



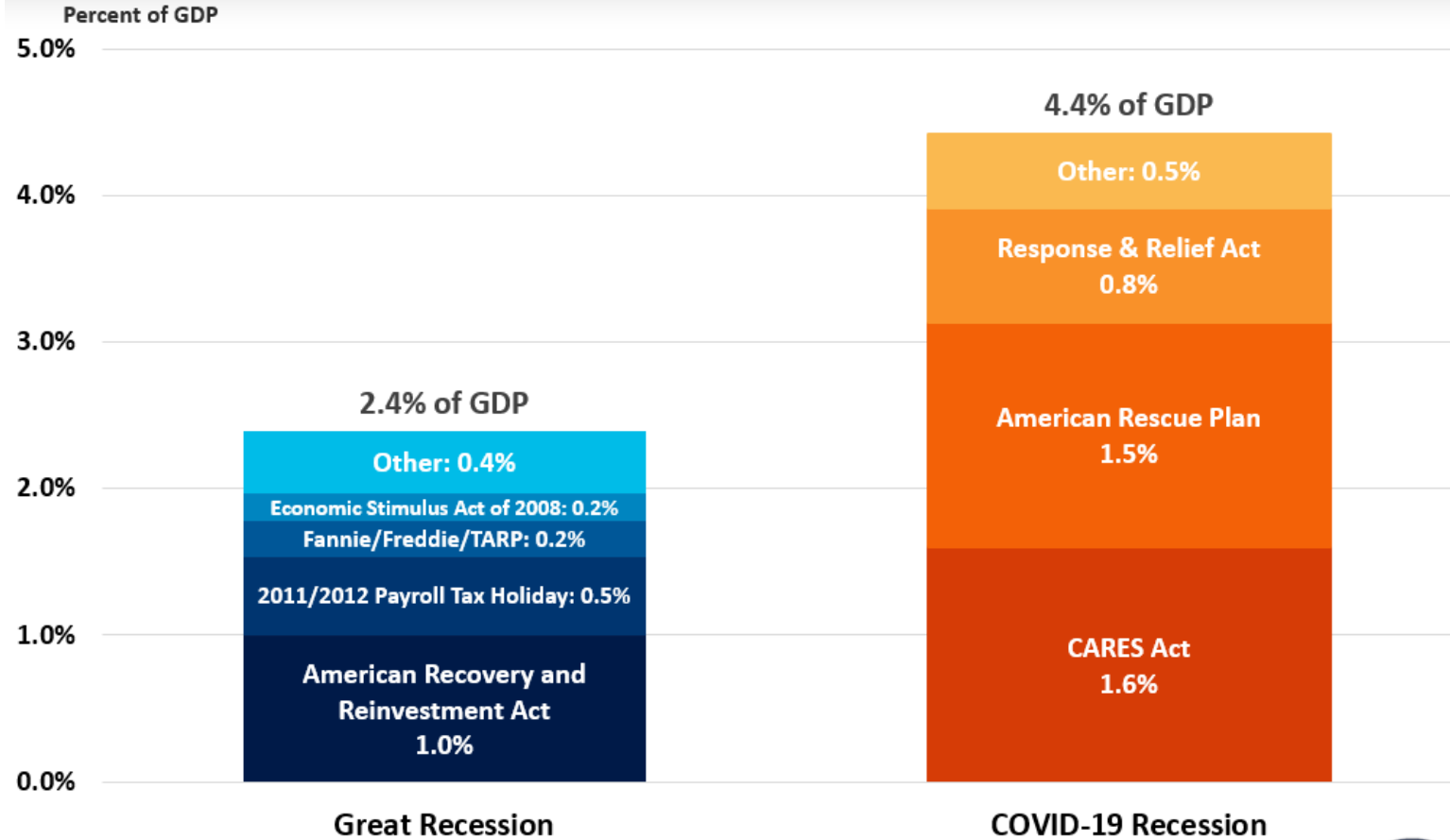
# ARPA Spending

June 10, 2022

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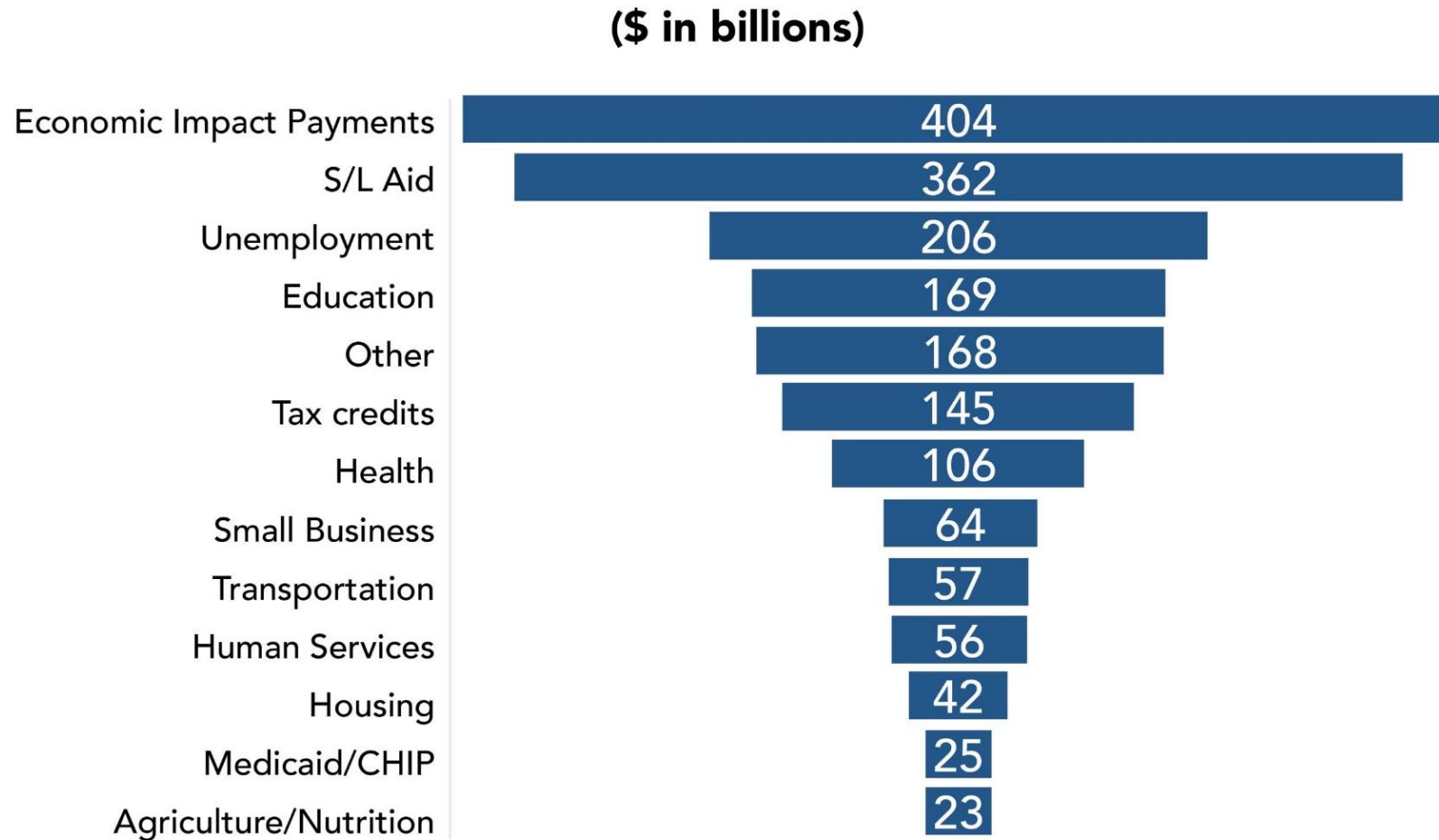
# Cost of COVID-19 and Great Recession Responses



*Note: Figures reflect 5-year cost estimates measured against 5-year GDP*  
*Source: CBO, CRFB Calculations*

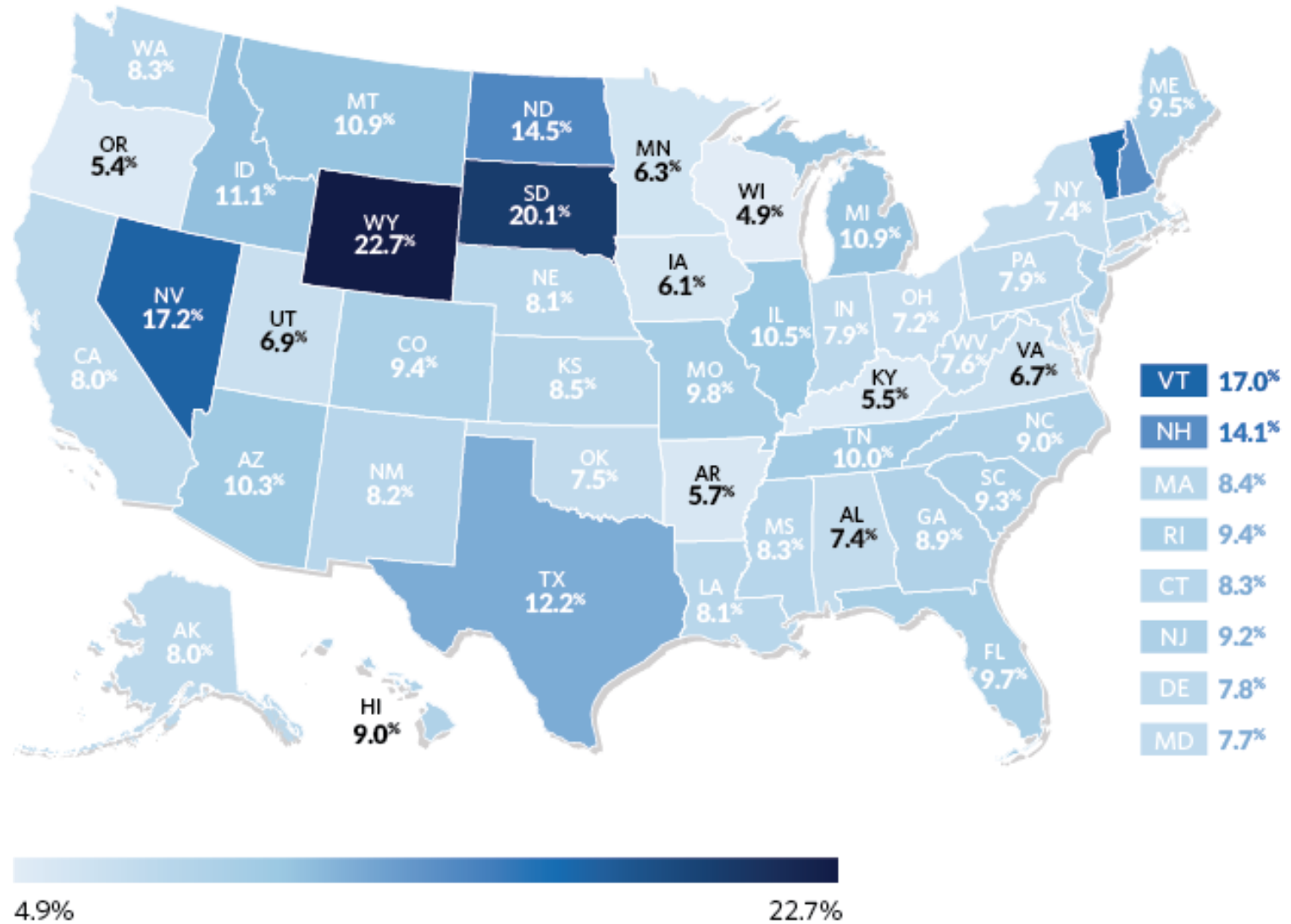


# American Rescue Plan Act Funding



# How ARPA Aid Compares With the Size of States' Budgets

Allocations range from 4.9% of total FY 2020 spending in Wisconsin to 22.7% in Wyoming



Source: The Pew Charitable Trusts, 2021, using U.S. Department of Treasury and National Association of State Budget Officer's data.



# Flexible Spending for States



## Distribution

- \$350 billion to state and locals
  - 195.3 billion - states and the District of Columbia
  - \$4.5 billion - territories
  - \$130.2 billion - local governments
- Formula disbursement – minimum allocation and unemployment rate
- Tranche disbursement
- Funds must be obligated by Dec. 31, 2024 and spent by Dec. 31, 2026.



## Guidance

- Allowable uses:
  - Emergency and Economic effects of pandemic
  - Premium pay to essential employees or grants to their employers
  - Government services affected by revenue reduction resulting from COVID-19
  - Investments in water, sewer and broadband
- Ineligible uses:
  - Towards pensions or to offset revenue resulting in a tax cut
  - Rainy Day Funds
- Final Rule effective April 1

# More on the Final Rule

## Revenue Replacement

- Standard allowance for revenue loss of up to \$10 million.
- Allows recipients to select the standard amount of revenue loss calculation.
- Government services = services traditionally provided by a gov'n't

## Public Health/Econ. Impacts

- Clarifies the use for capital expenditures
- Expands “impacted and “disproportionately impacted” definitions

## Premium Pay

- Broadens the share of eligible workers
- Without a written justification
- Focus on lower-income and frontline workers

## Water, Sewer & Broadband

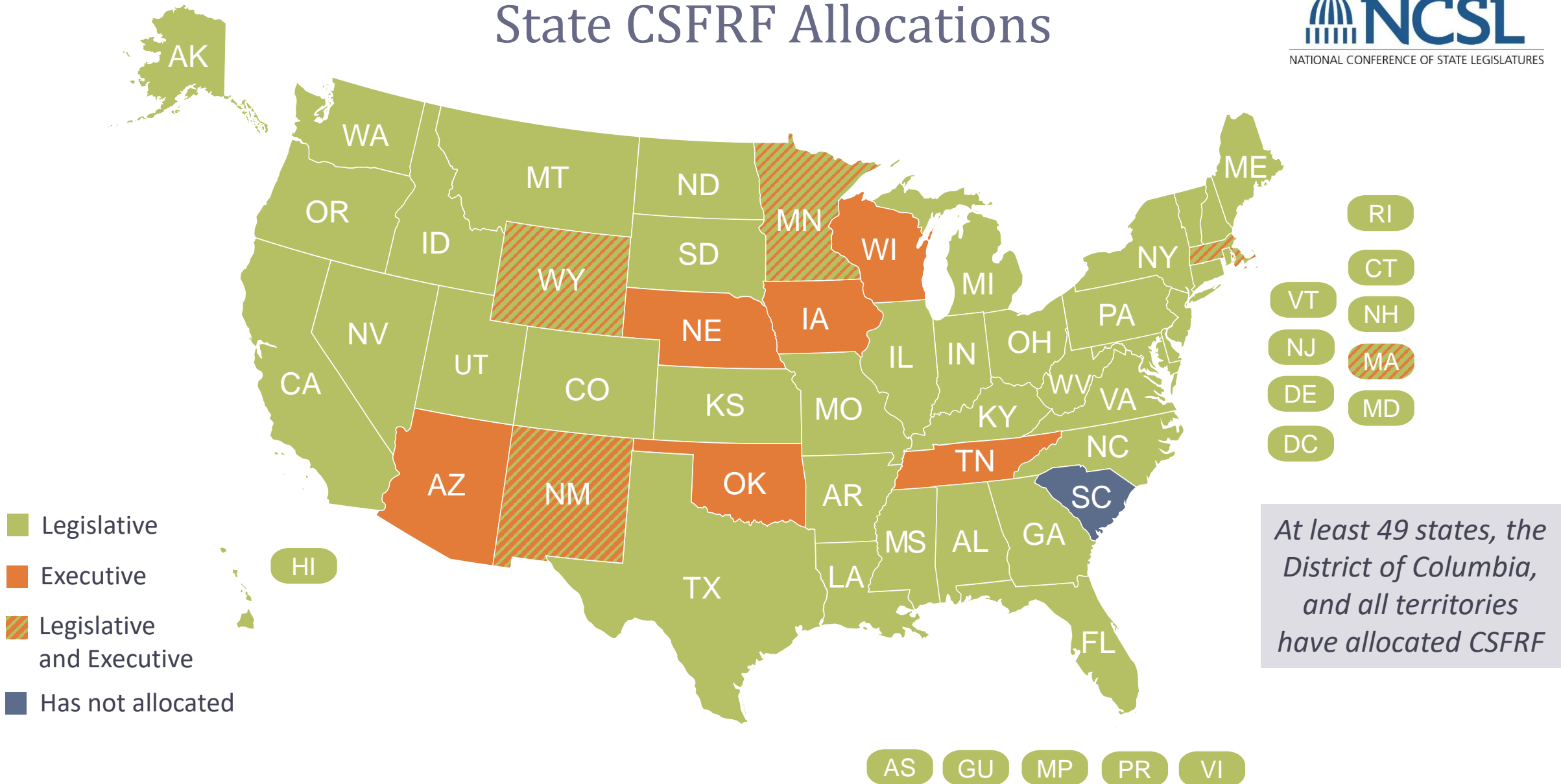
- Broadens flexibility for broadband access, affordability, and reliability
- Adds eligible water and sewer investments

*Second ~~Tranche~~ PORTIONS (!) on  
Its Way for 20 states and D.C.*





# State CSFRF Allocations



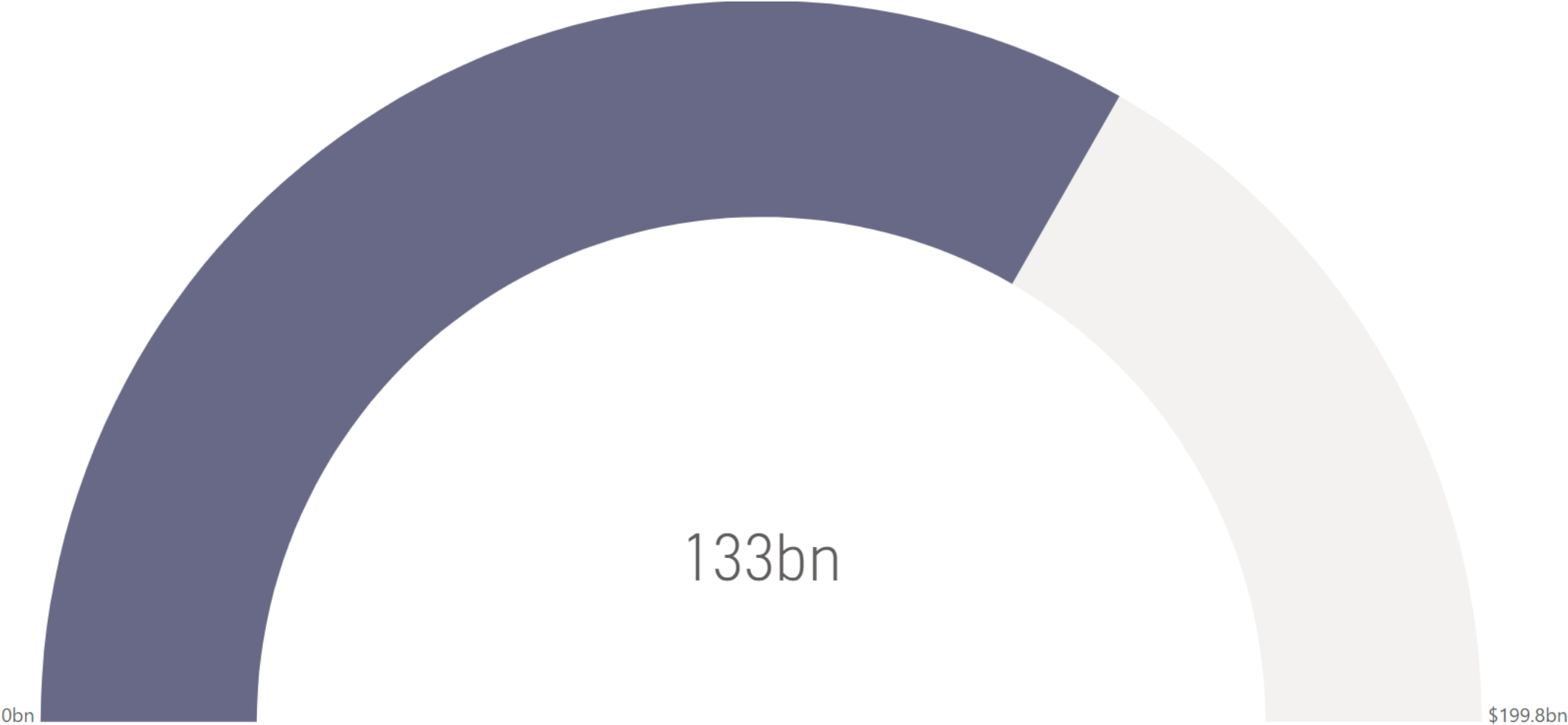
# Allocation Timelines Vary

Legislative procedures, spending authority, guidance and disbursement amount play a role.



# Total Allocated vs. Est. Full Disbursement

States, D.C., plus Territories



**State Fiscal Recovery Fund Categories**

- Select all
- Access to Justice
- Arts, Culture and Tourism
- Broadband
- Economic Relief and Development
- Education
- General Infrastructure
- Housing
- Human Services
- Other
- Public Health Response
- State Operation and Administration
- Unemployment Trust Fund
- Water Infrastructure
- Workforce Development

**States**

- Select all
- Alabama
- Alaska
- American Samoa
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Georgia
- Guam
- Hawaii

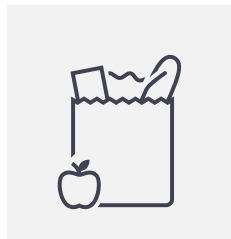
**Authority**

- Select all
- Executive
- Legislative

**Description Search**

Update	Category	State	Authority	Description	Source
6/2/2022	Access to Justice	Delaware	Executive	\$133,858 for the strategic planning of a family justice center.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$150,000 to the Department of Justice to prevent at-risk individuals from entering the criminal justice system and to ensure reentry for those who have been in the system.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$2.5 million for safer working and living conditions in communities confronted by criminal activity. The Safety-On program will campaign to improve neighborhood safety.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$300,000 to develop the Case Management System (CMS) of the Department of Justice.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$455,000 to improve online access to court forms and court instruction packets.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$50,000 to the Department of Justice for staff-related expenses associated with the clearing of the felony intake backlog.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$576,000 for the costs of the Youth Risk Behaviour Surveillance survey.	Executive
6/2/2022	Access to Justice	Delaware	Executive	\$85,167 to address court processing backlogs.	Executive

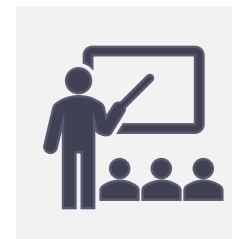
# CSFRF Major Allocation Categories



Broadband



Economic Relief



Education



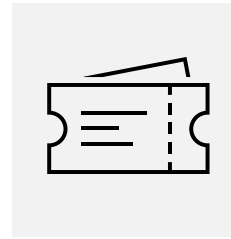
Housing



Human Services



State Ops/Admin.



Arts and Tourism



Unemployment Trust Fund



Water Infrastructure



Workforce Development



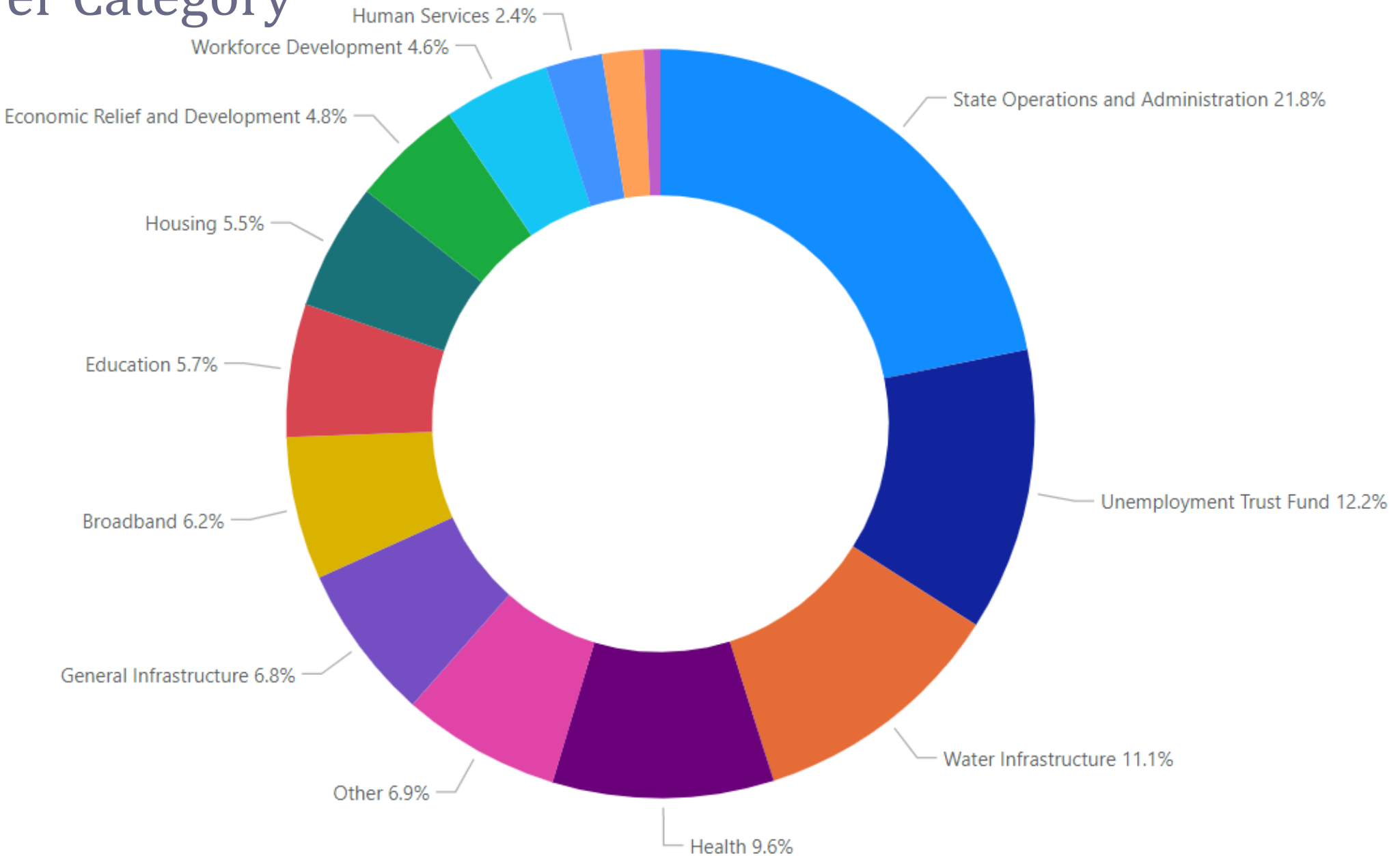
Public Health still a major priority!

# \*Number of states allocating to categories

\*at least



# Amount Allocated Per Category



# What About the Capital Projects Fund?

- \$10 billion for “critical capital projects that directly enable work, education, and health monitoring, in response to the public health emergency”
- Distribution – fixed amount, population size, amount of people living in rural areas, the proportion of individuals with a household income below 150% of the poverty line; divided equally for territories, Hawaii, tribal governments
  - \$9.8 billion reserved for the states, the District of Columbia, and Puerto Rico.
  - \$100 million reserved for territories.
  - \$100 million reserved for tribal governments and the state of Hawaii (for Native Hawaiian programs).
- Uses
  - Critical needs caused or exacerbated by the pandemic
  - Address the critical need of the community
  - Directly enable work, education, and health monitoring





Louisiana

New Hampshire

Virginia

West Virginia



Lessons Learned?  
Challenges ahead?





# Federal Education Relief Aid

June 10, 2022

# Education Stabilization Fund

	CARES	CRRSA	ARPA	Total
<b>K-12 (ESSER)</b>	\$13.2	\$54	\$123	\$190
<i>Per pupil (in 1000s)</i>	<i>(\$270)</i>	<i>(\$1100)</i>	<i>(\$2600)</i>	<i>(\$3,970)</i>
<b>Governors (GEER)</b>	\$3	\$1.3	-	\$4.3
<b>Higher Ed (HEER)</b>	\$14	\$22	\$40	\$76
<b>Private K-12 (EANS)</b>	-	\$2.7	\$2.75	\$5.45
	<b>\$30.75</b>	<b>\$82</b>	<b>\$168</b>	<b>\$281</b>

estimates in billions

# Elementary and Secondary School Emergency Relief (ESSER) Fund



Fund	Totals	Spend Rate (2/28/22)	Obligation Date
ESSER I (via CARES)	\$13.5 billion	\$11.6 billion (87.5%)	09/30/22
ESSER II (via CRRSA)	\$54.3 billion	\$17.9 billion (33%)	09/30/23
ESSER III (via ARPA)	\$123.7 billion	\$6.7 billion (5.5%)	09/30/24
	\$189.5 billion	\$36.2 billion (19.1%)	

# Education Relief Aid in the 21<sup>st</sup> Century

## American Recovery and Reinvestment Act (ARRA)

- \$98 billion in education grant programs
- **Policymaking: Top-Down, Federal/State Priorities**
- **Goal: Relief**
  - \$48.6b – State Fiscal Stabilization Fund
  - \$10b Title I + \$11.7b IDEA
- **Goal: Reform**
  - \$4.35b - Race to the Top
  - \$~4b - School Improvement Grants, innovation grants

## COVID Relief Packages (ARPA, CRRSA, CARES)

- \$281 billion in grant programs
- **Policymaking: Bottom-Up, Local Priorities**
- \$190b in state and local relief aid for K-12
  - 10% reserved for statewide uses
  - 90% for local discretion, no state/federal influence
  - Extremely flexible uses
- **Goals: Response, Relief, Recovery**

# NCSL Education Stimulus Analysis

- [Federal Stimulus Funds for Education Page](#)

- [School District ESSER Spending](#)

- [CSFRF Education Spending Analysis](#)

- [CRF Education Spending Analysis](#)

- [ARPA ESSER III State Plan Trends](#)

- [Legislative Action on ESSER Fund](#)



*The ESSER program is a major experiment in local control of federal education funding. Tracking its implementation has proved challenging.*

## How Schools Are Spending Unprecedented Education Relief Funding

By [Austin Reid](#) | May 11, 2022 | [State Legislatures News](#) |

[Print](#)

The year-old American Rescue Plan provided nearly \$123 billion in relief to K-12 schools—the largest-ever one-time federal investment in that system.

Known as ESSER III, the funding was the third round of aid from the federal Elementary and Secondary School Emergency Relief Fund. Including [ESSER I](#) and [ESSER II](#), the program has made nearly \$190 billion available to the states, about five to six times the annual federal spending on K-12 education.

The ESSER program is a major experiment in federal education funding. The funds are intended to be extremely flexible, with 90% spent at the discretion of local school districts. Schools have until September 2024 to obligate funds and early 2025 to draw them down.

# ESSER Local Spending

Districts control \$171 billion ESSER funds

## Implementation

- Districts gained access to ESSER III Fall 2021 through Spring 2022
- Districts have broad flexibility in spending funds, must tie to COVID-19 or “pre-existing challenges that would impede recovery”

## Local Challenges

- “Fiscal cliff” concerns
- Shifting priorities
- District capacity challenges
- Labor shortages
- Supply chain + contract issues
- Inflation

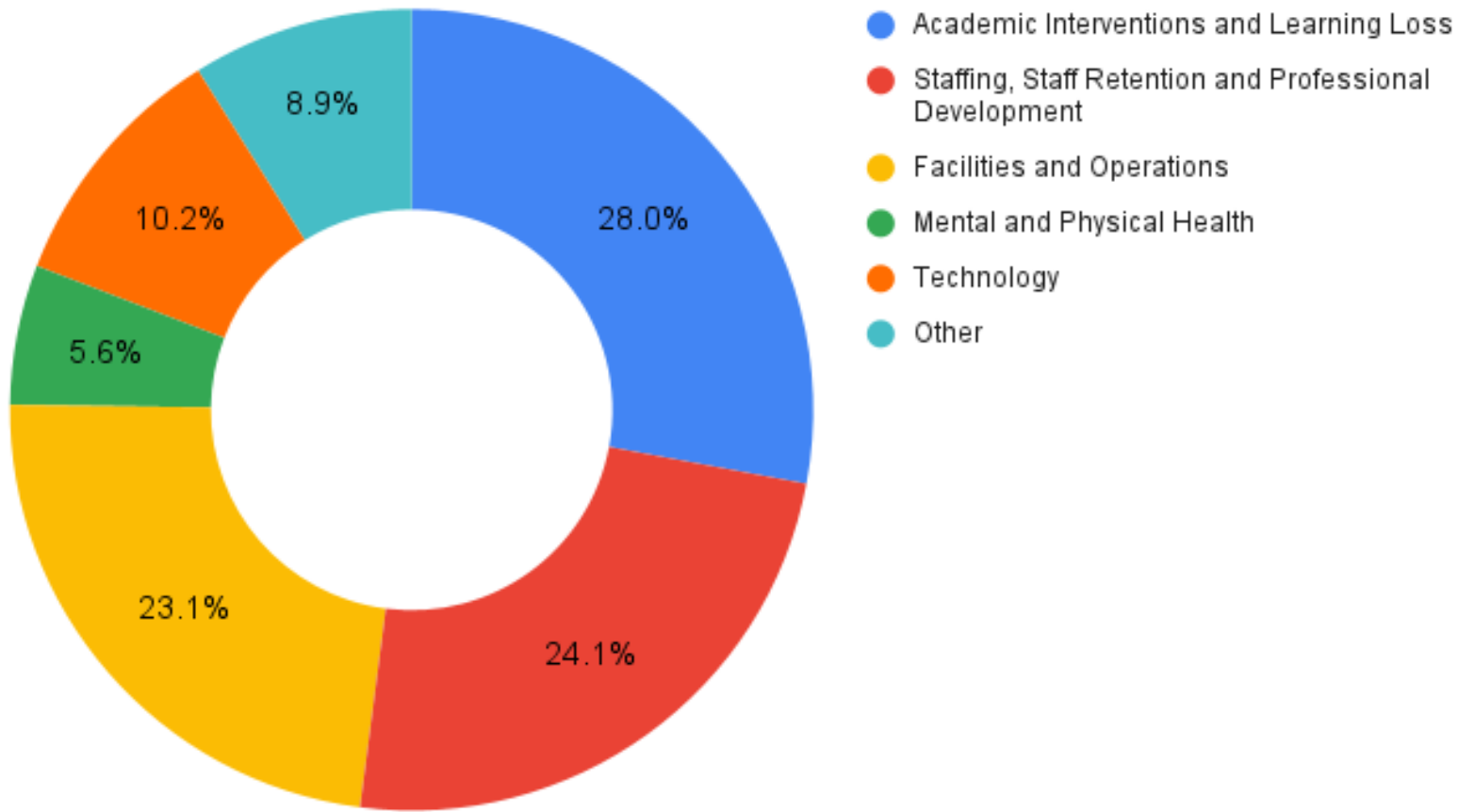
## Tracking Challenges

- District plans can be hard to locate
- District plans aren’t always accounting documents
- More funds “obligated” than counted as “spent”
- Spending data is opaque

# District ESSER Spending Data

## Planned ESSER III Spending by Category

Source: Burbio ESSER III analysis of over 3000 ESSER III spending plans representing 60% of US K-12 public school





# ESSER Maintenance of Effort + Maintenance of Equity

12 provisions for states to consider

## CARES MOE

- FY20: Spending on K-12 and higher education at least same amount as spending averaged from FY17-19
- FY21: Spending on K-12 and higher education at least same amount as spending averaged from FY17-19
- Waiver authority for declines

## CRRSA + ARP MOE

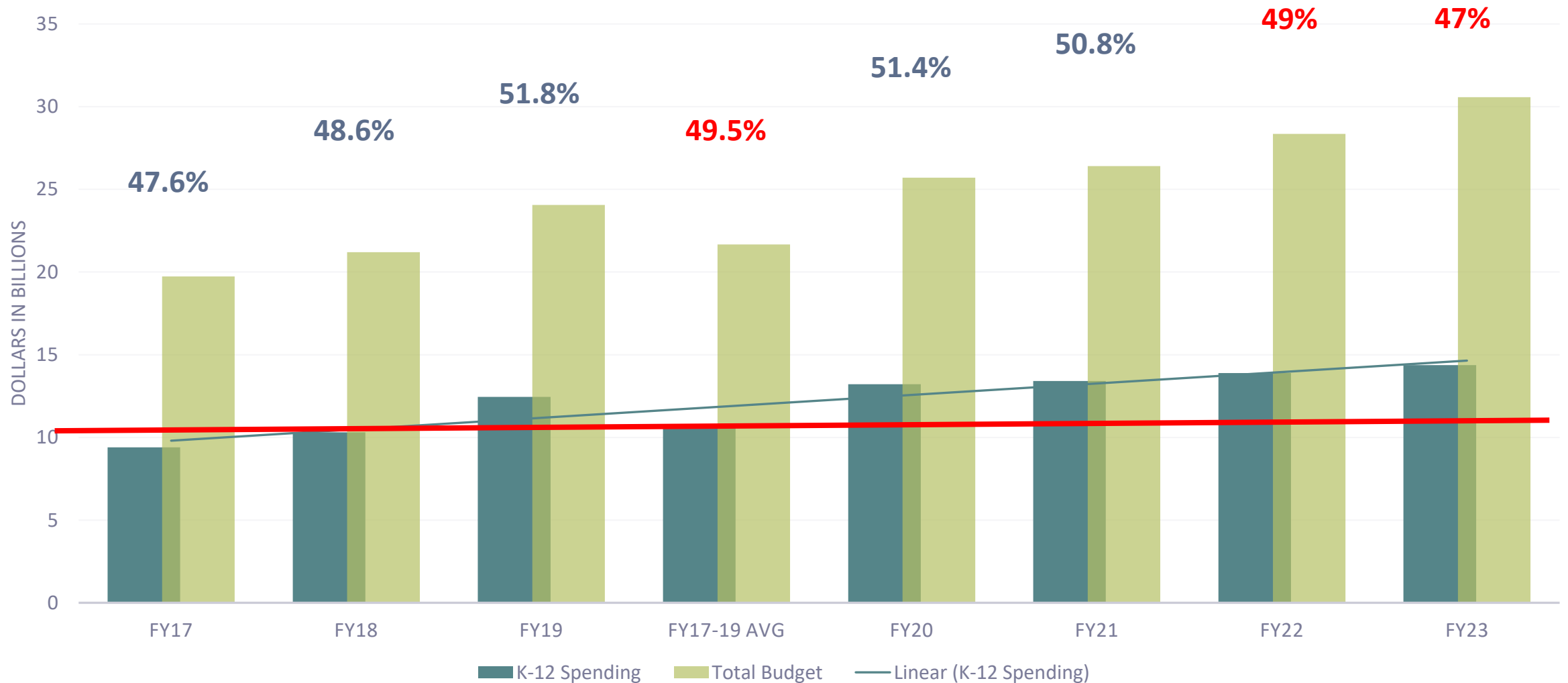
- FY22: Spending on K-12 and higher education (each) at least same share of total spending averaged from FY17-19
- FY23: Spending on K-12 and higher education (each) at least same share of total spending averaged from FY17-19
- Broader waiver authority- CRF and SLFRF can count as match

## State and Local MOEquity

- State MOEquity: FY22 and FY23
  - No disproportional cuts to 50% “high-need” districts
  - No cuts to 20% “highest poverty” districts below FY19 funding
- Local MOEquity: FY22 and FY23
  - No disproportional cuts to high-poverty schools
  - No disproportional staffing cuts to high-poverty schools

# State Challenges with Maintenance of Effort

## Washington State K-12 Education Spending



# State Challenges with MOE + MOEquity

## NASBO February 2022 Survey

- 43 states, 1 territory responded
- Maintenance of Effort
  - 24 states indicated concerns with meeting MOE
  - 8 states indicated they were unsure
- Maintenance of Equity
  - 11 states indicated concerns with meeting MOEquity
  - 15 states indicated they were unsure

## 24 Pending MOE Waiver Requests

	K-12				Higher Education			
	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23
Colorado		X				X		
Kansas							X	
Minnesota			X	X			X	X
North Dakota							X	X
New Hampshire			X	X				
New Jersey							X	
Puerto Rico	X	X	X	X	X	X	X	X
Washington			X	X			X	X

# NCSL “Federal Education Relief Aid” Resolution



The National Conference of State Legislatures believe state fiscal requirements for education relief aid **should only ask states to maintain aggregate funding levels or serve as a guide for how states can make cuts to education if facing revenue declines.**

The National Conference of State Legislatures believe state fiscal requirements **should not be used to compel states to make fiscal or policy decisions** beyond the purposes enumerated above, **which includes requiring states to increase funding for education or distribute funds to local education agencies by methods other than a state’s statutorily defined school funding formula.**

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Questions?

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