

American Rescue Plan Act of 2021: Key Elements for Graduate Education

March 11, 2021

On March 11, President Biden signed the [American Rescue Plan](#) into law, which provides roughly \$1.9 trillion in economic relief and \$40 billion for colleges and universities. The legislation passed in the Senate on March 6 and in the House on March 10.

Higher Education Funding

The legislation provides roughly **\$170 billion** for the existing Education Stabilization Fund, with approximately **\$40 billion** reserved for the Higher Education Emergency Relief Fund. Institutions must spend at least 50% of their allocation on emergency financial aid grants provided directly to students.

Funding breakdown:

- \$36 billion for public and private non-profit institutions
- \$3 billion for Minority Serving Institutions
- \$198 million unmet need
- \$396 million for for-profit institutions (funds must only be used on student grants)

The formula for allocations for each IHE proportions the amount by:

- **37.5% FTE Pell Grant recipients not exclusively enrolled in online courses prior to COVID-19**
- **37.5% total number of Pell Grant recipients not exclusively enrolled in online courses prior to COVID-19**
- **11.5% FTE non-Pell students not exclusively enrolled in online courses prior to COVID-19**
- **11.5% total number of non-Pell students not exclusively enrolled in online courses prior to COVID-19**
- **1% FTE Pell Grant recipients exclusively enrolled in online courses prior to COVID-19**
- **1% total number of Pell Grant recipients not exclusively enrolled in online courses prior to COVID-19**

Student eligibility:

- **No student eligibility requirements in the law**
- **Students exclusively enrolled in distance education may receive these funds**
- *Note:* The Department of Education has not issued written guidance to clarify whether or not undocumented, DACA, or international students may receive these funds

Also, the package reserves \$850 million for the Secretary of Education to allocate to areas not specified in the legislation on the basis of respective need. The Secretary must allocate this funding within the first 30 days of President Biden signing the legislation into law.

What has CGS Requested?

CGS has joined the higher education community on several requests and has most prominently advocated for at least [\\$120 billion for colleges and universities](#). On December 2, CGS also [joined the community](#) in demonstrating the dramatic challenges institutions are facing when considering enrollment, student financial need, auxiliary revenues, and new expenditures related to responding to COVID-19.

Most recently, CGS has sent letters of support to [House](#) and [Senate](#) leadership for the \$40 billion included in the American Rescue Plan.

Student Loan Provisions

The legislation makes the full or partial discharge of **student loan debt tax-free** from 2021 to 2025, inclusive.

The legislation also provides \$90 million for the **Student Aid Administration** within the Department of Education to support eligible postsecondary students and borrowers.

Note: On January 20, 2021, the Department of Education announced that the suspension on interest and repayment on federal student loans would be **extended through September 30, 2021**.

What has CGS Requested?

CGS repeatedly advocated for [Congress](#) and the [Administration](#) to continue the zero-interest deferred payments for borrowers and the suspension of collection activities for borrowers who have defaulted on any type of federal loan, first provided under the CARES Act.

Research and Other Funding Provisions

The legislation provides \$600 million for the **National Science Foundation** to fund or extend agency activity to prevent, prepare, and respond to coronavirus.

The legislation allocates \$135 million for the **National Endowment for the Humanities** and for the **National Endowment for the Arts**, respectively.

For both agencies, 40% of the funds must go to grants that support state agencies and regional organizations, and 60% of the funds must go to general grants that support organizational programming.

What has CGS Requested?

On January 27, CGS joined the Coalition for National Science Funding on a [letter](#) requesting Congress include \$3 billion in emergency relief funding for the National Science Foundation in future COVID-19 relief legislation.

On February 9, CGS sent letters to the [House](#) and [Senate](#) cosponsors of the bipartisan Research Investment to Spark the Economy (RISE) Act, H.R.869/S.289, which would provide roughly \$25 billion in additional support for the research enterprise in light of COVID-19.