

Additional Relief for Higher Education

In March 2020, the CARES Act created the Higher Education Emergency Relief Fund (HEERF) to provide funds to higher education institutions and their students for support related to the COVID-19 pandemic. The CARES Act provided roughly \$14 billion to HEERF.

The most recent stimulus package, also known as the 2021 Consolidated Appropriations Act, was signed into law on Dec. 27, 2020. The 2021 Consolidated Appropriations Act is the second-largest federal stimulus package, second only to the CARES Act.

The 2021 Consolidated Appropriations Act provides an additional \$22.7 billion towards HEERF. These funds can be used to defray expenses associated with coronavirus (including lost revenue), carry out student support activities, and provide financial aid grants to students. However, higher education institutions must provide at least the same amount of funding in emergency financial aid grants to students as was required under the CARES Act.

The stimulus bill also includes loan forgiveness for HBCUs, a simplification of the Free Application for Federal Student Aid (FAFSA), and the expansion of eligibility for Pell Grants to 500,000 new recipients, including the restoration of Pell Grant eligibility for incarcerated students.

One important concept missing from this legislation is student loan relief. In March 2020, student loan payments were suspended, interest on student loans was frozen, and loan servicers were told to stop collection efforts. These actions were recently extended by former Education Secretary Betsy DeVos through the end of January. The Consolidated Appropriations Act did not legislatively mandate continuation of this relief, but it is likely that once President-elect Joe Biden takes office, he will continue the pause on student loan payments. We anticipate being able to provide a more detailed analysis of this legislation once the U.S. Department of Education releases guidance. We will monitor this situation closely.

If you have any questions regarding this information memo, please contact [Phil Zaccheo](#), [Mallory Campbell](#), any [attorney](#) in Bond's [Higher Education practice](#) or the attorney with whom your regularly work.



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