

## CRRSA ESSER and GEER Maintenance of Effort Requirements

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) was enacted on December 27, 2020. CRRSA provides significant new funding for the GEER and ESSER fund programs originally created by the Coronavirus Aid, Relief, and Economic Security Act (CARES). To receive this supplemental relief funding, states must assure they will maintain a certain level of state spending on education. This is known as a **maintenance of effort (MOE)** requirement and is summarized below. Please contact [Peter.Zamora@ccsso.org](mailto:Peter.Zamora@ccsso.org) with questions.

<b>What is CRRSA's MOE requirement?</b>	<p>To receive new GEER or ESSER funds under CRRSA, states must assure that in fiscal year (FY) 2022 they will spend the same proportion of their state budgets on elementary and secondary education and higher education<sup>1</sup> as they did on average in FYs 2017, 2018 and 2019. For example, if a state spent on average 30% of its state budget on education in FYs 2017, 2018 and 2019, then it must spend at least 30% of its state budget on education in FY 2022.</p> <p>Please note this is different from CARES's MOE, which requires states to spend at least the same <i>amount</i> of state money on education in FYs 2020 and 2021 as they did on average in FYs 2017, 2018 and 2019. For example, if a state spent on average \$10 billion in state money on education in FYs 2017, 2018 and 2019, then it was required to spend at least \$10 billion on education in FY 2021.</p>
<b>What does the CRRSA's MOE mean in practice?</b>	<p>In practice, states that receive GEER or ESSER funds may reduce their state spending on education in FY 2022, but not at a greater percentage than reductions to other state-funded activities. For example, consider a state that spent on average \$10 billion of state funds on education in FYs 2017, 2018 and 2019, which amounted to 30% of the state's budget. In FY 2022, the state plans to reduce its state spending on education to \$9.5 billion, but since it is reducing other parts of its budget too, spending on education will still amount to 30% of the state's budget. This would satisfy CRRSA's maintenance of effort requirement because the state did not reduce its <i>proportion</i> of education spending although it reduced the <i>amount</i>.</p> <p>Please note neither the GEER nor ESSER fund programs contain a supplement not supplant provision. This means that as long as a state meets its MOE obligations, it can use GEER and ESSER funds to pay for allowable expenses that were previously supported with state funds. (School districts and other entities that receive GEER and ESSER funds can also use those funds to pay for allowable expenses previously supported with state or local funds.)</p>
<b>Is there any flexibility to the MOE requirement?</b>	<p>The U.S. Department of Education can waive CRRSA's MOE requirement to relieve fiscal burdens on states that have experienced a precipitous decline in financial resources. The Department has not yet provided guidance on what factors it will consider when reviewing waiver requests.</p>
<b>Are there other federal laws that affect state spending?</b>	<p>Other federal laws including the Elementary and Secondary Education Act (ESEA), the Individuals with Disabilities Education Act (IDEA), and the Carl D. Perkins Career and Technical Education Act (Perkins), also have rules that require states to spend a certain amount of state money on education as a condition of receiving funds. These rules are different from CRRSA; therefore, even if state spending reductions satisfy CRRSA's MOE requirements, states must also ensure they separately satisfy the spending minimums required by other federal education laws. Spending CRRSA funds will not count towards satisfying ESEA, IDEA, or Perkins's requirements because CRRSA funds are considered to be federal, not state, funds.</p>

<sup>11</sup> This includes state funding to institutions of higher education and state need-based financial aid, but not support for capital projects or for research and development or tuition and fees paid by students.