



# FEDERAL EDUCATION FUNDING IN THE ERA OF COVID-19

In March of 2020, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act in order to provide emergency assistance to states, districts, and localities across the nation. Under the CARES Act, the Education Stabilization Fund (ESF) was created, which houses the Elementary and Secondary School Emergency Relief Fund. The CARES Act created the mechanism and formula for which all additional stimulus funds would be distributed- through the Title I, Part A formula and through rounds of ESSER Funding that would come in the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) (December 2020) Act and the American Rescue Plan (ARP) Act. (March 2021) As the additional two rounds of stimulus were passed, the funds were put into ESSER II and ESSER III categories in order for states and districts to keep the amounts, allowable uses, and dates to be spent by straight.

The following is a breakdown of each ESSER round as established under law, and any helpful additional information.

## **CARES ACT, MARCH 2021 (ESTABLISHES ESSER I FUND)**

Four different funding programs from the CARES Act are intended specifically for K-12 school districts. These are separate programs but linked through the stimulus bill.

- 1 Elementary and Secondary School Emergency Relief Fund (ESSER)**  
\$13.5 billion awarded to the states as formula grants based on the same proportion that each state receives under ESSA Title I-A. There are no requirements for how this money is spent. Districts are free to use these funds for whatever they think is best.
- 2 Governor's Emergency Education Relief Fund (GEER)**  
\$3 billion for governors to allocate emergency support grants at their discretion to help those districts and institutions of higher education that are struggling the most with supporting students during the COVID-19 pandemic. These funds will also be allocated by formulas. The U.S. Department of Education (USDE) will not micromanage how these funds are used, but districts are advised to consider changing their education models.
- 3 Microgrants**  
\$180 million to Rethink K-12 School Models and Continue to Learn grants so states can ensure that students' families have access to the technology and educational services they need to advance their learning. These competitive grants are controversial as they are like vouchers. But there are no caps on the individual grants.
- 4 Student-Centered Funding Pilot**  
\$3 million is being made available by USDE, authorized by ESSA. It allows up to 50 [districts to pool their federal, state, and local dollars](#) to focus aid on low-income or other disadvantaged students.

Along with funding, the CARES Act enacted waivers for:

- Spending restrictions on technology infrastructure in Title IV, Part A
- Content-specific spending requirements
- The definition of professional development to help shift to new and different ways to train school leaders in effective learning techniques, such as through remote learning.

An SEA may retain 10 percent or less of its ESSER Fund grant (the “SEA Reserve”), to address emergency needs as determined by the SEA resulting from COVID-19, which may be addressed through the use of subgrants or contracts. As described below, from the SEA Reserve, the SEA may also use one-half of one percent of its total grant for administrative costs.

SEAs must award ESSER formula subgrants to LEAs within one year of receiving the State allocation. An SEA must also make awards with its SEA Reserve within one year of receiving the State allocation. Any funds that the SEA fails to award by the one-year deadline must be returned to the Department for reallocation consistent with the CARES Act. ESSER I funds are available for obligation by LEAs and other subrecipients through September 30, 2022.

## ***CRRSA, DECEMBER 2020 (ESTABLISHES ESSER II)***

\$82 billion for education stabilization fund. That includes:

- \$54.3 billion for K-12 schools, largely delivered through Title I funding. That’s about four times what schools received in the CARES Act approved in March.
- \$22.7 billion for higher education with \$1.7 billion set aside for minority-serving institutions and close to \$1 billion for for-profit colleges
- \$4 billion for governors to spend at their discretion, with \$2.7 billion of that for private schools.

## **Stimulus Funds**

Of the \$900 billion stimulus bill, K-12 education will receive roughly \$57 billion. The funds will be distributed largely in the same way as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was passed in March 2020. The majority of this fund (\$54.3 billion) will be for public schools. The funds will again go to the Education Stabilization Fund (ESF), and state education agencies (SEAs) must distribute 90% of funds to local education agencies (LEAs). The legislation provides that districts may use the funds to address learning loss, improve school facilities and infrastructure to reduce the risk of transmitting the coronavirus, and purchase education technology. This funding is available for spending through September 2022.

The newly passed legislation also provides \$4.1 billion for the Governors Emergency Education Relief (GEER) Fund. This fund is available for governors to direct to either K-12 or higher education entities based on the needs they see in the state. There is one difference in this GEER fund where there is a set-aside for private schools (\$2.75 billion). These schools must agree not to apply for funds from the Payment Protection Program. This fund will also operate similarly to the GEER fund found in the CARES Act.

Although the stimulus bill fails to appropriate any funds to the E-Rate program, the stimulus does include \$7 billion for connectivity. According to The Verge, “Congress’ latest relief measure provides \$7 billion in funding for broadband connectivity and infrastructure. That figure includes \$3.2 billion for a \$50-per-month emergency broadband benefit for people who are laid off or furloughed during the pandemic, according to a press release from Sen. Ron Wyden’s (D-OR) office on Sunday.” Advocates will be working hard to get E-Rate funds included in the next round of funding under the incoming Biden administration.

There is a lens of these funds working to help schools reopen safely and go back in person; however, as discussed in previous negotiations, the idea of only getting funds if a school goes back in person full-time did not make this round of funding. Every district is still eligible for these funds, regardless of what their learning model currently looks like.

## 2021 Appropriations

Along with the ESF and GEER fund, Congress authorized appropriations for the next fiscal year. Education funding will see an increase of \$785 million above the 2020 level, bringing total discretionary funding to \$73.5 billion.

Overall, the bill provides \$40.6 billion for K-12 education programs, including the Individuals with Disabilities Education Act, an increase of \$498 million above the 2020 enacted level. Of this amount, the bill includes:

- \$16.5 billion for Title I Grants to Local Educational Agencies, an increase of \$227 million above the 2020 enacted level
- \$2.1 billion for Supporting Effective Instruction State Grants (Title II-A), an increase of \$11.3 million over the 2020 enacted level
- \$1.2 billion for Student Support and Academic Enrichment State Grants (Title IV-A), an increase of \$10 million above the 2020 enacted level
- \$107 million for Education for Homeless Children and Youth, an increase of \$5 million above the 2020 enacted level

Additional support for the social and emotional learning (SEL) initiative created in the fiscal year, including:

- \$67 million within the Education Innovation and Research program, an increase of \$2 million above the 2020 enacted level, for grants to support evidence-based, field-initiated innovations that address students' social, emotional, and cognitive needs as well as expand opportunities in science, technology, engineering, and math (STEM), including computer science
- \$30 million for Full-Service Community Schools, an increase of \$5 million over the 2020 enacted level, to provide comprehensive services and expand evidence-based models that meet the holistic needs of children, families, and communities
- \$106 million for the School-Based Mental Health Services Grant Program, an increase of \$1 million over the 2020 enacted level

Same as ESSER Fund: May be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared.

Available for obligation for ESSER II funds by SEAs and subrecipients through September 30, 2023.

SEA must award the funds within one year of receiving them, which will be January 2022.

## **ARPA, MARCH 2021 (ESTABLISHES ESSER III FUND)**

\$122 billion will be distributed down to the state education agencies (SEAs), and then again to the local education agencies (LEAs). The first two rounds of stimulus funds required very few spending requirements or funding rules for the states. That has changed for the third round of funds.

At least 20% of funds must be used to address learning loss through evidence-based interventions that respond to students' academic, social, and emotional needs. The remaining funds can be used for any allowable use under the Elementary and Secondary Education Act; Individuals with Disabilities Education Act; Carl D. Perkins Career and Technical Education Act; and Adult Education and Family Literacy Act.

Other uses include:

- Mental health services
- Purchasing educational technology (including hardware, software, and connectivity as well as assistive technology or adaptive equipment)
- Addressing learning loss
- School facility repairs to reduce risk of coronavirus transmission and support student health
- Summer learning and supplemental after-school programs
- Conducting activities to address the needs of students from low-income families, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and youth in foster care
- Coordinating with public health departments
- Implementing public health protocols, including policies in line with guidance from the Centers for Disease Control and Prevention for school-reopening
- Implementing activities to maintain the operation and continuity of services and to employ existing staff

Not only are there requirements for how LEAs must spend their funds, but also SEAs. The ARPA requires states to spend their 10% state set-aside for the following uses:

- 5% to address learning loss
- 1% for evidence-based, comprehensive after school programs
- 1% for evidence-based summer enrichment
- 2.5% for educational technology

## Maintenance of Effort and Equity

The act contains several provisions that help ensure that federal funds are used in addition to—and not in place of—state and local education funding. For both the 2021–22 and 2022–23 school years, states and districts must follow the following guidelines:

**Effort**—States must continue to fund public elementary and secondary education and higher education at least at the proportional levels as the average annual funding over fiscal years 2017, 2018, and 2019. For example, if a state spent on average 26% of its total budget on k–12 and higher education between 2017 and 2019, then it must provide that same percentage of support in both 2022 and 2023.

**Equity**—State: In the 2021–22 and 2022–23 school years, high-need school districts are protected from states' spending reductions in two ways. First, state per-pupil funding for the neediest half of districts cannot be reduced by an amount that exceeds the overall decrease in state funds. Second, per-pupil state funding for the 20% of districts with the highest percentage of economically disadvantaged students may not be reduced below pre-pandemic levels (FY 2019).

**Equity**—LEAs: LEAs shall not decrease either per-pupil funding (from state and local sources) or staffing levels for their high-poverty schools by an amount that exceeds districtwide reductions. The bill defines “high-poverty schools” as the 25% of schools serving the highest percentage of economically disadvantaged students in the LEA.

The ESSER III period of allowability is March 13, 2020 to September 30th, 2024.

ESSER III funds must be encumbered (meaning all approved activities have occurred) by 9/30/2024. The last date for liquidation and final reimbursement is 12/15/2024.

### [State template application for ESSER Funds](#)

An LEA that receives ARP ESSER funds must, within 30 days of receiving the funds, make publicly available on its website a plan for the safe return to in-person instruction and continuity of services. Before making the plan publicly available, the LEA must seek public comment on the plan.