

Recommendations for Districts in Spending Federal ESSER Funds

Special Report | November 2021



The global pandemic has placed an extraordinary strain on schools, students, and their families. In an effort to address the challenges of remote learning and the return to classrooms, the federal government provided three separate rounds of federal stimulus funding to school districts. Funds for schools were included in the federal CARES Act, CRRSA Act, and ARP Act, with much of the funding included in the Elementary and Secondary School Emergency Relief (ESSER Fund). These funds are intended to help address the financial and operational impact of COVID-19 on students and schools.¹

The American Rescue Plan Act (ARP) alone represents one of the most significant investments in public education in recent history. Since its passage in March 2021, nearly \$122 billion has been allocated to schools across the nation, with most districts receiving hundreds of thousands or even millions of dollars. The magnitude of these one-time education funds cannot be overstated. The greatest challenge for school leaders will be to invest the funds sustainably along with longer-term recurring state and local revenues in order to meet the short-term and ongoing needs of students and families.

Currently, school leaders are juggling the return of students to the classroom, planning and implementing summer programs and other learning loss supports, and refining their annual budgets, all as public health mandates change. At the same time, they are also analyzing and deciding how to spend these federal dollars to support their students, staff, and families to make up for ground lost during the pandemic. Over the next several years, communities, school boards, and administrators will be focusing their efforts on how to best direct their annual budgets and federal stimulus funding to meet these important goals.

Allocating such windfalls is challenging. It is incumbent upon districts to spend these resources to enhance educational outcomes as well as improve and stabilize finances in the long-term. Although the most recent round of relief will be available through September 2024, these funds are not likely to be a regular part of your annual budget. In addition, it is unclear if there will be a more permanent increase in federal support for public education. Nor is it clear whether state support for K-12 education will increase, decrease, or stay flat over the next several years.

One-time federal dollars provided under ESSER have a variety of allowable specified uses, including covering current operations, educational supports, training and professional development, and building enhancements for improving air quality.



¹ Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (CRRSA Act), and American Rescue Plan Act of 2021 (ARPA).



PFM's public finance professionals who work with school districts on budgeting and financial planning offer a variety of recommendations that decision-makers might consider as they evaluate potential uses and deploy the ESSER funds.

Understand Your Pre-Pandemic Financial Picture

What was your district's long-term financial position before receiving ESSER funds? Were there any pre-pandemic trends or issues you were facing that will likely continue to impact district finances after the one-time ESSER funds have been spent?

Understanding where you were before the pandemic will help you to make a specific and transparent plan for managing district finances once ESSER funding ends. Issues facing your district could include enrollment trends, increased student needs, aging capital facilities, growing charter school tuition costs, flat property tax revenues, or dwindling fund balances. Comprehending the key factors at play in your budget now and over the next decade will aid you in identifying areas where the use of time-limited ESSER funds can be spent to have the most impact. On the other hand, if your district will need to use a portion of these resources to fill in budget gaps over the next three years, those amounts need to be identified early and communicated to all stakeholders.

What was
your district's
long-term
financial
position
before
receiving
ESSER funds?

Leverage ESSER Funds for Impact and Sustainability

Having established priorities and constraints, districts should focus on ideas with the greatest potential return on investment or those that can provide a long-term financial benefit to support strengthened educational offerings. This can include options that may reduce significant or recurring expenditures, such as improvements to district facilities, reducing recurring debt service to free needed operating or capital funds, or enhancing in-district virtual or hybrid learning options.

Districts should also look for opportunities to compound the impact by combining one-time ESSER funds with recurring federal funds focused on the same areas. For example, professional development for teachers is an allowable use of ESSER funds, and Title II funds (which most districts receive annually) are designed to strengthen the quality and effectiveness of educators. By combining these resources, districts can expand existing professional development efforts and deliver training to more teachers to improve student performance. Alternatively, your district may choose to purchase new curriculum and classroom materials with ESSER funds, and then use Title II funds to support costs for professional development. Districts should also seek to identify other funding sources under the American Rescue Plan Act that they may be eligible to use, such as funding for COVID-19 testing.

Districts should also consider using ESSER funds for complementary goals. For example, investing in facility improvements (as allowed for in the legislation) may be part of returning students from out-of-district placements or underpin a charter school strategy which will help stabilize finances in the longer-term. Other options may include partnering with local colleges and universities to improve course offerings and allow students access to additional opportunities for courses including foreign languages, arts, and other electives at a reduced cost to the district.



Accelerate Your Academic and Equity Goals

As districts consider how to spend these one-time resources, another key focus should be on the student outcomes that will be used to measure the success of the investments. Where do you want your district to be in three years academically, and how can you best use these funds to get there?

A critical and significant factor in achieving those outcomes is the ARP ESSER requirement that 20 percent of funds must be targeted to support evidence-based learning loss programs. In order to support the development of these plans, many state departments of education have provided resources for school districts to structure specific interventions and broader programs. Initial planning will focus on measuring and responding to learning loss in the coming weeks and months, including implementing benchmark assessments for student evaluations, providing afterschool programming, and enhancing social and emotional supports to students. Linking these programs to longer-term plans and priorities will be important. In thinking through desired outcomes, districts may decide to pilot new academic programs or expand existing programs already underway to improve academic performance. With the desired outcomes in mind, districts should seek to develop a long-term funding plan for all successful programs that yield measurable beneficial results over the next few years.

In addition, districts should consider ways to build or expand their equity goals and ensure that all students are given the resources they need to be successful. One of the primary stated priorities of the ESSER funds is to mitigate the impact of learning disruption on students.

Funds can also be used as needed to address the needs of targeted student populations that may have been disproportionately impacted by the pandemic and virtual learning, including disabled students, English Learners, low-income students, and youth in foster care, among others. Districts can use these funds to assess the needs of students, offer enrichment and other supports, and provide mental health and wrap-around services to students.

Districts should evaluate whether their existing processes for allocating ESSER resources are efficient, equitable and address historical disparities or those that may have emerged from the pandemic. In addressing equity challenges, districts should also identify existing barriers to equitable services, such as the digital divide, income and cost of services, language, or even facility conditions. Your plans should consider how to address or eliminate those barriers in order to ensure a fair and equitable experience for all students and their families.

In addressing equity challenges, districts should also identify existing barriers to equitable services, such as the digital divide, income and cost of services, language, or even facility conditions.

Communicate with Stakeholders

As districts make decisions about how to use and deploy these resources, those plans should be communicated clearly and continuously to all stakeholders, including staff, students, parents, and the community. District plans should be discussed at regular school board meetings, and community input should be encouraged through social media, surveys, and other means to gain strength from all perspectives. Since these funds will be spent down over several years, districts should create ways to transparently communicate ESSER spending and



progress to the public.

In considering how to spend the one-time federal funds, districts will also need to balance their long-term goals against what can reasonably be achieved over the next three years, while basing their decisions on their districts' individual financial, operational, and academic circumstances. Local leaders will need to invest a great deal of effort into balancing their long-term priorities and clearly communicating how these investments fit into those goals in a transparent and understandable way to all stakeholders, including students, families, and staff. Balancing immediate and long-term impact and clearly communicating with all stakeholders is a key part of compliance and fulfilling the spirit of the legislation. With these considerations, you should be able to work with your stakeholders to direct funds to your students' greatest needs today, while simultaneously maintaining program stability in future years.

Our K-12 School Districts Team

PFM Group Consulting LLC's dedicated K-12 school district team works with school leaders throughout the country to monitor and improve school finances and operations. Our analytical and financial modeling tools have helped districts identify the true cost and return on investment of policy initiatives, and they can be used to compare multiple investment scenarios simultaneously. They are especially applicable to planning for and delivering programming funded by ESSER and integrating that programming with post-ESSER demands. If you are interested in learning more, please contact any of the team members listed below. We look forward to working with you!

**To learn more or discuss in greater detail,
please contact our K-12 School Districts Team**

Dean Kaplan

Managing Director
kapland@pfm.com

Meredith Brett

Senior Managing Consultant
brettm@pfm.com

Ian Tyson

Senior Managing Consultant
tysoni@pfm.com

The views expressed constitute the perspective of PFM Group Consulting LLC at the time of distribution and are subject to change. The content is based on sources generally believed to be reliable and available to the public; however, PFM cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. Consulting services are provided through PFM Group Consulting LLC. For more information regarding PFM's services or entities, please visit www.pfm.com.