



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	April 28, 2021
SUBJECT:	Release of ESSER III Formula Funds to Texas Public School Systems
CATEGORY:	Federal Grant Funding
NEXT STEPS:	Review grant guidance

Effective today, districts and open-enrollment charter schools (school systems) in Texas may apply to receive their allocation of the \$11.2 billion appropriated to the State of Texas for public education purposes under the American Rescue Plan (ARP) Act through the Elementary and Secondary School Emergency Relief III (ESSER III) Fund. Funds are being provided, supplemental to all other funding sources to school systems, and will not be supplanted at the state level. School systems should use these new funds to respond to the pandemic and to address student learning loss as a result of COVID-19. The eGrants electronic grant application will be available on the [TEA Grant Opportunities web page](#) on Thursday, April 29, 2021.

The U.S. Department of Education's (USDE) initial grant award notice to Texas makes immediately available two-thirds of the total federal appropriation to Texas under ARP (ESSER III), and, as a result, TEA is providing that same amount to Texas schools. Most, but not all school systems, are eligible to receive funds under required federal funding formulas. Specific allocations by school system can be found [here](#).

The remaining one-third of ARP (ESSER III) funds will be released to schools in the amounts indicated on the above allocation document and will also be supplemental to all other state funds. However, due to federal requirements, these funds have not yet been made available to the state and remain contingent upon USDE approving the state plan. The state plan will be developed in consultation with educators and other stakeholders around the state, as required by federal law. Additional details on the state plan will be announced in future correspondence.

Along with today's announcement of funds availability, TEA has published guidance and frequently asked questions regarding how these funds can be used, including local compliance requirements schools must follow given federal rules known at this time. Guidance resources are available [here](#) and can be also accessed from the Coronavirus webpage of the Texas Education Agency (TEA) at <https://tea.texas.gov/coronavirus>.

While keeping in mind the purpose and requirements under ESSER related to accelerating student learning, TEA strongly encourages school systems to plan for how to use these one-time federal funds expeditiously over the entire covered period. ESSER III funds must be spent by September 2024. If activity that is allowable under federal law is paid for by federal funds when that activity was previously paid for by local funds, then unspent local funds are freed up for the purpose of extending intervention support for students into future years.

This strategy would seem especially wise for school systems with large allocations of ESSER III dollars, to facilitate a more comprehensive long-term approach to learning acceleration that will be necessary to support all Texas students affected by COVID-19, while also avoiding a local fiscal cliff caused by the expiration of federal funds in September 2024. As part of the ESSER grant application process,

superintendents must brief their boards on the one-time nature of these federal funds. School systems should not anticipate that ongoing, replacement funds will be provided at either the federal or state level.

Today's announcement follows guidance issued on Monday, April 19, 2021, by USDE related to maintenance of effort (MOE) requirements. Under federal coronavirus relief laws, states are required to maintain spending in K-12 and in higher education at the same proportion of total state spending during fiscal years 2022 and 2023 as total state spending in fiscal years 2017, 2018, and 2019. With the passage of HB 3, K-12 spending at the state level rose by roughly \$5 billion, which increased overall state spending accordingly. Higher education spending has also increased, though less dramatically.

Texas appears to be in a unique situation in this regard, with higher education proportionality impacted primarily by a massive increase in K-12 spending. Guidance issued last week by USDE clarified that a waiver of this requirement, if necessary, cannot be obtained in the time required to write the state budget. As a result, significant appropriations questions must be resolved to ensure the state prevents a situation where school systems would be required to return portions of their ESSER II and ESSER III funds to the federal government.

The Texas Legislature is also considering the interactions of other factors at play. Survey data provided by school systems to TEA indicate that, given the nature of required ESSER federal funding formulas, roughly 50 school systems have more COVID-19 expenses than they will receive under ESSER II and ESSER III. Meanwhile, several statutory changes are being considered that have possible appropriations implications. MOE requirements for these federal funds are impacted by appropriations decisions made in parts of the budget unrelated to elementary, secondary, and post-secondary education.

State legislative leadership has indicated a commitment to resolving the MOE questions, ensuring all school systems will have funding available for COVID-19 expenses, and providing appropriations that are sufficient for any public education funding proposal approved by the Legislature. It will likely take the duration of the legislative session to resolve all outstanding questions and determine the implications to state funds resulting from the release of ESSER II funds.

Contact

For support or additional information, please contact the Department of Grant Compliance and Administration at GrantSupport@tea.texas.gov.