



American Rescue Plan Act of 2021: Education Highlights



What is the American Rescue Plan Act?

- H.R. 1319, the American Rescue Plan Act of 2021, was signed in to law by President Biden on March 11, 2021 and is intended to provide individuals, businesses, States, local governments, and school systems, with funding to be used toward recovery efforts in response to the COVID pandemic.
- The Act provides \$1.9 trillion in mandatory funding, federal program reforms, and tax policies aimed at mitigating the continuing effects of the pandemic.
- The Act provides direct payments of \$1,400 for individuals, \$2,800 for joint filers, and \$1,400 for each qualifying dependent.

American Rescue Plan Act

Key policy and program areas include:

- Agriculture
- Consumer Protection Provisions
- Direct Payments to Citizens
- Education
- Energy and Environment
- Expanded Unemployment Benefits
- Health and Human Services
- Homeland Security
- Housing
- Small Business Provisions
- Taxes
- Technology, Broadband and Cyber
- Transportation and Infrastructure
- Veterans

What does American Rescue Plan Act Mean for Maryland?

- \$3.9 billion in State recovery funding.
- \$1.9 billion in local government relief.
- More than \$1 billion in education aid.
- Possible State uses include, in part, restoring the State Reserve (Rainy Day) Fund, fund the Blueprint, and address any deficits in the next 2 fiscal years.
- NOTE: Maryland revenues are now largely where they were expected to be before the pandemic. However, these projections were at one time written down. Therefore, the good news (and it is very good news!) is positive swing of \$900 million.

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Education Funding Overview

- Provides \$125.8 billion for K-12 state education agencies \$40 billion for institutions of higher education, and \$2.75 billion to governors for private schools.
- \$110 billion will go directly to LEAs.
- Funding Allocation: Funding will flow to the state and local level just like CARES I and CARES II, based on respective share of Title I.
- Availability of Funds: Requires states to move money to the local level within 60 days of receiving funds.
- Timeline for Funds: Allows for district allocations to remain available through September 23, 2023. (This is expected to be interpreted to allow LEAs to spend these allocations through the end of the 2023-24 school year.)

Learning Loss: Local & State Funding

- LEAs must reserve at least 20% of the funding they receive to address learning loss.
- Remaining funds are flexible for needs mirroring the CARES Act, and including HVAC, reducing class sizes and implementing social distancing guidelines, purchasing personal protective equipment, and hiring support staff to care for students' health.
- School districts will be required to create and share plans publicly for returning to in-person instruction within 30 days.
- SEAs funding reserves: 5% to address learning loss, 1% for afterschool activities, and 1% for summer learning programs. Funds to the SEAs must be spent within one year of receipt.

Special Education

- Provides \$3.03 billion in additional FY 21 funding for IDEA. \$2.58 billion for grants to states under Part B of IDEA.
- \$200 million for preschool grants under IDEA.
- \$250 million for programs for infants and toddlers under Part C of IDEA.

Homeless Youth

- Provides \$800 million to support the identification, enrollment, and school participation of children and youth experiencing homelessness, including through wrap-around services.

Maintenance of Effort (MOE):

- States must maintain spending on both K-12 and higher education in FY 2022 and FY 2023 at least at the proportional levels relative to a state's overall spending, averaged over FY 2018, FY 2019, and FY 2020.
- The MOE can be waived by the Secretary of Education.

Maintenance of Equity:

- LEAs cannot cut per-pupil spending for any high-poverty school at a rate steeper than overall cuts in per-pupil spending across all schools served by the LEA.
- LEAs cannot reduce per-pupil staffing for any high-poverty school at a rate steeper than overall cuts in per-pupil staffing across all schools served by the LEA.
- The provision does not apply if an LEA serves less than 1,000 students or operates a single school or serves all students in single grade span in one school or is granted waiver by Secretary of Education.

Nonpublic Schools

- Provides \$2.75 billion to governors through the existing Emergency Assistance to Non-Public Schools Program to provide services or assistance to non-public schools that enroll a significant percentage of low-income students and are most impacted by the qualifying emergency.

Broadband Funding to Close the Digital Divide

- Creates a \$7.2 billion Emergency Connectivity Fund to reimburse schools and libraries for internet access and connected devices.
- Includes wi-fi hotspots, modems, routers, devices that combine a modem and router, connected devices.
- The funding will follow the provisions proposed in the Emergency Educational Connections Act which NSBA supported by having the funding flow through the E-rate program under the direction of the Federal Communications Commission (FCC).

State & Local Government Relief

- Provides \$350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic.
- State and local government recipients could use the funds to cover costs incurred by Dec. 31, 2024. The funds would be distributed in two tranches, with 50% delivered no later than 60 days from the date of enactment, and the remainder delivered no earlier than one year later.

State & Local Government Tax Cuts?

- State and local governments cannot use the funds towards pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021.

State Totals for Education Relief Funds

- A [Congressional Research Service \(CRS\) memo](#) includes estimates of Education Stabilization Fund totals for States and higher education;
- Breaks out funding by state for the K-12 fund, non-public schools, and higher education; and
- Aggregates each State's total from all three emergency relief funds.

Thank you for this opportunity!

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