Elementary and Secondary School Emergency Relief Funds
Excerpt from CCSSO 5.1.2020 FAQs

These questions and responses focus on the use of ESSER funds especially as expenditures relate to the reduction of state and local revenue.

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Q13. Under the ESSERF, can the Use of Funds “Other activities” (Sec. 18003(d)(12)) be used to replace state funds lost because of a specific state holdback requirement as a result of the economic crisis created by COVID-19? For example, could ESSERF monies be used to fund an employee formerly paid with general funds?

The Elementary and Secondary School Emergency Relief Fund (ESSERF) does not include a supplement, not supplant requirement. Thus, there is no prohibition on a state or local educational agency using ESSERF funds to pay expenses formerly taken care of by the state. However, there is a requirement that a state maintain support for elementary and secondary education, in fiscal years 2020 and 2021, at least at the average level of the three previous fiscal years. Thus, a state should not reduce its state aid (and replace it with ESSERF funds) if doing so would cause the state not to comply with that maintenance-of-effort requirement.

FAQ Q.14. Knowing it is not to replace State aid - if local LEA revenue goes down, can ESSERF be used to replace local?

Again, there is no prohibition on ESSERF funds replacing state or local funds, so long as a state meets the maintenance-of-effort requirement.

Q.16. If districts are currently using ESEA funds to meet emergency needs, can they use CARES $ to "reimburse" their ESEA funds?

While the allowable uses for CARES funds are very broad, each of the ESEA categorical streams must continue to be used only for allowable activities. (Admittedly, under some of the ESEA programs – such as Title I schoolwide programs, Impact Aid, and Rural Education—the uses of funds are also very broad). Therefore, it is important that SEAs and LEAs continue to use ESEA funds only for authorized activities. It would be more straightforward, when districts do their accounting, to report ESEA funds as supporting allowable ESEA activities and to report CARES funds as funding other emergency needs.

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Q.17. We have concerns about food service costs that would normally be covered by meal

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reimbursements from USDA, but meal counts are down, while salaries are still being paid so there is a shortfall. Would this be allowable to cover this shortfall?

One of the ESSERF allowable uses of funds is “Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency” (section 18003(d)(12)). That language would seem to be broad enough to cover paying the salaries of food-service staff when other funding sources are not sufficient.

Q.19. Where should expenses related to salaries for school bus drivers who are now redeployed to deliver meals and instructional materials “live”? Allowable uses #8 and 12 (from CARES Act) both seem like they would be good fits, but we would like more certainty before providing guidance to the LEAs.

USED has not issued any requirements or guidance regarding how eligible expenses are to be accounted for or reported. In fact, the “Notice Announcing Availability of Funds” and the application include the statement “The Secretary may require additional reporting in the future, which may include…the uses of funds by the LEAs or other entities and demonstration of their compliance with Section 18003(d)....” Thus, it is not yet clear whether ED will collect accounting information on the uses of funds, much less specify how different cost items are to be accounted for when those items appear to fit within more than one category. At least for now, it appears that States have the flexibility to make their own decisions on those accounting issues.

With respect to the specific issue of school bus drivers who are delivering food and materials, it appears that this could fit under allowable use #1 (because Impact Aid and other ESEA programs have very broad uses of funds) and #12 (because the activity maintains continuity of services in the LEA and continues to employ existing staff). #8, which speaks to planning for and coordinating the provision of meals, but not actually providing them, is not as relevant for this purpose as the other two uses.

Q.20. Where should expenses related to salaries for individuals providing child care to essential workers “live”? Allowable uses #2, 5, and 12 (from CARES Act) all seem like they would be good fits, but we would like more certainty before providing guidance to the LEAs.

Again, it appears that States have the flexibility to make this decision and that no further instruction or guidance is coming from USED, at least in the immediate term. Providing child care to essential workers is likely allowable under uses #1 (again because of the broad uses under Impact Aid and other ESEA programs), #5 (because provision of that child care might be considered implementation of LEA response efforts), and #12 (because child care is necessary to ensure the continuity of services). #2 (coordination of response) is not as relevant here.
on overseeing the CARES Act, ESSERF allocation, tracking projects and activities, and meeting reporting requirements, etc.?

An SEA may spend no more than ½ percent of its total ESSER Fund allocation for administration. Other than that, there is no cap on the salary costs that may be charged to the grant. As with other Federal grants, the amount that may be charged to administrator salaries may be no more than what is reasonable and necessary for carrying out the grant.

Q.23. To what extent will LEAs be able to use ESSERF dollars on recurring expenditures, specifically salaries and benefits of staff, to address, if only partially and temporarily, the decline in state revenue to schools?

The ESSER Fund authorization does not include a “supplement, not supplant” provision. Thus, LEAs should be able to use the Fund to pay costs that are ordinarily met with State and local funds in order to compensate for a decline in state revenues. As you note, LEAs should be aware that the ESSERF will provide only temporary support and will not be a permanent replacement for lost state funds.

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Q.30. Will the funds be able to be used on recurring expenditures due to decline in state revenue?

Yes, as noted in response to question #5 (sic), the ESSER Fund may be a temporary source of funding for activities that have heretofore been supported by States and may help make up for the decline in State revenues. It is important to note however, that states which accept ESSER funding are subject to a maintenance of effort where States must maintain support for elementary and secondary education and for higher education in fiscal year 2020 and 2021 at least the levels of such support that is the average of the three past fiscal years in the state.

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Q.37. It is our understanding that the CARES Act grant has no Supplement Not Supplant clause with it, so it becomes an Unrestricted Federal grant. For our Subrecipients (LEAs), can they budget for Administrative Cost and Indirect Cost Rate with this grant award? If so, is there a cap associated with the Administrative Cost?

Yes, there is no supplement, not supplant requirement for the ESSER Fund. Under USED regulations, recipients of grants for programs that do not have an “SNS” requirement may use an “unrestricted” indirect cost rate.

Q.38. Does CARES have an Admin cap for LEAs? There is for the SEA – and we assume so for LEAs, but aren’t sure from the statutory language.

No, there is no cap on administration at the LEA level. As under other Federal programs, LEAs may use ESSER program funds only for such administrative costs as are reasonable and necessary to carry out the grant.
Q.42. Do any supplement not supplant requirements apply to ESSER funds?
The program does not contain a supplanting prohibition. As a result, ESSER funds may take the place of State or local funds for allowable activities. However, the program does contain a Maintenance of Effort (MOE) requirement. The Department will be providing guidance on the MOE requirement and information about the waiver of the MOE requirement in the near future.

Q.2. Can SEAs set LEAs expectations for allowable uses within the federal guidelines?
Local spending options for Elementary and Secondary School Emergency Relief Funds are broad and flexible consistent with the federal government’s goal of preventing, preparing for, and responding to coronavirus. The federal government’s usual grant cost principles will apply to the funds, including the requirement that spending be necessary and reasonable. Because these funds are state-administered, SEAs will have a role to play in ensuring activities supported with Elementary and Secondary School Emergency Relief Funds meet federal grant requirements, including federal cost principles. Further, the law does not specifically authorize SEAs to place limitations on LEAs’ uses of the funds, but neither does it prohibit States from doing so. The USED has not taken a position on this issue, except for requiring States to assure, in their applications, that the SEA will, when applicable, provide technical assistance to LEAs on the use of ESSER funds for remote learning, including distance education and distance learning.

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