The $200 Billion Question

HOW MUCH OF FEDERAL COVID-19 RELIEF FUNDING FOR SCHOOLS WILL GO TO COVID-19 RELIEF?

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Executive Summary

Between March 2020 and March 2021, Congress appropriated nearly $190 billion in Elementary and Secondary School Emergency Relief (ESSER) funding for K–12 schools. Passed in three waves, each significantly more generous than the last, ESSER is by far the largest federal infusion ever provided to K–12 schools—more than 11 times annual Title I spending and almost five times as large as total federal K–12 spending in 2019–20. (Combined with Governor's Emergency Education Relief funds, allocated alongside ESSER, emergency education funding approached $200 billion.)

Remarkably, Congress placed few limits on what ESSER funding can be used for. Although ESSER funds were advertised as supports for school reopenings and pandemic recovery, initial estimates presented in this report suggest that, even with generous assumptions, less than 20 percent of total ESSER district funding will go to reopening, on average, and less than 40 percent will go to recovery. All told, $78 billion–$123 billion, out of nearly $190 billion, could go toward spending not directly related to COVID-19. A majority of these remaining funds will be spent over seven years.

Expansive permissible uses for ESSER funds raise several questions. At the federal level, they raise the questions of whether this overly abundant federal spending was intentional and how an excess of unspent federal funds might affect Democratic ambitions to provide a more permanent federal funding increase to schools through Title I. At the district level, they raise questions about how districts might avoid ineffective, unnecessary, or otherwise undesirable expenditures.

Being flush with funding and searching for responsible ways to use it are strange situations for many districts to find themselves in at the end of the first full pandemic year. Whether taxpayers' funds are responsibly used—and whether students will benefit from them—hangs in the balance.

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The coronavirus pandemic was the most disruptive event in American education in the past 100 years. On March 15, 2020, Mike DeWine of Ohio became the first governor to close schools statewide in response to the pandemic. Within a few weeks, every other state followed suit, and many school districts remained closed for a full year or more. The immense financial challenges associated with retooling school operations to deliver remote instruction, and later managing reopening while the pandemic played out, prompted nearly unanimous support for a robust federal response.

The response that came was more than robust. Unfolding in three steps, each called Elementary and Secondary School Emergency Relief (ESSER I, ESSER II, and ESSER III) and each substantially larger than the last, the cumulative federal COVID-19 support for elementary and secondary schools was far and away the largest federal infusion ever provided to schools. Totaling approximately $190 billion in direct aid for K–12 education, with significantly more indirectly available through funds allocated to state and local governments, that federal support has left many districts in an unexpected position: flush with funding and in search of prudent ways to use it.

This report comes at the end of the first full school year completed under the shadow of the pandemic and provides an overview of the current state of federal COVID-19 relief funding for K–12 schools. It provides a cumulative accounting of ESSER funding, including the distribution of funds to states and school districts, an initial look at the amounts states reported as spent at the end of the school year, and an estimate of the proportion of ESSER funds used for reopening, recovery, and non-pandemic purposes.

Three Waves of Federal K–12 Pandemic Relief Funding

Direct federal COVID-19 relief funding for K–12 schools came from three bills that provided ESSER funds to state education agencies (SEAs), at least 90 percent of which was required to flow through SEAs to school districts (technically to local education agencies, or LEAs). It also came from Governor's Emergency Education Relief (GEER) funds that could be sent to LEAs. Below, I overview these three waves of direct federal relief, reviewing the circumstances of their passage, the timeline and purposes given for the funds, and the amounts provided.

Wave I: The Coronavirus Aid, Relief, and Economic Security Act. The first wave of federal K–12 relief funding came in late March 2020, when the country was in the deepest fog of the pandemic. All the nation's public school buildings had closed only two weeks prior. Less than half of school districts were offering some form of remote instruction, and more than a quarter had not yet posted plans for remote instruction on their websites.[1] No one, at that time, had a clear understanding of how long the pandemic or school closures would last. Amid the confusion, schools were facing an unprecedented disruption, and federal help was needed.

On March 27, 2020, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a $2.2 trillion economic stimulus package with multiple relief provisions. The CARES Act allotted $13.2 billion in ESSER funds to address the challenges K–12 schools were facing.[2] The CARES Act also set aside $2.95 billion for state governors' offices to use on education via the GEER fund.[3] The CARES Act ESSER funds (ESSER I funds) are flexible, covering a wide range of allowable costs incurred on or after March 13, 2020—the date COVID-19 was declared a national emergency—and available for obligation through September 30, 2022.[4]

At least 90 percent of ESSER I funds flowed through SEAs to school districts according to Title I, Part A allocations from fiscal year (FY) 2019. Allowable uses include expenditures "related to preventing, preparing for, and responding to COVID-19," as might be expected. But not all expenses need to be directly COVID-19 related, as allowable uses also include "hiring new staff and avoiding layoffs" and "providing principals and others (sic) school leaders with the resources necessary to address the needs of their individual schools."[5] In plain language, ESSER funding can be used largely as districts see fit.

Wave II: Coronavirus Response and Relief Supplemental Appropriations Act. The second ESSER package would not come for another nine eventful months. Schools finished the 2019–20 school year operating remotely, and over the summer, what would become known as the "first wave" of the pandemic passed as the nation "flattened the curve" of COVID-19 cases. Starting in the summer and through the fall, the Trump administration aggressively pushed schools—and other sectors of the economy—to reopen. Many schools did so, but the majority began the year using some remote or hybrid instructional programs, particularly in larger districts and blue states.

During the fall, COVID-19 case rates grew in a second wave that dwarfed the first, and with them remote instruction increased in much of the country. By late December, almost three in 10 districts were fully remote, and another four in 10 offered only hybrid or partial in-person instruction. As Congress considered a second round of ESSER funding, lawmakers agreed that schools needed to safely reopen as soon as possible, but without consensus on when that might be or how to do so safely. There was reason for hope—promising vaccines were on the horizon and new studies suggested that in-person schooling had little effect on community transmission—but increasing hospitalizations and deaths and extreme political polarization over COVID-19 tempered expectations that a "return to normal" would happen anytime soon.

Calls for additional support for schools mounted as negotiations over a second major pandemic relief bill progressed. US Education Secretary Betsy DeVos argued insufficient federal funding was not a roadblock to reopening based on data from the US Department of Education (ED) that showed many districts had spent only a fraction of the ESSER funds from the CARES Act. Although critics disputed DeVos' conclusions,[6] the low rates of spending narrative was part of the debate moving into the second relief package.

Nine months after CARES, on December 27, 2020, President Trump signed the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which included $900 billion in pandemic relief.[7] Included was an additional $54.3 billion for K–12 schools in ESSER II funds[8] and $4 billion in GEER II funds.[9] The ESSER II funds are available for obligation through September 2023 and can be used for the same purposes as CARES Act funds, including "addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings."[10]

ESSER II funding sent more than three and a half times the amount of ESSER I funding to school districts—far more than estimates of reopening costs called for. Earlier that December, the Centers for Disease Control and Prevention (CDC) published estimates for reopening schools with a set of mitigation strategies in place (a set that later literature would generally confirm as reasonable) that totaled roughly $25 billion nationally.[11] CRSSA's allocation brought the total allocation of ESSER funding to $67 billion, two and half times the CDC reopening estimate, but made little change to ESSER's allowable uses.

Wave III: The American Rescue Plan. The situation looked different, in politics, public health, and K–12 schooling, 74 days later when ESSER III funding passed. The pandemic had receded dramatically from peaks in early January 2021. By March, a third as many school districts were fully remote.[12] Studies suggesting schools could reopen safely had proliferated, strengthening the case that basic mitigation strategies worked.

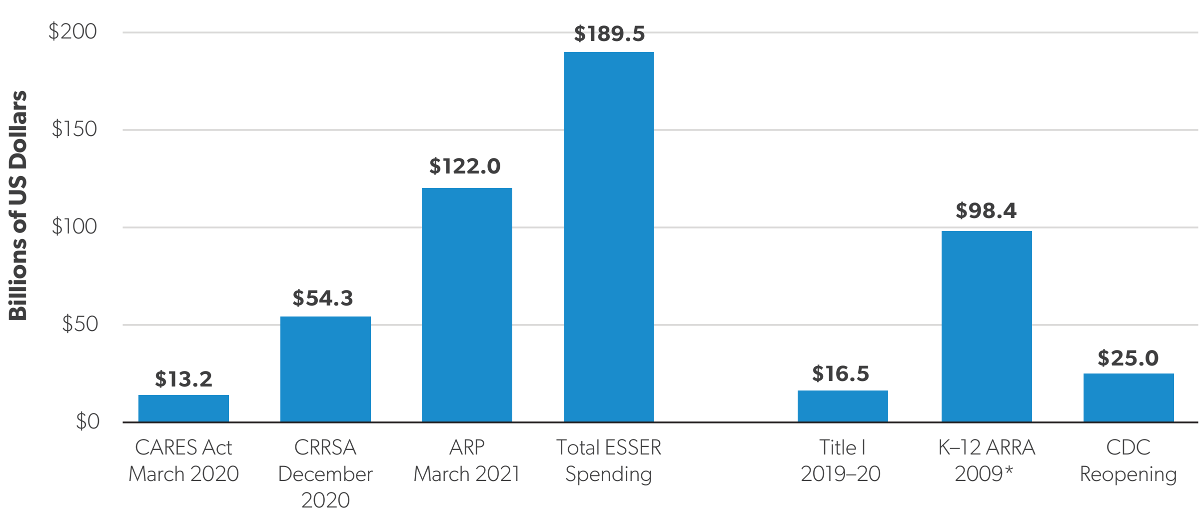
The inauguration of President Joe Biden and the new Democratic majority in the Senate remade the political landscape in the spring and paved the way for significant increases in federal spending. On March 11, 2021, nearly a year after the CARES Act was signed, President Biden signed the American Rescue Plan (ARP), providing $1.9 billion in additional COVID-19 relief. ARP allocated $122 billion for K–12 schools in ARP ESSER III funds,[13] available for obligation all the way through September 30, 2024.[14]

Like the two previous ESSER allocations, ESSER III was expressly promoted as funds to reopen schools.[15] Allowable uses for ESSER funds remained largely the same, but ARP put additional focus on pandemic recovery, requiring that

> an LEA must reserve not less than 20 percent of its total [ESSER III] allocation to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive after-school programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups.[16]

Indirect Federal K–12 Relief Funding. ARP also included $350 billion in aid to backfill diminished state and local governments' revenues, some of which will go to K–12 schools. In September 2020, well before ARP was passed, many states were already using similar revenue backfills from the CARES Act for education, a pattern that will likely be repeated with the much

Figure 1. Federal COVID-19 Relief in Context



Note: * ARRA was adjusted to 2020 dollars. All other dollar amounts are unadjusted.
Source: US Department of Education and Centers for Disease Control and Prevention.

larger funds from ARP.[17] Given that schools receive a prominent share of state and local revenues, a significant portion of this ARP aid could be used to support K–12 schools, should they prove to need it.

ESSER Spending in Context

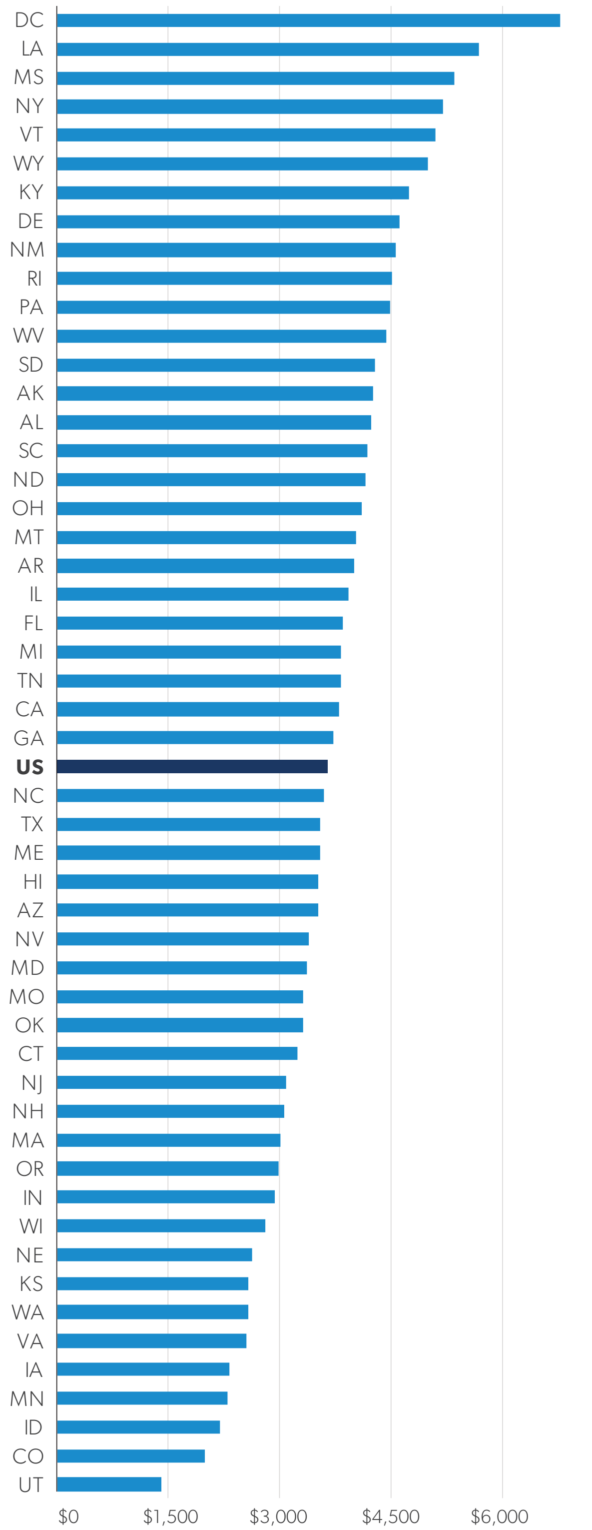
Cumulatively, ESSER funding is a truly unprecedented amount of federal education spending. ESSER I funding plus the GEER funds from the CARES Act were roughly equal to the federal government's annual Title I spending—the single largest annual federal K–12 funding stream—which is targeted to high-poverty schools. ESSER II from CRSSA was $54.3 billion, more than four times the ESSER I total. ESSER III funding from ARP totaled $122 billion, nearly nine times ESSER I and seven times 2019 Title I funding. Cumulatively, these COVID-19 relief bills, including GEER funding, totaled nearly $200 billion—about 12 times annual Title I spending and five times as large as total federal K–12 spending in 2019–20. (See Figure 1.)

Of course, these annual expenditures are not necessarily apples-to-apples comparisons since the COVID-19 relief funds will be drawn down over several years. A more direct comparison can be made between the American Recovery and Reinvestment Act (ARRA) funding given to schools after the Great Recession, which in 2020 dollars was half the size of COVID-19 relief funding.[18] A final interesting comparison is with a CDC-published estimate of costs for reopening schools—roughly $25 billion—about one-eighth of total relief funding for schools.[19]

ESSER Allocations Across States

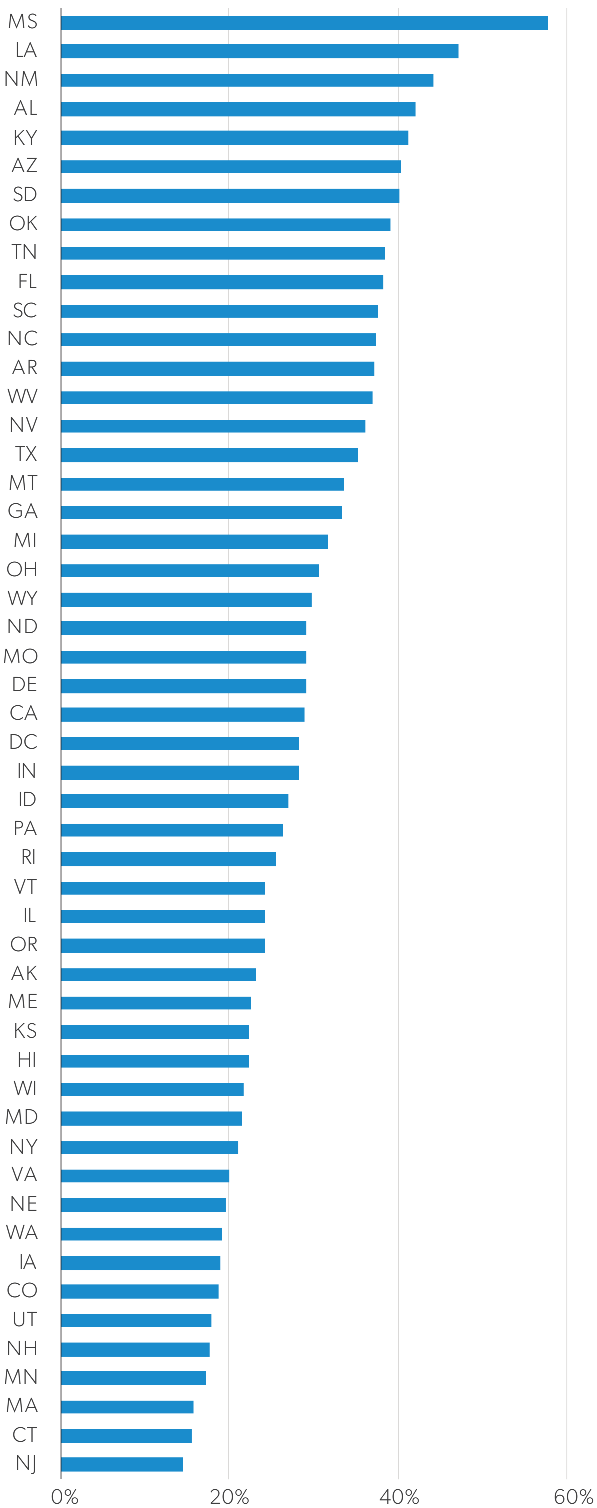
A more granular look at COVID-19 relief funding and its distribution can be seen in Figure 2, which displays per-pupil allocations of ESSER totals by state.[20] ESSER funds, by statute, are allocated using Title I formulas from either 2019–20 or 2020–21, which is why per-pupil funding varies both across states and across districts within states. Nationwide, the average district received $3,660 per pupil, but

Figure 2. Total ESSER Funding per Pupil by State



Source: Author's calculation using state-provided data.

Figure 3. ESSER per Pupil as Percentage of Current Expenditures (2017–18) by State



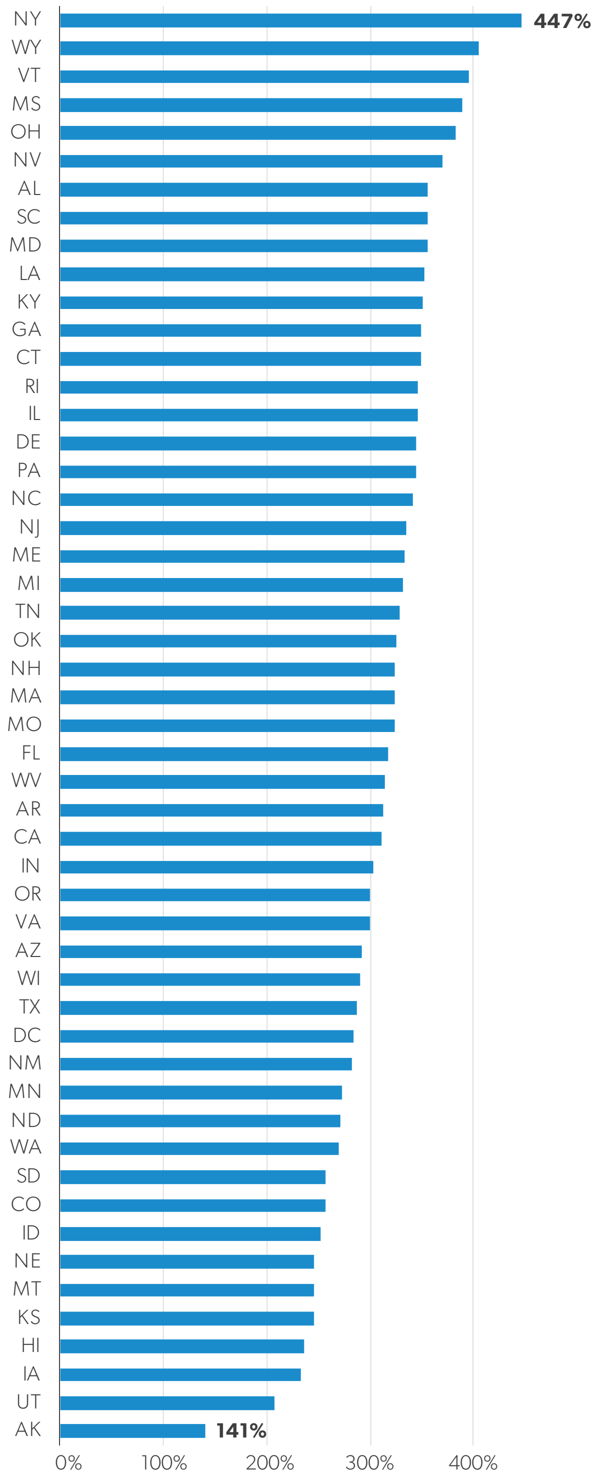
Source: Author's calculation using state-provided ESSER data and US Department of Education data.

state per-pupil allocations differ dramatically. New York's average allocation is $1,500 per pupil above the average (42 percent higher), while Minnesota's allocation is $1,350 per pupil below the average (37 percent lower).

The interstate variation in Figure 2 is glaring, but with different rates of poverty, cost of living, and average education spending, additional context is useful. Figure 3 provides one point of context, presenting COVID-19 relief funding as a percentage of states' average current expenditures from 2017 to 2018, the most recent year for which the National Center for Education Statistics has available data. Those percentages range from a low of 15 percent of current expenditures (i.e., total spending) in New Jersey to the high of 58 percent in Mississippi.

Figure 4 presents an additional perspective, displaying federal COVID-19 relief per pupil as a percentage of annual overall federal revenue per pupil by state, again from 2017 to 2018 but adjusted to 2020 dollars. In all but one state, Alaska, COVID-19 relief funds were more than double the annual federal revenues per pupil, and on average they were 312 percent of normal expenditures. Again, ESSER allocations can be drawn down by districts over several years, but the percentages are nonetheless comparable among states and compelling.

Figure 4. ESSER per Pupil as Percentage of Total Federal Revenue (2017–18) by State



Note: Total federal revenue was adjusted to 2020 dollars.
Source: Author's calculation using Return to Learn ESSER compilation and National Center for Education Statistics data.

How Will Federal K–12 COVID-19 Relief Be Used?

"What is this money for?" seems like a silly question after a deluge of federal funding has already been allocated, but it is apt considering that much of ESSER funding remains unspent and several of the original assumptions behind COVID-19 relief funding appear to be a poor match to current realities in schools and state and local governments.

Given ESSER funding's size and broad allowable uses, the uncertainty about districts' actual needs at the time the three COVID-19 relief bills were passed, and the remaining uncertainty about districts' continuing needs, the simple equation below can serve as a useful heuristic to conceptualize and roughly estimate how ESSER funds will ultimately be used.

ESSER = ***Reopening*** + ***Recovery*** + ***Remainder***

ESSER's primary intent was to help school districts reopen during the pandemic. Those first-order costs are captured in the first term of the equation. ESSER was also intended to provide resources for pandemic recovery, most notably to deal with significant learning loss, the scale of which is just beginning to come into focus.[22] Recovery costs are captured in the second term of the equation. ESSER's flexibility means the remainder will be used for various initiatives, almost completely at the discretion of school districts. By definition, once the funds for reopening and recovery are exhausted, that remainder will be used for purposes not directly related to the pandemic.

The remainder of this report attempts to approximate the three terms of this equation. The bulk of ESSER funding can be obligated by districts as late as September 30, 2024, and actually spent much later than that date, meaning these approximations are necessarily speculative. They are nonetheless useful because states and districts are still deciding how to use their ESSER funds. Such a large expenditure, equivalent to approximately $1,500 for every household in America,[23] should be well accounted for even on an approximate interim basis.

Interdistrict Elementary and Secondary School Emergency Relief Variation

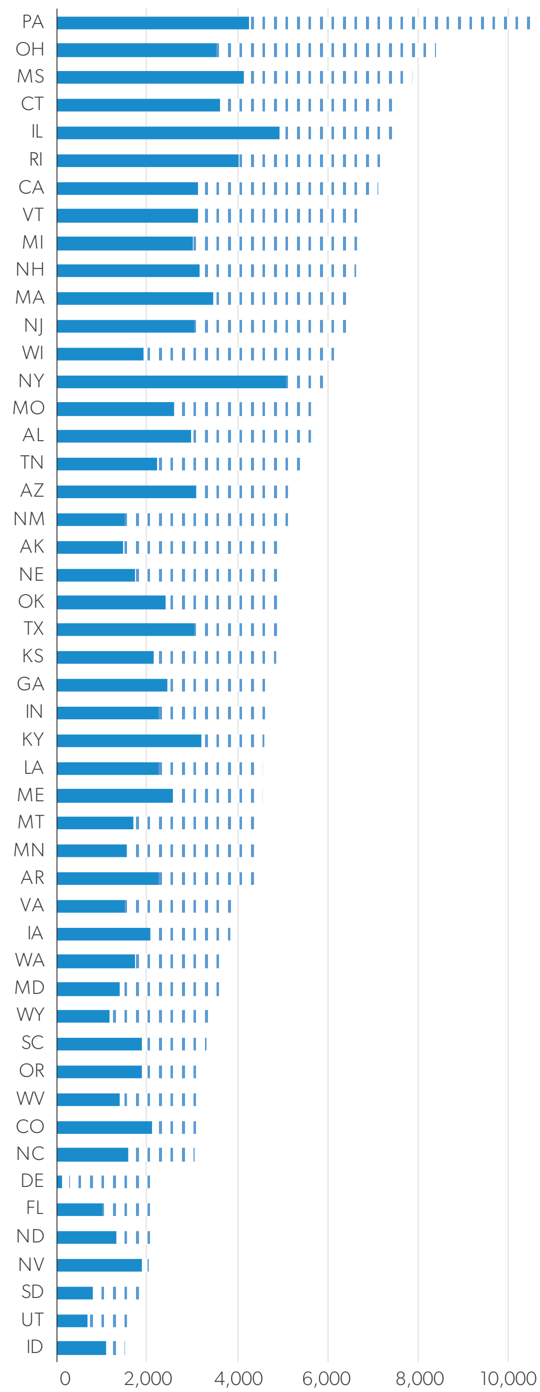
The variation in COVID-19 relief among states is pronounced, but the gaps between districts within states are even more so. Figure 5 displays two measures of that interdistrict variation. It only includes districts that received some Elementary and Secondary School Emergency Relief (ESSER) funding, thereby displaying conservative estimates. The first, in solid blue, is the difference between districts at the 25th and 75th percentiles. The per-pupil COVID-19 relief differs by at least that amount in half of districts in the state. On average, this difference is equal to 80 percent of the states' per-pupil ESSER I, II, and III funding.

The second measure of interdistrict variation, the solid blue line plus the striped blue extension, is the difference between the 10th and 90th percentile. Relief funding for the top and bottom 10 percent of districts in each state differ by this amount or more, from a low of $1,500 per pupil in Idaho to $10,600 in Pennsylvania. These gaps only capture variation in ESSER funds, and in many states, some Governor's Emergency Education Relief funding was layered on top of ESSER funding to provide some relief to districts that receive little or no Title I funds and thus no ESSER allocations.

On the other hand, these tallies exclude districts that received no ESSER allocations at all. Despite these countervailing influences, the variation between districts is pronounced. It may be that the logic of allocating ESSER funds to districts according to Title I funding formula was appropriate and sensible given the urgency of the COVID-19 relief bills, but it certainly resulted in significant unequal federal relief to schools for a shock all of them experienced.

As of this writing, district-level allocations of ESSER relief funding are not available at the Department of Education's website. At AEI, we collected state-level allocations for ESSER I, II, and III and have made them available at our Return to Learn Tracker (returntolearntracker.net), which shows total and per-pupil allocations, where those allocations rank across districts within each state, and where districts rank in the amount of in-person learning offered in 2020–21.[21]

Figure 5. Districts' ESSER Gaps by State



Source: Author's calculation using state-provided data.

ESSER Funding for Reopening

In the months leading up to CRRSA's passage, Secretary DeVos used the slow rate of spending in December 2020—then just 12 percent of ESSER I funds—to push districts to return in person and argue that resource constraints were an insufficient justification for refusing to reopen schools. DeVos' claims received pushback, deservedly so, because the spending figures were only a partial reflection of districts' actual spending obligations. Disentangling this is important for understanding these spending numbers, which are still being updated by ED and still lag in reflecting true spending.

The reason those data do not reflect actual current spending is directly related to how the funding flows from the federal government through states to be spent in districts. The federal government allocates grants to states (SEAs) and includes requirements on how those grants are allocated as sub-grants to districts (LEAs). After funds are allocated by SEAs, LEAs have a set period to obligate them to a particular use. In some instances, such as a direct purchase of personal protective equipment (PPE) for immediate use, the spending of obligated funds appears quickly.

In other instances, in which districts obligate funding for a longer-term use, such as a contract to provide PPE over the school year, funds are not reflected in spending percentages until they are spent for that obligated purpose. As a result, the amount spent as reported by ED is an undercount of the amount obligated by districts. Additionally, there is a lag period between the time money is spent and when it is reported on the ED website.[24]

Nonetheless, even accounting for the "spent" and "obligated" difference and the lag in reporting, the 12 percent ESSER I spending rate DeVos trumpeted is telling. If federal funding were being used for immediate needs essential to reopening schools, that percentage would be substantially higher. To put it in perspective, as of December 2020, schools had reported spending less than 1 percent of the total ESSER funding now available.

As of June 14, 2021, ED's reported spending numbers show states spending 52 percent of their ESSER I funds. States vary widely on ESSER I spending, ranging from just 10 percent in Vermont to 95 percent in Iowa. ESSER II funding, a much larger pot, has gone largely unspent; 26 states reported having spent no ESSER II funds. Hawaii, the highest ESSER II spender, has spent a paltry 10 percent, yielding an overall spending rate of 0.5 percent for ESSER II.[25] At or near the end of the school year, then, ED's tracked numbers showed that just 11 percent of ESSER I and II funds had been spent on immediate reopening costs during the past year.

If ED's tracking is too lagged to count on, a useful check comes from the first batch of ARP state plans released by July 15, 2021 (Table 1). Forty state plans included information on how much ESSER I and ESSER II funding remained obligated but unexpended near the end of the school year. Twenty-nine of these included specific enough numbers to estimate state records of districts' spending.[26] These ARP state plans show an average of 70 percent of ESSER I dollars and just 7 percent of ESSER II dollars have been spent by districts in states that reported data. As a percentage of total ESSER I and II funding, an average of 19 percent was reported spent this year. The reporting dates for these numbers vary between April 21 and June 15 and thus may understate total spending on reopening this year. As a percentage of total ESSER funding—from ESSER I, II, and III—7 percent was reported to have been spent this year. It's safe to assume these are underestimates, but they suggest less than 10 percent of LEA's total ESSER funding was spent reopening schools this year.

What might explain districts' slow spending? An obvious answer would be that schooling was actually cheaper this year. Indeed, one analysis found that school districts that were primarily remote this year had lower (in some cases, significantly lower) operational expenses relative to a typical school year. But this likely explains little of the low ESSER spend down: On balance, most districts were in person more often than they were remote this school year, and COVID-19 mitigation expenses likely made in-person learning costlier than normal.[27]

Another possibility is that an expected local revenue shortfall never materialized as a large-scale

Table 1. ESSER Funding Spent as Reported in June 2020 State ARP Reports

	ESSER I	ESSER II	ESSER I and II	ESSER I, II, and III
Arkansas	85%	7%	22%	8%
Delaware	100%	54%	63%	22%
District of Columbia	32%	0%	6%	2%
Hawaii	71%	36%	43%	16%
Illinois	100%	66%	72%	28%
Indiana	45%	0%	9%	3%
Iowa	99%	23%	36%	13%
Kansas	100%**	0%	20%	7%
Kentucky	69%	1%	12%	4%
Louisiana	69%	0%	14%	5%
Maine	25%	1%	6%	2%
Massachusetts	44%	2%	11%	4%
Michigan	55%	0%	10%	4%
Missouri	84%	0%	16%	6%
Montana	100%**	0%	20%	7%
Nebraska	68%	0%	14%	5%
New Hampshire	51%	0%	10%	4%
Ohio	55%	0%	11%	4%
Oklahoma	63%	10%	20%	3%
Oregon	67%	2%	15%	5%
Rhode Island	75%	0%	16%	6%
South Carolina	64%	0%	12%	4%
South Dakota	66%	0%	13%	5%
Tennessee	63%	6%	12%	7%
Texas	82%	0%	14%	5%
Utah	64%	0%	13%	5%
Washington	80%	2%	18%	7%
West Virginia	85%	2%	19%	7%
Wyoming	64%	0%	13%	4%
Average for 29 States*	70%	7%	19%	7%

Note: * Average numbers for 29 states include 45 percent of all LEA ESSER allocations. The average of state percentages of total ESSER spending and the average cumulative dollar amount of ESSER spending both equal 7 percent. ** Kansas and Montana ESSER I spending data were uncertain and assumed here to be fully expended, potentially biasing percentages upward.
Source: State American Rescue Plan reports from US Department of Education.

problem. As mentioned in the overview, ARP included $350 billion in aid to state and local governments to counter the predicted revenue shortfalls. In fact, revenue shortfalls appear to be far smaller than initially expected. For instance, in October 2020, Moody's Analytics estimated the shortfalls would be $434 billion but by March cut that estimate down by two-thirds to $148 billion.[28] Given that these large predicted revenue shortfalls, by and large, have not come to pass, many states will not have trouble maintaining

Table 2. Projected Federal K–12 Expenditures Allocated to School Districts Through Title I Formulas (in Millions)

Fiscal Year	ESSER I and II*	ESSER III CBO Estimates	Title I**	Total
2021	$24,098	$6,428	$16,500	$47,026
2022	$28,646	$32,139	$16,830	$77,615
2023	$14,757	$32,139	$17,167	$64,062
2024		$25,711	$17,510	$43,221
2025		$19,283	$17,860	$37,143
2026		$8,999	$18,217	$27,216
2027		$2,571	$18,582	$21,153
2028		$1,285	$18,953	$20,238

Note: * Projections assume all ESSER I and 25 percent of ESSER II are expended in FY2021, with two-thirds of the remainder expended in FY2022 and the remainder in FY2023. ** Title I projected to increase 2 percent annually.
Source: Congressional Budget Office estimates.

school funding. ESSER funds, even before ARP, may not have been immediately needed as much as originally expected.

The slow rate of ESSER drawdowns fits with the Congressional Budget Office's (CBO) estimates of the timeline for K–12 COVID-19 relief spending. Released well ahead of ARP's passage, the CBO estimated that just 5 percent, or $6.4 billion, of the $122 billion in expected ARP K–12 relief funding would be spent in FY2021, which more or less aligns with the 2020–21 school year. (These data are presented in Table 2.)

At the end of the school year, the data outlined above show that school districts had spent at least 7 percent of their total ESSER funding for reopening. There is plenty of reason to believe that is a low estimate. But even doubling that number would mean 14 percent or less of total ESSER funding, less than 24 of $171 billion going to districts, was spent on the reopening portion of the ESSER spending equation. Even if the total was as high as 20 percent, almost *triple* the currently reported numbers from ED or states with ARP plans, districts still would not have spent four in five ESSER dollars on reopening.

Certainly, money is still being spent. Many districts are using funds at the end of the school year and over the summer, but for at least two reasons, most will not go to reopening. The first is that most of the funds used this summer will go toward remedial summer programs and summer school, which do not fall under the "reopening" category.[29]

The second is that schools have already done the work to reopen. By the end of the 2020–21 school year, over 99 percent of US districts had reopened for some in-person instruction, and more than half were offering fully in-person instruction. Assuming progress in vaccinations continues and there is no major "third wave" that besets the 2021–22 school year, COVID-19 mitigation costs will continue to decrease, meaning most reopening dollars have already been spent. If a significant third wave does come in the next school year, most of the major fixed costs districts put in place in the 2020–21 school year will remain in place. The variable costs of dealing with closures and subsequent reopenings would continue, but with a substantial portion of the population vaccinated, they are unlikely to be nearly as widespread or as costly as those experienced in the prior year. Districts most at risk of another wave of COVID-19 are those with the lowest vaccination rates—disproportionately in red states and rural areas—which were open most of the past year when ESSER funds went largely unspent.

All told, reopening expenditures are unlikely to rise above 20 percent of total ESSER funding discussed above. That leaves 80 percent, or $136 billion, of districts' allocations to be spent on recovery or left in the remainder.

ESSER Funding for Recovery

Assuming that transmission rates continue to decline and the pandemic remains under control, the vast majority of COVID-19-related expenditures of ESSER funding will go toward remedial learning and post-pandemic mental and social emotional supports. The depth of the academic hole dug by COVID-19 won't come fully into focus for some time, but if early indicators hold, it will take significant resources and programs to redress.

Congress clearly anticipated this burden in ARP by requiring districts to set aside 20 percent of ARP ESSER III funds to address student learning loss. That amounts to about 12 percent of combined ESSER funding, more than the amount drawn down by districts so far according to district and ARP state reports.

The law anticipated not only significant costs, and appropriated funds accordingly, but the kinds of programs that might fit those needs. ARP suggested evidence-based programs "such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs,"[30] which are indeed promising solutions. These and other major initiatives—most notably large-scale tutoring programs, longer school days or an extended school year, and added summer programs—require significant funding and have a substantial evidence base.

Districts are deciding how to use the vast majority of ESSER funds amid considerable uncertainty, partly about what the most effective uses are but also about what services parents and students will actually want. Willingness to participate in these programs is essential to their success since most will be voluntary. But some recent survey evidence suggests demand for post-pandemic responses of the kinds identified in ARP and by the education policy community may be far less than that needed to justify the bulk of the ESSER funding going to pandemic recovery.

The Understanding America Survey asked a nationally representative set of 1,500 parents about several potential practices and policies to address lost learning.[31] Many of those most popular in the academic and policy worlds, mentioned above, were less popular with parents. Less than one in four parents showed interest in in-person summer school, and less than one in three expressed interest in tutoring—before or after school—or learning pods.

Support for a longer school year or longer school days was similarly weak. Online tutoring options, which may be the least invasive of all the options parents were polled on, were far more popular, supported by more than four in five parents. This early survey data show weak parent demand for the services that have some evidence behind their chances of ameliorating pandemic learning loss. Although demand could strengthen if families' pandemic fatigue lessens, districts may have trouble predicting what new ventures families will actually use.

The potentially weak demand for novel recovery programs is also reflected in early reports on the supply side. The lack of new or novel uses for ESSER funds is evident in early—and thus incomplete—reviews of districts' plans. This spring, Georgetown University's Edunomics team found most district plans for ARP funds involved existing spending patterns. Few districts surveyed were launching new tutoring programs or adding time to the school year, both popular notions in early policy discussions. More frequent uses, the Edunomics team found, were personnel spending, through either sending "thank-you" payments to existing staff, hiring additional teachers to reduce class sizes, or looking for more staff nurses, counselors, or specialists. Districts also planned to use funds to fill budget gaps, improve facilities, or bolster other existing instructional programs.[32]

A more recent analysis of 100 large and urban districts' ARP plans reflected similar patterns. The Center for Reinventing Public Education found evidence that many districts would offer additional instructional time in summer and other supplements to the typical school schedule but concluded that most other uses follow existing spending patterns. As the authors wrote, "Districts appear to be doubling down on what they know: more time, more staff, more capital spending."[33] In short, early analyses suggest a good portion of spending fits pre-pandemic patterns rather than novel programs clearly targeted at COVID-19 recovery.

The pandemic recovery is just beginning, so approximating how much districts will spend on it is necessarily speculative at this point. Still, framing that spending with upper and lower bounds is useful. The lower bound, established by law, is the easy part. ARP requires 20 percent of districts' ESSER III allocations to be spent on recovery, described in ARP as interventions that address learning loss and "respond to students' academic, social, and emotional needs." At minimum, that would be $22 billion, or $420 per child.[34] Comparatively, that is far more than districts have reported spending on reopening to date and roughly 133 percent of annual Title I expenditures. In layman's terms, it's a great deal of money.

The low-end estimate is clear, but the high-end is not. Given the limited initial demand by parents, especially for more expensive options such as extended school days or years and after-school tutoring programs, it may not be easy for districts to spend a great deal more than this lower bound. On the other hand, with so much funding available, districts won't be operating under usual budget constraints, which could make recovery spending larger, independent of whether it is effective or used by students.

Estimating recovery spending at twice the minimum Congress required to $44 billion—40 percent of ARP and 26 percent of districts' total ESSER funding—would be generous. Tripling that amount, almost $66 billion, would be an extremely generous—and in my view implausible—estimate. At that amount, districts would spend over $1,250 per pupil on average, and it would still account for less than 39 percent of districts' total ESSER allocations.

This leaves us with three estimates—an implausible high of $66 billion, a generous midpoint of $44 billion, and a minimum of $22 billion—that could be the final bill for federal pandemic recovery spending. Adding these to the generous estimate for reopening discussed in the previous section—15 percent of ESSER funds—the remainder of ESSER funding after reopening and recovery spending would be 46, 59, and 72 percent, respectively.

ESSER Funding for Non-Pandemic Spending

Here we arrive at the third term of our ESSER spending equation, with a wide range of estimates for the remainder, from a low of $78 billion to a midpoint of $101 billion to the high of $123 billion. This is a tremendous amount of money appropriated in the name of a pandemic that it may never directly address. If these estimates seem outrageous, they can be checked against the timeline for ARP ESSER spending published by the nonpartisan CBO. As mentioned above, the CBO predicts just $6.4 billion of the $122 billion of ESSER III funds will be spent in 2021. The remainder will be spent over the next seven years, with more spent every year between 2022 and 2027 than was spent in FY2021.

Even the remainders estimated here involve dollar amounts that are difficult to grasp. Again, context can help. The middle estimate of the remainder alone, over $101 billion, would be larger in 2020 dollars than in ARRA ($98 billion for K–12 school districts), formerly the largest federal expenditure. An important difference between ARRA and the remaining ESSER funds is that ARRA came with numerous guidelines and guardrails for what it would be used for, while ESSER has few.

Conclusion

This situation raises several questions about how we arrived here and how districts will move forward over the next several years. In this conclusion, I look at a few of these briefly, first at the federal level and then at the district level.

The first question at the federal level is whether this (overly) abundant federal spending was intentional. ARP's passage was the measure that put total ESSER funding as high as it is, and some, including the *Wall Street Journal* Editorial Board,[35] certainly thought it was a deliberately excessive giveaway to Democratic allies. At the very least, ARP was in lockstep with Democratic rhetoric calling for more federal K–12 spending, reflected in most 2020 Democratic candidates' promises to double Title I funding or, in the case of President Biden, to triple it. From this vantage, it looks as though ARP funding—and to some extent, early ESSER funding—was passed based on political beliefs rather than a targeted assessment of expected costs for school reopening and pandemic recovery, even based on what was known at the time.

A more sympathetic view is also plausible. Given the political polarization on Capitol Hill and difficulty of moving legislation, Democrats may have reasonably concluded that ARP was the last sure way to provide the generous funding that they believed school districts needed. Consequently, they wanted to make sure plenty of funding was allocated. In that effort, they were undoubtedly successful.

Another question at the federal level is how the generosity of ESSER funds might work against Democratic ambitions to ratchet up federal Title I spending, providing a more permanent funding increase to K–12 schools. (Once Title I is increased, any decrease can be derided as a "spending cut" that would hurt students.)

Biden's campaign promises to increase Title I are reflected in his 2022 budget proposal, which seeks to increase Title I spending by 120 percent and reform how those funds are allocated in the process. Even with a united Congress, that already tall order will be even taller when school districts are sitting on billions of dollars in federal funding for the entirety of Biden's first term and beyond.

At the district level, ESSER raises the question of how districts might avoid ineffective, unnecessary, or otherwise undesirable expenditures of an unprecedented amount of federal funding—a salient question to ask during the summer of 2021 as districts work on their plans for ESSER III funding. Obviously, ESSER funds should be used to advantage, but they pose challenges for districts. The first challenge is finding new ways to spend one-time investments. Standard operating procedures and funding flows are the easiest spending routes. This is evident at the federal level in the decision to allocate ESSER funding through Title I, largely based on its virtue as an established and politically viable mechanism rather than a logical means of allocating COVID-19 relief. It's also evident in the early decisions on spending made by districts tracked by the Edunomics team and the rash of thank-you payments to teachers. Districts face a much bigger lift in establishing short-term programs that will be both productive and time limited.[36]

If early indicators mentioned earlier hold, many districts will use ESSER funding to hire more staff—both teaching and nonteaching—or to pay for existing programs in ways that can do harm down the road when ESSER funds are finally spent. Namely, one-time revenues can create fiscal cliffs if spent on programs or resources that schools come to depend on. (Are districts prepared to fire the extra staff made possible by ESSER dollars when the money dries up?)

Undoubtedly, district officials are aware of these dangers, but they can be hard to avoid when alternative uses for one-time funding are unpopular—as parent surveys suggest—or need to be created from scratch. These fiscal cliffs are an obvious danger with the largest allocation of federal K–12 funding in history and too easy to discount when the money *has* to be spent and the reckoning is still years away.

Perhaps the better question to ask about the challenges districts face is how districts might use ESSER funds responsibly. If doing so requires avoiding fiscal cliffs, assuring benefits to students, and establishing programs that parents and students will actually participate in, districts face a truncated list of options.

Answering that question may be difficult because districts don't have many easy or ready-made solutions. Complicating the task are the immediate needs of emerging from the pandemic for another school year and building programs to address substantial learning loss. Being flush with funding and searching for responsible ways to use it are strange situations for many districts to find themselves in at the end of the first full pandemic year. Whether taxpayers' funds are responsibly used, and whether students will benefit from them, hangs in the balance.

About the Author

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Notes

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18. One distinction between American Recovery and Reinvestment Act (ARRA) and Elementary and Secondary School Emergency Relief (ESSER) is that ARRA funding was connected to multiple specific policy initiatives, while ESSER funds have far fewer constraints.
19. Rice et al., "Estimated Resource Costs."
20. These per-pupil figures are comparable across states but represent the full allocation of ESSER I, II, and III funds to states

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21. Return to Learn Tracker, website, https://www.returntolearntracker.net/.

22. Nat Malkus, "Texas Provides an Early, Ominous Look at Pandemic Learning Loss," AEIdeas, June 30, 2021, https://www.aei.org/education/texas-provides-an-early-ominous-look-at-pandemic-learning-loss/.

23. To get to that number, $189.5 billion in ESSER spending divided by 128.5 million households equals $1,474 per household.

24. In addition to these differences are lags in reporting, in which data collected and reported at the Department of Education's (ED) website is relayed from state collections, which themselves have a reporting lag between districts and states.

25. These data are being updated, though it is impossible to tell whether the slow rate of change is attributable to low rates of spending or reporting delays. The same data from a month earlier, downloaded on May 18, show that overall, just 46 percent of ESSER I funding had been drawn down and 0.2 percent of ESSER II funding had been spent.

26. States that had no American Rescue Plan reports on ED's website on July 15, 2021, included Arizona, California, Colorado, Florida, Maryland, Minnesota, Mississippi, Nevada, Pennsylvania, Vermont, Virginia, and Wisconsin. States with insufficient spending estimates included Alabama, Alaska, Connecticut, Georgia, Idaho, New Jersey, New Mexico, New York, North Carolina, and North Dakota. Kansas and Montana spending data for ESSER I were uncertain and are included on the assumption that all their ESSER I funds were expended. The resulting percentages are therefore biased upward.

27. This does raise an interesting possibility that some districts may have extra spending on the front end of the pandemic, while others may have more on the back end. By almost any estimate, required remote schooling will result in more lost or foregone learning than in-person schooling will, and ESSER funds are certainly intended to help districts ameliorate that learning loss. On the whole then, districts that operated remotely for longer may have had some savings on the front end but can expect to deal with larger learning loss, on average, and need more resources to do so. Districts that brought students back earlier, at least comparatively, had to expend more resources to do so early on but could have less dramatic learning losses to deal with. Those countervailing cost patterns may not balance on net, particularly if the cost of reopening was less than the cost of making up for lost learning. A sober, if darker, view is that students who had significant learning loss will never really recover academically, so they will bear the ultimate burden of reopening decisions.

28. Dan White, Emily Mandel, and Colin Seitz, "U.S. State and Local Government Shortfall Update," Moody's Analytics, September 21, 2020, https://www.economy.com/economicview/analysis/381262/US-State-and-Local-Government-Shortfall-Update; and Dan White, Emily Mandel, and Colin Seitz, "Stress-Testing States: COVID-19—A Year Later," Moody's Analytics, February 22, 2021, https://www.economy.com/economicview/analysis/383216/StressTesting-States-COVID19A-Year-Later.

29. The exception of course would be facilities expenditure, which could inflate reopening spending, but it's hard to argue those would amount to as much as was already reported by states this year.

30. American Rescue Plan Act of 2021, Pub. L. No. 117-2.

31. Anna Rosefsky Saavedra and Morgan Polikoff, "Analysis: Tutoring, Summer School, Pods—Survey Finds Parents Aren't So Thrilled About Most K–12 COVID Recovery Solutions on the Table," 74, June 13, 2021, https://www.the74million.org/article/analysis-tutoring-summer-school-pods-survey-finds-parents-arent-so-thrilled-about-most-k-12-covid-recovery-solutions-on-the-table/.

32. Marguerite Roza et al., "The Financial Landscape and What It Means for Public Education," Georgetown University, Edunomics Lab, May 18, 2021, https://edunomicslab.org/wp-content/uploads/2021/05/PulseCheck_5.18.2021_V4.pdf.

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34. Ninety percent (the amount of ESSER III that states are required to allocate to districts) of $122 billion (total ARP) equals about $110 billion. Twenty percent (the minimum amount districts are required to spend on recovery) of $110 billion equals a minimum of $22 billion in district spending on pandemic recovery.

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36. Time limits come from the availability of ESSER funds and the timelines for spending them.