

Division of Government
and Community Relations

Office of Federal Relations

To: Campus
From: Office of Federal Relations
Re: Phase 3 COVID-19 relief/stimulus package
Date: March 26, 2020

Early Wednesday morning congressional leaders and Administration officials reached bipartisan agreement on a \$2 trillion stimulus package; throughout the day yesterday various drafts were circulated with the final text not released until late last night. The Senate passed the bill just before midnight by a vote of 96 to 0. The House is expected to consider the bill Friday and pass it by voice vote, to avoid the need of all Members having to return to Washington to cast an in-person vote.

At a high level, the package – the largest of its kind in U.S. history – includes four months of unemployment insurance for workers, “recovery rebates” of up to \$1,200 per individual (plus \$500 per child) for certain individuals, \$150 billion for states and local governments and \$100 billion for hospitals. A win for Democrats, the deal prohibits businesses controlled by the President, members of his family, members of his Administration, and members of Congress from receiving loans through a \$500 billion corporate relief program housed in the Treasury Department. The loans will be overseen by an inspector general and a Pandemic Response Accountability Committee to protect taxpayer dollars. Democrats had initially raised concerns about transparency and oversight of the corporate relief program, arguing that a Senate draft of the stimulus gave the Treasury secretary too much power.

The deal also includes: \$10 billion in small business grants of up to \$10,000 to alleviate operating costs, \$17 billion for the Small Business Administration to cover six months of payments for small businesses with existing SBA loans, \$30 billion in emergency education funding, \$25 billion in transit funding, \$10 billion for Indian Health Services and other tribal programs and \$30 billion for FEMA’s disaster fund.

What follows is an initial summary of the provisions of the package that impact universities and students. **At a high level, while the massive package includes relief for both public and private universities as well as students – and includes research funding – and is a significant improvement over last weekend’s Republican draft bill, it is not at the level requested or the level that is needed.**

Higher Education

Education Stabilization Fund

The nation’s education system would see \$30.75 billion in emergency funding under the stimulus package, marking a considerable bump from an earlier draft bill (\$20 billion) but a sharp reduction from House Democrats’ demands (\$50 billion). This funding would be available until Sept. 30, 2021.

Sec. 18002. Governors in each state will receive \$2.95 billion to allocate at their discretion for emergency support grants primarily to local educational agencies that the state educational agency deems have been most significantly impacted by coronavirus. Funds may also provide emergency support through grants to institutions of higher education serving students within the state. Allocations would be based on 60 percent of population ages 5 to 24 and 40 percent on population of children counted under ESSA. The Education Stabilization Fund (ESF) includes maintenance of effort provisions such that for FY 2020 and FY 2021, states must maintain support for higher education and state need-based grant aid at an average of the previous three years. The MOE does not cover capital projects, R&D, and tuition revenue.

Sec. 18003 – K-12 would receive \$13.23 billion based on the Title I formula.

Sec. 18004. Higher Education – The bill includes \$14.25 billion for **higher education emergency relief** for public and private institutions of higher education to prevent, prepare for, and respond to coronavirus. Funds may be used 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 childcare. Funds will be distributed through the Title IV system to institutions so that the money can get disbursed as quickly as possible.

- Within that total, \$12.56 billion would be allocated directly to institutions based on a formula:
 - 75 percent according to the relative share of full-time equivalent enrollment of Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency; and
 - 25 percent according to the relative share of full-time equivalent enrollment of students who were not Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency.
 - At least 50 percent of the funds awarded to institutions (\$6.28 billion) must be used to provide direct emergency aid to students, including “grants to students for food, housing, course materials, technology, healthcare, and childcare.”
 - Recipients of the funds must retain current employees to the “maximum extent possible.”
- \$1 billion to Minority-serving institutions
- \$300 million via FIPSE for institutions with demonstrated significant unmet need due to the crisis. Priority for these grants will be given to those institutions that did not receive at least \$500,000 in the basic distribution formula described above.

****Important Note:** The Association of Public and Land-grant Universities has already done an [analysis](#) of what it estimates institutions would receive through this funding. **Under their estimate, Vanderbilt would receive \$5.22 million.**

Sec. 3503. Campus-Based Aid Waivers – The bill waives the institutional matching requirement for campus-based aid programs and allows institutions to transfer unused work-study funds to be used for supplemental grants.

Sec. 3504. Use of Supplemental Educational Opportunity Grants for Emergency Aid – The bill allows institutions to award additional SEOG funds to students impacted by COVID-19.

Sec. 3505. Federal work-study during a qualifying emergency – The bill allows institutions to issue work-study payments to students who are unable to work due to work-place closures as a lump sum or in payments similar to paychecks.

Sec. 3506. Adjustments of Subsidized Loan Limits – For students who dropped out of school as a result of COVID -19, the bill excludes the term from counting toward lifetime subsidized loan eligibility.

Sec. 3507. Exclusion from Federal Pell Grant Duration Limit – For students who dropped out of school as a result of COVID -19, the bill excludes the term from counting toward lifetime Pell eligibility.

Sec. 3508. Institutional Refund and Federal Student Loan Flexibility – For students who dropped out of school as a result of COVID -19, the student is not required to return Pell grants or federal student loans to the Secretary. The bill also waives the requirement that institutions calculate the amount of grant or loan assistance that the institution must return to the Secretary in the case of students who dropped out of school as a result of COVID-19.

Sec. 3509. Satisfactory Progress – For students who dropped out of school as a result of COVID -19, the student's grades do not affect a student's federal academic requirements to continue to receive Pell Grants or student loans.

Sec. 3510. Continuing Education at Affected Foreign Institutions – The bill permits foreign institutions to offer distance learning to U.S. students receiving title IV funds for the duration of the COVID-19 declaration of disaster.

Sec. 3512. HBCU Capital Financing Program – The bill authorizes the Secretary of Education to defer payments on current HBCU Capital Financing loans during the national emergency period so HBCUs can devote financial resources to COVID-19 efforts.

Sec. 3513. Temporary Relief for Federal Student Loan Borrowers – The bill requires the Secretary to defer student loan payments, principal, and interest on Direct Loans and FFEL loans held by ED for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans. Months for which payments are suspended will be deemed as counting for the purposes of Public Service Loan Forgiveness (PSLF), other loan forgiveness programs, and for those borrowers who are rehabilitating their loans. ED would ensure that any payment that is suspended would be treated as a payment made by the borrower for consumer reporting agency purposes. ED would suspend involuntary collections during the suspension period described above (such as wage garnishment). This provides relief for over 95 percent of student loan borrowers.

The bill does not include student loan forgiveness, as pushed for by Democrats.

Sec. 3516. Technical Amendments – The bill makes technical edits to the FUTURE Act to improve implementation and aid student loan borrowers.

Sec. 3518. Authorized uses and other modifications for grants – Allows the Secretary to waive requirements regarding the allowable uses of grant funding and requirements on matching grants at the request of the institution.

Sec. 3519. Service Obligation to Teachers - For teachers who could not finish their year of teaching service as a result of COVID-19, their partial year of service shall be counted as a full year of service toward TEACH grant obligations or Teacher Loan Forgiveness. The bill also waives a requirement that teachers must serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility, if a teacher's service is not consecutive as a result of COVID-19.

Tax Provisions

Sec. 2204. Allowance of partial above the line deduction for charitable contributions – The provision encourages Americans to contribute to churches and charitable organizations in 2020 by temporarily permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not.

Sec. 2205. Modification of limitations on charitable contributions during 2020 – The provision temporarily increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50-percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income. This provision also increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.

Sec. 2206. Exclusion for certain employer payments of student loans – The provision enables employers to provide a student loan repayment benefit to employees on a tax-free basis – an expansion of Sec. 127, employer provided education assistance. Under the provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021.

Sec. 2301. Employee retention credit for employers subject to closure due to COVID-19 – The provision provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year. The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

Eligible employers include an employer which conducted an active trade or business during calendar year 2020 and with respect to that business the operation of that business was fully or partially suspended by governmental order due to the coronavirus (COVID-19) during such calendar quarter; or the business has experienced a significant decline in gross receipts. Tax exempt organizations may be eligible for these credits in certain cases, but governmental entities are not.

Sec. 2302. Delay of payment of employer payroll taxes – The provision allows employers and self-employed individuals – including private non-profit universities – to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022. No interest and penalties apply provided payment is made when due. The Social Security Trust Funds will be held harmless under this provision.

Sec. 2303. Modifications for net operating losses – The provision relaxes the limitations on a company’s use of losses; it is unclear at this time whether this would apply to nonprofit universities. Net operating losses (NOL) are currently subject to a taxable-income limitation, and they cannot be carried back to reduce income in a prior tax year. The provision provides that an NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years. The provision also temporarily removes the taxable income limitation to allow an NOL to fully offset income. These changes will allow companies to utilize losses and amend prior year returns, which will provide critical cash flow and liquidity during the COVID-19 emergency.

Research Provisions

National Institutes of Health – The bill includes \$945.0 million for NIH to support research to expand on prior research plans, including developing an improved understanding of the prevalence of COVID-19, its transmission and the natural history of infection, and novel approaches to diagnosing the disease and past infection, and developing countermeasures for the prevention and treatment of its various stages. NIH funds are available until Sep. 30, 2024. Included within NIH are:

- National Institute of Allergy and Infection Disease (NIAID): \$706.0 million, with \$156.0 million for equipment for research facilities of or used by NIH
- National Heart, Lung and Blood Institute (NHLBI): \$103.40 million
- National Institute for Biomedical Imaging and Bioengineering (NIBIB): \$60.0 million
- National Library of Medicine (NLM): \$10.0 million
- National Center for Advancing Translational Science: \$36.0 million

Defense – The bill includes \$415.0 million for research and development, noting military medical research programs have developed promising vaccines and anti-viral pharmaceuticals, which require additional investment for testing.

Department of Energy’s Office of Science – The bill includes \$99.5 million for the Department of Energy’s Office of Science for costs related to equipment, personnel, and operations to support research on the coronavirus.

NSF – The bill includes \$75.0 million for the National Science Foundation to support research at molecular, cellular, physiological and ecological levels to better understand coronavirus genetics, modes of action, transmission, virulence and population dynamics. The bill also includes \$1.0 million for Agency Operations and Award Management. Additionally, the bill allows NSF to “restore amounts, either directly or through reimbursement for obligations incurred by NSF” including “amounts to reimburse costs for these purposes incurred between January 20, 2020, and the date of issuance of such grants or agreements.”

NEH – The bill includes \$75.0 million each for the National Endowment for the Humanities and the National Endowment for the Arts to state arts and humanities agencies to provide grants and support arts organizations, museums, libraries, and other organizations. Forty percent of the NEH funding will be distributed to state humanities councils and 60 percent will be for direct grants.

NASA – The bill includes \$60 million for Safety, Security and Mission Services. to prevent, prepare for, and respond to coronavirus.

Environmental Protection Agency – The bill provides \$7.2 million to support research efforts regarding coronavirus; staffing and associated costs for expediting registrations and other actions related to addressing coronavirus; cleaning and disinfecting of EPA’s facilities; and enhancing EPA’s telework infrastructure.

NIST – The bill includes \$6.0 million for the National Institute of Standards and Technology Scientific and Technical Services to provide continuity of operations and to conduct research and measurement science to support testing and treatment of coronavirus. The bill includes \$50.0 million for Hollings Manufacturing Extension Program and \$10.0 million for National Network for Manufacturing Innovation.

NOAA – The bill provides \$20.0 million for the National Oceanic and Atmospheric Administration Operations, Research, and Facilities to support continuity of operations, including National Weather Service life and property related operations.

Healthcare Provisions

Reimbursement for Hospitals and Other Providers – Overall, the bill includes \$100 billion, available until expended, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care expenses or lost revenues attributable to COVID-19.

Sec. 3709. Medicare Sequester – The bill temporarily lifts the 2 percent Medicare sequester on payments to providers from May 1 to Dec. 30, 2020 and extends the sequester to one-year beyond current law.

Sec. 3710. Medicare Add-on for COVID-19 Patients – The bill increases payment for patients admitted with COVID-19 by 20 percent; this remains available through the duration of the COVID-19 emergency period.

Sec. 3719. Medicare Advance Payments – The bill expands Medicare accelerated payments program for the duration of the COVID-19 emergency period. Qualified facilities can request up to a six-month advanced lump sum or periodic payment and will be based on net reimbursement represented by unbilled discharges or unpaid bills. Most hospital types could elect to receive up to 100 percent of the prior period payments, with Critical Access Hospitals able to receive up to 125 percent. Qualifying hospitals would not be required to start paying down the loan for four months and would also have at least 12 months to complete repayment without a requirement to pay interest.

Sec. 3703. Expanding Telehealth Flexibilities – The bill eliminates the requirement in Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 that limits Medicare telehealth expansion authority during the COVID-19 emergency period to situations where the physician or other professional has treated the patient in the past three years.

Sec. 3813. DSH Payment Reduction Delay – The bill delays Medicaid DSH reductions until Nov. 30, 2020.

Sec. 3831. Workforce Extenders – The bill extends funding for community health centers, the National Health Service Corps, and the Teaching Health Center Graduate Medical Education through Nov. 30, 2020.

Assistant Secretary for Preparedness and Response (ASPR) – The bill includes \$27 billion, including:

- Up to \$16 billion for the Strategic National Stockpile.
- At least \$250 million for grantees of (or other entities that meet the requirements of) the Hospital Preparedness Program.
- At least \$3.5 billion for the Biomedical Advanced Research and Development Authority (BARDA) to support manufacturing, production, and purchase of vaccines, therapeutics, diagnostics, and small molecule active pharmaceutical ingredients.
- Funds can be used to support the Department of Veterans Affairs under specific circumstances.
- Funds can be used to support construction, alteration, or renovation of non-federally owned facilities to improve preparedness and response capabilities at the state and local level.

Centers for Disease Control (CDC) and Prevention – The bill includes \$4.3 billion, including:

- \$1.5 billion – State and Local Preparedness Grants
- \$500 million – Global Health Security
- \$500 million – Public Health Data Surveillance and Infrastructure Modernization
- \$300 million – Infectious Diseases Rapid Response Reserve Fund

Enabling Physician Assistants and Nurse Practitioners to Order Medicare Home Health Services – This section would allow physician assistants, nurse practitioners, and other professionals to order home health services for beneficiaries, reducing delays and increasing beneficiary access to care in the safety of their home.

Sec. 3216. Flexibility for members of National Health Service Corps during emergency period – The bill allows the Secretary of Health and Human Services (HHS) to reassign members of the National Health Service Corps to sites close to the one to which they were originally assigned, with the member's agreement, in order to respond to the COVID-19 public health emergency.

Other Provisions

Sec. 3404. Nursing workforce development – The bill reauthorizes and updates Title VIII of the Public Health Service Act, which pertains to nurse workforce training programs. It updates reporting requirements to include information on the extent to which Title VIII programs meet the goals and performance measures for such activities, and the extent to which HHS coordinates with other Federal departments on related programs. It permits Nurse Corps loan repayment beneficiaries to serve at private institutions under certain circumstances. Title VIII programs help to address current and emerging health care challenges by supporting the development of a robust nursing workforce, as nurses are critical in responding to the COVID-19 pandemic and future public health emergencies.

Health Resources and Services Administration (HRSA) – The bill includes \$275 million for HRSA, including \$90 million for Ryan White HIV/AIDS programs and \$185 to support rural critical access hospitals, rural tribal health and telehealth programs, and poison control centers.

Rural Development – The bill provides \$25 million to support the Distance Learning and Telemedicine program. This increase will help improve distance learning and telemedicine in rural areas of America.

Transit Systems – The bill provides \$25 billion to public transit operators to protect public health and safety while ensuring transportation access to jobs, medical treatment, food, and other essential services remain available during the COVID-19 response.

Expansion of Small Business Administration Loans – The bill expands eligibility to entities with 500 or fewer employees (apparently including students), removes many of the credit criteria and streamlines the application process, and raises the cap on the amount that can be borrowed to \$10 million. It includes loan forgiveness provisions if entities do not lay off employees or reduce salaries for those making less than \$100,000 during the eight-week period after the loan is received. Funds can be used for payroll, mortgage, rent or utilities.

Community Development Block Grant – The bill includes \$5 billion for the Community Development Block Grant (CDBG) program to enable nearly 1,240 states, counties, and cities to rapidly respond to COVID-19 and the economic and housing impacts caused by it, including the expansion of community health facilities, child care centers, food banks, and senior services. Of the amounts provided, \$2 billion will be allocated to states and units of local governments that received an allocation under the FY 2020 CDBG formula, \$1 billion will go directly to states to support a coordinated response across entitlement and non-entitlement communities, and \$2 billion will be allocated to states and units of local government, cities and counties based on the prevalence and risk of COVID-19 and related economic and housing disruption.

In order to ensure resources are quickly deployed and meet the unique response needs to COVID-19, the bill eliminates the cap on the amount of funds a grantee can spend on public services, removes the requirement to hold in-person public hearings in order to comply with national and local social gathering requirements, and allows grantees to be reimbursed for COVID-19 response activities regardless of the date the costs were incurred. This funding builds on \$6.7 billion provided in FY 2019 and 2020 by allowing grantees to combine prior year funds with new funding in order to prevent, prepare for, and respond to COVID-19.

Economic Development Administration (EDA) – The bill provides \$1.5 billion for economic adjustment assistance to help revitalize local communities after the pandemic. EDA assistance can be used to help rebuild impacted industries such as tourism or manufacturing supply chains, capitalize local funds to provide low-interest loans to businesses of all sizes, and support other locally identified priorities for economic recovery.

Statements

ACE [statement](#)

AAMC [statement](#)

AAU statement likely after House passage

APLU [statement](#)

Both Sens. [Lamar Alexander](#) (see also his [Tweet](#) and [statement via the HELP Committee](#)) and [Marsha Blackburn](#) supported the bill. In anticipation of House consideration of the bill, Reps. [Mark Green](#) and [Steve Cohen](#) have made statements.

Phase 4

While the phase 3 stimulus package isn't even passed yet, policymakers have conceded there will need to be a phase 4 – and possibly more. Already, there are calls for support for programs and sectors passed over in phase 3. This includes calls for additional funding for SNAP, support for the Postal Service, and potentially even more support for airlines and states and municipalities. Advocates for student loan forgiveness will almost certainly renew their push for loan forgiveness in a future package.

The higher education community will also regroup and renew our advocacy for additional relief for colleges and universities as well as students. The community has coalesced around a set of recommendations for [higher education](#), [research](#), and [tax](#). To the extent that these recommendations were not included in phase 3, the community will no doubt urge policymakers to include them in the next stimulus package.

However, timing on a phase 4 is uncertain, with the Senate now recessed until April 20 and House Members having been back in their districts since March 14. It remains to be seen how or when a phase 4 package will come together though many predict it will be needed within the next month.