

April 7, 2020

Federal response to the Coronavirus emergency: Higher Education Impacts

Agenda

- Federal Legislative Responses (CV1, 2, 3)
- CARES Act Overview
 - Higher Education provisions
- What's Next - CV4+ and AFT Priorities
- Questions?

Congress's three-phase response to the coronavirus crisis

Phase

1

Initial support and vaccine development

H.R. 6074 — Coronavirus Preparedness and Response Supplemental Appropriations Act

- \$8.3 billion in COVID-19 response funding for developing a vaccine and preventing further spread of the virus
- Became law on 3/6/20

Phase

2

Paid leave, unemployment and food assistance

H.R. 6201 — Families First Coronavirus Response Act

- \$100 billion in worker assistance, including emergency paid sick leave, food assistance, and unemployment payments
- Became law on 3/18/20

Phase

3

Major economic relief package

H.R. 748 Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Major stimulus package (\$2 trillion)
- Loans and support to major industries, including airlines and small businesses
- Direct payments to individuals and families
- Became law on 3/27/20

Phase 1 (H.R. 6074): Coronavirus Preparedness & Response Supplemental Appropriations Act



Bill overview

- Provides \$8.3 billion in emergency funding in response to the coronavirus outbreak for:
 - The development and manufacturing of vaccines and other supplies
 - State, local and tribal public health agencies
 - Loans for affected small businesses
 - Evacuations and emergency preparedness activities
 - Humanitarian assistance for affected countries
- The supplemental appropriations will be provided to the FDA, CDC, NIH, Public Health and Social Services Emergency Fund, Small Business Administration, Department of State, and USAID
- Designates the supplemental appropriations as emergency spending, which is exempt from discretionary spending limits

Votes in Congress

- **House:** Passed with a vote of 415-2
- **Senate:** Passed with a vote of 96-1

Phase 2 (H.R. 6201): Families First Coronavirus Response Act

Introduced
3/11/20

Passed House
3/14/20

Passed Senate
3/18/20

To president
3/18/20

Signed into law
3/18/20

Bill overview

- Creates a **federal emergency paid leave program** administered by SSA
- Provides funds for nutrition assistance, including \$500 million for WIC and \$400 million for TEFAP
- Includes \$5 million for the Department of Labor to administer an emergency paid sick days program and \$250 for the Senior Nutrition Program in the Administration for Community Living
- Offers provisions to ensure children's access to school lunches
- Suspends SNAP work requirements
- Requires OSHA to issue an ETS requiring employers in the health care sector to develop a comprehensive exposure control plan to protect workers from COVID-19
- Offers states \$1 billion for emergency grants and interest-free loans to support processing and paying unemployment insurance
- Requires private insurers to expand coverage of certain COVID-19 related expenses

Votes in Congress

- **House:** Passed with a vote of 363-40
- **Senate:** Passed with a vote of 90-8

Sources: Congress.gov; House Appropriations Committee, NPR, Wall Street Journal

Slide last updated on: March 19, 2020

© American Federation of Teachers

Phase 3 (H.R. 748): Coronavirus Aid, Relief, and Economic Security (CARES) Act

Introduced
3/23/20

Passed Senate
3/25/20

Passed House
3/27/20

To president
3/27/20

Signed into law
3/27/20

Total cost: \$2 trillion

• Direct payments to individuals:

- \$1,200 per adult, with an additional \$500 per child
- The full amount will go to individuals who earn >\$75,000/year or \$150,000 for married couples; the payments scale down for higher-earning individuals, phasing out completely at \$99,000 for individuals, \$146,500 for heads of households with one child, and \$198,000 for joint filers without children

• Hospital investments

- \$100 billion for hospitals
- \$1 billion to Indian Health Service
- \$16 billion for building a stockpile of medical equipment
- Increases reimbursements by 20% for treating Medicare patients with coronavirus

• \$500 billion lending funds for industries, states, and localities

- Loans for companies with more than 500 employees
- \$25 billion in loans to airlines; \$4 billion to cargo carriers
- Bans loans to businesses owned by the president, vice president, heads of executive departments, or members of Congress

• \$350 billion in loans for small businesses

- Loans to small businesses would be forgiven if payrolls are maintained
- Unemployment benefits increased \$600/week for four months
- New Treasury IG and Congressional Oversight Board
- State and Local Funds
 - \$150 billion for state and local funds, including \$8 billion for tribal governments

Sources: PBS Newshour, CNN, The Wall Street Journal, The Hill, Vox

From National Journal presentation, Slide last updated on: March 27, 2020

CARES Act: Funding for States

- State and Local Corona Relief Fund - provides \$150 billion to assist states, tribes and local governments that must pay for new expenses related to COVID-19 response.
- Limitation on jurisdictions with less than 5000,000 citizens.

Funding for hospitals/health/equipment

- Marshall Plan for Hospitals and other medical facilities to help provide necessary care during this pandemic was funded at \$150 billion nationally.
- \$1.3 billion for community health centers.

Funding for hospitals/health/equipment (continued)

- Up to \$16 billion to purchase personal protective equipment, ventilators and other medical supplies for the national stockpile.

How does the CARES Act increase existing unemployment insurance benefits?

CARES expands existing unemployment benefits in two material ways:

1. provides an extra \$600 weekly payment, in addition to the weekly benefit amount an eligible employee otherwise receives under state law; and
2. increases the maximum number of weeks an individual may receive benefits. These new benefits are funded at the federal level, but will be administered by the states

Direct Payments to individuals

One-time \$1,200 check for individuals making up to \$75,000 per year, or \$2,400 for couples earning less than \$150,000.

- Payments are scaled down for individuals earning between \$75,000 and \$99,000 and couples earning between \$150,000 and \$198,000, and are phased out altogether for those above the income thresholds.
- Also provides an additional \$500 per child.

Paycheck Protection Program (P3)

- P3 is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

CARES: Higher Ed provisions

- Funding
- Financial aid and other policy flexibility (waivers)
- Student loan debt relief

Education Stabilization Fund totaling \$31 billion

- \$13.5 billion for **elementary and secondary education** for formula grants to states, which will then distribute 90 percent of funds to districts to use for coronavirus-response activities
- \$3 billion for **governors** to allocate at their discretion for emergency support grants to K-12 districts **and higher education institutions** most significantly affected by the coronavirus, or deemed essential

Education Stabilization Fund totaling \$31 billion

- \$14 billion for higher education emergency relief 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, healthcare and child care.
 - 3 pots of funding: majority goes directly to IHEs.

ESF aid to IHEs

- \$12.6 billion directly from Department of Education to colleges and universities
- IHEs receiving funding must retain current employees to the “maximum extent practicable.”
- Amount based on formula based on 75% of full-time equivalent Pell grant recipients at institution, 25% full-time equivalent non-Pell recipients (excluding students who were already full-time online)
- New formula and this info will have to be created by merging data from two separate databases
- Likely at least one month for funding to get to IHEs

ESF aid to IHEs

- At least half of this direct funding to IHEs must be used for direct emergency aid grants to students, including “for food, housing, course materials, technology, health care, and child care.”
- Awaiting guidance from ED on if can reimburse for previous expenses/retroactive, allowable uses, etc.
- Likely allowable uses include grants to students to buy groceries; but NOT for college to stock their food bank, for example

Other portions of Higher Ed ESF

- \$1 billion for minority-serving institutions.

Strengthening Institutions Program (SIP)	\$148.6 million
Tribal Colleges and Universities (TCUs)	\$ 50.5 million
Alaska Native and Native Hawaiian-Serving institutions (ANNH)	\$ 25.2 million
Historically Black Colleges and Universities (HBCUs) - Title III, Part B	\$447.5 million
Historically Black Graduate Institutions (HBGI) - Title III, Part B	\$115.7 million
Historically Black Colleges and Universities (HBCU) Masters	\$ 13.7 million
Predominantly Black Institutions (PBIs)	\$ 18.2 million
Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs)	\$ 6.1 million
Native American-Serving Nontribal Institutions (NASNTI)	\$ 6.1 million
Hispanic-Serving Institutions (HSIs) - Title VII, Part A	\$197.1 million
Hispanic-Serving Institutions (HSIs) - Title VII, Part B	\$ 17.7 million

Allocation information prepared by UNCF (United Negro College Fund, Inc.)

Other portions of Higher Ed ESF

- \$349 million for grants from ED to institutions particularly impacted by coronavirus.
 - Priority for these grants goes to smaller institutions who received less than \$500,000 under the formula and MSI grants and still have significant unmet need.
 - Timeline and process unclear for these applications, disbursement of funding

Higher Education Waivers

- Waives required **institutional match for federal SEOG funding** and allows unlimited transfer of funding between SEOG and Federal Work Study
- Allows institutions broad flexibility to **repurpose SEOG** funding for emergency grant aid to students.
- Allows institutions to make **FWS payments** for students for up to one year, even if the student can't perform the required work due to campus closures.
- Excludes **student loans borrowed** from counting towards annual or cumulative limits if a borrower is unable to complete the term, and discharges loans taken out for that payment period if the student withdraws
- Excludes **Pell Grants awarded** from counting towards annual or cumulative limits if a Pell recipient is unable to complete the term
- Suspends both institution's and student's obligations to return federal financial aid if the student withdraws during payment period (**Return to Title IV**)
- Permits institutions to allow students to take a **leave of absence** without needing to return in the same semester
- Permits institutions to exclude this term from the calculation of a student's **Satisfactory Academic Progress**.

Higher Ed Waivers (con't)

- Permits foreign institutions to be eligible for federal financial aid for distance learning for otherwise eligible programs
- For HBCU Capital financing loans, requires the Secretary of Education make the principal and interest payments on the institutions' behalf during the COVID emergency.
- Allows the Secretary to waive certain provisions regarding the distribution and uses of grant funding for minority-serving institutions, including graduate programs at HBCUs.
- Allows the Secretary to waive requirements regarding matching grant requirements and the allowable uses of grant funding, for MSI institutional grants.

Help for student loan borrowers

- Codifies Trump administration's initiative to suspend interest from accruing on student loan debts (for Direct Loans and federally held Federal Family Education Loans).
- Suspends student loan payments for six months (for Direct Loans and federally held FFELs), while still counting those months toward public service loan forgiveness and income-driven repayment.
- Excludes commercially-held FFEL and Perkins loans, excluding about 9 million borrowers (about 20% of all student loan borrowers)

Help for student loan borrowers

- Halts involuntary collections of wages, tax refunds and Social Security benefits to pay back student loans.
- Provides flexibility in timelines required for qualifying service for Teacher Loan Forgiveness and Teacher Education Assistance for College and Higher Education Grant recipients.
- Provides a tax incentive for employers to help pay their employees' student loans, through the end of the year.

Next Steps – Legislative Response

- CV4- “CARES 2”
- Congress in recess until April 20 (date flexible)
- Pelosi goal for next response package by the end of April
- Unclear if will be immediate relief focus (such as plugging holes in CARES) and/or focus on economic stimulus.

Next Steps: AFT Priorities

- Summer school, afterschool and community schools, and wrap around services can make up for the lost instructional time during the 2019-20 school year
- Stabilize State and Local funding for education
- Health care issues, including protections for providers as well as systemic investments in hospitals, services and equipment
- Economic issues
- Early childhood funding
- Worker issues
- Digital divide
- Higher Education

Next Steps: AFT Higher Ed Priorities

- **Support for Students**

- Increased student financial aid
- Protections for international students and faculty, in the way of flexibility regarding visa and work eligibility issues

- **Support for Faculty**

- Prevent layoffs and clarify access to UI
- IP protections
- provide flexibility for research institutions regarding federal agency grant projects

- **Support for Institutions**

- Funding for IHEs to make up for state and local revenue shortfalls
- access to employer tax credits for public institutions

- **Student Debt**

- Access to relief for all federal loan borrowers
- Move beyond suspension to debt cancellation

Questions?



AFT Resources

For more information and resources, visit:

<https://www.aft.org/coronavirus>

And

<http://www.forgivemystudentdebt.org/covid-19-student-borrower-resources/>