

ADAMS AND REESE LLP

Coronavirus Legislative Alert

MARCH 2020

HR 748 - The CARES Act “Phase 3 of the Covid-19 Response Effort” Provisions for Higher Education

After days of negotiations, the Senate passed HR748 “The CARES Act” by a vote of 96–0. The final price was an unprecedented \$2.3 trillion dollars and is the third in a series of pieces of legislation meant to deal with the Covid–19 pandemic.

There were several provisions included that are of particular interest to institutes of higher education.

DIVISION A: “Keeping Workers Paid and Employed, Health Care System Enhancements and Economic Stabilization”

CAMPUS BASED AID WAIVERS (Section 3503): Waives the institutional matching requirement and allows institutions to transfer unused work–study funds to be used for supplemental grants.

SEOG FUNDS FOR EMERGENCY AID (Section 3504): Grants permission to institutions to award additional SEOG funds to students impacted by virus.

CONTINUING WORK STUDY (Section 3505): Grants permission to institutions to issue work–study payments to students who are not able to work due to work–place closures. Allows these payments to be made in a lump sum or installment payments similar to a paycheck.

SUBSIDIZED LOAN LIMIT (Section 3506): Won’t count this term toward their eligibility if a student drops out of school due to the virus.

PELL GRANT DURATION LIMIT (Section 3507): Won’t count this term toward their eligibility if a student drops out of school as a result of the virus.

INSTITUTIONAL REFUND AND FEDERAL STUDENT LOAN FLEXIBILITY (Section 3508): States that any student who dropped out of school due to the virus is not required to return Pell Grant

or Federal Student Loan to the Secretary. (Waives the requirement that the institution must calculate the amount of the grant/loan that institution must return to the Secretary in the event a student drops out due to virus).

SATISFACTORY PROGRESS (Section 3509): If a student dropped out of school due to the virus, the student's grades do not effect a student's academic requirements to continue to receive Pell Grants or student loans.

CONTINUING EDUCATION AT FOREIGN INSTUTIONS (Section 3510): Allows foreign institutions the ability to offer distance learning to US students receiving title IV funds for the duration of the disaster declaration.

HBCU CAPITOL FINANCING PROGRAM (SECTION 3512): Allows the Secretary of Education to defer payments on current HBCU Capitol Financing loans during the declared emergency so that HBCUs can reallocate those financial resources to virus efforts.

TEMPORARY RELIEF FOR FEDERAL STUDENT LOAN BORROWERS (SECTION 3513): Allows the Secretary of Education to defer student loan payment, principal and interest for 6 months without penalizing the borrower of any federally owned loans. It is anticipated this will provide relief for over 95% of student loan borrowers.

WORKFORCE RESPONSE ACTIVITES (SECTION 3515): Gives local workforce boards the flexibility to use funds received under the Workforce Innovation and Opportunity Act for administrative costs. Also gives governors the authority to utilize reserved workforce funds on rapid response activities in response to the virus efforts.

TECHNICAL AMENDMENTS (SECTION 3516): Makes technical revisions to the FUTURES Act to improve implementation and aid student loan borrowers.

WAIVER AUTHORITY AND REPORTING REQUIREMENTS FOR INSTITUTIONAL AID (SECTION 3517): Allows the Secretary of Education to waive various requirements for FY2021 grant programs for HBCU and Minority Serving Institutions.

AUTHORIZED USES AND OTHER MODIFICATIONS FOR GRANTS (SECTION 3518): Allows the Secretary of Education the ability to waive/modify current allowable uses of funds for the various institutional grant programs (TRIO/GEARUP/Title III/Title V and parts of Title VII) to allow colleges to redistribute those funds to virus efforts. Allows institutions the ability to request waivers from the Secretary for their matching requirements for MSI and competitive grants to that they colleges and redistribute those funds to virus efforts.

DIVISION B "Emergency Appropriations for Coronavirus Health Response and Agency Operations" Title VIII : Labor, HHS, Education

Higher Education Emergency Relief Fund – \$14.250 Billion

Funds available for institutes of higher education to assist in the expenses due to the virus including: lost revenue, distance learning technology costs and grants to students.

Governor's Emergency Education Relief Fund – \$3 Billion

Governors of each state will share receive a portion of a share of \$3 billion to allocate as they see fit for emergency support grants to local education agencies that the state deems as most impacted by the virus. These funds will allow local educational agencies to provide education services to their students and on-going operations. It will also provide emergency support through grants to institutions of higher education serving students in the state.

Maintenance of Effort Provision

This provision includes assurances from the state that draws down the use of the funds from the “Governor’s Emergency Relief Fund” or the “Elementary and Secondary School Emergency Relief Fund” must maintain state funding support for both K-12 and higher education in both FY2020 and FY2021 at least the levels of support that is the average of that state’s support provided in the last three (3) fiscal years. Allows the Secretary of Education to extend a waiver to the state if they have a “precipitous decline in financial resources”.

Please see the [addendum](#) to this memo for the actual legislative language for these appropriated programs for additional information.

As always, we are continuing to monitor this closely and will keep you informed as updates are made available. Please do not hesitate to contact us for additional information or with questions.

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Adams and Reese has gathered resources and information on its [Crisis Response and Preparedness page](#) on the firm’s website. Updates can also be found by following the firm’s pages on [LinkedIn](#), [Twitter](#), [Facebook](#) and [YouTube](#). Our YouTube channel contains all the coronavirus-related webinars we have produced to date, and all content is available to stream on demand.



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