



Coronavirus Aid, Relief, and Economic Security (CARES) Act: Education Stabilization Fund Summary & FAQ

On March 27, the \$2-trillion Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The bill is a good start and, while not perfect, does address many needs of our students, educators, and schools. It is intended to help stabilize workers, families, and the economy during the COVID-19 public health crisis, and is the third relief package Congress has passed during the coronavirus pandemic. NEA is also advocating for additional stimulus funds in a fourth package.

Education Stabilization Fund

Provides \$30.7 billion for an Education Stabilization Fund (ESF)¹ through the U.S. Department of Education, divided among three emergency relief funds and available through September 31, 2021:

- \$3 billion for a **Governor's Emergency Education Relief Fund** for grants to states to help local educational agencies (LEAs)
- \$13.5 billion for an **Elementary and Secondary School Emergency Relief Fund**
- \$14.2 billion for a **Higher Education Emergency Relief Fund**

Governor's Emergency Education Relief Fund - \$3 billion

Governors may use these funds to provide emergency support through grants to LEAs and institutions of higher education (IHEs) that have been most significantly impacted by coronavirus.

Elementary and Secondary School Emergency Relief Fund - \$13.5 billion

The grant will be distributed to states based on their share of Elementary and Secondary Education Act (ESEA) Title I-A funds. State education agencies will then distribute at least 90 percent of funds to LEAs based on their share of Title I-A funds. Remaining funds will be used for emergency needs as determined by the state educational agency.

The K-12 education fund may be used for any of the following:

- For activities authorized by ESEA, IDEA, Adult Education and Family Literacy, Perkins CTE, and McKinney-Vento Homeless Assistance
- Coordination efforts to prevent, prepare for, and respond to coronavirus
- For resources for principals and school leaders to respond to the needs of their individual schools

¹ Please see NEA Education Policy and Practice's [CARES Act Preliminary State Table](#) for estimated ESF funds by state.

- Activities and service delivery to address the unique needs of students that are low-income, children with disabilities, English learners, racial and ethnic minorities, the homeless, and youth in foster care
- Training and professional development on sanitation and minimizing spread of infectious disease
- Purchasing supplies to clean and sanitize LEAs
- Planning and coordination on providing meals and technology for online learning, including guidance on meeting IDEA requirements
- Purchasing education technology including hardware, software, and connectivity
- Providing mental health services
- Planning summer learning, afterschool, or online learning during the summer months
- Funds may also be used to protect educator jobs

Higher Education Emergency Relief Fund – \$14.2 billion

Similarly, of the funds for higher education, 90 percent must be distributed to IHEs to prevent, prepare for, and respond to coronavirus. Funds may be used to defray expenses for IHEs, such as lost revenue, technology costs associated with the transition to distance education, and grants to students.

Specifically, the fund allocates 90 percent directly to institution through Title IV distribution system.

- Institutional amounts are calculated using 75 percent of full-time equivalent (FTE) enrollment of Pell Grant-eligible students at an institution
- 25 percent of the institutional award is calculated using FTE of non-Pell students
- Students who were exclusively online are removed from the calculation
- At least 50 percent of the funds awarded to institutions must be used to provide direct emergency aid to students, including “grants to students for food, housing, course materials, technology, health care and childcare”
- Recipients of funds must retain current employees to the “maximum extent practicable”

In addition, the fund:

- Reserves 7.5 percent for Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institution (MSIs)
- Reserves 2.5 percent for grants to institutions particularly impacted by coronavirus, to be administered through the Fund for the Improvement of Postsecondary Education (FIPSE)
 - Priority for these grants goes to smaller institutions that received less than \$500,000 under the formula and MSI grants and still have significant unmet need.

Frequently Asked Questions

Can funds be used to pay employees?

Yes. The law stipulates that to the greatest extent practicable, LEAs, states, IHEs or any entities receiving Education Stabilization funds should use them to continue to pay employees and contractors during the period of any disruptions or closures related to the coronavirus.

The Elementary and Secondary School Emergency Relief Fund identifies funds that may be used for variety of activities and purposes – what more can you tell me about how the funds can or cannot be used?

At this time the U.S. Department of Education has not provided additional guidance on the dozen broadly defined categories of allowable uses (see above list). The timeline for accessing these funds is the following:

- ED has 30 days from passage of the CARES Act to publish grant applications for states to apply
- ED will then have 30 days to review state applications before awarding grants to states.

Therefore, it is possible that states could wait for as many as 60 days from the date the CARES Act was enacted before awards *are granted and then funds are disseminated (they receive these funds)*. However, there is push to speed up this timeframe to get funding to states more swiftly.

Does the Elementary and Secondary Education Act’s maintenance of effort (MOE) apply to these funds?

No. The Education Secretary is granted authority to waive the ESEA’s maintenance of effort provision for these funds if states have “experienced a precipitous decline in financial resources.” Looking ahead to potential future relief packages, the NEA strongly advocates that ESEA’s MOE provisions be upheld and enforced.

Is there any flexibility for using Title IV-A funds?

Yes. The 15 percent limit on Title IV-A funds to purchase technology infrastructure has been lifted.

May funds be used to help K-12 students who don’t have access to the internet at home (i.e. those experiencing the ‘Homework Gap’)?

The K-12 funds *may* be used for purchasing technology including hardware, software, and connectivity (e.g. wi-fi hotspots). However, it is not required.

Are any provisions made for students that reside on tribal lands?

Yes. Of the \$30.7 billion Education Stabilization Fund, 0.5 percent is reserved for the Bureau of Indian Education (BIE). In addition, 1 percent has been reserved for competitive grants to states/BIE with the “highest coronavirus burden.”

Why are funds to K-12 education and higher education not the same amount?

It’s unclear. No explanation has been provided as to why during bill negotiations the amounts were equally divided between the two, but ended up resulting in two different dollar amounts.

Are community colleges eligible to receive Higher Education Emergency Relief Funding?

Yes, community colleges are eligible to receive funds. However, because 75 percent of the apportionment is based on the enrollment number of Pell Grant recipients, the amount will not likely be significant. Despite community college students being among those with the greatest need, it is common for them not to complete the FAFSA, which would make them Pell Grant-eligible.