Unpacking the Federal Response to COVID-19 in Education: What’s in the CARES Act and What May Come Next?

June 30, 2020
Today’s speakers

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The Wallace Foundation

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Education Counsel

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Senior Policy Associate
Education Counsel
A critical moment for education and equity

• Education agenda at an **inflection point**
• **Overlapping crises** of COVID, racial injustice, and economic recession
• Key question concerns what is **the federal role in response, recovery, and education more broadly**
Agenda for today

• What’s in the CARES Act
• How the CARES Act has been implemented
• What’s coming next
Pandemic has completely changed the education landscape, and revealed known inequities and challenges

- 97% of schools were closed earlier due to pandemic.
- High level of variation in districts’ abilities to quickly pivot to remote learning.
- High-income districts more likely to have established infrastructure.

Access to technology highly dependent on existing wealth, amplifying inequities for students in low-income communities.

Students’ access to computing devices is far lower in high-poverty schools.

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Percentage of students eligible for free or reduced-price lunch

- 25% or less
- 26-50%
- 51-75%
- 75% or more

Elementary
Middle
High school

More than 50% sharing devices

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- 75% or more

.. and students are far more likely to have to share devices

The pandemic will have a devasting impact on all states, but the Great Recession proved that cuts will not be felt equally.

**COVID-19 State Budget Shortfalls Could Be Largest on Record**

Total state budget shortfall in each fiscal year, in billions of 2020 dollars

- **2001 Recession**
  - '02: -$50
  - '03: -$60
  - '04: -$105
  - '05: -$110

- **Great Recession**
  - '09: -$130
  - '10: -$150
  - '11: -$120
  - '12: -$60
  - '13: -$230

- **COVID-19**
  - '20: -$120
  - '21: -$180
  - '22: -$315

*Estimated based on CBPP calculations

Source: Pre 2014: CBPP survey; 2020 and following: CBPP calculations


- Between FY20-FY22, states are expected to face $615B in budget shortfalls.
- Great Recession resulted in $690B, **over five years.**
- Education budgets will face steep cuts, in addition to added costs of reopening in fall.
Amidst drastic cuts, states and districts will also have to contend with significant levels of learning loss.
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CARES Act provided initial response to COVID crisis

• On March 23, Congress passed the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.”
• Provided over >$2T in support for businesses, state governments, families, education systems.
• Including a $30.75B Education Stabilization Fund:
  - $3B for governor’s education relief
  - $13.5B for K-12 relief
  - $14.25B for higher education
CARES Act provided initial response to COVID crisis

- Act also includes funding and allowable uses for early childhood education.
- Act also included expedited ESSA waivers, support for non-profits, some higher education waivers.
- Included various provisions to allow for financial flexibility for districts as well.
For the Governor’s Relief Fund, governors will have wide discretion in how they spend funds to support K-12 and higher education. However, for the K-12 Relief Fund, states must distribute at least 90% to districts to determine how to best spend the funds.
CARES Act funds beginning to flow – from federal to state to local

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CARES Act (including ESSER) has wide allowable uses

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<td>• Activities to address the unique needs of low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth.</td>
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## Examples of Allowable Uses:

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Questions?

Drop your questions into the Q&A box.
USED has published all applications but state pace varies

- All states/territories have applied for ESSER funds.
- All states approved for ESSA waivers.
- USED has not sought congressional authority to significantly waive IDEA.
USED’s interpretation of CARES has led to various challenges

• USED is using discretionary authority to offer $300M in competitive funding for “rethink” education programs.

• USED guidance on “equitable services” has proven to be flashpoint issue; interim final rule released last week.

• USED has also issued rule that limits eligibility for higher education relief fund, specifically for undocumented and international students.
Future federal action is a question of when and what, not if

• Additional federal action for recovery in discussion, though highly political – in presidential election/transition year.

• HEROES Act drafted by House Democratic leadership and passed on May 15.
  o Provides ~$3T in relief support, including $90B for education.

• Republicans denounced Act, but White House Senate discussions happening.

• Education advocacy groups have called for upwards of $250B for additional education relief (ECE, K12, and HEd).
While a fourth relief package likely, there are still major gaps between key negotiators

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<td>• Senator Alexander (R-TN) has expressed support for $50-$75B in education relief.</td>
<td>• House HEROES Act proposed $3T in overall relief.</td>
<td>• Starting to see signals for next package including payroll tax relief, additional stimulus checks.</td>
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| • Senator McConnell (R-KY) has indicated he’s open to negotiating, but will want increased liability protections for states and businesses. | • Democrats have also introduced related relief bills  
  • Child Care is Essential Act to provide $50B for industry.  
  • House infrastructure package, includes funding for schools to build pandemic-related infrastructure needs. | |
| • Senate likely won’t go for anything more than $1T. | | |
What state and local leaders can do now

- Identify the most critical needs and strategies.
- Maintain and improve systems for effective coordination and integration of funds.
- Analyze and track additional needs as early as possible.
Questions?

Drop your questions into the Q&A box.
Thank you!

For more information, please visit wallacefoundation.org

- A recording of this webinar and the slides will be posted on wallacefoundation.org and educationcounsel.com