



TESTIMONY BEFORE THE HOUSE FINANCE SUBCOMMITTEE ON INFRASTRUCTURE AND AMERICAN RESCUE PLAN

**AARON RAUSCH,
CHIEF OF BUDGET AND SCHOOL FUNDING**

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Chairman Callender, Ranking Member Skindell, and members of the House Finance Subcommittee on Infrastructure and American Rescue Plan, I appreciate the opportunity to speak to you today about federal COVID relief funding supporting primary and secondary education, and the executive budget recommendations reflected in H.B. 33. My name is Aaron Rausch, and I am the Chief of Budget and School Funding at the Ohio Department of Education.

Budget Overview

The DeWine-Husted budget recommends appropriations totaling \$10.5 billion in FY24 (an increase of \$679.9 million or 6.9%) and \$10.7 billion in FY25 (an additional \$195.7 million or 1.9%) from the General Revenue Fund (GRF) and Lottery Profits Education Fund. The executive budget includes an additional \$1.56 billion in new GRF and Lottery Profits Education Funds for primary and secondary education over the biennium.

While state source funding is recommended to receive a substantial increase over the next two years, total spending for primary and secondary education would drop to \$15.1 billion in FY24 (a decrease of \$893.8 million or 5.6%) and \$13.6 billion in FY25 (an additional decrease of \$1.6 billion or 10.4%). Generally, this decrease reflects the expiration of one-time federal COVID relief funds provided to schools and districts over the past three years and a return to a more typical level of support from federal sources. Of the recommended appropriations, approximately 98% are disbursed directly to students, schools, and districts through grants, scholarships, formula allocations, and other subsidy payments.

Federal COVID Relief

Over the last three years, Ohio has benefited from more than \$7.6 billion in one-time federal COVID relief supporting primary and secondary education. More than 90% of that total was allocated to schools and districts. These funds were primarily directed by federal law, and local schools have leveraged these one-time resources against the federally prescribed allowable uses.

The largest source of funds provided by the federal government in response to the pandemic has been through the Elementary and Secondary School Emergency Relief (ESSER) grant, which has been authorized through three federal spending measures: the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act. The three tranches of ESSER total \$6.96 billion. Each round of funding required states to allocate 90% of the total to traditional school districts, community schools, and independent STEM schools (identified as Local Education Agencies – LEAs – under federal law). The allocation methodology was also directed by federal law. States were required to allocate ESSER funds based on the proportion of Title I funds each school received. Title I funds are allocated based on the level of poverty in each district, so schools with higher economically



disadvantaged populations receive greater funding. Federal law also set deadlines by which states were required to allocate these funds. The initial allocation of ESSER funds occurred in the spring of 2020, followed by ESSER II allocations in February 2021, and ARP ESSER allocations in the spring of 2021. ESSER I funds expired in September 2022, ESSER II funds expire this September (2023), and the ARP ESSER funds expire in September 2024.

Generally, funds must support preparing for, preventing, and responding to the pandemic. As we move further and further from March 13, 2020 – the date of the federal emergency declaration – responding to and recovering from the pandemic has become the focus. The list of allowable uses between each round of funding was not identical; however, the U.S. Department of Education clarified that all ESSER funds may be used to support any of the allowable uses of funds listed across the three rounds. A list of allowable uses from ARP ESSER is attached to my testimony. Based on a review of the plans and budgets schools submitted to the Department, schools are primarily focused on addressing learning loss and activities that respond to and help students recover from the pandemic. Schools are also leveraging funds to support technology needs, mental health, the continuity of operations, and strategic, one-time building and facility needs. Unlike most federal funds, ESSER funds do not include “supplement, not supplant” provisions, providing additional flexibility to schools and districts. Spending decisions are made knowing the one-time nature of these funds.

It is also important to note that federal law leaves decisions on how best to leverage these funds to local schools and districts. Neither the General Assembly nor the Department of Education can direct the use of ESSER funds provided to schools and districts beyond the federally prescribed allowable uses. That said, the Department has worked closely with schools and districts to answer questions about allowable uses and our program offices have prepared information and best practices about how schools and districts might consider leveraging federal funds against priority areas. Our role is to help ensure compliance with federal law, but the Department does not direct the use of funds.

Federal COVID relief funds, like most federal funds, come with oversight and monitoring. The Department reviews and approves each application and budget describing how schools plan to leverage federal funds. Funds are disbursed on an immediate cash need or reimbursement basis. Schools submit requests for funds as they incur expenses, and annually submit expenditure reporting for review by our grants management team. Schools account for these funds separate from other state and local funds in annual financial reporting and are subject to annual audit through the Auditor of State’s Office. The U.S. Department of Education has also added supplemental reporting.

Additionally, the Department maintains a transparency dashboard on our website, which allows the public to see federal COVID relief allocations by grant, school, and county, and what amounts have been claimed.¹ This includes ESSER funds and other federal COVID relief funding. Approximately \$3 billion (46%) remains available for schools and districts to draw down. This amount should not be viewed as *unplanned* funds, but rather *unspent* funds. This transparency dashboard is complementary to the data displayed on the Ohio Checkbook website.

Through a number of spending measures and action by the Controlling Board, the General Assembly has appropriated federal COVID relief funds to ensure the Department can reimburse schools and districts for expenses they incur against these grants. The Governor’s executive budget recommends appropriation authority of \$1.8 billion in FY24 for ESSER (Fund 3HS0; ALI 200640). The additional appropriation authority *does not* represent *new* federal allocations for schools but allows the

¹ <https://education.ohio.gov/Topics/Future-Forward-Ohio>



Department to disburse funds previously allocated. The amount reflects the unappropriated portion of the 90% subsidy allocation. The budget also includes language to allow any unencumbered, unexpended funds at the end of this fiscal year to be reappropriated into FY24 and FY25.

While H.B. 33 would appropriate the remainder of the subsidy portion of ESSER, the General Assembly and Controlling Board have previously appropriated and directed the use of the other 9.5% reserved for state activities and the 0.5% reserved for administration. These actions occurred through Am. Sub. H.B. 110, Am. Sub. H.B. 169, and Sub. H.B. 538 of the prior General Assembly. Federal law allows for broad use of state activity funds – *emergency needs as determined by the state education agency to address issues related to or responding to COVID-19, which may be addressed through the use of grants or contracts*. The American Rescue Plan further required a portion of the grant be set-aside to support learning loss (5%), summer enrichment (1%), and afterschool programming (1%). In total, more than \$600 million in programs and projects have launched with ESSER state activity funds. Of that amount, most of the funds are directly supporting learning loss and learning acceleration, and a portion of the state activity funds were used to provide additional support to schools and districts that received a relatively small amount of funding using the Title I methodology. The Department launched *Future Forward Ohio* to reflect strategic priorities to help students recover from the pandemic. This includes four key areas: literacy, learning acceleration, workforce readiness and student wellness. Programs fall under three coordinating strategies to facilitate student success: overcoming obstacles to learning; accelerating learning; and preparing students for future success. Programs were launched with a focus on one-time activities and key investments will yield benefits for years to come.

Finally, while my testimony has focused on ESSER, schools and districts have benefited from additional COVID relief funds previously appropriated by the General Assembly or authorized by the Controlling Board. These funds include the following:

- \$150 million from the Coronavirus Relief Fund (CARES Act). \$100 million was allocated to both public and nonpublic schools and districts on a per pupil basis to support unplanned COVID-related expenses. \$50 million was allocated to both public and nonpublic schools and districts to support broadband internet connectivity. (Fund 5CV1; ALIs 200632, 200642, 200643, 200647 and 200650)
- \$59.4 million from the Governor’s Emergency Education Relief Fund (GEER) (CARES Act). Funds were allocated to entities not eligible for ESSER funds (Educational Service Centers, Joint Vocational School Districts, County Boards of Developmental Disabilities, and state supported institutions), along with several nonprofit organizations and mental health supports for schools and districts. (Fund 3HQ0; ALIs 200500 and 200627)
- \$33.8 million from GEER II (CRRSA Act) to provide additional funding to entities not eligible for ESSER funds and support the establishment of school-based healthcare centers in high-need districts and counties. (Fund 3HQ0; ALI 200627)
- \$310 million from two rounds of Emergency Assistance for Nonpublic Schools (CRRSA Act and ARP Act). The Department made these funds available to nonpublic schools through contracts with Educational Service Centers where eligible nonpublic schools are located. (Fund 3HQ0; ALI 200651)
- \$29.3 million from the ARP Homeless Children and Youth Grant (ARP Act). Funds were allocated to public schools and districts to address the needs of students experiencing homelessness. (Fund 3HZ0; ALI 200641)



- \$99.2 million from ARP IDEA and Preschool IDEA (ARP Act). Funds were allocated to public schools and districts as a supplement to the ongoing funding allocations from the Individuals with Disabilities Education Act to support specific needs of students with disabilities. (Fund 3IA0; ALI 200657)

Conclusion

Chairman Callender, Ranking Member Skindell, and members of the subcommittee, thank you for your time and consideration this morning. I am happy to answer any questions that you may have.