

Your Question:

You asked for information on how states are spending the Elementary and Secondary School Emergency Relief (ESSER) funds and the Governor’s Emergency Education Relief (GEER) funds. Specifically, you asked about whether states are using the Coronavirus Aid, Relief and Economic Security Act (CARES) funds to supplant state contributions, if and how funds are being used to address COVID-19 pandemic-related expenses, and how GEER funds are being split between K-12 and higher education programs. You also asked for general information on education budget trends.

Our Response:

The CARES Act, which was signed into law March 27, had many provisions relevant to education and education policy. Importantly, it included \$30.75 billion for an [Education Stabilization Fund](#). This included funds for schools through the ESSER fund and the GEER fund. The full text of the act can be found [here](#), and New America published a summary of its education provisions [here](#).

The CARES Act includes maintenance of effort (MOE) requirements. The legislation requires states who apply for funds under the CARES Act to maintain state support for elementary, secondary and higher education in 2020 and 2021 equal to the average level in the previous three years. The U.S. Secretary of Education has the authority to waive the maintenance of effort requirement, “for the purpose of relieving fiscal burdens on states that have experienced a precipitous decline in financial resources.”

States and state and local education agencies are still working to allocate and utilize these funds. Education Commission of the States will continue to update the [COVID-19 information page](#) as education finance policies in response to the Coronavirus pandemic continue to develop. This document contains several sections with state examples to address your questions. Please note, state examples may apply to more than one section and question.

ESSER Funds: Overview and State Examples

Ninety percent of the \$13.2 billion in ESSER funds must be allocated to local education agencies (LEAs) based on their Title I allocations. You can read about allowable uses and allocation requirements of ESSER funds [here](#) or in the FAQ document [here](#). The CARES Act requires that state educational agencies (SEAs) oversee ESSER fund spending, but these monitoring and reporting systems are still being developed as states allocate funds to LEAs. The SEA may reserve up to 10% of the K-12 portion for other emergency needs as determined by the SEA, though these funds may be passed on to districts. States receiving funds must meet maintenance of effort requirements (unless they are approved for a waiver), but funds are not subject to a supplanting prohibition.

Minnesota: [H.F. 4415](#) (enacted) instructs the commissioner, when applying for CARES funds, to prioritize distribution and expenditure of funds that enable a school to comply with Executive Order 20-19 that authorizes distance learning. The state department of education [webpage](#) includes links to ESSER and GEER fund grant applications. Their [FAQ](#) on state-directed grants includes their award criteria for the 9.5% of ESSER funds to be distributed at their discretion.

North Dakota: The department of public instruction provided [guidance](#) on the use of ESSER funds. In addition to this, the department of public instruction [website](#) includes guidance on ESSER fund usage specific to the COVID-19

pandemic. The list includes transportation costs for nutrition and instructional materials, purchasing cleaning supplies and providing educational technology. This [FAQ](#) document states that ESSER funds do not contain a supplanting prohibition, so these funds can take the place of state or local funds for allowable activities.

Wyoming: The Wyoming Department of Education provided this [ESSER Grant Application Guidance document](#). They acknowledge that while 90% of the state allocated funds will go to LEAs and .5% will cover administrative costs, the department will have 9.5% left to spend as they see fit. The department stated that they intend to work with stakeholders to determine the best way to spend those dollars.

GEER Funds: Overview and State Examples

The CARES Act also allocates \$2.9 billion to states through GEER funds. While GEER funds must be targeted to areas “significantly impacted” by the COVID-19 pandemic, governors have flexibility to use these funds to support childcare, pre-K, K-12 and/or postsecondary education. Governors needed to apply for funds by completing the U.S. Department of Education certification and agreement [form](#). The application closed June 1. As applications only recently closed, there is still little known about how governors will spend these dollars.

This Bellwether [report](#) includes some guidance around GEER fund use.

Kentucky: The state department of education released this [guidance](#) around GEER funding allocations. Gov. Andy Beshear allotted \$30 million to be allocated by the Kentucky Department of Education and distributed to LEAs with the focus of enhancing remote learning experiences. This includes the expansion of digital learning infrastructure and remote food services to students. The guidance states that GEER funds will be allocated using the Title I, part A formula.

New Jersey: According to this [news release](#) from New Jersey, Gov. Phil Murphy decided to focus GEER funding on the postsecondary institutions in the state. The New Jersey Office of the Secretary of Higher Education will make this funding available through emergency assistance grants to institutions based on an OSHE-developed allocation formula that considers — among other things — institutional expenses incurred as a result of the pandemic.

Reimbursements for COVID-19 Pandemic Expenses: Overview and State Examples

Schools and school districts are facing both direct and indirect costs as they respond to the COVID-19 pandemic. Some of the most common direct costs associated with the pandemic are cleaning fees and providing equitable virtual learning. Many schools and school districts are also facing indirect costs associated with the COVID-19 pandemic, including potential learning loss. Below are some examples of how states are utilizing CARES Act dollars to fund these pandemic-related expenses.

Idaho: The Idaho Board of Education released this [memo](#) on the use of CARES Act funding. The memo proposes an allocation for a summer K-3 literacy program through the Idaho Digital Learning Academy and Idaho Public Television (IPTV) Partnership. The memo also proposes an allocation for a fall K-6 literacy program. Because meal counts are down, Idaho recognizes that some LEAs may be experiencing budget shortfalls as the U.S. Department of Agriculture reimbursements decrease. This [FAQ](#) specifies that they believe covering revenue shortfalls that result from this are an appropriate use of funds.

Kentucky: The state issued [this guidance](#) on the use of ESSER funds. The guidance suggests the use of ESSER funds to expand the [21st Century Community Learning Center programs](#) some LEAs may already have in place, to provide educational technology and to extend school services.

Education Budget Trends: Overview, State Guidance, State Policy

There are currently many unknowns about how revenues and education budgets will be impacted by the COVID-19 pandemic recession. A recent [report](#) from the Center on Budget and Policy Priorities estimates that state budget shortfalls will total \$615 billion over the current fiscal year. CBPP also estimates that the shortfall in the 2021 fiscal year will be deeper than any shortfall seen during the Great Recession. This [report](#) from CBPP includes state specific revenue shortfall estimates. These budget shortfall estimates have states looking critically at all budgets. Below I've provided some examples of state guidance and policies we've seen around looming education budget constraints.

State Guidance:

New York: The New York State Education Department has a number of COVID-19 response guidance resources available [here](#), including guidance from the chief financial officer on "[Carrying-Over 2019-2020 School Year State Funding into 2020-21](#)".

Oregon: The Oregon Department of Education published an "Education Funding Reduction Scenario" resource available [here](#), which projects education funding reductions as well as their impacts, implementation dates and justifications. The department offers a FAQ document with a section titled School Funding and Grant Programs, available [here](#).

Washington: The Washington Office of Superintendent of Public Instruction published a document with fiscal year 21 funding estimates, available [here](#). According to the document, it is a "high level overview of the state budget with respect to basic education versus non-basic education funding sources. This document is for discussion purposes only, and is not intended to be legally binding".

- The department's budget preparation page can be found [here](#) and guidance on school district accounting for COVID-19 expenditures can be found [here](#).

State Policy:

New York: [S. 7506](#) (enacted) requires foundation aid for the 2021-22 school year equivalent to foundation aid appropriated in the 2020-21 school year. Establishes the "pandemic adjustment" calculation which reduces state aid to districts during the 2021-22 school year. Requires the inclusion of any additional federal or state revenue in the pandemic adjustment calculation.

Oklahoma: [H.B. 3964](#) (enacted) allows school districts to carryover funds from the previous fiscal year in excess of current limits and avoid subsequent penalties.

Pennsylvania: [H.B. 1210](#) (enacted) appropriates the same level of funding for the 2020-21 school year as the 2019-20 school year for community colleges, basic education and special education. This allows the department of education to use up to \$7,000,000 in undistributed funds in fiscal year 2020-21 to assist school districts in financial distress or identified for financial watch status.

South Carolina: [H 3411](#) (enacted) extends fiscal year 2020 appropriations for reoccurring expenses if no budget is passed for fiscal year 2021 and 2022. This empowers the state superintendent to carry cash balances of the department of education forward and allows local districts to do the same.