

**The “Coronavirus Aid, Relief, and Economic Security (CARES) Act”:  
Summary of Major Early Childhood, K-12, and Higher Education Provisions**  
March 28, 2020

On March 27, the President signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” following an overwhelmingly bipartisan vote of 96-0 in the Senate and passage by voice vote in the House. The full text of the Act can be accessed [here](#).<sup>1</sup>

The CARES Act is the third package developed in response to the coronavirus crisis by Congress and the Administration. The Act, which is estimated to cost approximately \$2 trillion, seeks to provide relief to individuals and families through direct payments and increased Unemployment Insurance benefits, support U.S. industries and small businesses impacted by the coronavirus, and provide emergency supplemental appropriations to various agencies, including the U.S. Departments of Education (USED) and Health and Human Services (HHS). The Act also provides increased authority for federal agencies to waive select statutory and regulatory requirements.

This initial summary provides an overview of the key early childhood, K-12, and higher education provisions of the CARES Act, focused on the emergency supplemental appropriations and authorities for USED and HHS. While this summary focuses on key early childhood, K-12, and higher education provisions, it is important to know that the Act includes additional assistance that could support education entities as well as nonprofits. We will follow with broader and/or deeper treatments of key provisions of the Act, as appropriate.

**Education Stabilization Fund:**

The CARES Act provides \$30.75 billion for an Education Stabilization Fund, which the Senate Appropriations Committee describes as, “flexible funding that will get out the door quickly and go directly to states, local school districts, and institutions of higher education to help schools, students, teachers, and families with immediate needs related to coronavirus.”<sup>2</sup> It is important to note that while stabilization funds are distributed to states, local educational agencies (LEAs), and institutions of higher education (IHEs) based in part on financial need, such as defined under Title I of the Elementary and Secondary Education Act (ESEA) or by enrollment of Pell Grant recipients, the law otherwise provides significant flexibility and discretion to states, LEAs, and IHEs regarding the further distribution and use of those funds, and does not further require funds to be spent on Title I schools or students, for example. Additionally, a state, LEA, or IHE that receives funding is required, to the greatest extent practicable, to continue to pay its employees and contractors during the period of any disruptions or closures related to the coronavirus. The funding will be available in the following manner:

- ***Governor’s Emergency Education Relief Fund:*** \$3 billion will be provided to Governors for emergency support grants to LEAs and IHEs that the state determines have been most significantly impacted by the coronavirus. Funding could also be used to support any other LEA, IHE, or education related entity that the Governor deems essential for carrying out emergency

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<sup>1</sup> Summaries prepared by the Senate Health, Education, Labor & Pensions (HELP) Committee on the authorizing provisions and the Senate Appropriations Committee on the appropriations provisions can be found [here](#) and [here](#), respectively.

<sup>2</sup>[https://www.appropriations.senate.gov/imo/media/doc/Coronavirus%20Supplemental%20Appropriations%20Summary\\_FINAL.pdf](https://www.appropriations.senate.gov/imo/media/doc/Coronavirus%20Supplemental%20Appropriations%20Summary_FINAL.pdf)

educational services to students, including for child care and early childhood education, social and emotional support, and the protection of education-related jobs, as well as any activity authorized by ESEA, the Individuals with Disabilities Education Act (IDEA), the Carl D. Perkins Career and Technical Education Act (CTE), part of the McKinney-Vento Homeless Assistance Act, and the Higher Education Act (HEA), among other federal elementary and secondary education laws. States will receive funding based by 60% on their relative population of individuals aged 5 through 24, and 40% on their relative number of children counted under Title I section 1124(c) of ESEA. States will be required to submit an application that must be available from USED within 30 days and must be approved or denied within 30 days of receipt by USED.

- ***Elementary and Secondary School Emergency Relief Fund:*** \$13.5 billion will be provided directly to states to help schools respond to the coronavirus and related school closures. Funding could be used as above for any activities authorized by federal elementary and secondary education laws, and for activities to address the unique needs of low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth. The Act includes a long list of other allowable activities, including coordination in response to coronavirus; resources for principals and school leaders to meet the needs of their schools; procedures and systems to improve preparedness and response efforts; training and professional learning on sanitation and minimizing infectious disease; purchasing supplies to clean and sanitize; planning for and coordinating during long-term closures, such as providing meals to students, providing technology for on-line learning to all students, and providing guidance on carrying out IDEA requirements; purchasing education technology for students; providing mental health services; planning and implementing summer learning and afterschool programs; continuing to employ existing LEA staff; and other activities to maintain operations and continue services. States will receive funding in the same proportion as each State receives funds under Title I part A of ESEA. Each state will then allocate not less than 90% of the funding as subgrants to LEAs (including charter schools) in the proportion that each receives funding under Title I part A of ESEA. With the remaining funds (up to 10%), a state has further flexibility and may reserve not more than 0.5% for administrative costs and the remainder for emergency needs to address issues responding to coronavirus. States will be required to submit an application that must be available from USED within 30 days and must be approved or denied within 30 days of receipt by USED.
- ***Higher Education Emergency Relief Fund:*** \$14.25 billion will be provided to IHEs to support the emergency needs of students and to support institutions as they cope with the immediate effects of coronavirus and closures. There is broad flexibility provided to IHEs in terms of the use of these funds, but IHEs that receive funding will be required to use not less than 50% of their funds for emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus, including eligible expenses such as food, housing, course materials, technology, healthcare, and child care. IHEs will receive 90% (\$12.8 billion) of the funds based in part on their relative share of Pell Grant recipients. The remaining 7.5% of funding (~\$1 billion) is reserved for Historically Black College and Universities (HBCUs) and other Minority Serving Institutions (MSIs) and 2.5% of funding (approximately \$400 million) for IHEs that the Education Secretary determines have the greatest unmet needs related to the coronavirus.<sup>3</sup>

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<sup>3</sup> IHEs will receive 90% of funding based on 75% of their relative share of full-time equivalent enrollment of Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency and 25% of their relative share of full-time equivalent enrollment of students who were not Pell Grant recipients who

**What happens next, now that CARES is law?**

- **Implementation by federal agencies:** Federal agencies will now be responsible for implementing the CARES Act, including distributing funds largely to states and, in some instances, local governments. Secretaries will release funding on varying timelines either through existing programs or new authority as defined in the Act. In particular, USED must release applications for states under the Education Stabilization Fund within 30 days. USED and HHS will be responsible for managing many education funds, but others relevant funds will be administered by the U.S. Treasury Department (related to tax provisions), U.S. Department of Labor (related to Unemployment Insurance and worker protections), and the Small Business Administration (SBA), among other key agencies.
- **Distribution of funds:** Much of the funding under this stimulus package will flow from the federal level through the states and then to the local level, with significant state and local flexibility. This includes funds for early childhood education, specifically funding for the Child Care and Development Block Grant (CCDBG), and for K-12 education through the Education Stabilization Fund, including funds made available to Governors for education relief. This raises several issues regarding how quickly states will be able to distribute funds to the local level and the need for state and local officials to work closely to implement funding efficiently and effectively. Funding under the Education Stabilization Fund to provide relief to IHEs will be distributed directly from the federal level, creating its own implications for timeline and implementation.
- **Possibility of additional funding:** Beyond the CARES Act, there has already been talk, including by House Speaker Nancy Pelosi (D-CA), about the need for additional funding through follow on packages. To date, we have seen a willingness to engage in bipartisan discussions to expedite congressional action – first as an initial package focused on health care and medical needs, then as a second package focused on paid leave and unemployment benefits, and now as part of this third stimulus package. However, movement on additional packages will likely be conditioned on some wanting to first get a sense of the impact of these initial packages, as well as a deeper understanding of further needs. This means that progress on a possible fourth stimulus package could be weeks or months out. Additionally, it is important to keep in mind that the House and Senate Appropriations Committees remain committed to continuing to move forward with the fiscal year (FY) 2021 appropriations process, which will, in part, be an opportunity for states, local communities, and organizations to make a case for increased funding beyond September 30; however, given federal spending caps in FY2021, there will be real challenges to securing increased funding outside of additional emergency funding packages.

**Key Early Childhood Education Provisions:**

In addition to funding in the Education Stabilization Fund, the CARES Act provides specific additional funding to support early childhood education.

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are not exclusively enrolled in distance education courses prior to the coronavirus emergency. Remaining funding will be provided in the following manner: (1) 7.5% for additional awards under the Strengthening Institutions program, the Strengthening HBCUs program, Hispanic Serving Institutions program, Promoting Postbaccalaureate Opportunities for Hispanic Americans program, and Masters Degree Programs at HBCUs and Predominantly Black Institutions; and (2) 2.5% for the Fund for Improvement of Postsecondary Education (FIPSE) for IHEs that the Education Secretary determines have the greatest unmet needs related to the coronavirus. In addition, the CARES Act separately provides \$7 million for Gallaudet University and \$13 million for Howard University. HBCUs and other MSIs may also use prior awards under Titles III, V, and VII of HEA to respond to the coronavirus. In providing funding under FIPSE, the Education Secretary shall give priority to any IHE that is not otherwise eligible for funding under the bill and demonstrates significant unmet needs related to expenses associated with the coronavirus. Funding will be distributed using the same systems otherwise used to distribute funding to each institution under Title IV of HEA.

- ***Child Care and Development Block Grant Funding:*** The CARES Act provides \$3.5 billion through CCDBG to states, territories, and tribes to provide immediate assistance to child care providers and families. Among other uses, funding may be used to provide continued payments to child care providers in the case of decreased enrollment or closures related to the coronavirus, and to assure they are able to remain open or reopen as appropriate. States are also encouraged to place conditions on payments to child care providers to ensure that child care providers use some funding to continue to pay the salaries and wages of staff. Additionally, funding can be used to support child care for families, including for healthcare workers and first responders among others.
- ***Head Start Funding:*** The CARES Act provides \$750 million for grants to all Head Start programs to help them respond to coronavirus-related needs of children and families. Of this amount, up to \$500 million is for the operation of supplemental summer programs by those centers determined by the HHS Office of Head Start to be most ready to operate those programs.
- ***Allowable Uses for Child Care:*** Within the Act, funding for child care is called out in several places as a specific allowable use of funding. These range from funding provided under the Education Stabilization Fund – specifically, as part of the Governor’s Emergency Education Relief Fund and the Higher Education Emergency Relief Fund – to funding for housing assistance.
- ***Additional Provisions Related to Child Care:*** Recognizing the many needs of the child care community, including its workforce and the fact that many are small businesses, there are several provisions of the CARES Act that could help child care providers and workers during this crisis. These include, but are not limited to, increases in unemployment benefits, paid leave provisions, small business provisions, direct cash payments, suspensions of student loan payments, and mortgage and rental assistance. To understand the full range of supports, it is important to look across the Act beyond the focus of this summary on early childhood education and other education provisions.

### **Key K-12 Education Provisions:**

In addition to K-12 funding provided in the Education Stabilization Fund, the CARES Act includes several provisions directly related to K-12 education.

- ***Assessment and Accountability Waivers:*** The CARES Act provides the Secretary of Education with authority to approve National Emergency Waivers on an expedited basis upon request from states with regard to certain statutory and regulatory requirements under the Every Student Succeeds Act (ESSA) for the 2019-2020 academic year. The waiver authority under the CARES Act is consistent with previous disaster relief bills, and similar waiver authorities already exists under ESSA. At the same time, the CARES Act prohibits the Education Secretary from waiving any statutory or regulatory requirements under “applicable civil rights laws.” While the precise scope is not further defined, similar language is included in ESSA as well.<sup>4</sup> States have already started to apply for waivers under ESSA with regard to academic assessments, the use of accountability systems for schools and districts, the identification of schools for additional targeted support, and reporting of assessment results in annual report cards, including results that are disaggregated by

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<sup>4</sup> Under ESSA, the Education Secretary and any State educational agency (SEA) are not authorized to waive any “applicable civil rights requirements” (Sec. 4. Educational Flexibility Program (c)(1)(I)).

student groups. Under ESSA’s waiver authority, the Education Secretary has already approved 46 states’ requests<sup>5</sup> to not administer state assessments this year due to widespread school closures.

- ***Some Fiscal Waivers Authorized:*** The CARES Act also provides some fiscal flexibility by allowing the Secretary to waive certain statutory requirements. States and LEAs may apply for waivers to reduce eligibility requirements for operating schoolwide Title I programs; limitations on carrying over Title I funds into the next fiscal year; requirements on uses of Student Support and Academic Enrichment Grants (Title IV, Part A); and requirements regarding “professional development.” These waivers are intended to provide states and districts additional flexibility in using current and provided funds to address the unexpected and individual needs of their students in the face of the coronavirus emergency.
- ***Secretary to Report on Additional Waivers Needed:*** The CARES Act directs the Education Secretary to prepare and submit a report to Congress within 30 days related to recommendations on additional waivers that the Education Secretary believes may be “necessary” to provide “limited flexibility” to states and districts during the coronavirus emergency. This includes recommendations for additional waivers of statutory and regulatory requirements under IDEA, the Rehabilitation Act, ESSA, and the CTE Act.
- ***Maintenance of Effort Obligations Could be Waived:*** The Act includes language that would require states that receive funds from the Governor’s Emergency Education Relief Fund or the Elementary and Secondary School Emergency Relief Fund to assure they will maintain support for elementary, secondary, and higher education programs for this fiscal year and the next one. This support must be at least a level of the average state funding from the last three fiscal years. However, the Act also provides the Education Secretary with authority to waive this requirement if states have experienced a “precipitous decline in financial resources.”
- ***Needs of Homeless Children and Youth Identified:*** The CARES Act elevates in several places the need to address the early care, education, and emergency housing needs of children, youth, and families. Allowable uses of funds specifically highlight the activities under the McKinney-Vento Homeless Assistance Act and activities to address the unique needs of students experiencing homelessness.
- ***“Homework Gap” Funding NOT Included:*** Funding was *not* specifically included for the E-rate program, which connects schools and libraries to the Internet. Democratic Members had sought at least \$2 billion through the E-rate program to “close the homework gap” between families with Internet connections and equipment and those without.<sup>6</sup>

### **Key Higher Education Provisions:**

In addition to higher education funding provided in the Education Stabilization Fund, the CARES Act includes several other provisions directly related to higher education funding and administration, particularly with regard to student loans and grants.

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<sup>5</sup> <https://www.ed.gov/news/press-releases/test-1>

<sup>6</sup> <https://www.politico.com/news/2020/03/25/whats-in-stimulus-package-coronavirus-149282>

- **Federal Student Loans:** The CARES Act directs the Secretary of Education to suspend student loan payments on loans held by USED for both Direct Loans and Federal Family Education Loans Programs (FFELP)<sup>7</sup> through September 30, 2020. Interest will also not accrue during this period. This goes further than the Education Secretary’s previous actions to suspend payments and interest accrual for two months<sup>8</sup>. Additionally, the package includes the following provisions related to student loans:
  - The Act reflects the policy announced on March 24 by USED<sup>9</sup> that all involuntary collection proceedings, including default, private collection agency, Social Security and tax refund withholding, and wage garnishment, are suspended until September 30, 2020.
  - If an individual participates in income driven repayment, the Public Service Loan Forgiveness (PSLF) program, or loan forgiveness programs that benefit teachers that require, for example, consecutive monthly payments or consecutive teaching requirements, to be eligible for continued participation, the suspension of loan payments will not count against them.
  - The Act cancels the loan obligation for students for the current semester if they drop out, which for a small number of students could be several thousand dollars, but for most undergraduates would likely constitute about \$1,000 to \$2,000 at most. Relatedly, students that received subsidized loans (i.e., loans where the federal government pays the interest while the student is enrolled) but did not complete the semester, would not have the semester count against their total lifetime subsidized loan limit.
  
- **Federal Student Grant Aid:** The Act ensures that Pell Grants received during the emergency would not count against a student’s total lifetime Pell Grant limit if the student did not complete this semester. Additionally, institutions and students will not be required to return their federal student aid for this semester if the student does not continue in their studies due to the emergency. This effectively prevents schools from having to “go after” students for aid refunds or put students into delinquent status preventing them from receiving future grants or loans. To further assist students, institutions will be able to use Supplemental Educational Opportunity Grant (SEOG) funds to provide emergency grants to undergraduate and graduate students that would otherwise not be eligible, and institutions can continue to make Federal Work-Study payments to students who are unable to fulfill their work-study obligations for up to one academic year.
  
- **Institutional Supports and Flexibilities:** The Act includes various targeted provisions intended to increase the flexibilities that institutions have to support the needs of their students in the wake of the coronavirus pandemic. For instance, the Act allows institutions the flexibility to waive requirements that ensure that students are successfully completing their coursework and can continue to receive financial aid (also known as Satisfactory Academic Progress (SAP) requirements). Additionally, institutions are permitted to offer distance education for programs that would not otherwise be eligible during the emergency and the next payment period. To

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<sup>7</sup> The bill does not suspend loan payments for campus-based aid programs (e.g. Perkins Loans) or FFELP loans not held by the U.S. Department of Education.

<sup>8</sup> <https://www.ed.gov/news/press-releases/delivering-president-trumps-promise-secretary-devos-suspends-federal-student-loan-payments-waives-interest-during-national-emergency>

<sup>9</sup> <https://www.ed.gov/news/press-releases/secretary-devos-directs-fsa-stop-wage-garnishment-collections-actions-student-loan-borrowers-will-refund-more-18-billion-students-families>

support HBCUs, the Education Secretary can defer payments on previous loans provided to these institutions to support capital projects.

- **Higher Education Waivers Limited:** The Act does not provide any waiver authority to IHEs or the Education Secretary with regard to reporting requirements (Title I) or student aid and accountability (Title IV), with the exception of waiving the requirement that IHEs provide a funding match for their share of the Federal Work-Study program and the minor exception of technical provisions relating to the reporting of withdrawals and collections of outstanding funds under Return to Title IV aid (See above). The Act also includes a minor waiver under Titles III, V, and VII related to MSIs institutional grant support.
- **Employer Payments of Student Loans:** The CARES Act 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.

**Other Key Education Provisions:**

- **Project SERV:** The CARES Act provides \$100 million in supplemental funding for the Project SERV program to help elementary, secondary and postsecondary schools clean and disinfect affected schools, and assist in counseling and distance learning. The Project SERV program provides funding to help recover from a violent or traumatic event in which the learning environment has been disrupted.
- **USED Administrative Funding:** The CARES Act provides several increases for USED recognizing the increased costs of administering funding included in the Act. For instance, the Student Aid Administration receives \$40 million to address increased costs related to the implementation of the Act's loan provisions. Additionally, USED's program administration budget receives \$8 million, and the Inspector General receives \$7 million for oversight and audit of funding in the Act to respond to the coronavirus.

For more information, please contact Jennifer Castagna at [jennifer.castagna@educationcounsel.com](mailto:jennifer.castagna@educationcounsel.com) or Sean Worley at [sean.worley@educationcounsel.com](mailto:sean.worley@educationcounsel.com).

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