

CRRSA ESSER (“ESSER II”) Funding Distribution and Grants Management Requirements

Congress enacted the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) on December 27, 2020. CRRSA authorizes significant new money for the Elementary and Secondary School Emergency Relief (ESSER) fund program originally authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES). States must distribute and use this money as follows.

How must ESSER II funds be distributed to LEAs?	ESSER II funds must be distributed to LEAs in the same manner as ESSER I funds, meaning SEAs must distribute ESSER II funds in proportion to the amount of Title I, Part A funds each LEA received in the most recent fiscal year.
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The ESSER II law states:

SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—Each State shall allocate not less than 90 percent of the grant funds awarded to the State under this section as subgrants to local educational agencies (including charter schools that are local educational agencies) in the State in proportion to the amount of funds such local educational agencies and charter schools that are local educational agencies received under part A of title I of the ESEA of 1965 in the most recent fiscal year. (CRRSA, Section 313(c))

The most recent fiscal year is federal fiscal year (FY) 2020,¹ meaning SEAs must distribute ESSER II funds to LEAs based on their FY 2020 Title I, Part A awards (which is the award year beginning on or around July 1, 2020).

SEAs must award ESSER II funds to LEAs by January 2022 (within one year of receiving them). Any funds that remain unawarded by then must be returned to the U.S. Department of Education. (CRRSA, Section 313(g))

Can an SEA use its state funding formula to distribute ESSER II funds?	No. SEAs must distribute ESSER II funds using the formula Congress prescribed in CRRSA.
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¹ U.S. Department of Education, [Cover Letter to Commissioners](#) and [CRRSA ESSER II Methodology and Allocation Table](#), (2021).

What are the allowable uses of ESSER II funds?

ESSER II funds can be used for a wide variety of activities to prevent, prepare for, and respond to coronavirus. All activities that are allowable under ESSER I are allowable under ESSER II and vice versa.² ESSER I and ESSER II spending must comply with the federal government's [Uniform Grant Guidance](#) (UGG) and the [Education Department General Administrative Regulations](#) (EDGAR).³

Neither ESSER I nor ESSER II contains a "supplement not supplant" provision, which means ESSER funds can be used for costs previously supported with state or local funds if they are allowable under ESSER and related federal rules. (Please see prior memorandum for additional information on how ESSER II's maintenance of effort provision applies.)

What other requirements apply to ESSER II funds?

Among other requirements, the following apply:

Reporting: SEAs receiving ESSER II funds must comply with CARES Act reporting requirements, which are satisfied through Federal Funding Accountability and Transparency Act (FFATA) reporting, and submit a report to the Secretary of Education within six months that contains a detailed accounting of ESSER II funds, including how the State is using funds to measure and address learning loss among students disproportionately affected by coronavirus and school closures.

Tracking: ESSER II funds must be tracked separately from ESSER funds.

Cash management: SEAs must comply with all responsibilities under the Cash Management Improvement Act (CMIA), and subgrantees, including LEAs, must minimize the time elapsing between the transfer of funds from the State and disbursement by the subgrantee. (2 CFR § 200.305(b))

² The ESSER II law includes additional categories of allowable activities that were not specifically listed in ESSER I, but the U.S. Department of Education [clarified](#) that the "additional" uses of funds listed in ESSER II are also allowable under ESSER I.

³ 34 CFR parts 75, 77, 79, 81, 82, 84, 86, 97, 98, and 99.