Response to information request

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Your Question:

A state legislator requested information on the education sections of the American Rescue Plan. In particular, the distribution method, timeline for likely distribution, deadlines for use and what limits there are on the use of funds.

Our Response:

The American Rescue Plan (H.R.1319) was approved by the U.S. House of Representatives today (3/10/21). The House agreed to the amendments passed by the U.S. Senate over the weekend. The bill will go to President Joe Biden for his signature. The following is a summary of the major education-related provisions in the American Rescue Plan (ARP) and a table comparing it to the previous federal relief in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) in the Consolidated Appropriations Act, 2021.

	CARES	CRRSA	American Rescue Plan
Governor's Emergency Education Relief Fund (GEERF)	$3.0 billion	$4.1 billion	$0
Elementary and Secondary School Emergency Relief (ESSER) Fund	$13.2 billion	$54.3 billion	$122.8 billion
Higher Education Emergency Relief Fund (HEERF)	$14.0 billion	$22.7 billion	$39.6 billion
State, Local, Tribal Aid	$150 billion for Coronavirus Relief Fund (CRF)	$0 Extends use of CRF funds to Dec. 31, 2021	$350 billion for Coronavirus Fiscal Recovery Fund

Source: The Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Consolidated Appropriations Act, 2021, Learning Policy Institute summary of Consolidated Appropriations Act, the American Rescue Plan.

Note: Coronavirus State and Local Fiscal Recovery Fund is not dedicated to education.

Governor's Emergency Education Relief (GEER) Fund

GEER funds were not included in American Rescue Plan as passed the U.S. Senate.

Elementary and Secondary School Emergency Relief (ESSER) Fund

The American Rescue Plan includes $122.8 billion in ESSER funds.

Allocation Method: Funds will be sent to states in the same proportion as each state received Title I Part A of the Elementary and Secondary Education Act for the most recent fiscal year. States are required to subgrant not less than 90% of the grant funds to local education agencies (LEAs) and charter schools in the same proportion that they received Title I Part A funding in the most recent fiscal year, similar to both CARES and CRRSA.

Deadline: The state shall return any funds that the state does not award within one year of receiving such funds. The funds that are allocated remain available through September 30, 2024.[*]

Permitted Uses: The American Rescue Plan requires state education agencies (SEAs) to reserve not less than 5% and LEAs to reserve not less than 20% of the ESSER funds for addressing interrupted instruction through the implementation of evidence-based interventions that respond to the academic and social and emotional needs of students. Examples listed in the bill include summer learning, comprehensive afterschool programs and extended school years. States are also required to reserve not less than 1% for summer enrichment programs and not less than 1% for comprehensive afterschool programs. In addition, $800 million of the SEA funds are dedicated for grants to provide children and youths experiencing homelessness with wrap-around services.

The remaining funds can be used for the activities permitted in CARES and CCRRSA. This includes any activity authorized by the Elementary and Secondary Education Act of 1965, Individuals with Disabilities Education Act, Adult Education and Family Literacy Act, and Carl D. Perkins Career and Technical Education Act.

Maintenance of Effort: The American Rescue Plan has the same MOE requirement as CRRSA, although it extends the requirement to FY23. The MOE requires states to maintain support for elementary and secondary education in FY22 and FY23 at the same proportional levels compared to their overall spending averaged from FY2017-19. States may apply to the Secretary of Education for a waiver.

Maintenance of Equity: The American Rescue Plan adds new spending requirements for SEAs and LEAs to protect funding levels for school districts and schools with high percentages of students living in poverty.

- High-need districts: SEAs cannot reduce per-student funding in high-need districts for FY22 and FY23 by more than statewide per student reductions.
- Highest poverty districts: SEAs cannot reduce funding for the highest poverty districts in FY22 and FY23 below the state funding levels for that district in FY19.
- High-poverty schools: LEAs cannot reduce state and local funding or FTEs per student in high-poverty schools in FY22 or FY23 by more than district-wide funding or staffing reductions.

Equitable Services: There is no equitable services provision. Instead, funding for non-public schools is allocated to the Emergency Assistance to Non-Public Schools outside of ESSER.

[*] Section 421 of the General Education Provisions Act (GEPA), commonly referred to as the "Tydings amendment," provides funds that are appropriated but not obligated or expensed shall remain available for obligation and expenditure for one additional fiscal year (e.g., through September 30, 2024, in this case).

Emergency Assistance to Non-Public Schools

The American Rescue Plan includes $2.75 billion in assistance for non-public schools.

Allocation Method: The funds will be awarded to the U.S. Department of Education to be made available to governors. They are directed to award funds to provide services and assistance to non-public schools that enroll a significant percent of students from low-income households and are most impacted by the COVID-19 emergency.

Deadline: The funds will remain available through Sept. 30, 2023.

Permitted Uses: Bill stipulates that funds cannot be used to provide reimbursements to non-public schools.

Higher Education Emergency Relief Fund (HEERF)

The American Rescue Plan includes $39.6 billion in HEERF resources.

Allocation Method: The American Rescue Plan amends the CCRSA allocation method only slightly. The bill increases the funds dedicated to higher education institutions from 89% to 91%. It continues to allocate these resources based on the relative share of full-time equivalent students and the relative share of total students who were Federal Pell Grant recipients and were not exclusively enrolled in distance education before the COVID-19 pandemic. The allocation also factors in the relative share of full-time equivalents and total students who were not Federal Pell Grant recipients. The American Rescue Plan reduces from 3% to 1% the share allocated to for-profit higher education institutions.

Deadline: The funds remain available through September 30, 2024.[*]

Permitted Uses: The American Rescue Plan requires public and private non-profit higher education institutions to reserve not less than 50 percent of HEERF allocations for emergency financial aid grants to students. Private for-profit institutions receiving HEERF allocations must spend 100% on student aid. Higher education institutions are also required to spend a portion of HEERF allocations to implement evidence-based practices to mitigate COVID-19 transmission and to conduct outreach to financial aid applicants about financial aid adjustments due to recent unemployment of a family member.

Maintenance of Effort: The American Rescue Plan has the same MOE requirement as CRRSA, although it extends the requirement to FY23. The MOE requires states to maintain support for higher education (including state funding to institutions of higher education and state need-based financial aid) in FY22 and FY23 at the same proportional levels compared to their overall spending averaged from FY2017-19. States may apply to the Secretary of Education for a waiver.

State, Local, and Tribal Aid

The American Rescue Plan includes $350 billion in the Coronavirus Fiscal Recovery Fund.

[*] Section 421 of the General Education Provisions Act (GEPA), commonly referred to as the “Tydings amendment,” provides funds that are appropriated but not obligated or expensed shall remain available for obligation and expenditure for one additional fiscal year (e.g., through September 30, 2024, in this case).

Allocation Method:

- $219.8 billion for state fiscal recovery
  - $4.5 billion for territories
  - $20.0 billion for tribal governments
  - $195.3 billion for 50 states and the District of Columbia
- $130.2 billion for local fiscal recovery
  - $45.6 billion for metropolitan cities
  - $19.5 billion for non-entitlement units of local government (smaller cities and counties)
  - $65.1 billion for counties

The allocation to state governments factors in each state's share of national unemployment. $169 billion of the state fiscal recovery funds are awarded to the 50 states and the District of Columbia based on each state's share of the average national unemployment (seasonally adjusted) across the last three months of 2020. Another $25.5 billion is divided equally among the 50 states and the District of Columbia with a minimum of $500 million per state or D.C.

Deadline: The U.S. Secretary of Treasury is required to make payments to states, territories and tribal governments within 60 days of receiving certification from the receiving entity.

Permitted Uses: The Coronavirus Fiscal Recovery Fund can be used for responding to or mitigating the public health emergency and the negative economic impacts caused by COVID-19. This includes assistance to households, small businesses, nonprofits or to aid industries such as tourism, travel and hospitality. The bill also specifies that these dollars can be used to cover reductions in government revenues caused by COVID-19. This differs from the Coronavirus Relief Fund (CRF) in CARES that could not be used for revenue replacement.