**Congressional Updates**

**Provided by George Torres (retired)**

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The remainder of the current 116th Congress will focus on passing the 12 FY2021 appropriations bills - in some form/fashion, maybe in conjunction with a future COVID stimulus bill.  The Republican controlled Senate will also continue to spend its remaining 7 months rushing as many federal judiciary nominations as possible through Senate confirmation.

No HEA reauthorization.  The Democrats see the increasing possibility that they may control both the House and Senate when the 117th Congress convenes in 2021.  So, why not wait and pass the College Affordability Act when the votes are present in both chambers to do so?

Keep in mind, budget and stimulus bills do not go through the regular legislative process - no bill, no committee hearings, no testimony, and, this expedited process can be a legislative vehicle for statutory amendments, e.g., the Affordable Care Act and FFELP originations were created and abolished, respectively, through the budget process in 2009 - one year after the last HEA reauthorization.

Several letters have been sent by Democratic congressional members since 04/26 to congressional leadership and the Secretary advocating for extending and expanding the CARES student loan relief, along with partial forgiveness; including DACA students - and, actually, all students who need assistance - for eligibility for emergency grants; doubling the maximum annual Pell Grant with funding; expanding eligibility for D-SNAP to all postsecondary students; increasing funding for Title III, and V schools by an additional $1.5 billion, and, forgiving the loans of Corinthian and ITT Tech student loan borrowers, whose requests for debt cancellation have been stalled in ED be included in the next coronavirus relief package.

Some of these, in particular, the student loan provisions, and more specific congressional clarifying language regarding congressional intent with respect to eligibility for HEERF $$$, have significant support for inclusion in a House stimulus bill focusing on support for state and local governments.  This bill may be released by Friday, 05/08, and we'll see how much is included.

At the state level, the Comptroller will be releasing an updated revenue estimate in July, which he has stated will show a dramatic drop in expected tax revenues for FY21-22.  The last estimate in 10/2019 showed the 87th Legislature would convene on 01/  /2021 with a $3 billion surplus.  The July estimate will project a "several billion dollar deficit" - which means tax increases, or reductions in the current budget.  Public education - including postsecondary education - represents 40% of the Texas state budget.

[www.irs.gov](https://nam05.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.irs.gov%2F&data=02%7C01%7Ccbutler%40dcccd.edu%7C5350ac2c2abf49e765ac08d7f2ab95d6%7Cd67e5453732f4adc94a44888f2d97d5d%7C0%7C0%7C637244691073512322&sdata=lHL1KuHAJTe42vUtxFvtgGPcUwZnwzxGib7OGjKHWDI%3D&reserved=0)

Sections 3504, 18004, and 18008 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, allow higher education institutions to use certain funds allocated by the Department of Education to support students and higher education institutions with expenses and financial needs related to the coronavirus (COVID-19) pandemic.

Section 3504 of the CARES Act allows higher education institutions to use additional supplemental educational opportunity grant funds they receive through the Higher Education Act to award emergency financial aid grants to support graduate and undergraduate students experiencing “unexpected expenses and unmet financial need” as the result of the COVID-19 pandemic.

Section 18004 of the CARES Act directs the Secretary of Education to allocate funds out of the Higher Education Relief Fund to higher education institutions to directly support students facing urgent needs related to the COVID-19 pandemic, and to support institutions as they cope with the immediate effects of the COVID-19 pandemic, including school closures.  These funds may be used (1) to defray the institutions’ expenses, including lost revenues and payroll for employees and (2) for “emergency financial aid grants to students for expenses related to the disruption of campus operations due to the COVID-19 pandemic (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and child care).”  Recipient higher education institutions must pay no less than 50 percent of these funds to students as emergency financial aid grants.

Section 18008 of the CARES Act directs the Secretary of Education to allocate additional funds to Howard University and Gallaudet University to directly support students facing urgent needs related to the COVID-19 pandemic, and to support these institutions as they cope with the immediate effects of the COVID-19 pandemic, including school closures.  These funds may be used (1) by the institutions to help defray their expenses and (2) for “grants to students for expenses directly related to” the COVID-19 pandemic and for expenses “caused by the disruption of university operations” resulting from the COVID-19 pandemic.

## Q1: I am a student who received an emergency financial aid grant under section 3504, 18004, or 18008 of the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic.  Is this grant includible in my gross income?

A1: No.  Emergency financial aid grants under the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic, such as unexpected expenses for food, housing, course materials, technology, health care, or childcare, are qualified disaster relief payments under section 139 of the Internal Revenue Code.  This grant is not includible in your gross income.

## Q2: I received an emergency financial aid grant under the CARES Act and used some of it to pay for course materials that are now required for online learning because my college or university campus is closed.  Can I claim a tuition and fees deduction for the cost of these materials, or treat the cost of these materials as a qualifying education expense for purposes of claiming the American Opportunity Credit or the Lifetime Learning Credit?

A2: No.  Because the emergency financial aid grant is not includible in your gross income, you cannot claim any deduction or credit for expenses paid with the grant including the tuition and fees deduction, the American Opportunity Credit, or the Lifetime Learning Credit. See section 139(h) of the Internal Revenue Code.