education Stabilization Fund within USDOE will receive \$30.7 billion, which will be divided among three emergency relief funds and available through September 30, 2021:
  - \$3 billion for Governor's Emergency Education Relief Fund, which provides grants that state governors may use to provide emergency support to LEAs and institutions of higher education that have been most significantly affected by COVID-19.
  - \$13.5 billion for Elementary and Secondary Education School Emergency Relief Fund.
    - States receive grants based on their share of ESEA Title I-A funds.
    - States will distribute at least 90% of these funds to LEAs based on their share of Title I-A funds.
    - Remaining funds will be used for emergency needs determined by the SEA.
    - Permitted uses include:
      - Activities authorized by ESEA, IDEA, Adult Education and Family Literacy Act, Perkins Vocational and Technical Education Act, and McKinney-Vento Homeless Assistance Act.
      - Efforts to prevent, prepare for, and respond to COVID-19.
      - Resources for principals and school leaders to respond to the needs of their individual schools.
      - Activities and service delivery to address the unique needs of students who are low-income, English learners, racial or ethnic

minorities, or homeless, or who have disabilities or are in foster care.

- Training and professional development on sanitation and minimization of the spread of infectious disease.
- Supplies to clean and sanitize LEAs.
- Providing meals and technology for online learning, including guidance on meeting IDEA requirements.
- Education technology including hardware, software, and connectivity.
- Mental health services.
- Planning of summer learning, afterschool, or online learning during the summer months.
- Protection of educator jobs.
- USDOE must publish grant applications within 30 days of passage of the CARES Act.
- USDOE must review state applications within 30 days of receipt.
- USDOE may waive MOE for these funds if states have “experienced a precipitous decline in financial resources.”
  - NEA will advocate for enforcement of MOE in future relief packages.
- 15% limit on use of Title IV-A funds to purchase technology infrastructure has been lifted.
- K-12 funds may be used to purchase technology for students without home Internet access.
- \$14.25 billion for Higher Education Emergency Relief Fund.
  - 90% must be distributed to institutions of higher education to prevent, prepare for, and respond to COVID-19 and related expenses, such as lost revenue, technology costs associated with the transition to distance education, and grants to students, through the Title IV distribution system:
    - Institutional amounts are calculated as follows:
      - 75% based on full-time equivalent (FTE) enrollment of IHEs Pell Grant-eligible students.
      - 25% based on FTE of non-Pell Grant-eligible students.
      - Exclusively online students are removed from the calculation.
    - At least 50% of the funds awarded to IHEs must be used for direct emergency grants to students for food, housing, course materials, technology, health care, and childcare.
    - IHEs receiving funds must retain current employees to the “maximum extent practicable.”
  - 7.5% is reserved for Historically Black Colleges and Universities and Minority-Serving Institutions (MSIs).
  - 2.5% is reserved for grants to institutions particularly impacted by COVID-19, to be administered through the Fund for the Improvement

of Postsecondary Education (FIPSE), with priority to smaller institutions that received less than \$500,000 under the formula and MIS grants and still have significant unmet need.

- Community colleges may receive funds, but probably won't receive a significant amount because 75% of the apportionment is based on Pell Grant recipient enrollment, which will be low because community college students often don't complete the FAFSA that would make them Pell Grant-eligible.
- 0.5% is reserved for the Bureau of Indian Education (BIE).
- An additional 1% is reserved for competitive grants to states with the highest coronavirus burden.
- To the greatest extent practicable, LEAs, states, IHEs, and any other entities receiving Education Stabilization Fund funding should use such funds to continue paying employees and contractors during the period of any disruptions or closures related to the coronavirus.
- **STUDENT LOAN RELIEF**
  - Temporary relief for borrowers:
    - Federal student loan payments and interest accrual are suspended through September 30, 2020.
      - The borrower is not required to make monthly student loan payments during the suspension. The borrower's credit history will not be damaged, and the borrower's principal balance will remain the same.
        - Payments made during this period will be applied toward principal and previously accrued interest, but new interest will not accrue during the suspension.
      - No opt-in is necessary; suspension took effect automatically.
      - Applies to Federal Family Education Loans, Federal Direct Loans, and Federal Perkins Loans, if owned by USDOE and not by an IHE.
      - Federal loans not owned by USDOE may be suspended at the option of the lender or IHE, or the lender may consolidate the loans into a Direct Consolidation Loan that would be eligible for the suspension, possibly at a higher interest rate or with capitalized interest.
      - CARES Act suspension does not apply to private student loans at all.
      - Beginning on August 1, borrowers will receive electronic, phone, or mail notice to inform them that regular payments and interest accrual will resume after September 30.
    - Payments that are made or not made during the suspension will not count toward the 120 on-time payments required for a borrower to achieve Public Service Loan Forgiveness (PSLF).
    - Student borrowers are protected from any involuntary collections, wage garnishments, or reductions of tax refunds or federal benefit payments during the crisis.

- Borrowers receive notice of the program and by August 1 will receive at least six notices by mail, telephone, or electronic communication of the end of the suspension and options to enroll in federal income-driven repayment plans.
- Employer participation in student loan payment:
  - Employers may provide employees with up to \$5,250 annually in student loan repayment benefits, as well as tuition and textbook assistance, a tax-free basis.
  - Applies to student loan payments made by an employer after the effective date of the CARES Act and before January 1, 2021.
- TEACH Grants and Teacher Loan Forgiveness (TLF):
  - TEACH Grant and TLF programs will allow exemptions if an educator cannot fulfil a teaching service obligation (for TEACH Grant) or consecutive years of teaching service (for TLF).
  - A partial year of service will be counted as a full year of service toward TEACH Grant obligations and Teacher Loan Forgiveness.
  - CARES Act waives requirement that teachers must serve consecutive years of service for TLF eligibility, if a teacher's service is not consecutive due to COVID-19.
- **ESSA WAIVERS**
  - On March 20, 2020, USDOE gave all states flexibility regarding assessment and accountability requirements under the Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act (ESSA).
  - The CARES Act clarified USDOE's authority to grant waivers under ESEA and ESSA as follows:
    - The Secretary of Education may waive any statutory or regulatory requirement for an SEA, Indian tribe, or LEA related to assessments, accountability, and reporting requirements for assessment and accountability.
    - SEAs may request waivers that would allow SEAs to cancel statewide assessments for the 2019-2020 school year; suspend annual meaningful differentiation and identification of schools for Comprehensive Support and Improvement (CSI), Targeted Support and Improvement (TSI), and Additional Targeted Support and Improvement (ATSI) based on data from 2019-2020; suspend state report card provisions; and halt the implementation of interventions based on failure to meet exit criteria or progress goals as outlined in state plans.
    - SEAs and LEAs requesting waivers must notify stakeholders by publishing their requests and providing an opportunity for public comment.
  - More specifically, the following may be waived:
    - Statewide assessments required by ESSA.
    - Statewide accountability systems, including reporting on all students and student subgroups on statewide assessments and indicators (including opportunity indicators).

- Identification of schools for CSI, TSI, and ATSI, and identification of consistently underperforming schools with struggling subgroups.
- Resource allocation reviews and identification of resource inequities required for schools identified for ATSI and districts with high numbers of CSI and TSI schools.
- School report card data pertaining to, among other things, English learners' progress toward proficiency, opportunity indicators, progress of all students and student subgroups toward meeting state-identified long-term goals, and students assessed and not assessed.
- The following may not be waived:
  - Requirement to publish and provide an opportunity for public comment on all state-requested waivers.
  - Requirement to report on student discipline, educator qualifications, and other data required for Office of Civil Rights data collection.
  - Graduation rate data for school report cards and identification of schools with low graduation rates.
  - Application of funds and resources originally designated for the benefit of a particular student subgroup to a different student subgroup.
  - Assessments, accountability systems, and comparison of district and school results to statewide assessment results in states that did not secure waivers based on their inability to administer assessments or comply with ESSA reporting requirements.
  - Requirements under the Individuals with Disabilities Education Act.

### **MEALS AND NUTRITION ASSISTANCE**

- **SCHOOL MEALS, SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP), AND FOOD SECURITY MEASURES**
  - Child Nutrition Programs and SNAP:
    - Provides \$8.8 billion in additional support for child nutrition programs to fund the school meals provisions from the Families First Coronavirus Response Act (FFCRA).
    - Provides flexibility to ensure children receive meals while out of school.
    - Provides \$15.5 billion in additional support to fund the SNAP provisions in the FFCRA, including projected increases in SNAP enrollments due to business closures and job losses, such as:
      - Emergency SNAP assistance for families with children who would have received free or reduced-price school meals if the COVID-19 emergency had not closed their schools.
      - Nationwide school meal waivers from the Department of Agriculture that eliminate paperwork and increase schools' flexibility.
      - Permission for child and adult care centers to operate as feeding sites.

- Waiver of meal pattern requirements (i.e., required components of a meal) if COVID-19 disrupts food supply.
- Suspension of the time limit for participation in SNAP from April 1, 2020 until one month after the Secretary of Health and Human Services has lifted the health emergency declaration.
- Allocation of \$500 million to the Women, Infants, and Children (WIC) program to provide nutritious foods to low-income pregnant women and mothers with young children if the women lose their jobs due to COVID-19.
- Emergency Food Assistance Program (TEFAP):
  - Provides \$450 million in assistance for community food banks.
- Nutrition Assistance to Puerto Rico and the Territories:
  - Provides \$200 million to Puerto Rico and the territories for food assistance during the COVID-19 crisis.
- Food Distribution Program on Indian Reservations:
  - Provides \$100 million to provide food to tribal communities and ensure facilities have the equipment and capacity to meet increased demand.

### **FINANCIAL ASSISTANCE TO INDIVIDUALS**

#### **• TAX REBATE PAYMENTS**

- Provides one-time tax rebate payments to individuals and families who have (i) a valid social security number, and (ii) an adjusted gross income up to the following limits:
  - Single taxpayers earning up to \$75,000.
  - Heads of households earning up to \$112,500.
  - Joint filers earning up to \$150,000.
- Rebate payments will be in the following amounts:
  - Single filers: \$1,200, plus \$500 for each child under age 17.
  - Joint filers: \$2,400, plus \$500 for each child under age 17.
- Rebate payments will be phased out gradually for those with incomes higher than the amounts stated above, with those earning above the following amounts receiving no rebate payment:
  - Single taxpayers with no children earning more than \$99,999.
  - Heads of households with no children earning more than \$112,500.
  - Joint filers with no children earning more than \$198,000.
- Those who filed a tax return for 2018 or 2019, those who receive Social Security or railroad retirement benefits, and those retired educators who are subject to the Government Pension Offset or Windfall Elimination Provision and are not required to file tax returns should receive payments automatically.
- Rebate payments should be distributed beginning in April.
- Rebate payments will not be considered taxable income to recipients.

- **UNEMPLOYMENT COMPENSATION**

- Federal Pandemic Unemployment Compensation:
  - Provides temporary Federal Pandemic Unemployment Compensation (FPUC) of \$600 per week, through July 31, 2020, for any worker eligible for state or federal unemployment compensation.
  - FPUC is paid in addition to, and at the same time as, regular state or federal unemployment compensation benefits.
  - FPUC, along with the underlying state benefit, is intended to replace 100% of wages for the average worker.
  - FPUC does not affect eligibility for Medicaid or the Children’s Health Insurance Program.
  - Those eligible include:
    - Individuals temporarily or permanently laid off from their job or who had their hours reduced due to COVID-19.
    - Individuals who have been diagnosed with COVID-19, are experiencing symptoms, or are seeking a diagnosis and are unemployed, partly unemployed, or unable to work as a result.
    - Individuals unable to work in order to care for a member of their family or household diagnosed with COVID-19.
    - Individuals unable to work because the school, daycare, or nursing facility on which they rely to care for their child, elderly parent, or another household member is closed due to COVID-19.
    - Anyone unable to work because they must self-quarantine due to COVID-19 exposure.
    - Anyone unable to obtain employment because of a quarantine in their industry imposed due to COVID-19.
- Emergency unemployment compensation:
  - Provides an additional 13 weeks of unemployment benefits, through December 31, 2020, to workers who exhaust regular benefits provided for under federal or state law.
- Federal Pandemic Unemployment Assistance:
  - Provides special disaster relief for self-employed workers, including independent contractors, “gig economy” workers (such as Uber drivers), and individuals who were unable to start a new job or contract due to COVID-19.
  - Applies only in states that make an agreement with the U.S. Department of Labor.
  - Payments are calculated based on state benefit formulas and will vary but will be no less than half of the state’s minimum wage.
  - In addition, workers who qualify will receive the \$600 FPUC benefit.

- Expansion of work-sharing programs:
  - Provides \$100 million for states to implement, improve, and promote work-sharing programs, which provide employers an alternative to layoffs.
  - Under these programs, employers enter voluntary agreements with state unemployment offices to reduce employee hours, making workers eligible for partial state unemployment benefits.
- Additional accommodations for states:
  - Allows states to take the following temporary measures:
    - Waive the one-week waiting period for individuals applying for unemployment compensation.
    - Borrow interest-free from the federal government if the COVID-19 crisis strains their unemployment trust funds.

### **ASSISTANCE TO BUSINESSES AND FARMS**

- **BUSINESS DEVELOPMENT GRANTS**
  - Up to \$33 billion available in grants to businesses and local governments, including \$1.5 billion in Economic Development Administration funding for local community revitalization.
    - PA has secured \$170.65 million in Community Development Block Grants, which are earmarked for projects such as expansion of community health centers, childcare facilities, food banks, and senior care.
  - Small Business Administration may issue emergency grants of up to \$10,000 and may relieve up to \$17 billion in existing loans made for payroll, rent, and other expenses.
  - \$349 billion in forgivable loans to proprietors, independent contractors, the self-employed, nonprofits, and businesses with fewer than 500 employees, which can total up to \$10 million if businesses maintain their workforce through the crisis.
- **AGRICULTURE AND RURAL SUPPORT**
  - \$9.5 billion in direct aid to farmers, particularly those raising livestock and growing specialty crops.
  - \$14 billion deposited into Commodity Credit Corporation, the federal program that pays farm subsidies.
  - \$25 million for the Rural Development Grant Program to support distance learning and technology in underserved areas.
  - \$20.5 million for the Rural Business Development Grant Program.
  - \$275 million for rural hospitals and telemedicine.
- **TRANSPORTATION**
  - \$3 billion to support airport contractors, such as baggage handlers and wheelchair attendants.

- \$10 billion to support airports, with \$100 million set aside for general aviation airports.
- \$46 billion loan program for airline industry.
- \$1.13 billion to PA's transit agencies:
  - \$700 million to transit agencies in Philadelphia and its suburbs.
  - \$162 million to Pittsburgh transit agencies.
  - \$48 million to Lancaster transit agencies.
- \$1 billion to Amtrak to support the Northeast Regional routes, including its stop in Philadelphia.

### **ASSISTANCE TO STATE AND LOCAL GOVERNMENTS**

- **EMERGENCY BORROWING**

- Allows U.S. Treasury Department to leverage up to \$500 billion for emergency loans to state and local governments and corporations, which may total up to \$4.5 trillion.

- **STATE DISASTER RESPONSE**

- \$45 billion for a Disaster Relief Fund which FEMA will distribute to state and local governments to support logistical and medical response to COVID-19, the purchase of personal protective equipment (PPE), and National Guard deployment.
  - \$1.4 billion will be distributed to allow each state to deploy at least 20,000 National Guard members for the next six months.
    - In PA, the National Guard has been deployed to set up field hospitals in southeastern Pennsylvania and transport ill patients.
  - Federal government will also pay for more intensive efforts in the hardest hit states (currently CA, NY, and WA), which will allow National Guard members in those states who contract COVID-19 to be treated in a VA facility.
  - \$100 million grant program for state and local emergency management activities.
  - \$100 million grants to help fire departments acquire PPE.

### **HEALTH AND SICK LEAVE ASSISTANCE**

- **HEALTH CARE**

- \$127 billion will fund a Public Health and Social Services Emergency Fund intended to prevent the collapse of health care systems and hospitals.
  - \$100 billion will fund grants to hospitals, nonprofits, and Medicare and Medicaid-enabled suppliers to help balance revenue these facilities have lost due to cancellations of elective surgeries and procedures.
    - In PA, for example, this stimulus will fund much of the \$24 million needed to keep Easton Hospital open.

- \$16 billion will be used to add to the national strategic stockpile of ventilators and N95 masks, which have been and will continue to be passed along to PA.
- \$11 billion will fund research for improved COVID-19 testing and potential vaccines.
  - This funding could benefit the University of Pittsburgh, which is working with an international consortium to develop a vaccine.
- \$4.3 billion will be distributed to the CDC to pass along to state and local public health agencies.
- Other measures include:
  - Expansion of COVID-19 testing at transparent rates.
  - Coverage of COVID-19 vaccinations, when available.
  - Coverage of telehealth services under high-deductible health plans.
  - Coverage of over-the-counter drugs with no prescription under health and medical spending accounts.
- **SICK LEAVE**
  - Allows employers to receive tax credits for emergency paid sick leave and emergency Family and Medical Leave Act (FMLA) leave.
  - Provides emergency FMLA leave to workers who were laid off on or after March 1, 2020 and worked for at least 30 days of the last 60 calendar days before being laid off.

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