



SENATE FISCAL OFFICE  
ISSUE BRIEF

**Federal COVID Funds: CRRSA ESSER II and ARP ESSER III** MAY 10, 2021

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional Elementary and Secondary School Emergency Relief (ESSER) funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act to support local education agencies (LEAs) during the pandemic. Both of these funds require Rhode Island to meet a certain maintenance of effort (MOE) in funding both elementary and secondary, as well as public higher education, in order to qualify for the federal funds.

**MAINTENANCE OF EFFORT (MOE) REQUIREMENTS**

Under both the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act, states receiving ESSER funds and Governor Emergency Education Relief (GEER) funds must maintain support for elementary and secondary education and for higher education in FY2022 that is based on the state's percentage of the state's overall spending used to support education as averaged over FY2017, FY2018, and FY2019. The table below shows the MOE calculation for both elementary and secondary education and higher education relative to the Governor's FY2022 Budget. Based on the calculation, assuming no additional general revenue expenditures were added to the budget, an additional \$8.6 million would need to be added to the higher education expenditures to satisfy the MOE. This calculation would change if general revenue expenditures were either added or removed from the proposed budget.

	Average Annual FY2017 - FY2019	FY2022 Gov	MOE expenditure requirement	Difference to Gov
<b>Elementary and Secondary Education</b>				
Education Aid	\$881,930,148	\$1,022,047,297		
Central Falls	39,910,628	47,702,746		
Davies Career and Tech	13,212,382	14,437,904		
Met Career and Tech	9,342,007	9,342,007		
School for the Deaf	6,343,018	7,242,627		
School Construction	80,000,000	80,000,000		
Teacher's Retirement	102,924,340	123,916,166		
<b>Total Elementary and Secondary</b>	<b>\$1,133,662,523</b>	<b>\$1,304,688,747</b>	<b>\$1,304,639,848</b>	<b>\$48,899</b>
Statewide General Revenue Expenditures	3,798,403,201	4,371,272,821		
Percentage of statewide expenditures for ELSEC	29.85%	29.85%		
<b>Higher Education</b>				
URI	\$78,211,635	\$84,745,516		
RIC	47,914,806	52,208,155		
CCRI	49,724,474	52,427,080		
RI Promise	2,861,699	7,680,838		
<b>Total Higher Education</b>	<b>\$178,712,614</b>	<b>\$197,061,589</b>	<b>\$205,665,789</b>	<b>(\$8,604,200)</b>
Statewide General Revenue Expenditures	3,798,403,201	4,371,272,821		
Percentage of statewide expenditures for Higher Ed.	4.70%	4.51%		

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**CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS (CRRSA) ACT – ESSER II**

The CRRSA Act, 2021, enacted on December 27, 2020, is the second federal relief package in response to the COVID-19 pandemic that provides specific support to education. Included in the package is \$54.3 billion in Elementary and Secondary School Emergency Relief (ESSER II) funds. The Act requires the United States Department of Education to allocate the ESSER II funds based on the proportion of Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) each state received in FY2020 without the application of the hold harmless provisions in ESEA section 1122.

***State Allocation of CRRSA ESSER II Funds***

Rhode Island was awarded \$184.8 million in total ESSER II funds.

- State Education Agencies (SEAs) must subgrant at least 90.0 percent of the total, or \$166.3 million for RI, to local education agencies (LEAs). These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening.
- Up to 10.0 percent of the state allocation, \$18.5 million for RI, may be reserved by the SEA for emergency needs in responding to the pandemic.
- Up to one half of one percent of the reserve amount, \$923,958 for RI, may be used by the SEA for administrative costs.
- Available for obligation by SEAs and subrecipients through September 30, 2022.

***ESSER II Subgrants to LEAs***

Of the total award to Rhode Island, at least \$166.3 million, or 90.0 percent, must be allocated to LEAs.

- Subgrants to LEAs may be used for eligible costs dating back to March 13, 2020.
- LEAs subgrants are available for obligation through September 30, 2022.
- Subgrants may be used for all the eligible expenses provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In addition, ESSER funds provided under the CRRSA Act may be used to address learning loss, preparing schools for reopening, and projects to improve air quality in school buildings. It may be noted that these “additional” uses are also permitted under the CARES Act.
- CRRSA ESSER II does not require an equitable services set aside, since the Act includes a separate program for Emergency Assistance for Non-Public Schools (EANS).

**AMERICAN RESCUE PLAN (ARP) ACT**

The ARP Act, 2021, enacted on March 11, 2021, is the third federal relief package in response to the COVID-19 pandemic that provides specific support to education. Included in the package is \$122.0 billion in Elementary and Secondary School Emergency Relief (ESSER III) funds. The Act requires the United States Department of Education to allocate the ESSER III funds based on the proportion of Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) each state received in FY2020 without the application of the hold harmless provisions in ESEA section 1122.

***State Allocation of CRRSA ESSER III Funds***

Rhode Island was awarded \$415.0 million in total ESSER III funds.

- State Education Agencies (SEAs) must subgrant at least 90.0 percent of the total, or \$373.3 million for RI, to local education agencies (LEAs). These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening.

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- Up to 10.0 percent of the state allocation, \$41.5 million for RI, may be reserved by the SEA for activities and interventions that respond to students' academic, social, and emotional needs, and that address the disproportionate impact of COVID-19 on underrepresented subgroups such as racial groups, low income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.
  - 5.0 percent of the total allocation, \$20.8 million, must be used for evidence-based interventions that specifically address learning loss, such as summer learning and enrichment, extended day, comprehensive after schools programs, or extended school year.
  - 1.0 of total reservation, \$4.2 million, for evidence-based summer enrichment programs
  - 1.0 percent of the reservation, \$4.2 million, for evidence-based comprehensive afterschool programs.
- Up to one half of one percent of the reserve amount, \$2.1 million for RI, may be used by the SEA for administrative costs.
- Available for obligation by SEAs and subrecipients through September 30, 2023.

***ESSER II Subgrants to LEAs***

Of the total award to Rhode Island, at least \$373.5 million must be allocated to LEAs.

- Subgrants to LEAs may be used for eligible costs dating back to March 13, 2020.
- LEAs subgrants are available for obligation through September 30, 2023.
- Uses of funds:
  - At least 20.0 percent of allocation must be used to address learning loss through evidence-based interventions that address students' academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented subgroups. Evidence-based interventions include summer learning and enrichment, extended day, and afterschool programs.
  - The remaining 80.0 percent may be used for the purposes allowed under ESSER I and ESSER II, including hiring new staff and avoiding layoffs. The ARP Act specifically authorizes LEAs to use funds to develop strategies and implement public health protocols including policies in line with guidance from the CDC for the reopening and operation of schools.
- ARP ESSER III does not require an equitable services set aside, since the Act includes a separate program for Emergency Assistance for Non-Public Schools (EANS).
- An LEA that receives ARP ESSER funds must make a plan for the safe return to in-person instruction and continuity of services publicly available on its website within 30 days of receiving funds. Before making the plan publicly available, the LEA must seek public comment on the plan.

***Maintenance of Equity (MOEquity)***

The ARP Act also imposes a maintenance of equity requirement, for elementary and secondary education, on states and local education agencies receiving ESSER funds. The legislative language provides that, in FY2022 or FY2023, an SEA may not:

- Reduce state, per-pupil funding to any high-need LEA by more than the overall per-pupil reduction across the state. A "high-need" LEA is defined as a district that is among the group of LEAs that has the highest percentage of economically disadvantaged students in the state and collectively serve not less than 50.0 percent of the state's total enrollment.
- Reduce state, per-pupil funding to any highest-poverty LEAs below the funding provided to each LEA in FY2019. A "highest poverty" LEA is defined as a district that is among the group of districts with

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the highest percentage of economically disadvantaged students in the state and collectively serve not less than 20.0 percent of the state's total enrollment.

The language further provides that, in FY2022 or FY2023, an LEA may not disproportionately reduce per-pupil funding to any high-poverty school, or disproportionately reduce per-pupil full-time equivalent staff in any high-poverty school. The language provides an exception to the LEA MOEquity for LEAs that meets at least one of the following criteria

- The LEA has a total enrollment of less than 1,000 students.
- The LEA operates a single school.
- The LEA serves all students within each grade span with a single school.
- The LEA demonstrates an exceptional or uncontrollable circumstance, such as unpredictable changes in student enrollment or precipitous decline in financial resources, as determined by the Secretary of Education.

The United States Department of Education is expected to issue further guidelines on the MOEquity.

**DISTRIBUTION TO LEAS**

SEAs must distribute 90.0 percent of the state allocation to LEAs based on their share of funds received under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) in FY2020 without the application of the hold harmless provisions in ESEA section 1122. The table on the following page shows the distribution by LEA.

## Federal COVID Funds: CRRSA ESSER II and ARP ESSER III

## Federal COVID-19 Related Emergency Relief to LEAs

District	ESSER I (CARES Act) (available for obligation through September 30, 2021)	ESSER II (CRRSA) (available for obligation through September 30, 2022)	ESSER III (ARP) (available for obligation through September 30, 2023)	Total
Barrington	\$79,799	\$288,735	\$648,458	\$1,016,992
Burrillville	394,852	1,548,747	3,478,266	5,421,865
Charlestown	-	-	-	-
Coventry	623,392	2,419,802	5,434,532	8,477,726
Cranston	2,304,283	9,038,195	20,298,503	31,640,981
Cumberland	530,621	2,252,791	5,059,448	7,842,860
East Greenwich	69,858	241,108	541,494	852,460
East Providence	1,343,727	5,270,561	11,836,931	18,451,219
Foster	52,429	180,788	406,023	639,240
Glocester	149,926	581,253	1,305,412	2,036,591
Hopkinton	-	-	-	-
Jamestown	98,636	342,190	768,511	1,209,337
Johnston	660,667	2,591,365	5,819,839	9,071,871
Lincoln	476,313	1,931,628	4,338,162	6,746,103
Little Compton	33,278	64,348	144,517	242,143
Middletown	263,613	953,185	2,140,718	3,357,516
Narragansett	184,416	672,411	1,510,139	2,366,966
Newport	795,683	3,079,969	6,917,172	10,792,824
New Shoreham	12,538	-	-	12,538
North Kingstown	452,552	1,775,065	3,986,543	6,214,160
North Providence	720,309	2,825,301	6,345,224	9,890,834
North Smithfield	182,153	682,368	1,532,502	2,397,023
Pawtucket	3,618,740	14,193,947	31,877,588	49,690,275
Portsmouth	243,247	894,792	2,009,575	3,147,614
Providence	14,390,236	57,702,326	129,591,234	201,683,796
Richmond	-	-	-	-
Scituate	211,568	775,558	1,741,794	2,728,920
Smithfield	202,518	794,344	1,783,984	2,780,846
South Kingstown	352,990	1,344,338	3,019,191	4,716,519
Tiverton	194,599	763,284	1,714,228	2,672,111
Warwick	1,488,005	5,470,524	12,286,019	19,244,548
Westerly	552,501	2,020,394	4,537,517	7,110,412
West Warwick	961,349	3,705,668	8,322,405	12,989,422
Woonsocket	3,308,150	12,975,705	29,141,589	45,425,444
Bristol-Warren	485,476	1,904,207	4,276,577	6,666,260
Exeter-West Greenwich	142,555	521,496	1,171,205	1,835,256
Chariho	315,655	1,183,347	2,657,629	4,156,631
Foster-Glocester	90,511	535,272	1,202,144	1,827,927
Central Falls	1,575,794	6,790,598	15,250,718	23,617,110
<b>District Total</b>	<b>\$37,562,936</b>	<b>\$148,315,610</b>	<b>\$333,095,791</b>	<b>\$518,974,337</b>
Charter School Total	3,454,925	14,938,873	33,550,589	51,944,387
Davies	269,601	1,171,943	2,632,018	4,073,562
Met School	316,356	1,437,897	3,229,313	4,983,566
Urban Collaborative	85,140	333,948	749,999	1,169,087
School for the Deaf	26,441	114,139	256,339	396,919
<b>Total</b>	<b>\$41,715,400</b>	<b>\$166,312,410</b>	<b>\$373,514,049</b>	<b>\$581,541,859</b>

Source: Rhode Island Department of Education