



American Rescue Plan Act of 2021: Analysis of Funding for Education, Children, and Families

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\$162 billion is a lot of money, and it's a lot of money for our public schools and higher education institutions. To put it into perspective, the \$123 billion provided to K-12 through the Elementary and Secondary School Emergency Relief Fund (ESSER) provisions of the American Rescue Plan Act of 2021 (ARPA) equates to about 17% of total annual spending on public education from state, local, and federal sources combined. This legislation is the most recent and largest of the three federal stimulus packages enacted throughout the pandemic for education. ARPA funds can be spent over a longer period of time than a single year, but even so, this stimulus package provides a major boost in access to flexible funding for education.

Will it be enough to spur the kind of innovation required for our schools to truly [build back better](#), address the gaps that COVID-19 exposed and exacerbated, and enable our education systems to leap ahead on behalf of students to a future that looks brighter, particularly for students who are furthest from opportunity and those who have been most harmed by the pandemic? Only time will tell.

We will start to see the writing on the wall as state and local education leaders and institutions begin implementing plans for recovery with some guidance, but few requirements, on what those plans should contain. The sheer magnitude of this package is both promising and daunting, particularly in the context of rosier state revenue outlooks than were anticipated earlier in the pandemic. Many [states may not have to cut spending](#) drastically, as many feared. And some school districts are building up [large cash balances](#), though that is not universal by a long shot. Despite variation in local context, in many places, ARPA will represent a windfall of funding for education.

In addition, outside the education-specific provisions, ARPA provides a host of other supports to help families and children meet their basic needs — like food, housing, utilities, child care, and income supports — which can only help improve the opportunities for students to more fully and successfully engage in learning.

This memo provides a look at the K-12 and higher education-related provisions of ARPA — detailing the size, duration, allowable uses, and limitations of those provisions — and considers what state and local leaders should consider in applying its guidance in planning for the coming weeks and months. It also provides an overview of other ARPA provisions related to families and children — including child care, food, housing, and income supports.



**Elementary and Secondary School Emergency Relief Fund (ESSER)
\$123B in Funds to Be Spent Through 9/30/2023**

Allocations:

- \$800M set-aside specifically to identify and serve homeless children and students to enable them to attend and participate in school
- 90% of the remaining funds are allocated to local education agencies (LEAs) based on their proportionate share of Title I funding; states must allocate funds within 60 days of receipt
- 10% of the remaining funds can be retained by State Education Agencies (SEAs) to fund statewide activities and cover administrative costs (see below for more detail)

ESSER: Allowable Uses	
Who directs spending?	What is allowed?
LEAs \$110B	<p>At least 20% must be used to address learning loss.</p> <p>The law specifies that activities should support students' academic, social, and emotional needs and should rely on "evidence-based interventions." The language also directs LEAs that activities should address the disproportionate impact of COVID-19 on student subgroups, students experiencing homelessness, and students in foster care.</p> <p>The legislation includes examples of activities, but the language is not restrictive. Suggested activities include:</p> <ul style="list-style-type: none"> • Summer learning • Extended school day • After-school programming • Extended school year
	<p>Remaining funds can be used for any purpose under current federal education laws.</p> <p>The law specifies several potential uses, including:</p> <ul style="list-style-type: none"> • Addressing operational needs (equipment, repairs, training) related to reopening schools and maintaining operations, such as cleaning supplies, strengthening air quality, and needs otherwise related to maintaining a healthy environment in schools and mitigating virus transmission

	<ul style="list-style-type: none"> • Addressing continuity of instruction through the purchase of technology for students (hardware, software, and/or connectivity) and developing improved emergency response efforts and plans for addressing long-term closure • Addressing learning recovery through the use of high-quality assessment to support instructional decision-making by providing information to parents and families on how best to support student learning (in-person or distance learning), through summer learning opportunities (including online), and/or by tracking attendance and improving engagement in online learning • Providing mental health services
<p>SEAs \$12B</p>	<p>ARPA is somewhat more directive of state-level activities:</p> <ul style="list-style-type: none"> • At least 5% must be used to address learning loss • At least 1% must be used for summer programs • At least 1% must be used for evidence-based comprehensive after-school programs • Not more than 0.5% can be used for administrative costs

How Is Funding Targeted?

ARPA K-12 funding is directed to LEAs serving students with the greatest need based on income. We would expect student family income to correlate with the greatest impact of COVID-19 on student learning and well-being given patterns of infection and health outcomes across communities, employment impact for families, school reopening, and other factors.

The law also repeatedly references both federally defined student subgroups (which include racial/ethnic demographic groups, low-income students, students with disabilities, and dual and English language learners), as well as homeless students and students in foster care, indicating prioritization for supports for students who may be among the most vulnerable and the most affected by COVID-19. But overall the language is very permissive, allowing LEAs and SEAs to essentially use ARPA funding for any legal purpose.

As a result, whether ARPA provides the boost required for student learning to recover and accelerate will be entirely in the hands of state and local education leaders. Some of the hints the bill provides for how funding might be used hold promise with strong implementation:

- **Using high-quality assessment to support instructional decision-making:** A lot of assessment conversation centers on year-end state summative assessments and whether or not states will offer them this year or next, but ARPA appears to focus more on formative or diagnostic tools that educators can use to target intervention and support in real time and at the individual student level.

Many schools and educators have little data on where students are now, where they may be over the summer, and what they'll enter the 2021-22 school year knowing and able to do. Students will be better served by schools addressing their particular individual needs rather than applying the same instructional strategy to a classroom full of students likely to be in even more divergent places on a learning continuum than ever before. Providing educators with [the tools, training, and time](#) to support data-driven decision-making and truly targeted intervention is a promising approach to rapidly accelerating student learning in recovery and beyond. There is some, albeit limited, evidence [to indicate](#) that there could be real benefits for students when schools adopt these types of methods of differentiated instruction.

- **Extended time opportunities:** The law refers to several options here — summer programs, after-school, extended day, extended year. Implemented well with developmentally appropriate activities that support students academically, socially, and emotionally, [extended time through a range of options](#) could be a powerful lever that supports both students and working families in recovery. Various types of extended-time programming [are associated](#) with a range of academic, social-emotional, and health benefits for participants, and they all provide a chance for students to reengage with their communities after a year in which these opportunities have been largely closed off to them.
- **Planning for continuity of learning in this pandemic and the next one:** While we all hope that schools continue to reopen and stay open going forward, we don't know what may happen in the coming months with this pandemic. And we don't know what future disruptions we may encounter. Our systems were caught off guard by COVID-19, and they struggled. We need to be better prepared if and when there is a next time, and we need to consider what might have worked well for some students in some circumstances that we should preserve. Instituting policies, practices, and infrastructure to enable schools to [respond more nimbly](#) to future disruption is a must, and leveraging what we've learned to [customize supports](#) for students who benefit from different models is a big opportunity.

States have much less direct authority over the use of ESSER dollars, but even the staunchest of “local control” states can still support quality implementation of strong strategies. States can leverage their set-asides and other state dollars in a few ways:

1. **Guide implementation:** States can act as hubs for resources, implementation guidelines, and vetted resources on the strongest models for recovery generally, and specifically for the categories enumerated for state set-asides. There is no reason that



100 districts need to develop 100 summer learning plans in isolation, and states can support the dissemination of resources.

2. **Incentivize evidence-supported practices:** States can sweeten the financial pot for LEAs that adopt the strongest models, either through direct funding or by providing free resources or other valued supports.
3. **Identify and amplify promising models from within states:** States can connect local leaders within states to share successes, promote the replication of promising practices, problem solve with peers, and support a culture of improvement across LEAs.

**Higher Education Emergency Relief Fund (HEERF)
\$39B to Higher Education Institutions**

Allocation:

- 91% goes to public and nonprofit institutions based on nearly the same allocation method from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which primarily considers the proportions of Pell Grant recipients served at least partially in person pre-pandemic, with more limited allocations based on proportions of non-Pell Grant recipients and students served exclusively through distance learning pre-pandemic.
- Of the remaining 9% of total HEERF funding:
 - 7.5% is designated for institutions serving high proportions of students receiving need-based student aid, Historically Black Colleges and Universities, and Hispanic-serving institutions.
 - Funding is allocated to eligible institutions based on the proportion of enrollment for each institution (as a function of total enrollment for all eligible institutions), the proportion of Pell Grant recipients served, and the proportional value of the institution’s endowment
 - 1% is allocated for accredited for-profit degree-granting institutions.
 - 0.5% is allocated under the Fund for the Improvement of Postsecondary Education to institutions determined by the Secretary of Education to have the greatest unmet need related to COVID-19.

HEERF: Allowable Uses	
Who directs spending?	What is allowed?
Public and nonprofit colleges and universities	Applies to 91% of the funding: <ul style="list-style-type: none"> ● At least 50% of funds must be used for student financial aid.

	<ul style="list-style-type: none"> • Funding provided based on students engaged exclusively through distance learning can only be used for student financial aid. • HEERF requires some recipients to use funds for evidence-based practices for monitoring and suppressing COVID-19 transmission and to fund direct outreach efforts to financial aid recipients regarding opportunities for adjustments based on unemployment.
Recipient institutions	<p>Of the remaining 9% of total HEERF funding, allowable uses include:</p> <ul style="list-style-type: none"> • Defraying COVID-19 related costs and student financial aid. • Funding received by for-profit institutions can only be used for student financial aid. • HEERF requires some recipients to use funds for evidence-based practices for monitoring and suppressing COVID-19 transmission and to fund direct outreach efforts to financial aid recipients regarding opportunities for adjustments based on unemployment.

A Note on State Education Spending — Maintenance of Effort and Maintenance of Equity

Despite lacking “supplement not supplant” language commonly found in federal grants to states, which prevents states from replacing state funding for a particular program with federal dollars, ARPA provides some protection for state and local education spending. It limits the degree to which states can reduce funding for education overall, including both K-12 and higher education, and particularly for high-poverty and high-need schools and districts. It also limits the degree to which LEAs can reduce funding to high-poverty and high-need schools under their governance. These provisions are not as stringent as “supplement not supplant.” But this language does ensure that education funding for both K-12 and higher education is not disproportionately impacted by any state cuts relative to other state functions and provides extra protection for LEAs and schools serving the highest-poverty communities.

Other Education Provisions

In addition to ESSER and HEERF, ARPA provides:

- \$3.0B in increased funding through the Individuals with Disabilities Education Act (IDEA), the federal law governing special education services for children and students with



disabilities, including \$2.6B for school-aged students, \$200M for preschool grants, and \$250M for infants and toddlers

- \$2.8B, to be allocated by governors, for nonpublic schools enrolling significant proportions of low-income students
- \$850M to the Bureau of Indian Education for Bureau-operated or Bureau-funded schools and activities
- \$850M in funding to support education-related needs in outlying territories
- \$100M to the Institute of Education Sciences at the U.S. Department of Education to conduct research on learning loss affecting student subgroups, students experiencing homelessness, and students in foster care
- Specific allocations ranging from \$19M to \$35M to Gallaudet University, the National Technical Institute for the Deaf, and Howard University

Other ARPA Supports for Families and Children

Childcare and Head Start	
Child Care and Development Block Grant Program: \$15B to spend over two years on subsidies to families	
	Child care assistance to health sector workers, emergency responders, sanitation workers, and other essential workers without regard to income eligibility
Child Care Stabilization Grants: \$24B (less 10% state reserve for administration) for subgrants to child care providers	
	Subgrants to qualified child care providers based on their operating expenditures, including costs related to COVID-19, to: <ul style="list-style-type: none"> • Provide financial relief to families from copayments or tuition based on need • Maintain full compensation and benefits for employees, including anyone involuntarily furloughed due to COVID-19 • Buy equipment (personal protective equipment, cleaning equipment, training, etc.) required to resume or maintain child care services during COVID-19
Head Start: \$1B in formula grants to Head Start agencies	
	One-time grants based on the proportion of Head Start students enrolled
Other Provisions Assisting Families	
Utilities Assistance	
	Low Income Home Energy Assistance Program (LIHEAP): \$4.5B to reduce rates for household energy

	<p>Water assistance: \$500M to reduce rates charged to low-income households for water services</p>
<p>Housing Assistance</p>	
	<p>Rental assistance: \$22B through 2027 to subsidize rent and prevent eviction</p> <p>Emergency housing vouchers: \$5B in additional funds through 2030 for federal housing subsidies</p> <p>Homelessness assistance: \$5B through 2025 to support rental assistance, development of affordable housing, and services and supports for homeless individuals and families</p>
<p>Financial Assistance</p>	
	<p>Extension of unemployment supports</p> <p>Emergency assistance to children and families: \$1B to states through 2023 based on the proportion of children in the state and the proportion of state expenditures on basic assistance, nonrecurrent short-term benefits, and emergency assistance in 2019</p> <p>Recovery rebates: \$1,400 per eligible individual, plus dependents, based on income</p> <p>Child tax credit: \$3,000 per child (\$3,600 under age six) for income-eligible families</p>
<p>Food Assistance</p>	
	<p>Supplemental Nutrition Assistance Program (SNAP): \$1.1B through 2023 to expand SNAP grants to states</p> <p>Women, Infants, and Children (WIC): \$490M in increased grants to states to increase the value of WIC cash vouchers temporarily</p> <p>Extends provisions under the National School Lunch and Breakfast program related to children and young adults receiving assistance in emergency shelters and to states' summer meal plans</p>