



## ***Coronavirus Aid, Relief, and Economic Security (CARES) Act<sup>1</sup>*** **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](mailto:CoronavirusHelp@braun.senate.gov) for questions, concerns, or additional assistance. Last updated March 27, 2020.***

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<sup>1</sup> [H.R.748](#), the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* was approved unanimously by the Senate on March 25, 2020.