

FISCAL ISSUE BRIEF



**Federal COVID-19 Funding
E-12 and Higher Education**

Senate Counsel, Research, and Fiscal Analysis

July 2020

The federal government responded to the COVID-19 pandemic by enacting a series of laws that provide funding to states for a variety of purposes. As of June 30, 2020, four laws were enacted.

- P.L. 116-123 Coronavirus Preparedness and Response Supplemental Appropriations Act
- P.L. 116-127 Families First Coronavirus Response Act
- P.L. 116-136 Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- P.L. 116-139 Paycheck Protection Program and Health Care Enhancement Act

Under the CARES Act, the Education Stabilization Relief Fund provided funding within both the E-12 Education and Higher Education budget jurisdictions. The provisions in the E-12 Education jurisdiction provided funding to school districts, charter schools, education-related entities, and the Minnesota Department of Education. The provisions in the Higher Education budget jurisdiction provided funding directly to higher education institutions and the Minnesota Office of Higher Education.

Table 1 lists the enacted provisions and the amounts allocated to recipients in Minnesota. For amounts received by the state, **Table 1** indicates whether, as of June 30, 2020, the Legislative Advisory Commission approved the funding and the date of approval. A summary of the enacted provisions follows **Table 1**, including the recipients, the purposes of the funding and any restrictions, and the length of time the funding is available.

TABLE 1. Federal COVID-19 Funding for E-12 and Higher Education
(Dollars in Thousands)

Law	Federal Awards with State Allocation Estimates	Amount	LAC Approved
116-136	Governor’s Emergency Education Relief Fund	43,427	06/02/2020
116-136	Elementary and Secondary School Emergency Relief Fund	140,137	06/02/2020
116-136	Higher Education Emergency Relief Fund	195,078	N/A
	Education Stabilization Fund Total	378,642	
116-136	Child Nutrition (Through School Nutrition Program)	160,263	N/A
116-136	Institute of Museum and Library Services	510	05/27/2020
	Federal Awards with State Allocation TBD		
116-136	Head Start and Early Head Start	TBD	N/A

Summary of Federal COVID-19 Funding for E-12 Education

Governor's Emergency Education Relief (GEER) Fund. The CARES Act awarded nearly \$3 billion in GEER funding to governors based on each state's population age five to 24 and the number of students age five to 17 qualifying for Title I-A funding. Minnesota was allocated \$43.4 million. The purpose of the GEER Fund is to provide local education agencies, institutions of higher education, and other education-related entities with funding for emergency needs related to COVID-19. The governor has discretion to determine how the funding is distributed within the state. Funding must be obligated by the state within one year of receipt and spent by September 30, 2022. GEER funding is not subject to federal rules prohibiting revenue replacement.

The Minnesota Department of Education (MDE) was allocated \$38.1 million from the GEER Fund. Most of this funding will be awarded to school districts and charter schools to provide technology devices and internet connectivity to students, as well as to offer summer school programming. Additionally, \$5 million of MDE's allocation will be awarded through competitive grants to non-profit educational entities for providing comprehensive enrichment programming and services to children who are under the age of eight.

Elementary and Secondary School Emergency Relief (ESSER) Fund. Minnesota received \$140.1 million from the ESSER Fund. Of this amount, \$126.1 million, or 90 percent, was distributed through a formula to school districts and charter schools based on their fiscal year 2020 federal Title I-A allocation. Funding can be spent on any of the 12 federal allowable uses, which include purchasing cleaning supplies, implementing local preparedness and response efforts, providing mental health services, and maintaining continuity of education services, among other uses.

Of the remainder, \$13.3 million, or 9.5 percent, will be awarded to school districts or charter schools that did not receive: 1) a formula allocation, 2) at least \$10,000, or 3) funding proportional to their share of students from historically underserved populations. Funding must first be used to provide summer school programming and mental health supports in schools. Any remaining funds must be used in accordance with the federal allowable uses to meet the needs of students from historically underserved populations.

The final \$700,686, or 0.5 percent, is available to MDE for administrative costs. All ESSER funding must be obligated by the state within one year of receipt and spent by September 30, 2022. A school district must provide equitable services to a nonpublic school in the same manner as required under Title I-A. ESSER funding is not subject to federal rules prohibiting revenue replacement.

Child Nutrition. Each year, MDE receives an annual Nutrition Grant from the U.S. Department of Agriculture to cover the reimbursable meal costs of the National School Lunch and Breakfast program, Special Milk program, Child and Adult Care Food program, and the Summer Food Service program. The CARES Act provided an additional \$160.3 million that was amended into MDE's fiscal year 2020 federal Nutrition Grant in anticipation of greater need for these programs. For meals served from March to September of 2020, funding from the CARES Act must be used for meal reimbursements prior to the funding available under the state's annual Nutrition Grant.

Summary of Federal COVID-19 Funding for Higher Education

Higher Education Emergency Relief (HEER) Fund. Minnesota institutions of higher education received a total of \$195.1 million in direct appropriations under the HEER Fund. Most of the

funding, or \$183.8 million, was distributed through a general formula to institutions of higher education to prevent, prepare for, and respond to COVID-19. This distribution was based on an institution's enrollment of students who were not exclusively enrolled in distance education courses prior to the COVID-19 Proclamation of National Emergency on March 13, 2020. At least half of this funding must be awarded for emergency financial aid grants to students.

The remaining \$11.3 million of the Minnesota funding from the HEER Fund was appropriated to Minority Serving Institutions (MSIs) and to the Fund for the Improvement of Postsecondary Education Program (FIPSE). MSIs received \$7 million and FIPSE was awarded \$4.2 million to provide subgrants to institutions with the greatest unmet needs related to COVID-19. FIPSE funding is prioritized for schools that received less than \$500,000 under other parts of the HEER Fund. Both MSIs and institutions receiving funding through FIPSE may use the funds to defray institutional expenses and provide grants to students; however, unlike institutions receiving HEER funding through the general distribution formula, they are not required to use at least half for student grants.

Governor's Emergency Education Relief (GEER) Fund. The Minnesota Office of Higher Education was allocated \$5.3 million from the GEER Fund. Of this amount, the office plans to award \$5 million in competitive grants to institutions for technology and remote learning as well as ensuring equity in education through targeted support of teacher preparation programs. The remaining \$300,000 will be distributed to tribal colleges, not affiliated with the Minnesota State Colleges and Universities system, for technology and remote learning needs.

Additional Information

This Fiscal Issue Brief reflects public information for federal COVID-19 funding that was available in early June 2020. Federal agencies continue to provide information and allocation amounts for enacted funding programs. Please note that amounts in the summary sections may not sum to the totals listed in Table 1 due to rounding.

For the most current information on any of the provisions discussed in this Fiscal Issue Brief, please contact Jenna Hofer (Jenna.Hofer@senate.mn or 651-296-5259) with E-12 Education questions or Hannah Grunewald (Hannah.Grunewald@senate.mn or 651-296-2727) with Higher Education questions.