

Fiscal Guidance for Coronavirus Aid, Relief, and Economic Security (CARES) Act Elementary and Secondary School Emergency Relief (ESSER) Fund - Sec. 18003

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Division of Financial and Administrative Services
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<https://dese.mo.gov/cares-act>

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INTRODUCTION

President Donald Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act into law on March 27, 2020. The purpose of the CARES Act is to provide states with funding to prevent, prepare for and respond to the COVID-19 pandemic.

The Elementary and Secondary School Emergency Relief (ESSER) Fund will provide the Missouri Department of Elementary and Secondary Education (DESE) with \$208,443,300.

- This funding stream is allocated to DESE and must be appropriated as follows:
 - \$187,598,970 or 90% must be distributed based on the Title I formula (FY19), with equitable services provided to non-public schools.
 - DESE may set aside up an estimated \$20,844,330 or 10% for the following allowances:
 - *“...for administrative costs and the remainder for emergency needs as determined by the state educational agency to address issues responding to coronavirus, which may be addressed through the use of grants or contracts.”*

The funds must be allocated by DESE within one year of receipt or the funds must be returned to the federal government.

The United States Department of Education (USED) released the application for ESSER funds on April 23, 2020. The Department of Elementary and Secondary Education (DESE) applied for ESSER funds on April 30, 2020 and received approval from USED on May 4, 2020.

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LOCAL EDUCATION AGENCY (LEA) ALLOCATIONS

Under the CARES Act, ESSER allocations to LEAs are based on the proportion of Title I, Part A funds each LEA received in the most recent fiscal year. (Please note some adjustments may be necessary to comply with Section 1122(c)(3) of the Elementary and Secondary Education Act (ESEA), which prohibits consideration of Title I, Part A hold harmless amounts in calculating State or local allocations for any other USED program, including ESSER Funds.)

Although ESSER funds are distributed to LEAs based on Title I, Part A allocations, they are not Title I, Part A funds. Therefore, ESSER funds are not required to be allocated to specific schools because school and student eligibility, supplement not supplant, and other Title I requirements do not apply to ESSER. ESSER is its own separate, flexible program intended to help with the response to COVID-19.

LEAs may spend their ESSER funds on any allowable activity listed below, but please consider:

- The purpose of the ESSER fund is to provide LEAs with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools. This includes both continuing to provide educational services while schools are closed and developing plans for the return to normal operations.
- USED expects LEAs will exercise every effort to spend funds quickly to address pressing student needs.
- USED encourages LEAs to focus on their most important educational needs as a result of COVID-19, including remote learning and assessing and addressing learning gaps resulting from disruptions in educational services.
- DESE encourages LEAs to use ESSER funds in ways that meet the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, children in foster care and other vulnerable populations.

LEA allocations can be located on the [DESE CARES Act webpage](#).

EQUITABLE SERVICES UNDER THE CARES ACT

Section 18005 of the Act provides that LEAs receiving funds from ESSER Fund must provide equitable services to non-public schools as required under section 1117 of the ESEA. However, control of these funds and title to materials, equipment and property purchased with such funds must remain with the public school district, and be administered by the public LEA. Public school districts will need to consult with non-public school officials to determine how the services will be provided to the non-public schools.

The Affirmation of Consultation and additional guidance on equitable services can be found on the [DESE CARES Act webpage](#).

OBLIGATION OF FUNDS

ESSER funds will remain available for obligation through September 30, 2022 and will be available for pre-award costs back to March 13, 2020.

ALLOWABLE ACTIVITIES

In light of these considerations, LEAs that receive ESSER funds may spend them on:

- Any activity authorized by ESEA, IDEA, AEFLA, Perkins or McKinney Vento;
- Coordination of preparedness and response efforts to COVID-19;
- Providing principals and other school leaders with resources to address individual school needs;

- Activities to address the unique needs of low-income children, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including outreach and service delivery;
- Procedures and systems to improve LEA preparedness and response efforts;
- Training and professional development for LEA staff on sanitation and minimizing the spread of infectious disease;
- Purchasing supplies to sanitize and clean LEA facilities;
- Planning for and coordinating during long-term closures, including how to provide the following: meals, technology for online learning, guidance for carrying out IDEA requirements, and educational services consistent with applicable requirements;
- Purchasing educational technology (including hardware, software and connectivity) for the LEA's students;
- Providing mental health services and supports;
- Planning and implementing summer learning and supplemental afterschool programs; and,
- Other activities necessary to maintain LEA operations and services and employ existing LEA staff. Nonpublic schools do not qualify as LEAs, therefore, the activity of maintaining LEA operations and services and employing existing LEA staff would not be considered an allowable activity for nonpublic schools.

For a full description of allowable activities, please see Section 18003(d) of the CARES Act.

See the FAQ document for specific uses of funds on the [DESE CARES Act webpage](#).

UNALLOWABLE ACTIVITIES

- Bonuses, merit pay or similar expenditures, unless related to disruptions or closures related to COVID-19;
- Subsidizing or offsetting executive salaries and benefits of individuals who are not LEA employees; or
- Expenditures related to state or local teacher or faculty unions or associations.
- Activities and or purchases religious in nature are not allowable with these funds.

SUMMER SCHOOL ADA & ESSER FUNDS

ESSER does not include a supplement not supplant provision, as a result, ESSER funds may take the place of state or local funds for allowable activities such as summer school, however, LEAs must ensure it is not claiming ADA and also being reimbursed with ESSER funds.

FUNDS RECEIVED

An LEA, state, institution of higher education or other entity that receives funds under the "Education Stabilization Fund" shall, to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus (Sec.18006).

APPLICATION PROCESS FOR LEAS

To receive funds under the CARES Act, the Application and Assurance for Funds Received under the CARES Act – ESSER Fund for the 2019-2020 school year will be completed in Tiered Monitoring. The LEA must also complete the Affirmation of Consultation with Nonpublic School Officials for CARES Act for each eligible nonpublic school and upload each form into Tiered Monitoring. A blank nonpublic form can be found on the [DESE CARES Act webpage](#).

LEAs will need to login on DESE Web Applications at <https://apps.dese.mo.gov/webLogin/login.aspx>, select Tiered Monitoring, Desk Monitoring for the 2019-2020 year, and select The CARES Act – Application & Assurance for ESSER Funds Directions.

Instructions on how to complete the application can be found on the [DESE CARES Act webpage](#).

CASH MANAGEMENT IMPROVEMENT ACT (CMIA)

The Cash Management Improvement Act (CMIA) was placed in operation to prevent interest earnings on Federal funds. Section 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” states that methods and procedures for payment must minimize the time elapsing between the transfer of funds from the United States Treasury to the State and ultimately to the pass-through entity. Therefore, DESE must ensure that payments to the pass-through entity are for reimbursements only. DESE must monitor payments to assure that they conform to the Federal regulations.

More information on the Cash Management Improvement Act can be found in the [Fiscal Guidance for Federal Grant Programs](#).

PAYMENT PROCESS FOR LEAS

Funds received under The CARES Act - ESSER Fund must be a reimbursement. To request reimbursement, LEAs will need to complete The CARES Act Elementary and Secondary School Emergency Request for Funds form. LEAs may request up to 75% of funds in FY 2019-20. All Affirmation of Consultation with Nonpublic School Officials for CARES Act forms must be signed and uploaded into the Tiered Monitoring System to receive a final payment.

*As of 7/20/2020, LEAs may request 100% of their ESSER funds if the ESSER Application and Assurance has been marked as “Completed” in the Tiered Monitoring System.

REVENUE CODES

CARES ESSER revenue will be paid under Revenue Code 5424. These funds can be placed in the General (Incidental), Special Revenue (Teachers), or Capital Projects Fund. Code all expenditures associated with these funds with a Project Code 42400 and Source Code of 4.

DOCUMENTATION OF EXPENDITURES

LEAs will be required to keep documentation of expenditures (receipts, purchase orders, etc.) for monitoring purposes.

TIME AND EFFORT

The requirements in the Uniform Guidance apply to expenditures of ESSER funds, including the requirements related to documenting personnel expenses in 2 CFR § 200.430(i). Except as described below, this would mean that an LEA maintains the records it generally maintains for salaries and wages, including for employees in leave status, as long as payments to employees in leave status are made consistent with grantee policies and procedures that apply to all employees, whether they are paid with Federal or other funds. More information on paying employees in leave status can be found at <https://www2.ed.gov/documents/coronavirus/factsheet-fiscal-questions.pdf>.

An LEA must maintain time distribution records (sometimes called “time and effort” reporting) only if an individual employee is splitting his or her time between activities that may be funded under ESSER and activities that are not allowable under ESSER. However, there will be very few situations when an employee of an LEA would perform multiple activities where some are not allowable under ESSER, and thus would be required to maintain time distribution records.

An LEA is authorized to use funds on “activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the [LEA]” in order to “prevent, prepare for, and respond to” the COVID-19 pandemic.

LEA REPORTING REQUIREMENTS

The CARES Act requires the State to report spending quarterly. To collect this information, we will need the LEA to report to us the amount received that were expended or obligated for each project or activity, detailed list of all projects or activities for which funds were expended or obligated including the name of the project/activity, description of the project/activity, estimated number of jobs created or retained by the project or activity, and detailed information on any level of subcontracts or subgrants awarded. In addition, USED may impose additional reporting requirements. More information about these requirements is expected.

GENERAL EDUCATION PROVISION ACT (GEPA)

Each application must include, as required by Section 427 of the General Education Provisions Act (GEPA), a description how the LEA will ensure equitable access to and participation in its Federally-assisted program for students, teachers and other program beneficiaries with special needs, as well as any barriers that impede equitable access or participation, including gender, race, national origin, color, disability or age. The description of steps to be taken to overcome these barriers need not be lengthy; you may provide a clear and succinct description of how you plan to address those barriers that are applicable to your circumstances. Sample statements may be found at: <https://oese.ed.gov/gepa/>

WAIVERS OF CERTAIN FISCAL REQUIREMENTS

On April 6, DESE applied for and received approval for a waiver pursuant to CARES Act. DESE applied for this waiver to allow our agency and LEAs to better respond to emerging issues resulting from the COVID-19 pandemic.

The waiver provides the following flexibilities:

- 1) Title I, Part A Carryover Limitation
 - a. DESE may waive the 15% carryover limitation for LEAs with a Title I.A allocation of \$50,000 or more
 - b. LEAs may request this waiver even if they have done so in one of the last two years.
 - c. LEAs are still required to submit the 9/30 Report (Report of Expenditures and Obligations as of September 30) if they have Title I.A funds in excess of the 15% carryover rule in section 1127(a) of the ESEA

LEA Impact: DESE may waive the 15% carryover limitation for LEAs with a Title I.A allocation of \$50,000 or more in the 2020-21 school year even if a waiver has been granted once in the last two preceding years. LEAs are still required to submit the 9/30 Report (Report of Expenditures and Obligations as of September 30) if they have Title I.A funds in excess of the 15% carryover rule in section 1127(a) of the ESEA.

- 2) Availability of Funds

- a. FY18 ESEA Funds, those carried over from last year, will be available through September 2021. This extension applies to the following programs:
 - i. Title I, Part A (Improving Basic Programs including 1003(a) school improvement, section 1003A direct student services, if applicable, and Title I, Part D, Subpart 2)
 - ii. Title I, Part B (State Assessment Grants)
 - iii. Title I, Part C (Education of Migratory Children)
 - iv. Title I, Part D, Subpart 1 (Neglected, Delinquent, and At Risk)
 - v. Title II, Part A (Supporting Effective Instruction)
 - vi. Title III, Part A (English Language Acquisition)
 - vii. Title IV, Part A (Student Support and Academic Enrichment)
 - viii. Title IV, Part B (21st Century Community Learning Centers)
 - ix. Title V, Part B (Rural and Low-Income Schools)
 - x. McKinney-Vento Education of Homeless Children and Youth

LEA Impact: This waiver provision allows DESE an additional year to expend FY18 funds that would have normally expired in the fall of 2020. In the event that there is any remaining funds, DESE will be able to distribute funds that may have expired for one additional year. For 2019-20, Title I School Improvement (a) will have carryover available.

3) Title IV, Part A Requirements

- a. The Needs Assessment requirements for 2019-20 are waived. This includes tying expenses to findings from any 2019-20 needs assessment already performed.
- b. LEAs are no longer required to spend the minimum percentages in each of the Title IV.A areas: Well-Rounded Education, Safe and Healthy Schools, and Effective Use of Technology.
- c. LEAs are not limited to spending no more than 15% for technology infrastructure. Schools may spend all of their Title IV.A money on technology if need be.

LEA Impact: This waiver provision allows LEAs who receive more than \$30,000 in Title IV, Part A funding to spend funds without regard to the 2019-20 Needs Assessment. LEAs are no longer required to spend the minimum percentages in each of the Title IV.A areas: Well-Rounded Education, Safe and Healthy Schools, and Effective Use of Technology. LEAs may spend more than 15% for technology infrastructure. Schools may spend all of their Title IV.A. funds on technology, if needed.

4) Professional Development

- a. The definition of professional development (PD), as it applies to ESEA, has been waived.

LEA Impact: LEAs are no longer required to spend federal funds only on PD that is on-going, job embedded and tied to needs assessments and plans. PD that is single offering, determined to meet the current needs of teachers and students, and is not job embedded is now allowable. PD can also be provided to all staff, not just educators.

GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND (GEER)

The Governor's Emergency Education Relief Fund is anticipated to provide an estimated \$54,620,000 (figure provided by Congressional Research Service).

- This funding stream is allocated to the Governor's Office for both K-12 and higher education.
- Guidance related to this section will follow.
 - These funds can be used to:

- “(1) provide emergency support through grants to LEAs that the state educational agency deems have been most significantly impacted by coronavirus to support the ability of such LEAs to continue to provide educational services to their students and to support the ongoing functionality of the LEA;
- (2) provide emergency support through grants to institutions of higher education serving students within the state that the Governor determines have been most significantly impacted by coronavirus to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institution; and
- (3) provide support to any other institution of higher education, LEA or education-related entity within the state that the Governor deems essential for carrying out emergency educational services to students for authorized activities described in section 18003(d)(1) of this title or the Higher Education Act, the provision of child care and early childhood education, social and emotional support, and the protection of education-related jobs.”

ADDITIONAL RESOURCES

Additional information and guidance about COVID-19 and its impact on DESE and/or LEA operations can be found on the [DESE CARES Act webpage](#).

GENERAL CONTACT INFORMATION

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