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CARES Act Higher Education Provisions

President Donald J. Trump declared a U.S. national emergency on March 13, 2020, in response to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) was enacted on March 27, 2020, to address income, health, and economic security in response to the national emergency. This In Focus provides brief descriptions of several higher education provisions included in the law.

Student Aid Provisions

To provide postsecondary education student relief, several provisions in the CARES Act temporarily modify the requirements of existing student aid programs, such as those authorized under Title IV of the Higher Education Act (HEA).

Modifications to Campus-Based Financial Aid Programs

The Federal Supplemental Educational and Opportunity Grant (FSEOG) program and the Federal Work-Study (FWS) program are two campus-based financial aid programs authorized under the HEA. Under the programs, federal funds are awarded to institutions of higher education (IHEs) that administer the programs.

Use of FSEOG for Emergency Aid. Under the FSEOG program, IHEs provide grants to undergraduate students who demonstrate exceptional financial need. The CARES Act authorizes expansion of the FSEOG program to allow IHEs to provide emergency grants to undergraduate and graduate students for unexpected expenses and unmet financial need as a result of a qualifying emergency.

FWS During a Qualifying Emergency. Under the FWS program, IHEs provide part-time employment opportunities for eligible undergraduate, graduate, and professional students. The CARES Act permits IHEs to continue paying students who participated in the FWS program but were unable to fulfill their work-study obligation due to a qualifying emergency. IHEs are permitted to make payments as a one-time grant or as multiple payments.

Waivers of Campus-Based Aid Matching Requirements. Under FSEOG and FWS, IHEs provide institutional funds to match federal funds received. The CARES Act requires that the Secretary of Education waive the matching requirement under the FSEOG and FWS programs for funds made available for award years 2019-2020 and 2020-2021, except that private for-profit organizations that employ FWS students continue to be required to provide a match in funds. IHEs are also permitted to transfer up to 100% of their FWS allocation to the FSEOG program during a period of a qualifying emergency.

Federal Student Loan Modifications

Loans to support students' postsecondary educational pursuits are currently available under the William D. Ford Federal Direct Loan (Direct Loan) program and the Federal Perkins Loan program. Loans were previously available through the Federal Family Education Loan (FFEL) program, and some of those loans remain outstanding.

Adjustment of Subsidized Loan Usage Limits. New borrowers on or after July 1, 2013, may only borrow Direct Subsidized Loans for a period not to exceed 150% of the published length of the academic program in which they are enrolled. If a borrower remains enrolled beyond this limit, he or she will lose the interest subsidy on such loans. The CARES Act permits any semester (or equivalent) that the student does not complete due to a qualifying emergency to be excluded from the 150% limits.

Temporary Relief for Student Loan Borrowers. For all Direct Loan program loans and for FFEL program loans held by the Department of Education (ED), the CARES Act (1) suspends all payments due and counts such suspended payments towards specified loan forgiveness programs (e.g., Public Service Loan Forgiveness) and loan rehabilitation, (2) halts interest accrual, and (3) suspends involuntary collections on defaulted loans, through September 30, 2020.

Institutional Refunds and Student Loan Flexibility. If a student withdraws from an IHE before the end of a period of enrollment for which HEA Title IV federal student aid funds were disbursed, the IHE and/or the student may be required to return grants and student loans received for that period to ED. The CARES Act requires the Secretary of Education to waive the requirement that IHEs and students do so in the case of students who withdraw from the IHE as a result of a qualifying emergency.

Modifications to Teacher Loan Forgiveness

Requirements. The HEA authorizes loan forgiveness of up to \$17,500 for borrowers who teach for five consecutive complete years in eligible low-income schools. The CARES Act permits the Secretary to waive requirements that qualifying teaching service be completed in consecutive years under two conditions: (1) if a recipient's teaching service is temporarily interrupted due to a qualifying emergency, and (2) following such interruption, if the borrower resumes teaching and completes five years of teaching service, including teaching performed before, during, and after the qualifying emergency.

Continuing Education at Affected Foreign Institutions.

Educational programs offered via distance education (e.g., online education) by foreign IHEs, and those offered in

whole or in part in the United States by foreign IHEs, are ineligible to participate in the Direct Loan program. The CARES Act authorizes ED to permit both types of programs offered by foreign IHEs to be eligible for Direct Loans for the duration of a qualifying emergency.

Exclusion from Federal Pell Grant Duration Limit

Pell Grants provide grant aid to financially needy undergraduate students. Students are generally limited to the equivalent of no more than 12 full-time semesters of Pell Grant awards. The CARES Act permits any semester (or equivalent) that the student does not complete due to a qualifying emergency to be excluded from such limit.

Service Obligations for TEACH Grant Program

The Teacher Education Assistance for College and Higher Education (TEACH) Grant program provides recipients with grants to pursue coursework that leads to a certification in teaching in exchange for a four-year teaching service obligation in a high-need field and low-income school. The CARES Act permits the Secretary of Education to excuse TEACH Grant recipients from fulfilling any part of their teaching service obligation that they are unable to complete during a qualifying emergency. Additionally, any teaching service that is part-time or temporarily interrupted due to a qualifying emergency shall count toward fulfilling the service obligation.

Modifications to Satisfactory Academic Progress

To be eligible for federal student aid as authorized under Title IV of the Higher Education Act (HEA), a student must make satisfactory academic progress as measured through qualitative and quantitative standards. The CARES Act excludes attempted credits that were not completed due to a qualifying emergency from the quantitative component.

Institutional Aid Provisions

Several CARES Act provisions provide support to IHEs to maintain operations and continue supporting students.

Higher Education Emergency Relief Fund

The CARES Act establishes a \$30.750 billion Education Stabilization Fund that is composed of a Governor's Emergency Relief Fund, an Elementary and Secondary School Emergency Relief Fund, and a Higher Education Emergency Relief Fund. The Higher Education Emergency Relief Fund provides for the distribution of approximately \$14 billion to IHEs to address needs directly related to coronavirus, including, but not limited to, transitioning courses to distance education and grant aid to students for their educational costs such as food, housing, course materials, health care, and child care.

Safe Schools and Citizenship Education

Safe Schools and Citizenship Education is a program authorized under the Elementary and Secondary Education Act (ESEA), as amended, that, among other things, provides funds to IHEs. The CARES Act authorizes \$100 million for Safe Schools and Citizenship Education to prevent, prepare for, and respond to coronavirus, including

disinfecting affected schools, and assisting in counseling and distance learning.

Historically Black Colleges and Universities (HBCU) Capital Financing Program Modifications

The HBCU Capital Financing Program, authorized under the HEA, assists HBCUs in obtaining low-cost capital financing for campus maintenance and construction projects. The CARES Act authorizes the Secretary of Education to grant a deferment during a qualifying emergency to an institution that has a loan under the program. During the period of the deferment, the Secretary is required to pay the required principal and interest due. At the end of the deferment, the IHE is required to repay the Secretary for payments made on its behalf.

Direct Appropriations to Certain IHEs

Some colleges receive annual direct appropriations for ongoing support. The CARES Act provides \$78,000 to the Institute of American Indian and Alaska Native Culture and Arts Development to prevent, prepare for, and respond to coronavirus. In addition, the CARES Act appropriates \$7 million to Gallaudet University and \$13 million to Howard University to prevent, prepare for, and respond to coronavirus, and to enable grants to students for expenses directly related to coronavirus and the disruption of university operations. The funds are available through September 30, 2021.

Waiver Authority for Minority Serving Institutions

HEA Title III-A, Title III-B, Title V, and Title VII-A-4 authorize what are collectively referred to as the Minority-Serving Institutions (MSIs) programs to equalize educational opportunity. The CARES Act authorizes the Secretary of Education to waive several of the eligibility and reporting requirements that are generally applicable to IHEs participating in the MSI programs.

Modifications for Certain HEA Grant Programs

The CARES Act authorizes the Secretary of Education, upon request by an affected institutional grantee, to modify the required and allowable uses of funds under the MSI programs, TRIO programs, and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). The CARES Act further authorizes the Secretary to modify the financial matching requirement for the MSI programs and any HEA competitive grant program as a result of a qualifying emergency at the request of the grant recipient. Such modification will be in effect through September 30, 2021.

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