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## COMMITTEE FOR EDUCATION FUNDING

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Thursday, March 19, 2020

### I. Policy Intelligence and Education News

- **What's been enacted, what's under consideration** – Congress has already enacted two emergency responses to the coronavirus: an \$8.3 billion spending bill that included funding for testing and treatment, and an as-yet unscored bill signed into law last night that ensures paid sick leave to certain employees, expands SNAP and Medicaid, and provides other emergency assistance. The Senate is still in session (the House is not, and two House members have now tested positive for the coronavirus) and working quickly on a third measure to provide economic relief to individuals and employers. We're hearing a Senate bill may be introduced as soon as tonight, with quick action expected. This third bill would not be the last response but would provide immediate financial aid until Congress could return in several weeks and consider then what is needed for economic stimulus. On Tuesday the Administration submitted a request for supplemental funding, including \$150 million for the Department of Education (described in the first CEF Update of March 18), but House Democrats aren't in favor of the request, saying it was inadequate and includes some items not related to the crisis. (See the ACG memo attached and inserted at the end for more details about what's in the just enacted bill and what's pending.)
- **What the last big federal stimulus provided for education** – As the education community assesses what extra federal funding or actions might be needed and how it might be supplied, I thought it might be helpful to look at the last stimulus bill enacted in response to the 2008 financial crisis. The circumstances were different, but in 2009, there was a huge stimulus package called the American Recovery and Reinvestment Act (ARRA, or the Recovery Act). It included about \$100 billion for the Department of Education (ED) and additional education funding for Head Start and child care in the Department of Health and Human Services. The funding was split between bolstering primarily the big formula grant programs (designed to backfill where state and local revenues had taken a hit) and a few others where need would grow (homeless education, Pell grants, Work Study), and creating a huge new program with funding that went to governors to help school districts, known as the State Fiscal Stabilization Fund. Within that Fund was money to create the Race to the Top, which provided competitive grants to states that were designing new, replicable education programs. Below is information on the Recovery Act.
  - ED still has its Recovery Act webpage, with links to each of the funded programs
  - American Recovery and Reinvestment Act of 2009 conference report that has the legislative text (the extra funding for individual ED programs starts on page 68; the \$53.6 billion State Fiscal Stabilization Fund created within ED starts on page 166) and the explanation of the programs (ED description starts on page 456).

**Recovery Act provided almost \$100 billion for ED:**

- \$53.6 billion for the State Fiscal Stabilization Fund, a new program that allowed governors to aid local school districts to prevent layoffs and cutbacks, with flexibility to use the funds for school modernization and repair
- \$15.6 billion to increase Pell Grants, which raised the total maximum grant to \$5,340
- \$13 billion for Title I
- \$12.2 billion for special education
- \$680 million for vocational rehabilitation programs
- \$650 million for educational technology
- \$250 million to the Institute of Education Sciences for states to analyze student performance
- \$200 million for Work Study
- \$200 million for the Teacher Incentive Fund (since renamed the Teacher and School Leader Incentive Grants)
- \$100 million for higher education
- \$100 million for Impact Aid
- \$70 million for the education of homeless children
- \$60 million for student aid administration
- \$14 million for the Inspector General

**Education funding in HHS:**

- \$2.1 billion for Head Start
  - \$2 billion for childcare services
- **Impact of moving schools to distance learning** – With so many K-12 and colleges moving to remote teaching, schools and higher education institutions are scrambling to provide remote content and assessing the financial impact the closures will have. Some resources and issues we’ll continue to hear about:
    - **Smithsonian distance learning resources**
    - **Confusion over guidance on the necessity of closing schools** – CDC guidance about whether schools should close appears to contradict the Administration’s guidance to have no more than 10 people in one area.
    - **Assistance in providing connectivity** – With schools and libraries closed, some students do not have access to online learning.
    - **Questions about waivers from required K-12 testing, expansion of e-rate services**
    - **Assistance in providing meals for students who would have eaten breakfast and lunch at school**
    - **Financial aid for higher education institutions** – Many will lose revenue from athletic events and will have to refund room and board, at a minimum.
    - **Student loan payments** – The Administration announced it would not add interest to student loans starting on March 13 but there’s confusion about how loan providers will implement that. Some are calling for a temporary pause in loan payments entirely.
    - **Support for hourly workers at schools and colleges that are not physically open**

## II. ACG Coronavirus summary memo

- **Memo attached and inserted below** – American Continental Group (ACG) is producing a morning and an evening update memo that includes the latest from the Administration and Congress, macro

statistics, and business and community news and notes. While this memo is not education-specific, we thought the information may help you communicate with your own institutions and networks. We will send the memo every morning and evening. The memo is inserted below and attached.



**March 19, 2020**

## **ACG Coronavirus Morning Update**

### **OVERVIEW**

- The number of confirmed coronavirus infections crossed 220,000, more than doubling in two weeks. Deaths globally also more than doubled over the past two weeks to over 9,000. The U.S. has 9,415 confirmed cases and 150 deaths. Mainland China has reported zero new domestic infections of coronavirus for the first time since the outbreak began.
- [List of canceled events and public gatherings in the U.S. \(updated daily\)](#)
- [List of House Democrats Coronavirus staff points of contact](#)

### **ADMINISTRATION**

- President Donald Trump has signed Congress' second major coronavirus relief package that aims to provide an initial safety net as layoffs begin and coronavirus cases hit every state. Now that the bill has been signed into law, it will go into effect no later than April 2<sup>nd</sup> and remain in effect through the end of the calendar year

#### **H.R. 6201, Families First Coronavirus Response Act**

##### ***Tax Credits for Paid Sick and Paid Family and Medical Leave***

- H.R. 6201 mandates that all public sector employers, all mid-sized businesses, and small businesses not exempted by the Treasury Department for reasons of financial hardship provide paid family and medical leave through the end of the 2020 calendar year, for which the businesses will receive offsetting refundable tax credits. The Joint Committee on Taxation has estimated that those credits would reduce federal tax revenues by \$105 billion. The mandate may be waived for businesses with less than 50 employees and does not apply to businesses with more than 500 employees. The rationale for imposing the mandate on only some small businesses and no large businesses, but all mid-sized businesses, is that small businesses may not be able to bear that burden and, according to bill proponents, “the vast majority of businesses [with over 500 employees] already offer paid sick leave.”

- H.R. 6201 would provide refundable 100 percent tax credits to employers to compensate them for the expense of paid sick and family leave that employers must grant to employees under the bill to address employment interruptions related to COVID-19.
- The tax credits would be administered by the IRS and be creditable against employer-side payroll tax liability, with any excess refunded to the employer.
- Refundable tax credits similar in scope and amount would be available to self-employed workers.
- Payments to employees would be taxable income to the employees and subject to employee-side payroll taxes, but not subject to the employer portion of payroll taxes.
- H.R. 6201 provides that no business will have a liability larger than the credit it receives. The bill also provides the Treasury Secretary with the ability to advance resources to small businesses
- The provision sunsets on December 31, 2020.

***Payroll Credit for “Qualified Sick Leave Wages”***

- H.R. 6201 requires certain employers to provide 80 hours (or 2 weeks) of fully paid leave to full-time employees (pro-rata rules would apply to part-time employees), on top of any other existing paid leave program of the employer, to cover the following employees:
  1. An employee subject to a Federal, State, or local quarantine or isolation order related to coronavirus;
  2. An employee who has been advised by health care provider to self-quarantine due to coronavirus;
  3. An employee who is experiencing symptoms of coronavirus;
  4. An employee who is caring for an individual subject to an isolation order described or who has been advised to self-quarantine;
  5. An employee who is caring for their child because the child’s school is closed or child care provider is unavailable due to coronavirus; or
  6. An employee who is experiencing a similar condition specified by the Health and Human Services Secretary.

- Employers would be required to pay employees their full wages, not to exceed \$511 per day and \$5,110 in the aggregate, for an employee described in (1), (2), or (3) above.
- Employers would be required to pay employees two-thirds of their wages, not to exceed \$200 per day and \$2,000 in the aggregate, for an employee described in (4), (5), or (6) above.

***Payroll Credit for “Qualified Family Leave Wages”***

- Employers would also generally be required to provide ten weeks of paid leave to employees who are not working because the employee is caring for their child because the school is closed or child care is unavailable due to a public health emergency. Employers would be required to pay employees two-thirds of their wages, not to exceed \$200 per day and \$10,000 in the aggregate. The Secretary of Labor would have authority to issue regulations to exclude certain health care providers and emergency responders from the qualified family leave provisions.
- Now the White House and top Senate Republicans are putting together a trillion-dollar proposal that will support airlines and small businesses. As part of this proposal, Treasury Secretary Mnuchin and Senate Republicans are also considering sending Americans direct payments in two \$250 billion tranches—on April 6<sup>th</sup> and May 18<sup>th</sup>.
- President Trump [issued](#) an Executive Order last night to significantly expand the authority of the Secretary of Health and Human Services (HHS). The EO authorizes the HHS Secretary to appropriate health and medical resources, and allocate materials, services, and facilities as deemed necessary or appropriate.
- President Donald Trump [announced](#) partnerships with the Ad Council, major media networks, and digital platforms to effectively communicate accurate and timely information directly to the American people.
- Commissioner Stephen Hahn announced the Food and Drug Administration (FDA) will be cutting back on domestic inspections of all regulated products including drugs, devices, tobacco and food to protect inspectors from the coronavirus.
- As hospitals struggle to find enough providers and health care works, the Trump administration announced new rules that would let doctors practice across state lines without going through recertification requirements. Vice President Mike Pence called on Americans to postpone elective surgeries, and the administration said it would release guidelines discouraging nonessential procedures.
- The U.S. Department of Labor [announced](#) the availability of up to \$100 million for Dislocated Worker Grants to help address the workforce-related impacts of the public health emergency related to COVID-19.

- The U.S. Treasury Department and Internal Revenue Service (IRS) today [issued](#) guidance allowing all individual and other non-corporate tax filers to defer up to \$1 million of federal income tax (including self-employment tax) payments due on April 15, 2020, until July 15, 2020, without penalties or interest.

## CONGRESS

- House Democrats are drafting a new stimulus bill as their counter-offer to the trillion-dollar “phase 3” package being quickly assembled in being Senate. The House plan is expected to include additional unemployment insurance payments, expanded Medicaid coverage, an airline rescue package, relief for homeowners and renters, support for small businesses, and additional food security measures.
- [News broke](#) last night that the first Members of Congress—Rep. Mario Diaz-Balart (FL-R) and Rep. Ben McAdams (D-UT)—have tested positive for the coronavirus.

## Health Care

- A new coronavirus test developed by medical device maker Abbott Laboratories was [approved](#) for emergency use by FDA on Wednesday. Abbott said it will begin shipping 150,000 tests, which can test one patient sample each, after already sending the tests to labs in 18 states, including California, New York and Washington. By the end of this month, Abbott aims to produce a million tests a week.
- Eli Lilly & Co. said Wednesday it is freeing up some of its scientists and research laboratories to conduct coronavirus testing in its home state of Indiana. The company is also setting up drive-through sites, the latest movement to ramp up testing across the country.