



## ***Consolidated Appropriations Act, 2021*<sup>12</sup>** **Education-Related Provisions**

### **FOR STUDENTS:**

- Allows companies to pay up to \$5,250 of employee's student loans annually on a tax-free basis.
- Increases the Pell Grant maximum award by \$150, to \$6,495, for the 2021-2022 award year. As a result of the increase of maximum Pell, more middle class families will be brought into the fold for Pell eligibility.
- Simplifies the *Free Application for Federal Student Aid* (FAFSA) by reducing the number of questions from 108 to 36 (starting with award year 2023-24). Changes will also allow students to preview their Pell eligibility utilizing their adjusted gross income and family size (again, starting with award year 2023-24). The Expected Family Contribution formula has been changed to the Student Aid Index, which will more simply and adequately calculate financial aid eligibility. This change will greatly increase the number of students eligible for Pell.
- Authorizes students impacted by COVID-19 to be entitled to additional aid and grants. Through the Higher Education Emergency Relief Fund, institutions of higher education are required to use a portion of their funds on financial aid grants to students, whose lives have been disrupted by the pandemic, facing financial challenges, and struggling to make ends meet.
- Restores Pell Grants for prisoners and repeals the prohibition of financial aid awards to those with drug convictions. Removes the requirement that male students must register with the Selective Service in order to be eligible for federal aid.
- Restores Pell Grant eligibility for those with successful "borrower defense" claims.<sup>3</sup>
- Pandemic relief for student loan borrowers, which permits student loan payment deferment as well as 0% interest on all federal student loans, expires January 31, 2021. This policy, created by the Trump Administration, was not codified into law. The Biden Administration will need to take action in order to extend student loan relief past January.

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<sup>1</sup> On December 21, 2020, the U.S. House of Representatives and the U.S. Senate approved legislation to fund all government departments and agencies for federal fiscal year 2021. This bill is expected to be swiftly signed into law by President Donald Trump (H.R. 133, the legislative vehicle for the *Consolidated Appropriations Act, 2021*).

<sup>2</sup> [H.R. 748](#), the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (Public Law No. 116-136) was approved unanimously by the Senate on March 25, 2020, then by the House of Representatives on March 27, 2020, and signed into law by President Trump on March 27, 2020.

<sup>3</sup> The Borrower Defense (BD) rule allows borrowers to have their loans dismissed if the institution of higher education (IHE) "misrepresented" the education or an experience an IHE promised they would provide to the borrower. This statute protects students from fraud and school closures, and the IHE then assumes the borrower's loan if found in the wrong.



#### **FOR INSTITUTIONS OF HIGHER EDUCATION:**

- Appropriates additional funds to the higher education fund (\$22.7 billion) to assist colleges and universities across the country respond to COVID-19. Of this, \$1.7 billion has been dedicated to Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs).
- Allows for smaller non-profit institutions to receive a second draw from the Paycheck Protection Program. Qualified institutions have less than 300 employees and are experiencing a 25% decrease in revenue from a comparable quarter in 2019.
- Increases the above-line charitable tax deduction and the charitable deduction for those who itemize to encourage donations to non-profits, including, institutions of higher education.

#### **FOR K-12:**

- Appropriates \$54.3 billion for K-12 schools, almost four times the amount received in the CARES Act from March.
- Appropriates \$4.1 billion for the Governors Emergency Education Relief Fund to use for education-related pandemic assistance. \$2.7 billion would be set aside for private K-12 schools.

*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 January 6, 2020.*