

FISCAL ISSUE BRIEF



Federal COVID-19 Funding for E-12 Education

Senate Counsel, Research, and Fiscal Analysis

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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 September 2021, three laws were enacted that provided funding for E-12 Education.

- [P.L. 116-136](#) - Coronavirus Aid, Relief, and Economic Security Act (CARES Act), *March 2020*
- [P.L. 116-260](#) - Consolidated Appropriations Act, Division M – Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), *December 2020*
- [P.L. 117-2](#) - American Rescue Plan Act (ARP Act), *March 2021*

This brief will discuss the provisions from each law related to the E-12 Education budget jurisdiction, which provided funding to school districts, charter schools, nonpublic schools, tribal contract schools, education-related entities, and the Minnesota Department of Education (MDE).

Table 1 lists the amounts allocated for E-12 Education in Minnesota. A summary of the enacted provisions follows **Table 1**, including the recipients, the purpose of the funding, any funding restrictions, and the length of time the funding is available.

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

Allocations	CARES Act	CRRSA Act	ARP Act	Total Funding
Education Stabilization Fund				
Governor’s Emergency Education Relief	38,127	61,391	40,489	140,007
Elementary & Secondary School Emergency Relief	140,137	588,036	1,330,220	2,058,393
Bureau of Indian Education Programs	1,436	2,949	0	4,385
<i>Education Stabilization Fund Subtotal</i>	<i>179,700</i>	<i>652,377</i>	<i>1,370,709</i>	<i>2,202,786</i>
Bureau of Indian Education Programs	0	0	7,144	7,144
Coronavirus Relief Fund	244,800	0	0	244,800
Child Nutrition (Through School Nutrition Program)	160,263	0	0	160,263
Library Services & Technology Act Grants	935	0	3,233	4,168
Head Start & Early Head Start	8,974	2,991	11,755	23,720
Individuals with Disabilities Education Act	0	0	52,337	52,337
State Fiscal Recovery Fund	0	0	102,055	102,055
Total E-12 Education Allocations	594,672	655,368	1,547,234	2,797,273

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

Education Stabilization Fund

The Education Stabilization Fund was established by the CARES Act. It contained separate funding streams for the Governor’s Emergency Education Relief (GEER) Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, and the U.S. Department of the Interior’s Bureau of Indian Education (BIE). The CRRSA Act and ARP Act both provided additional funding for E-12 Education through the Education Stabilization Fund.

Each round of Education Stabilization fund awards included a maintenance of effort (MOE) requirement. The CARES Act required state E-12 Education spending in FY2020 and FY2021 to be at least the same spending level that it was for the average of FY2017, FY2018, and FY2019.

The CRRSA Act required state E-12 Education spending to be of the same proportion of all state spending for FY2022 as it was for the average of FY2017, FY2018, and FY2019. This requirement was intended to make the MOE requirement easier for states to fulfill than the CARES Act MOE requirement. For some states, like Minnesota, state E-12 Education spending continues to increase each year; however, other portions of the state budget are growing more quickly. As a result, the E-12 Education proportion of the budget for FY2022 is less than the three-year average spending for FY2017 to FY2019. The U.S. Department of Education (ED) is offering waivers from the MOE requirements and states with certain fiscal burdens may apply.

The ARP Act contained the same MOE requirement and waiver opportunity as the CRRSA Act, but extended it through FY2023. Additionally, the ARP Act contained new maintenance of equity (MOEquity) requirements. The MOEquity requirements were intended to prevent reductions in per-pupil funding for FY2022 and FY2023 in the schools and school districts with the highest percentages of students from low-income backgrounds.

For additional information, see the [MOE Frequently Asked Questions](#) and the [ARP MOEquity Frequently Asked Questions](#) by ED.

Governor’s Emergency Education Relief Fund

Table 2 lists the amounts allocated for E-12 Education in Minnesota through the GEER fund. A summary of each allocation follows **Table 2**.

TABLE 2. Governor’s Emergency Education Relief Fund, E-12 Allocations Only
(Dollars in Thousands)

Allocations	CARES Act	CRRSA Act	ARP Act	Total Funding
E-12 Education	38,127	19,484	0	57,611
Emergency Assistance to Non-Public Schools	0	41,698	40,287	81,984
Administration	0	210	202	412
Total Allocations	38,127	61,391	40,489	140,007

CARES Act - GEER I

The CARES Act awarded nearly \$3 billion in GEER I 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 was 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 had discretion to determine how the funding was distributed within the state and allocated MDE \$38.1 million from the GEER I Fund. Most of this funding was awarded to school districts, charter schools, and tribal contract 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 was awarded through competitive grants to non-profit educational entities for providing comprehensive enrichment programming and wraparound services to children who are under the age of eight.

Funding must be obligated by the state within one year of receipt and spent by September 30, 2022. School districts that receive GEER I funds must provide equitable services to nonpublic students.

CRRSA Act - GEER II

The CRRSA Act awarded states \$1.4 billion in GEER II funding, of which \$19.5 million was awarded to Minnesota using the same distribution formula as GEER I. Each governor again had discretion to determine how GEER II funding was spent. In Minnesota, the GEER II funding was primarily used to provide before and after school care services to school-aged children, including summer and wraparound services. Funds were also used to provide early learning scholarships, additional staff at service cooperatives, and expanded in-person summer learning programs. Finally, funds were used to replace a General Fund appropriation for additional compensatory revenue attributable to the extension of the free and reduced-price lunch application deadline under [Laws 2020, 7th Special Session, Chapter 2, Article 6](#).

Funding must be obligated by the state within one year of receipt and spent by September 30, 2023. Unlike GEER I, school districts do not have a requirement to provide equitable services to nonpublic schools because the CRRSA Act provided a separate funding allocation for nonpublic school students.

CRRSA Act - Emergency Assistance to Non-Public Schools

The CRRSA Act provided \$2.75 billion of funding to governors for Emergency Assistance to Non-Public Schools (EANS), of which Minnesota received \$41.9 million. Each state was awarded EANS funding based on the number of children aged five to 17 who were at or below 185 percent of the poverty line and enrolled in a nonpublic school in the state. To receive funding, a nonpublic school must: 1) apply to MDE for funding, 2) submit the number and percent of low income students enrolled for the 2019-2020 school year, and 3) not have received a Paycheck Protection Program loan on or after December 27, 2020.

The allowable uses of funding are like ESSER and include costs associated with reopening schools, safely conducting in-person classes, addressing learning loss, providing technology, and other such activities. MDE may use up to \$210,000 for administering the program. Any EANS funds remaining unobligated after 6 months may be allocated by MDE for any GEER use. Like GEER II, EANS funding is available for spending through September 30, 2023.

ARP Act – EANS

The ARP Act provided an additional \$2.75 billion in EANS funding to governors, of which Minnesota received \$40.5 million. The total EANS funding and distribution method were the same under the CRRSA Act and ARP Act. However, the allocation amounts for each state differ slightly as updated enrollment and poverty data was used to make the ARP Act allocations.

The allowed uses of funding are the same as those under the CRRSA Act, with two exceptions. First, funding must only be awarded to nonpublic schools with a significant percentage of students from low-income backgrounds. Second, a nonpublic school may not be reimbursed for costs or services. MDE may use up to \$202,000 for administering the program. Any EANS funds remaining unobligated after 6 months may be allocated by MDE for any GEER use. EANS funding is available for spending through September 30, 2023.

Elementary and Secondary School Emergency Relief Fund

Table 3 lists the amounts allocated for E-12 Education in Minnesota through the ESSER fund. A summary of each allocation follows **Table 3**.

TABLE 3. Elementary and Secondary School Emergency Relief Fund
(Dollars in Thousands)

Allocations	CARES Act	CRRSA Act	ARP Act	Total Funding
LEA Formula Allocation				
Funds for Discretionary Activities	126,124	529,233	951,526	1,606,883
Funds to Address Learning Loss	0	0	237,882	237,882
<i>LEA Formula Allocation Subtotal</i>	<i>126,124</i>	<i>529,233</i>	<i>1,189,408</i>	<i>1,844,764</i>
SEA Reserve				
Funds for Discretionary Activities	13,313	55,863	33,039	102,215
Funds to Address Learning Loss	0	0	66,078	66,078
Funds for Summer Enrichment	0	0	13,216	13,216
Funds for After School Programs	0	0	13,216	13,216
<i>SEA Reserve Subtotal</i>	<i>13,313</i>	<i>55,863</i>	<i>125,549</i>	<i>194,725</i>
Administration	701	2,940	6,608	10,249
Homeless Children & Youth	0	0	8,655	8,655
Total Allocations	140,137	588,036	1,330,220	2,058,393

CARES Act - ESSER I

Minnesota received \$140.1 million from the ESSER Fund under the CARES Act. Of the ESSER I amount, \$126.1 million, or 90 percent, was distributed through a local education agency (LEA) 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, was distributed to MDE under the state education agency (SEA) reserve. MDE awarded funding to school districts, charter schools, and tribal contract schools that did not receive: 1) an LEA 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, was available to MDE for administrative costs. All ESSER I 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.

CRRSA Act - ESSER II

Minnesota received \$588 million in ESSER II funding under the CRRSA Act. Funds were allocated in the same manner as ESSER I, with \$529.2 million, or 90 percent, distributed through the LEA formula allocation, \$55.9 million, or 9.5 percent, distributed to the SEA reserve, and \$2.9 million, or 0.5 percent available to MDE for administration. ESSER II clarified the allowable uses under ESSER I but did not add new uses.

Of the ESSER II SEA reserve, MDE allocated \$1.5 million to school districts, charter schools, and tribal contract schools without an ESSER II LEA formula allocation, \$4.5 million to school districts, charter schools, and tribal contract schools without an ESSER II LEA formula allocation for expanded summer programming, and \$49.9 million to districts and charter schools for expanded summer programming.

All ESSER II funding must be obligated by the state within one year of receipt and spent by September 30, 2022. Unlike ESSER I, a school district is not required to provide equitable services to a nonpublic school with ESSER II funding since GEER II included EANS funding.

ARP Act - ESSER III

Minnesota received \$1.3 billion in ESSER III funding under the ARP Act. Funds were allocated in a similar manner to ESSER I and II, but with some additional requirements. Of the ESSER III award, \$1.2 billion, or 90 percent, was distributed through the LEA formula allocation. A district must use 20 percent of its LEA formula allocation to address learning loss.

The SEA reserve award is \$125.5 million, or 9.5 percent of the ESSER III funding; however, of this amount, MDE must use \$66.1 million, or five percent of the total ESSER III award, to address learning loss, \$13.2 million, or one percent of the total ESSER III award, for summer enrichment programs, and \$13.2 million, or one percent of the total ESSER III award, for after school programs. The remaining \$33 million, or 2.5 percent of the total ESSER III award, may be used for any eligible ESSER III activity. Additionally, \$6.6 million, or 0.5 percent, is available to MDE for administration. For more information on Minnesota's intended uses of the SEA reserve funds, see MDE's overview of [American Rescue Plan in Minnesota](#) or Minnesota's full [ARP state plan](#).

The ESSER III LEA formula allocation must be obligated by the state within 60 days of receipt, while the remaining ESSER III funds must be obligated within one year of receipt. All ESSER III funding must be spent by September 30, 2023. A school district is not required to provide equitable services to a nonpublic school with ESSER III funding since the ARP Act included EANS funding.

ARP Act – Homeless Children and Youth

The ARP Act provided \$800 million to states for the Homeless Children and Youth (HCY) program. Minnesota received \$8.7 million, for identifying and supporting the needs of homeless children and youth. The purpose of the funding is to address the challenges of COVID-19 by providing homeless children and youth with wraparound services and enabling them to attend and fully participate in school. Each state's allocation was based on its proportion of Title I-A funding for FY2020.

States received 25 percent of their award (HCY I) in April 2021 to supplement McKinney-Vento Homeless Assistance Act awards. HCY I funding must be allocated to existing McKinney-Vento grantees. The remaining 75 percent (HCY II) was granted to states in July 2021. MDE may retain 25 percent of each award for state-level activities. HCY II funds must be allocated to each district as follows: 50 percent based on the district's Title I-A amount and 50 percent based on the district's proportion of the state's homeless children and youth in either the 2018-2019 or 2019-2020 school year, whichever was greater. The HCY funds are subject to all requirements and allowable uses of the McKinney-Vento Homeless Assistance Act. Funds must be obligated by September 30, 2024.

Bureau of Indian Education Programs

CARES Act – Education Stabilization Fund I

The CARES Act provided \$153.8 million through the Education Stabilization Fund (ESF I) for programs operated by BIE to prevent, prepare for, and respond to COVID-19. The funds were awarded to ED for allocation to the Secretary of Interior. Together, the Secretary of Interior and the Secretary of Education determined the award process, funding distribution, and allowable uses of funds through a process that included listening sessions with Tribes and Tribal organizations, Native youth, and other stakeholders.

Under the plan, 90 percent of funds were awarded to BIE-funded early childhood programs, K-12 schools, and Tribal colleges and universities, 9.5 percent were available for BIE emergency needs, and 0.5 percent were available for BIE to administer the program. Minnesota BIE-funded schools received \$1.4 million from ESF I. Funding was awarded to K-12 schools based on pre-COVID-19 weighted student counts. Funds may be used for any allowable use under ESSER I and are available until September 30, 2021.

CRRSA Act – ESF II

The CRRSA Act provided \$409.4 million through the Education Stabilization Fund (ESF II) for BIE-funded programs. Like the CARES Act, funding was awarded to ED for allocation to the Secretary of Interior. The CRRSA Act required that 60 percent of funding be awarded to BIE-funded K-12 schools and 40 percent of funding be awarded to Tribal colleges and universities. Minnesota BIE-funded schools

received \$2.9 million from ESF II. The allocation methodology and allowable uses are the same as ESF I. Funds are available until September 30, 2022.

ARP Act

Unlike the CARES Act and CRRSA Act, which provided funding through the Education Stabilization Fund, the ARP Act provided \$850 million directly to BIE. Of this amount, BIE is using 10 percent for long-term projects and investments. The remaining 90 percent of funds were allocated as follows: 70 percent to BIE-funded K-12 schools and 30 percent to Tribal colleges and universities. Minnesota BIE-funded schools received \$7.1 million through the ARP Act. The allocation methodology and allowable uses are the same as ESF-I and ESF-II. Funds are available until spent.

Coronavirus Relief Fund

The CARES Act established the Coronavirus Relief Fund (CRF), which provided funding to states for COVID-19-related expenses. Of Minnesota's \$2.2 billion award, \$244.8 million was awarded to MDE to pass through to school districts, charter schools, and tribal contract schools for operational costs as well as student, family, and educator needs associated with in-person learning. Operational costs included expenses such as cleaning supplies, personal protective equipment, and transportation costs. Student, family, and educator needs expenses included translation services, technology devices, internet access, digital navigators, certain professional development, and school-age care for children of essential workers.

The CRF money was allocated by MDE to school districts, charter schools, and tribal contract schools in the following manner: 60 percent of funds were allocated for operational costs and distributed based on average daily membership (ADM). The remaining 40 percent were allocated for student, family, and educator needs and distributed based on a combination of ADM and the district's population of historically underserved students, which included students receiving special education services, English learners, students experiencing homelessness, students eligible for free or reduced-price meals, and students of color or American Indian students.

Despite the allocation method, funding could be used for expenses in either category in any amount. Statewide, districts spent funds in the following categories: 58.3 percent for student, family, and educator needs, 37.1 percent for operational costs, and 4.6 percent for school-age care. Districts and charter schools were required to expend funds between July 1, 2020 and December 30, 2020.

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.

Funding was used to reimburse the costs of meals served from March to September of 2020 under the Summer Food Service Program. Funding from the CARES Act must have been used for meal reimbursements prior to the funding available under the state's annual Nutrition Grant.

Library Services & Technology Act Grants

CARES Act

The ARP Act provided \$50 million of supplemental Library Services and Technology Act (LSTA) funding to the federal Institute of Museum and Library Services (IMLS). Minnesota received \$935,000 in LSTA funding, of which \$510,000 was awarded to MDE for additional subgrants. The grants were awarded to the state's four tribal college libraries and to public libraries located in school districts with high-poverty and low-connectivity rates. The grants were used to increase digital inclusion and address COVID-19 through the purchase of hotspots, devices, and internet access, as well as by providing digital literacy instructional support. The funding is available through September 30, 2021.

The remaining \$425,000 was directly awarded to Minnesota libraries and museums by IMLS. Grants were used to address digital inclusion and the COVID-19 pandemic. Each award ranged from \$25,000 to \$500,000. There is no cost sharing match requirement. Each grant-funded project must support the library's or museum's community by addressing a need related to COVID-19. Funds are available from September 1, 2020 until August 31, 2022.

ARP Act

The ARP Act provided \$200 million of supplemental LSTA funding to IMLS, of which Minnesota received \$3.2 million for additional subgrants. Each grant addressed a goal from the state's LSTA five-year strategic plan, which could include increasing access to library services, contributing to the World's Best Workforce, responding to diverse community needs, or facilitating digital equity and literacy.

Of the \$200 million in LSTA funding, \$15 million was reserved for IMLS to directly award grants to libraries and museums. Applications are currently being reviewed and grant awards will be announced in October 2021. Each award will range from \$10,000 to \$50,000 and will have a one-to-one local cost sharing match. Tribal communities are exempt from the match requirement. Each grant-funded project must address a COVID-19 challenge or recovery effort. Funds are available from November 1, 2021 until October 31, 2022.

Head Start & Early Head Start

The CARES Act, CRRSA Act, and ARP Act each provided additional funding for Head Start and Early Head Start programs (Head Start). Unlike many of the other federal funds for E-12 Education, Head Start funding was allocated to regional Head Start agencies rather than to states. The regional Head Start agency distributed funding through an application process to local Head Start programs based on each program's number of enrolled children.

The CARES Act provided \$750 million in Head Start funding, of which Minnesota programs received \$9 million. Supplemental CARES Act funding was available until December 30, 2020, although programs could request a one-year extension. The CRRSA Act provided \$250 million in Head Start funding, of which Minnesota programs received \$3 million. The ARP Act provided \$1 billion in Head Start funding, of which Minnesota programs received \$11.8 million. Supplemental CRRSA Act and ARP Act funding is available for spending from April 1, 2021 to March 31, 2023.

The CARES Act specifically reserved a portion of funding for summer programming grants. Head Start programs were required to give priority for supplemental summer programming to children entering kindergarten in the 2020-2021 school year and children with an Individualized Education Program (IEP). Otherwise, under each round of funding, a grant recipient could use funds for any purpose related to preventing, preparing for, and responding to COVID-19. As funding received under the CARES Act, CRRSA Act, and ARP Act is not included in future base funding calculations, programs were strongly encouraged to fund one-time activities that responded to COVID-19.

Individuals with Disabilities Education Act

The ARP Act included \$3 billion of supplemental special education funding. Minnesota received \$45 million for the Individuals with Disabilities Education Act (IDEA) Part B, Section 611 (Grants to States), \$3.8 million for IDEA Part B, Section 619 (Preschool Grants), and \$3.5 million for IDEA Part C (Grants for Infants and Toddlers), for a total of \$52.3 million. The funds are subject to all requirements and all allowable uses of the respective programs (IDEA Part B or Part C). Funds are available beginning July 1, 2021 and must be obligated by September 30, 2023.

[Laws 2021, 1st Special Session, Chapter 13, Article 5, Section 1](#) required the commissioner of MDE to allocate the supplemental IDEA funds to school districts and charter schools as reimbursement for the cost of providing special education recovery services and supports. However, the state law was passed prior to the release of ED guidance that required the funds be distributed through the IDEA formulas. Districts may still use the supplemental IDEA funds for recovery service and support costs.

State Fiscal Recovery Fund

To further respond to each state's unique COVID-19 challenges, the ARP Act provided flexible funding to states through the State Fiscal Recovery Fund (SFRF). Minnesota received \$2.8 billion. The governor allocated two rounds of SFRF funding for E-12 Education, totaling \$102.1 million.

In May 2021, \$75 million was appropriated from the SFRF for 2021 summer learning programs. Most of the funding, \$67.9 million, was for E-12 Education while the remainder was for school-linked mental health grants administered by the Department of Human Services and college readiness initiatives administered by the Office of Higher Education. School districts, charter schools, and tribal contract schools received \$34.6 million for academic and mental health support. Funding was allocated as follows: 40 percent based on ADM and 60 percent based on the concentration of historically underserved students. The governor allocated \$20 million to fund preschool for historically underserved students or students who were prevented from attending preschool due to COVID-19. Funds must be used for an in-person program and may be used at a three- or four-star Parent Aware rated public or private program. Additionally, the governor allocated \$10 million to expand adult basic education programs and \$3.3 million to expand access to tutoring services for students.

In September 2021, \$34.2 million was appropriated from the SFRF for E-12 Education. Most of the funding, \$29.2 million was used to provide an additional \$1,346.24 per pupil in FY2021 declining enrollment aid to school districts, charter schools, and tribal contract schools for unanticipated enrollment loss due to COVID-19. The Education Partnerships Coalition received \$4 million to expand access. Of this funding, \$250,000 each was awarded to the Northside Achievement Zone and St. Paul Promise Neighborhood, \$500,000 each was awarded to Austin Aspires, Every Hand Joined in Red Wing, Generation Next, Rochester's Cradle 2 Career, and United Way of Central Minnesota, and

\$500,000 was available for additional competitive grant awards of up to \$100,000 each. Finally, the Girl Scouts ConnectZ program received \$1 million to expand access statewide.

Additional Information

This Fiscal Issue Brief reflects public information for federal COVID-19 funding from [MDE](#), [ED](#), and [BIE](#) that was available in September 2021. State and 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 the tables due to rounding.

For information on available district-level funding allocations, please see [COVID-19 Federal Funds, by School District](#). This spreadsheet was compiled using data provided by MDE. For questions about this spreadsheet, please contact Betsy Hjelseth (Betsy.Hjelseth@senate.mn or 651-296-7983).

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).