

WHAT THE **AMERICAN RESCUE PLAN** ACT OF 2021 MEANS FOR TEXAS

On March 11, President Biden signed the [American Rescue Plan Act of 2021](#) (ARP) into law, providing \$1.9 trillion in COVID-19 relief funding.¹ This package contains roughly \$125 billion for the K-12 education system, nearly \$40 billion for the higher education system, makes some changes to existing COVID relief distribution mechanisms, and provides several other funding streams related to education.²

Outside of education, unlike previous relief bills, the American Rescue Plan Act provides aid to state and local governments, estimated at \$16.7 billion for the State of Texas and an additional \$10.9 billion to cities and counties across the state.³

ADDITIONAL FUNDING FOR EDUCATION

Similar to the CARES Act structure that was also maintained by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), ARP provides an additional \$165 billion through a modified Education Stabilization Fund (ESF), which includes three main funding streams: the Elementary and Secondary School Emergency Relief Fund (ESSER III), the Higher Education Emergency Relief Fund (HEER III), and the Emergency Assistance to Non-Public Schools (EANS).⁴ Unlike prior relief packages, the Outlying Areas and Bureau of Indian Education will each receive \$850 million in appropriations through funding streams other than the ESF.⁵ Unlike the CARES and CRRSA Acts, the bill does not provide additional funding for the Governor's Emergency Education Relief Fund (GEER).⁶

The law includes two critical fiscal policies: maintenance of effort and maintenance of equity designed to protect the most underserved students from disproportionately harmful cuts experienced in past recessions. As a condition of receiving funds, states are now required to:

- **Maintain effort:**
 - Ensure that spending for K-12 education and higher education represents at least the same share of total state spending in FY22 and FY23 as it did, on average, in FY17, FY18 and FY19
- **Maintain equity:**
 - Ensure that any cuts to state funding in FY22 and FY23 for “high-need” school districts are less than the overall reduction in state funding across all districts in the state, on a per-student basis. High-need districts are defined as the districts with the highest percentages of economically disadvantaged students that collectively serve 50% of the state’s students
 - Ensure that “high-poverty” school districts receive at least as much state funding in FY22 and FY23 as in FY19, on a per-student basis. High-poverty districts are districts with the highest percentages of economically disadvantaged students that collectively serve 20% of the state’s students

- Ensure that districts do not reduce funding or staff in any high-poverty school in a manner that exceeds the total reduction in district funding or staff or all schools, on a per-student basis. A high poverty school is defined as a school that is in the top 25% of schools in the district based on the percentage of economically disadvantaged students. Districts are exempt from this requirement if they:
 - Have fewer than 1,000 students
 - Operate a single school
 - Serve all students in each grade span in a single school
 - Demonstrate an exceptional or uncontrollable circumstance as determined by the Department of Education

The three major education funding streams within the Education Stabilization Fund are described below.

The **Elementary and Secondary School Emergency Relief Fund** (ESSER III) includes almost \$122.8 billion in federal funding, of which **Texas is eligible for over \$12.4 billion.**⁷ Funds will be distributed to states based on the share of funding they receive under Title I of the Every Student Succeeds Act (ESSA), which is used to allocate federal education funding to students from low-income backgrounds.⁸ Once states receive the money, they must distribute at least 90% of funds to districts based on how much the district receives from Title I.

At the state level, state educational agencies (SEAs) must reserve 5% of their allocation to address interrupted learning for underserved students, 1% for evidence-based summer enrichment programming, 1% for evidence-based comprehensive after-school programs, and 3% for administrative costs to address issues in response to the pandemic. Also new within ESSER, ARP provides \$800 million for wraparound services and assistance for children and youth who are experiencing homelessness.⁹ **Here is the breakdown for Texas:**

Funding Category	Texas Funding
Minimum Grants to LEAs (90%)	\$10,866,265,375
Minimum-Learning Recovery Grants (5%)	\$620,929,450
Summer Enrichment (1%)	\$124,185,890
After-School Programs (1%)	\$124,185,890
Administrative Costs (Up to half of 1%)	\$62,092,945
Remaining State Funding (2.5%)	\$310,464,725
Homeless Students	\$81,450,195

District use of ARP funds largely remains the same as under the CARES and CRRSA Acts. Allowable uses include

addressing interrupted instruction, preparing schools for physical reopening, purchasing education technology, providing mental health supports, and other activities authorized under existing law.¹⁰ However, districts must also use at least 20% of funds to address interrupted learning (totaling \$2.1B across districts statewide).¹¹

Per the statutory text, all funds must be allocated and spent by September 30, 2023, but under other areas of federal law, states and localities have until September 30, 2024 in actual practice to allocate and spend these funds.¹²

The **Higher Education Emergency Relief Fund** (HEER III) consists of nearly \$39.6 billion in federal funding, of which Texas will be eligible for over \$3 billion.¹³ Ninety-one percent of these funds will be distributed directly to public and private nonprofit institutions and postsecondary vocational institutions, while 7.5% will be distributed through minority-serving institutions (MSIs) such as historically Black colleges and universities (HBCUs) and Hispanic-serving institutions (HSIs).¹⁴ The remaining funds will be split between for-profit institutions and those that have the greatest unmet need related to COVID-19.¹⁵

Institutions receiving funds will have a wide range of accepted uses but will be **obligated to spend at least the same amount on emergency grants to students as they did with funds allocated by the prior two packages**. Additional uses include implementing evidence-based practices to monitor and suppress COVID-19 and conduct direct outreach to applicants about their ability to receive a COVID-19 related financial aid adjustment.¹⁶

Lastly, a \$2.75 billion allocation is reserved for the **Emergency Assistance to Non-Public Schools Program (EANS)** to provide services or assistance to non-public schools that enroll large proportions of students from low-income backgrounds.¹⁷ These funds cannot be used to provide reimbursements to any non-public school.¹⁸ Allowable uses for EANS funds remain the same from the CRRSA Act, including personal protection equipment, educational technology, and reimbursement for expense non-public schools incurred during the pandemic.¹⁹

OTHER EDUCATION ALLOCATIONS

In addition to these major funds, ARP also allocates \$7.1 billion for home broadband connectivity and devices for K-12 students through the E-Rate program, \$1 billion to states to fund Head Start programs, \$14.9 billion for the Child Care and Development Block Grant, another \$23.9 billion for childcare stabilization funding, and increases the Child Tax Credit.²⁰ It also allocates an additional \$3 billion into programs funded through the Individuals with Disabilities Education (IDEA) Act and \$1 billion for the Corporation for National Community Service and the National Service Trust to increase the number of tutors trained through AmeriCorps.²¹

Finally, ARP extends the 15% increase in SNAP benefits through September 2021 and authorized the Pandemic EBT program to operate throughout the duration of the COVID-19 pandemic as well as during any school year and subsequent summer in which a public health emergency is declared.²²

ENDNOTES

1. Congress of the United States of America, American Rescue Plan Act of 2021, March 2021. <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>
2. Ibid
3. https://www.ncsl.org/Portals/1/Documents/cyf/State_and_Local_Allocation_Estimates_The_American_Rescue_Plan_Act_of_2021.pdf
4. Ibid
5. Ibid
6. Rebecca R. Skinner, Joselynn H. Fountain, Cassandra Dortch, and Emma C. Nyhof, "Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319," (Washington D.C.: Congressional Research Service, March 2021). https://www democrats.senate.gov/imo/media/doc/CD%20memo_ESSER_EANS_HEERF_Senate%20passed%20sub%20to%20HR1319_3-8-21.pdf
7. Ibid
8. Ibid
9. Ibid
10. Congress of the United States of America, American Rescue Plan Act of 2021, March 2021. <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>
11. Ibid
12. Rebecca R. Skinner, Joselynn H. Fountain, Cassandra Dortch, and Emma C. Nyhof, "Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319," (Washington D.C.: Congressional Research Service, March 2021). https://www democrats.senate.gov/imo/media/doc/CD%20memo_ESSER_EANS_HEERF_Senate%20passed%20sub%20to%20HR1319_3-8-21.pdf
13. Ibid
14. Ibid
15. Ibid
16. Congress of the United States of America, American Rescue Plan Act of 2021, March 2021. <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>
17. Ibid
18. Ibid
19. Rebecca R. Skinner, Joselynn H. Fountain, Cassandra Dortch, and Emma C. Nyhof, "Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319," (Washington D.C.: Congressional Research Service, March 2021). https://www democrats.senate.gov/imo/media/doc/CD%20memo_ESSER_EANS_HEERF_Senate%20passed%20sub%20to%20HR1319_3-8-21.pdf
20. Congress of the United States of America, American Rescue Plan Act of 2021, March 2021. <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>
21. Ibid
22. Ibid