Coronavirus Aid, Relief, and Economic Security (CARES) Act
Education-Related Provisions

FOR STUDENTS:
• Stipulates that borrowers will not accumulate interest on student loans for three months, and do not have to make payments on those loans. A $0 payment during these three months will count as a qualified payment on a loan for borrowers who apply for loan forgiveness.

• Allows companies to pay up to $5,250 of employee’s student loans annually on a tax-free basis.

• Enables the payment of work-study students for the remainder of the semester, even if they are unable to work due to COVID-19.

• Authorizes students impacted by COVID-19 to be entitled to additional aid and grants.

• Ensures that students who took subsidized loans or Pell money for the 2020 spring semester will not have that semester count against their lifetime eligibility for either aid program.

FOR INSTITUTIONS OF HIGHER EDUCATION:
• Establishes an education flexible fund ($3 billion) and a higher education fund ($14.25 billion) to assist colleges and universities across the country respond to COVID-19.

• Authorizes smaller non-profit institutions to qualify for the small business interruption loans, also authorized by CARES. Qualified institutions: on average over the last three years had less than 500 employees and less than $7.5 million in revenue. Interruption loans have 100% government-backed guarantee, portions may be forgiven, and loans can be as high as $10 million.

• Waives the institutional matching requirement for campus-based aid programs. Allows institutions to transfer unused work-study funds for supplemental grants.

• Permits institutions to award additional Supplemental Educational Opportunity Grants (SEOG) to students impacted by COVID-19 (“SEOG Emergency Aid”).

• Waives the requirement for institutions to return federal aid for students who withdraw from the school during the spring semester of 2020.

• Creates an above-line charitable tax deduction and increases the charitable deduction for those who itemize to encourage donations to non-profits, including, institutions of higher education.

This document was prepared as an informational resource and should not be considered legal or business counsel. Please reach out to CoronavirusHelp@braun.senate.gov for questions, concerns, or additional assistance. Last updated March 27, 2020.

1 H.R.748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was approved unanimously by the Senate on March 25, 2020.