



Memo to Schools on New Round of COVID Relief

December 22, 2020

This is a first-look alert of the bill: ACSI will provide more in-depth guidance in the days to come.

Congress passed a combined next-round COVID relief bill and massive omnibus spending shortly before last night's midnight December 21, 2020, deadline to fund the government. The COVID relief authorizes funding for private schools, another round of Paycheck Protection Program (PPP) loans and extends for one year a universal charitable deduction for non-itemizers.

Most important for private sector schools, the bill includes \$2.75 billion in dedicated aid through the GEER (Governors Emergency Education Relief) Fund. The relief will be administered by a public agency which will help ensure private schools do not become recipients of federal financial assistance (FFA). Overall, the news is good.

Caveat: the bill is 5,593 pages long and there is, thus, no way to know what might be discovered in coming days. Doubtless, no one has read the whole thing, certainly not Members of Congress who voted on the measure mere hours after the text was released. Also, as of this writing, the president has not yet signed the bill. He has seven days to do so, but we expect his signature at any moment.

How will the COVID relief bill affect your school? Following are some key points of what we know the bill actually says or appears to say. As the federal government begins issuing guidance and regulations, there may be adjustments. **This is a high-level, broad look at what to expect.**

- 1. Universal Charitable Deduction.** The universal charitable deduction will help with fundraising for another year. Non-itemizers can receive a \$300 for single filers / \$600 for married filing jointly deduction for charitable gifts in 2021. This is a win for all non-profits.
- 2. GEER.** Key points:
 - The bill does not include equitable services under the ESSER (Elementary and Secondary School Emergency Relief) Fund as in the old CARES Act. However...
 - The bill sets aside \$2.75 billion in the GEER Fund specifically for private schools. This is a significant win.
 - The funds will be administered by a public agency, another win. It appears that would normally be the state education agency (SEA).
 - The funds for GEER will be divided by state – and then again within the state – on the basis of a poverty count. I.e., it appears states with a larger population of families at 185% of poverty will receive more of the \$2.75 billion than those with smaller populations.
 - The Governor must apply for the funds: it will be important for schools to contact their governor to urge them to do so.
 - The public agency must notify schools of the program and schools must apply for relief.

- The bill bans any use of GEER for school choice measures such as scholarship tax credits, vouchers and the like.
 - This is very disappointing, but apparently a price that had to be paid.
 - However, the bill also grandfathers in students in four states who already receive such funds (Florida, New Hampshire, Oklahoma, South Carolina; the latter is under legal challenge).

3. PPP/GEER. Key points:

- **The two programs, PPP and GEER, are mutually exclusive: that is, a school cannot do *both* a new round of PPP *and* participate in the renewed GEER.** Schools will have to evaluate the best option for their needs.
- A school *can* participate in the new GEER if it took a PPP loan in the first round (CARES Act). But it must assure the public agency that the school will not take a second-round PPP loan (new bill).
- GEER authorizes reimbursement for previous expenses with certain qualifications:
 - A school cannot be reimbursed for expenses paid for by a PPP loan.
 - The bill specifies what GEER may be used to pay for, but there are exceptions on that list for what may be reimbursed.
 - Whether or not reimbursement will be considered federal financial assistance is unclear and it seems federal guidance will be needed. Ideally, that guidance would follow the model used for disaster (Katrina) relief which was relatively reasonable as to FFA.

Brief Summary: You will remember that ACSI asked member-schools to appeal to Congress to ensure that 10% of education funding was dedicated to private schools who educate 10% of all students. The Senate version of COVID relief *included that win* along with a school choice provision to administer it. The House version excluded private schools altogether. In the end, the bipartisan Problem Solvers Caucus came up with the bellwether of what came to be: \$2.75 billion in dedicated funding administered by a public agency.

This is not a bad outcome. Using an existing system (GEER) may get the services to schools fastest and it appears that having dedicated funds may provide greater funding for services than under the CARES Act's earlier ESSER scheme which was so disappointing last year. (An ACSI survey of schools found that fewer than half of respondents participated in ESSER). Further, it's worth noting that direct funding of schools was a serious option in Congress at one point. We resisted that strongly due to the implications of receiving federal financial assistance; it is another win that it was avoided.

There is a great deal more in the new bill and ACSI will provide more information as evaluation of its content continues.

For now, we must carefully watch the implementation process to ensure the best outcome. And schools should be prepared to urge their Governor to apply for the funds available.