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**TO:** Members of the State Board of Education

**FROM:** Carey M. Wright, Ed.D., State Superintendent of Schools 

**DATE:** April 29, 2025

**SUBJECT:** Update on the impact of the United States Department of Education action on ESSER Funding

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### Purpose

The purpose of this item is to provide an update on the impact of the March 28, 2025 action by the United States Department of Education (USED) on ESSER Funding.

### Executive Summary

- On March 28, 2025, USED notified the state education agencies (SEAs) that late liquidation period authorized under the Education Stabilization Fund was ended on March 28, 2025.
- This change impacted both CRRSA (ESSER II) and ARP (ESSER III) programs
- USED also notified SEAs that late liquidation requests will be considered on a project-by-project basis by providing certain additional information.
- The Department is working with the stakeholders across the state for next steps.
- Additional updates will be provided in future committee meetings as well as the full board meetings as they become available.

### Action

No action is required; this information is for discussion only.

### Attachments

ESSER Funding - USED Decision Impact.pptx

OFFICE OF FINANCE

# ESSER Funding

## Impact of the US Department of Education (USED) Decision

April 29, 2025

Presented By | Krishna Tallur, Deputy State Superintendent  
Donna Gunning, Assistant State superintendent

# Introduction

- On March 28, 2025, United States Department of Education (USED) notified the State Education Agencies (SEAs) that late liquidation period authorized under the Education Stabilization Fund was ended on March 28, 2025.
- This change impacted both CRRSA (ESSER II) and ARP (ESSER III) programs
- USED also notified SEAs that late liquidation requests will be considered on a project-by-project basis by providing:
  - How a particular project's extension is necessary to mitigate the effects of COVID on American students' education, and
  - Why the Department should exercise its discretion to grant SEA's request.

# Background

A total of \$3.4 billion distributed to over 860,000 students translates to about \$600 per pupil in funding.

Source	Law	Maryland Appropriation
Federal Funding - ESSER I	Coronavirus Aid, Relief, and Economic Security (CARES) Act	\$207M
Federal Funding - ESSER II	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)	\$868M
Federal Funding - ESSER III	American Rescue Plan (ARP) Act	\$1.9B
State Funding	Governor’s Emergency Education Relief (GEER)	\$534M
TOTAL FUNDING		\$3.4B

# Background

- MSDE submitted timely late liquidation requests based on the USED guidance in 2024 and both the CRRSA and ARP requests were approved.
- MSDE had until March 31, 2025, to liquidate ESSER II funding and March 31, 2026, to liquidate ESSER III funding.

## Updates from USED

- On April 3, 2025, USED participated in a webinar conducted by the Council of Chief State Schools Officers (CCSSO) and provided additional details:
  - The liquidation approvals are granted at the discretion of the U.S. Secretary of Education.
  - USED is establishing a weekly review and approval cadence to expedite the process.
- As a follow-up, USED sent additional communication regarding the information needed to be included in the late liquidation request.



## MSDE Actions

- Notified Governor's Office, Department of Budget and Management (DBM), and Maryland General Assembly (MGA).
- Notified Local Education Agency (LEA) Superintendents and Chief Financial Officers (CFOs).
- Created a form and spreadsheet to collect the necessary information from the LEAs to resubmit the late liquidation requests to USED. Conducted technical assistance (TA) sessions on the data collection process for LEAs.
- Dr. Wright met with LEA superintendents on April 7, 2025, to go over ESSER funding and other USED communications.
- Working closely with Office of Attorney General (OAG) to explore legal options.
- Providing necessary information to the Maryland's Congressional Delegation in consultation with the Governor's Office.

# Impact

- Total impact to the State of Maryland is **\$232.1 million**, about 7% of the funding received by Maryland:
  - **\$127.5 million** in funds spent by LEAs, reimbursed by MSDE but not yet reimbursed by USED.
    - **\$79.9 million** in CRRSA (ESSER II)
    - **\$46.3 million** in ARP (ESSER III)
    - **\$1.3 million** expenses for the Homeless Children and Youth (HCY) program as well as Educational Assistance for Nonpublic Schools (EANS)
  - **\$104.6 million** in funds that have not yet been spent also have a direct impact on LEAs.
    - \$102.8 million in ARP
    - \$1.8 million in HCY funding



## Impact Analysis

	Fund Source	Academic Initiatives	Capital Projects	Total	Liability	MSDE Action
Funds spent by the LEAs and reimbursed by MSDE, but not reimbursed by the federal government	ESSER II			\$79,900,000	State	Submitted drawdown request on January 26, 2025, March 31, 2025, and April 8, 2025
Funds spent by the LEAs and reimbursed by MSDE, but not reimbursed by the federal government	ESSER III			\$46,241,752	State	Submitted drawdown request on April 17, 2025
Funds spent by the LEAs and not yet submitted to MSDE for reimbursement	ESSER III	\$17,323,242	\$24,606,837	\$41,930,079	LEAs & Vendors	Resubmitted late liquidation request for \$98.7 million on April 14, 2025
Funds encumbered but not spent by the LEAs	ESSER III	\$20,205,116	\$36,571,641	\$56,776,757	N/A	
Unused and unspent funds*	ESSER II and ARP HCY			\$7,251,412	N/A	N/A
<b>TOTAL</b>				<b>\$232,100,000</b>		

*\* The amount represents available funds from CRRSSA ESSER II, ARP Maryland Leads, and ARP Homeless Children and Youth that won't be used by the LEAs. The amount represents a fraction of a percent of the total award for each program.*

# Questions & Answers