

SCHOOL
DISTRICT
SPENDING
OF
AMERICAN
RESCUE
PLAN
FUNDING

PART II

January 2022



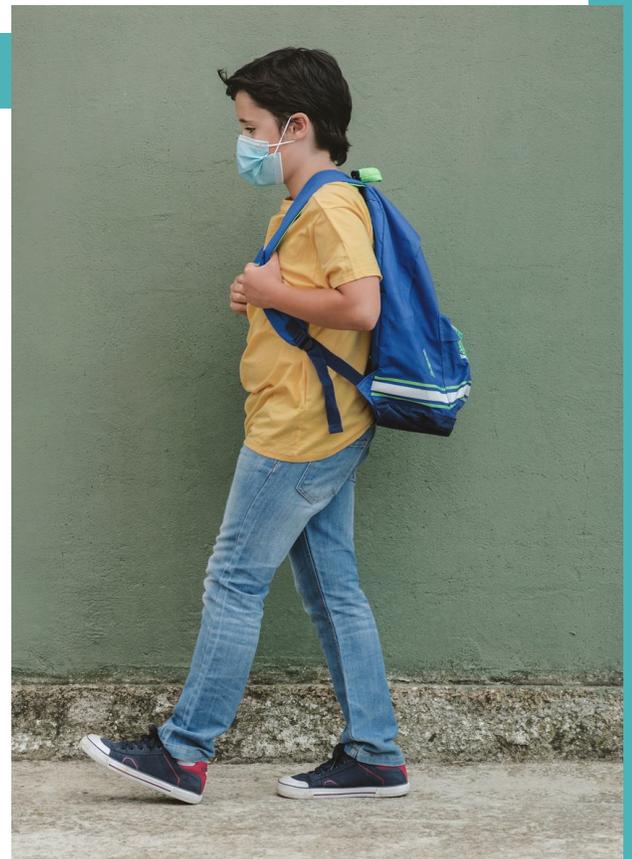
INTRODUCTION

In January 2022, AASA, The School Superintendents Association, launched the second part of its multi-series survey focused on how district leaders across America are utilizing American Rescue Plan (ARP) funds to respond to the pandemic and in particular, address student learning recovery. Hundreds of superintendents responded to this survey, which asked nearly identical questions to the [first survey iteration](#) that was issued in July.

BACKGROUND

In 2021, as part of its response to the COVID-19 pandemic, Congress directed \$122 billion to state and local education agencies via the American Rescue Plan (ARP) to help reopen schools and aid school districts in addressing the impact the pandemic had on students through improvements to their academic, social-emotional, and mental and physical health needs, and updates to school facilities to ensure healthy learning environments.

AASA believes this infusion of federal funding will have a lasting impact in enabling students to not only recover from lost in-person instruction, but in assisting district leaders in thoughtfully investing federal funds in ways that address longstanding disparities in accessing educational opportunities for students that were only exacerbated as a result of the COVID-19 pandemic.



To date, all but one state has distributed, at least in part, American Rescue Plan funds to districts. Given the timeline to obligate funding by September 2024, it is imperative that states take immediate action to ensure districts have access to all the American Rescue Plan funding they need for programming and purchases.

The AASA survey sought information about two key spending questions:

- 1) How districts plan to use ARP funds to address unfinished learning during the summer of 2022 and in the 2022-23 school year, and
- 2) What systemic improvements districts plan to make because of ARP funding over the next three years to improve education outcomes and close equity gaps.

AASA also sought more data on school construction and facility improvements. When we issued our initial survey during the summer of 2021, Congress was still discussing the parameters of the Build Back Better Act and there was optimism they would include a significant new funding stream for districts to improve their school facilities funding that had been excluded in the Infrastructure Investment and Jobs Act.

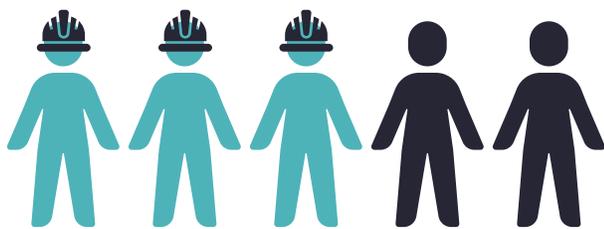
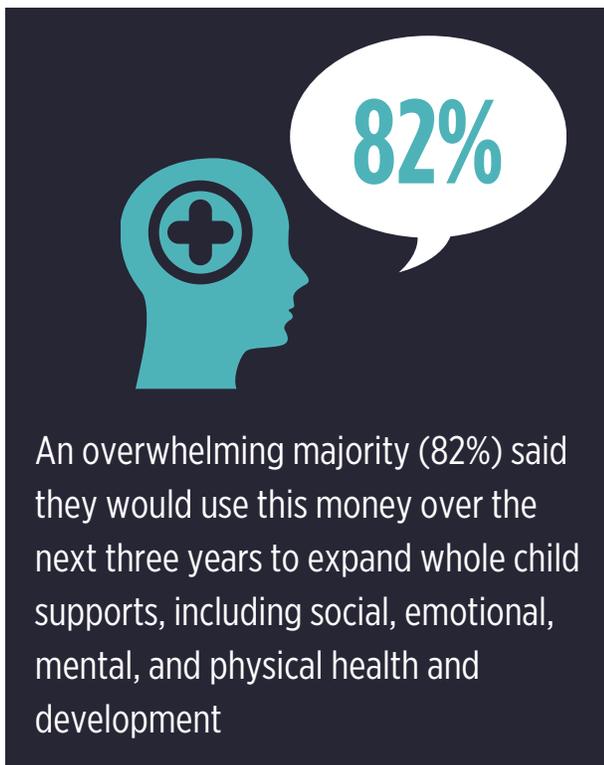
By the fall of 2021, school facility funding was considered a non-starter for the Build Back Better Act, and districts that may have been hoping they would not need to spend ARP funds on school facilities began to pivot towards trying to utilize this funding for capital projects and upgrades related to enhancing air quality and improving social distancing. Consequently, we revised our ARP survey to include a question about school construction that did not appear in our first survey.



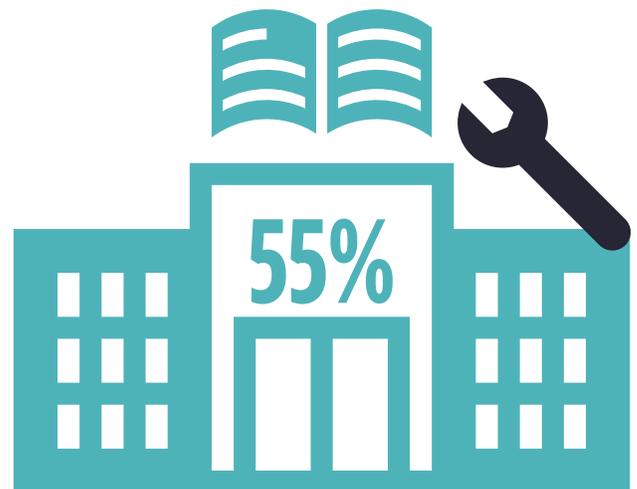
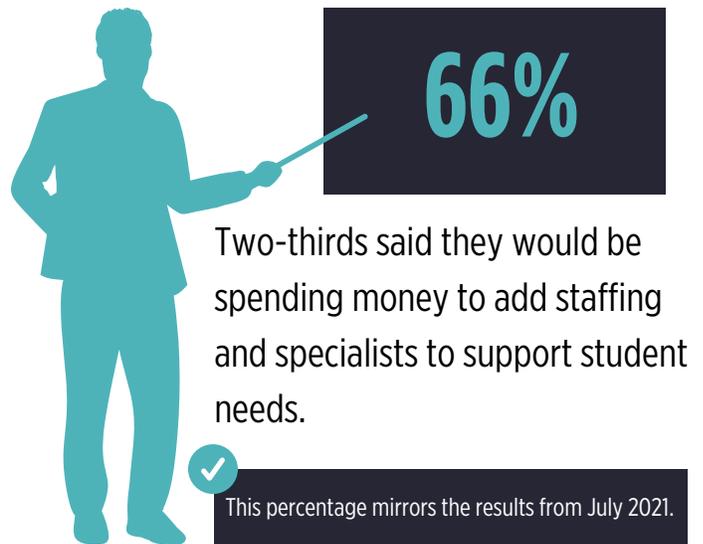
KEY FINDINGS



More than three-quarters of respondents indicated they would continue to invest funds in summer learning and enrichment programming for Summer 2022.



A little more than half of respondents said they needed an extension beyond 2024 to obligate funds for HVAC upgrades and other school construction related projects related to the pandemic; a doubling of the response rate from July.



More than half (55%) said they would spend a portion of their ARP funding on renovating and updating school facilities.

A CLOSER LOOK

In many ways, the data on what districts were planning to spend ARP funding on for the summer of 2022 and the 2022-23 school year is considerably similar to their responses to how they planned to spend funding for the 2021-22 school year and for the summer of 2021.

The American Rescue Plan required superintendents to collaborate with numerous stakeholders in developing spending plans and while nothing impedes their ability to reconsider their spending decisions, it is a complicated undertaking to do so. Many districts may wait until late spring when they must finalize local budgets to reconsider or adjust their ARP spending priorities as well.



Furthermore, both the Delta and Omicron variant complicated many districts' plans to potentially shift gears in the 2022-23 school year since learning recovery efforts were complicated during the fall and winter of 2021 due to labor shortages, short-term school closures and the need to continue investing heavily in PPE and other pandemic-related supplies and needs. Taken together, it is therefore unsurprising to see significant alignment in spending allocations within six months.

Districts still plan on immediately investing heavily in the same three areas:



Expanding summer learning



Adding additional specialist staff

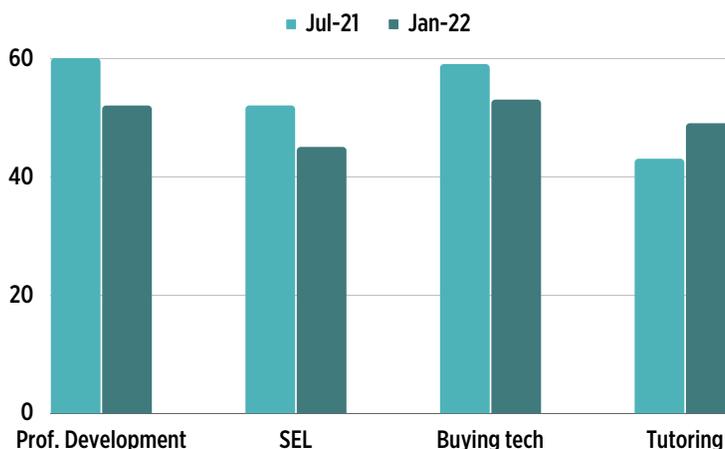


Investing in high-quality instructional materials

A CLOSER LOOK

There were a few small, but significant differences in some of the spending data as outlined in the chart below.

When we compare this data to other reports of ARP spending, specifically a 2022 report issued by [FutureED](#), we find considerable alignment. They reported the top three expenditures for districts were on hiring teachers, academic specialists, summer learning and HVAC/repairs to prevent illnesses.



When we sought to disaggregate our findings by type of district, we found urban, suburban and rural districts have the same top two priorities: expanding summer learning and adding specialist staff but differed on the third priority.



URBAN - professional development



SUBURBAN - social-emotional learning



RURAL - high-quality curriculum



Interestingly, rural districts were far less likely than suburban and urban districts to indicate they would be investing in social-emotional learning practices and/or trauma-informed schools. This could have to do with the recent politicization and misunderstanding of what social-emotional learning entails that may be more prevalent in rural communities. Rural and suburban districts are more likely to indicate they would be spending more money on compensating staff to add learning time as well as spending ARP funds to provide high-intensity tutoring.

LONG TERM ARP SPENDING OBJECTIVES

In response to our question about what systemic improvements districts were planning to make because of ARP funding over the next three years to improve education outcomes and close equity gaps, the results were very similar from July.

1



The top category remained expanding whole child supports, including social, emotional, mental, and physical health and development, which is a category of spending that we anticipate districts will be prioritizing investing in well beyond the ARP expenditure timeline of 2024.



This is not surprising given that health and mental health providers, including the American Academy of Pediatrics, are warning that children and adolescents in the U.S. are facing a mental health state of emergency.

2



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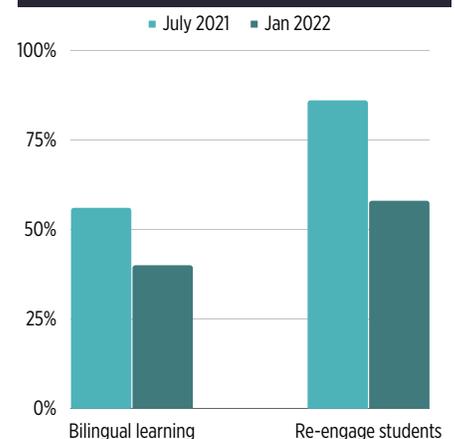


Second and third investment priorities for system changes included renovation and updates to school facilities, including HVAC systems, and re-engaging high school students who have fallen off-track.

As we separated data sets by locale, we find urban districts are three times more likely than suburban and rural districts to use ARP funds to build a diverse teacher preparation pathway to address shortages. As in the previous survey, urban districts are still the most likely to provide bilingual learning opportunities and enhanced services for ELL students but their commitment to doing so decreased since 2021 from 58% to 40%. Interest among urban districts to identify and proactively re-engage students who are offline, hard to find, or have left school altogether because of school closure also significantly decreased since 2021 from 86% to 58%.

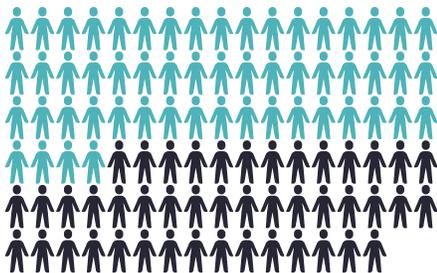
Rural districts were very consistent in their priorities around systemic improvements when comparing January 2022 and July 2021 data. In 2022, suburban districts were less likely to focus on special education improvements, building a diverse teacher pathway and expanding early childhood education than they were in 2021.

Urban district priorities in 2021-22



SIGNIFICANT ISSUES WITH HVAC AND CAPITAL PROJECTS

By far, the most interesting and consequential finding in this report is the number of districts that are reporting difficulty in spending ARP money on HVAC and capital improvements before the 2024 deadline. As in the prior survey, a majority of districts plan to use ARP money for these upgrades, but now more than half of them believe it will be an obstacle to use these dollars for these proposed infrastructure and HVAC projects due to supply chain issues, labor and material shortages, and the current timeline and pace of these projects.



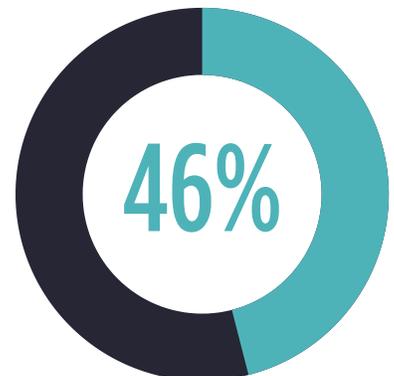
In contrast, less than a quarter of school leaders listed the September 2024 obligation deadline as an obstacle in July.



A closer look at these districts detail that two-thirds of them are rural and a quarter of them enroll less than 1,000 students. This makes sense given how unlikely it is that they have received federal funding before that can be used for capital expenditures leading to the need to educate themselves about the federal contracting processes and procurement rules and that the likelihood that they have significant deferred maintenance is very high.

Intense competition for limited contractors, engineers and supplies have made these small and rural districts less likely to yield successful bids or estimates for these critical projects as they are competing with districts that can offer much larger, more lucrative contracts for the same scope of work and projects.

A follow-up question we included in this survey was whether they would be more likely to shift funds over to capital projects and HVAC if they had more time to do so and 46% of districts responded that they would consider moving money towards these expenditures if the timeline was extended and they had more time to complete these projects.



CONCLUSION

Since our first report was published, members of Congress continue to have significant concerns that district leaders are either taking too long to spend or are unsure about how to spend federal COVID-19 relief funding to address specific pandemic-related educational issues.

When evaluating the ARP dollars and looking to evaluate how schools invested the critical funds, it is just as important to collect data on expenditures and drawdowns as it is to ensure that data and the emerging narrative are structured in a manner that reflects the realities of how school districts access and draw down the funding they have available. And specific to ARP funding, it is important to note that this funding is largely a reimbursement system.



Despite attempts to make lawmakers understand the bureaucratic hurdles to spending this funding and the rules that both local education agencies and State Education Agencies must comply with to obligate this federal funding, lawmakers on Capitol Hill continue to assert that districts are not adequately spending American Rescue Plan funds. However, we believe it is disingenuous for Congressional leaders to provide school districts a multi-year timeline to spend this funding and then question why schools cannot spend an unprecedented amount of money seemingly immediately.

Public school system leaders are stewards of public funds and have a professional responsibility to act expeditiously while also being accountable, transparent, and purposeful. When faced with the fact that ESSER dollars have a multi-year timeline and a pandemic whose impact will likely endure beyond the ESSER deadline, school system leaders should not be shamed for a purposeful multi-year drawdown.

The other concerning narrative emerging from Capitol Hill is that school districts are unsure of how to spend federal dollars. School districts have a very clear understanding of what their needs are, both short-term and long-term. What they do not have, however, is a level of certainty as it relates to what funding level may be coming from Congress. As we write this report, Congress is nearly six months late in its annual appropriations work, and depending on how negotiations go, funding levels in critical federal programs like Title I and IDEA could realize proposed increases or come in nearly 35% lower, at current funding levels. Paired with the back-and-forth of whether an infrastructure package would include the nation's public schools, one can understand why school districts may be purposeful in spending down their dollars: It would be premature and not fiscally prudent to lock in expenses that rely on the braiding of multiple funding streams.

As this report and our previous report illustrates, districts have specific, consistent plans for ARP expenditures, and we will continue to monitor the trends and challenges in spending ARP through 2024.

