



JANUARY 2021

# FEDERAL COVID-19 Relief and Year-End Funding Package

## OVERVIEW

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The federal government passed [a substantial year-end funding package](#) in late December 2020. One part of that package contains \$900 billion in stimulus relief under [the Coronavirus Response and Relief Supplemental Appropriations \(CRRSA\) Act, 2021](#), the first COVID-19 relief package passed since the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) in March 2020. The package also included [the Consolidated Appropriations Act, 2021](#), a \$1.4 trillion omnibus spending bill that will fund the government through the rest of FY21 (which ends on September 30, 2021) and contained several higher education provisions that are relevant to our work.

### ***The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, 2021***

Utilizing the structure created by the CARES Act, the CRRSA Act provides nearly \$82 billion for a slightly modified Education Stabilization Fund that includes three main funding streams: the Elementary and Secondary School Emergency Relief Fund, the Higher Education Emergency Relief Fund and the Governor's Emergency Education Relief Fund. As in CARES, 1% of these funds will be allocated to the Education Stabilization Fund for the Outlying Areas and the Bureau of Indian Education. The remainder of the funds will flow through the Elementary and Secondary School Emergency Relief Fund, Higher Education Emergency Relief Fund, and the Governor's Emergency Education Relief Fund and have already been made available to eligible recipients as of this writing. Any entity that receives funds shall, to the greatest extent practicable, continue to pay its employees and contracts during the pandemic, and states must provide an assurance that they will commit to K-12 and higher education spending levels that are at least the same proportion of overall spending by the state during FY2018-2020.

Each of the three education funding streams utilized in the most recent round of stimulus funding are described below:

### **The [Elementary and Secondary School Emergency Relief Fund \(ESSER II\)](#)**

- **\$54.3 billion in federal funding**
  - [Distribution to states: K-12 funds will be distributed to states based on the share of funding they receive under Title I of the Every Student Succeeds Act \(ESSA\), which is used to allocate federal education funding to students from low-income families.](#)
  - Distribution to districts: Once states receive the money, they must distribute at least 90% of those funds to districts based on how much the district receives from Title I of ESSA.



- Uses of funds: [Funds can be used flexibly](#) and can be used to address the impact of significant interrupted instruction; to prepare schools for physical reopening; to test, repair, and upgrade projects to improve air quality in school buildings; to purchase education technology; to provide mental health supports; as well as other activities authorized by existing law — all of which were also permitted under the CARES Act
- All funds must be used by September 30, 2023

### **The Higher Education Emergency Relief Fund (HEER II)**

- **\$22.7 billion in federal funding**
  - Distribution of funds to institutions: The vast majority (89%) of the funds will flow to [public and private nonprofit institutions](#)
  - Historically Black colleges and universities (HBCUs), Hispanic-serving institutions (HSIs), and other minority-serving institutions (MSIs) will receive 7.5% of the remaining funds, while the rest will be split between [aid for students attending for-profit institutions](#) and for institutions that have the greatest unmet need related to COVID-19
  - Changes from CARES Act: The formula by which the funds are allocated to institutions has been changed to incorporate part-time students, effectively steering more federal aid to institutions with relatively larger numbers of part-time students
  - Uses of funds: Institutions receiving funds will have a wide range of accepted uses, but [will be obligated to spend at least](#) the same amount [on emergency grants to students](#) as they did with funds [allocated by the CARES Act](#)

### **The Governor's Emergency Education Relief Fund (GEER II)**

- **\$4.05 billion in federal funding**
  - Distribution of funds to governors: \$2.75 billion reserved for [an Emergency Assistance to K-12 Non-Public Schools](#) program
  - The remaining \$1.3 billion is to be used for discretionary spending for K-12 or higher education purposes
  - Uses of funds: [GEER II funds include allowable uses](#) related to preventing, preparing for, and responding to COVID-19, similar to the CARES Act GEER funding
  - Governors must report on their process for awarding funds, including the criteria and process for determining those entities most significantly impacted by COVID-19 and/or essential for carrying out emergency educational services, which replicate the CARES Act reporting requirements



## SUPPORT FOR SPECIFIC PROGRAMS AND POPULATIONS

- **Head Start:** Provides \$250 million to states to fund Head Start Programs
- **Child Care:** Provides \$10 billion for the Child Care and Development Block Grant (CCDBG)
- **Broadband Access:** Provides \$3.2 billion for low-income families to access broadband by making individuals eligible for a \$50 monthly internet subsidy, and providers can be reimbursed up to \$100 for issuing a Wi-Fi connected device. Individuals and their families who have a member participating in the free- and reduced-price lunch program or receiving a Pell Grant are also eligible. It also allocates \$285 billion for a pilot program designed to promote broadband access at HBCUs, HSIs, and other MSIs and establishes an Office of Minority Broadband Initiatives, as well as creating a \$1 billion fund to increase broadband access on tribal lands
- **Pandemic EBT and SNAP:** Clarified that children under 6 years of age living in households that receive Supplemental Nutrition Assistance Program (SNAP) automatically qualify for the [Pandemic EBT program](#), and temporarily increased SNAP monthly benefits by 15% and relaxed barriers to eligibility for SNAP for college students enrolled at least half time

## PERMANENT HIGHER EDUCATION REFORMS WITHIN CRRSA

Other legislative provisions passed within the Act include simplifying the Free Application for Federal Student Aid (FAFSA), enacting federal Pell Grant restoration for those who were defrauded by predatory for-profit colleges, and repealing the ban on Pell eligibility among students who are incarcerated.

### *FAFSA Simplification and Student Aid Reform*

The bill restructures the current federal financial aid formula in a few different areas. It eliminates the term “expected family contribution (EFC)”, replacing it with the “Student Aid Index (SAI),” and makes other changes to the process for students and families. The SAI is similar in structure but would reduce the total questions on the FAFSA to 36 from 108; lower the filing burden for individuals who have received means-tested benefits; and specifically mandate most of the questions by law; specifically eliminate Question 23 pertaining to prior drug convictions, eliminating that barrier to aid; institute more robust income protection allowances for applicants; and set federal poverty thresholds for receiving a Pell Grant and a maximum Pell Grant in ways that are likely to increase the number of students who will receive the maximum Pell Grant.

### *Lifting the Pell Ban for Students Who are Incarcerated*

The bill also lifted the ban on students who are incarcerated receiving a Pell Grant. Students enrolled in programs offered by public and nonprofit private institutions who meet certain quality and transparency standards can receive Pell Grants. Those standards include being approved by the appropriate state carceral agency or the Federal Bureau of Prisons; ensuring that the credits earned by students who are incarcerated can be transferred to at least one institution; ensuring that the program must satisfy applicable requirements for professional licensure or certification; and ensuring that institutions that participate have not been subject to adverse action from a state agency or their accreditor in the previous five years.



### ***Additional Higher Education Provisions***

Finally, the bill also did the following: eliminated the 150% cap on subsidized undergraduate student loans; discharged capital financing loans owed to the federal government by HBCUs; and restored Pell Grant eligibility for defrauded or misled students who successfully pursue a borrower defense to repayment claim.

The simplification of the FAFSA and changes to the federal financial aid formula are scheduled to take effect in 2023, while other provisions, including the lifting of the Pell ban, could take effect as soon as this calendar year.

### **CONSOLIDATED APPROPRIATIONS ACT**

This part of the bill is best understood as the annual process by which the federal government appropriates funds to ensure its continuous operation. In this part of the bill, relevant provisions include [the overall funding of the U.S Department of Education at \\$73.5 billion](#), a \$785 million increase from FY2020. The bill includes small funding increases for Title I grants, Individuals with Disabilities Education, Title II teacher professional development state grants, Title IV Student Support and Academic Enrichment Grants, Early Childhood Education, Career and Technical Education State Grants, among other educational programs, and a \$150 increase to the maximum Pell Grant award.