



I. New, Smaller Senate Pandemic Relief Bill Introduced

- **Passage of new, smaller Senate pandemic relief bill is unlikely** – This afternoon Senate Majority Leader McConnell introduced a new, smaller pandemic relief bill (text is [here](#) and attached as a PDF, along with the Senate leadership’s summary). This “targeted” bill, the Delivering Immediate Relief to America’s Families, Schools and Small Businesses Act, will come up for a vote on Thursday but will not get Democratic support and will not pass. Among other provisions, the bill includes education and child care relief funding but no state and local fiscal relief. The bill also includes provisions that fund private schools and support parents that home-school their children, incorporating time-limited versions of policies from other Republican proposals. The bill’s total cost is lowered by rescinding about \$350 billion on unspent funds provided by the CARES Act for the Federal Reserve to provide liquidity and for the small business Paycheck Protection Program. There is no official cost estimate for the bill, but the net is expected to be about \$500 billion.
- **Education and child care funding in the bill that is the same as in the HEALS Act** – The bill includes the main education funding from the previously announced Senate Republican HEALS Act, providing \$105 billion for the CARES Act’s Education Stabilization Fund and \$15 billion for child care. After reserving 1% of the education funding for Bureau of Indian Education and for outlying areas, the remaining \$103.95 billion is divided as follows:
 - **5% (approximately \$5.2 billion) for Governors’ Emergency Relief Funds**, which can be used for any emergency grants for any part of education;
 - **67% (approximately \$69.7 billion) for the Elementary and Secondary Education Fund**, allocated to states based on the formula for Title I. One third of the funding (\$23.2 billion) will be available immediately to local educational agencies (LEAs), but the remaining two thirds will only be awarded once LEAs meet certain criteria: either they are providing in-person education to at least half the students at least half of the school week, or after the governor approves their reopening plan and at least some students are getting in-person education, but if it is less half the students for half the school week then funding is reduced “on a pro rata basis as determined by the Governor” (page 262). Thus, schools that are providing fully virtual education are not eligible for two thirds of the K-12 funding. The bill includes language to protect charter schools (page 115);
 - **Funding reserved for private schools** – States must set aside funding for private schools based on the proportion of private school students they had before the pandemic hit. Governors allocate the funding based on the number of low-income students in all non-public schools. Private schools providing no in-person education are eligible for only one-third of the funding (pages 123-5).
 - **28% (approximately \$29.1 billion) for higher education institutions**, with 85% of the funding allocated based on the number of Pell grant recipients who were not exclusively

enrolled in distance education before the pandemic, 10% for additional awards to Historically Black Colleges and Universities and other Aid to Institutional Development programs, and 5% for institutions that the Secretary of Education determines most need assistance to address the coronavirus.

- **\$15 billion for child care within HHS –**
 - **\$5 billion for the Child Care and Development Block Grant (CCDBG)** (page 244)
 - **\$10 billion for “Back to Work Child Care Grants” through the CCDBG** for up to 9 months to pay for extra costs associated with the pandemic (page 246). These grants are created by section 6101 of this bill (on page 166) and will be distributed under the CCDBG to states and tribes, who must apply for the funding. Child care providers who apply for subgrants must have been in continuous operation since March 1 and must stay in business for at least the next year.

- **What is different from the HEALS Act -**
 - **No maintenance of Effort requirement** – States do not have to maintain support for K-12 and higher education at the same levels as in the past, or even at the same proportional levels relative to the state’s overall spending in a previous fiscal year 2019.

 - **Allows Governors’ relief fund to be used for Freedom Scholarships** – Like the HEALS Act, this bill authorizes the Administration’s proposed Education Freedom Scholarships (section 6001, page 138) and allows but does not require the Governors’ education relief fund to be used to support eligible scholarship-granting organizations (page 278). The bill authorizes, but does not appropriate, funding directly for the scholarships. It does include a new tax credit to support them – see next item.

 - **Creates a two-year tax credit for contributions to scholarship-granting organizations** – For several years, the Administration budget requests have included a tax credit to support the Freedom Scholarships – something that Congress has never enacted. This bill creates such a tax credit for two years.

 - **Expands allowable uses of 529 accounts for K-12 home expenses** – the bill allows parents for two years to use funds from 529 savings accounts to pay for certain homeschooling needs and support for families’ elementary and secondary education costs during the pandemic.

 - **Does not include any student loan policy or other Department of Education funding** – this leaner bill does not include any of the student aid policy changes that were in the HEALS Act such as consolidating student loan repayment plans or revising the FAFSA to note recent changes in a family’s income or to allow financial aid administrators to use judgment about changes in financial status due to the pandemic.