

FACT SHEET: SUPPORTING SCHOOL DISTRICTS IN TIMELY INVESTMENT OF AMERICAN RESCUE PLAN ACT FUNDS

The American Rescue Plan Act of 2021's Elementary and Secondary School Emergency Relief (ARP ESSER) Fund provides nearly \$122 billion to help schools reopen safely, sustain safe operations, and meet the social, emotional, mental health, and academic needs of the Nation's students. Because these needs are so urgent, the ARP Act requires that States allocate at least 90 percent of all funds to their local educational agencies (LEAs) in an "expedited and timely manner." Although states legally have until March 24, 2022, to make available the LEA share of the first 2/3 of ARP ESSER funding, the ARP Act emphasizes that States should have acted within 60 days of receiving the funds to the extent practicable—and the Department has made clear that every State should do so if they have not already.¹

While the large majority of States have moved expeditiously to make these vital resources available to LEAs, a few States have not yet started awarding ARP ESSER funds that they received in March. **In response to questions the Department has received from LEAs, it is important to emphasize that such delay by a State does not restrict an LEA's ability to incur allowable costs that an LEA determines are appropriate and necessary.**

The information below includes strategies for how LEAs may utilize pre-award costs if they have not yet received an ARP ESSER award from their State.

Grant Period

It is up to each LEA that receives ARP ESSER funds to determine the appropriate scope, timing, and pace of spending its ARP ESSER funds, so long as all use is consistent with the ARP Act.

ARP ESSER funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency for COVID-19 was declared. ARP ESSER funds are available for obligation through September 30, 2024.

Pre-Award Costs

The allowability of pre-award costs means that an LEA may choose to incur allowable ARP ESSER costs even before it receives an award from its SEA. **Under 2 CFR § 200.458, an LEA that has not yet received ARP ESSER funds to which it is entitled may use State or local funds to incur allowable costs and, once it receives its ARP ESSER award, reimburse itself for the allowable costs that it incurred before receiving the Federal emergency funds.**

For example, consistent with the local plan that it submits to the SEA,² an LEA may decide to incur pre-award costs for:

- Learning and enrichment programs during this past summer or the upcoming school year, including intensive tutoring this fall that accelerates learning for students most impacted by the pandemic;
- The hiring of counselors, social workers, school psychologists, nurses, and other staff that support students' physical and mental health and social and emotional development;

¹ Other than statutory and regulatory requirements included in the document, the contents of this guidance do not have the force and effect of law and are not meant to bind the public. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

² If its initial local plan does not include pre-award costs, the LEA may amend its plan consistent with State procedures to include such costs.

- Implementing full-service community schools;
- HVAC upgrades that improve indoor air quality as part of an LEA's strategy to safely reopen schools for in-person learning and sustain their safe operations;
- Additional strategies for implementing public health protocols including, to the greatest extent practicable, policies in line with guidance from the Centers for Disease Control and Prevention (CDC); and
- Activities that are necessary to maintain operations and continuity of services, which, as the Department has indicated, may include paying the full salaries of educators (including superintendents) and school board members, regardless of whether a State moves to withhold some of their salary or addressing other financial penalties levied by an SEA on an LEA that is working to protect its students and educators by implementing CDC guidance.

To use ARP ESSER funds for pre-award costs, an LEA must have documentation that shows that the costs were incurred on or after March 13, 2020, are allowable uses under the ARP Act, and are consistent with the Uniform Guidance in 2 C.F.R. Part 200. An LEA should initially code its costs as it would for other State or local funds and, when ARP ESSER funds become available, deobligate the non-Federal funds and replace them with ARP ESSER funds.

The Department also encourage LEAs that have not yet been informed of the amount of their award allocation to engage with their SEA in order to support effective planning.

The Department remains committed to working with States and LEAs to address any questions and support the use of these vital resources. If States or LEAs have any questions, they should submit them to their State mailbox [State.oese@ed.gov].