

Stimulus Frequently Asked Questions

Q: What happened to the \$5.5 billion in K-12 funding Texas received from round two of the federal stimulus funding?

A: In December of 2020, Texas was awarded \$5.5 billion under the second round of federal stimulus known as the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The local funding is based on the proportion of Title I students and is meant to help with COVID-19 related issues, including learning loss, technology needs, and improving air quality. These funds are still awaiting distribution by either the Texas Legislature or the Governor.

Q: Why haven't these funds flowed to schools yet?

A: Due to ongoing discussions and policy debates, CRRSA funding has yet to reach any Texas schools — money that has already been allocated in 45+ other states. Discussions to supplant some or all of these funds by using them to replace costs in the state's budget are still being debated. Previously, there were questions about whether Texas has spent enough on higher education under federal requirements.. These questions about the maintenance of effort requirements for higher education appear to have been resolved.

Q: How much of the federal funds is the Texas Education Agency allowed to reserve?

A: The state is also allowed to reserve 10 percent of the funding for statewide programs, which is just over \$550 million from round two and just over \$1.2 billion from round three. There are certain obligations the state must meet with round three funds: 5 percent addressing learning loss, 1 percent summer enrichment programs, 1 percent after-school programs, .5 percent for administrative costs.

Q: Do we know how the state will use its portion of the federal funds?

A: There is legislation being discussed that might direct the Commissioner's use of the 10 percent reserved for the state education agency. However, TEA does not need legislation to allocate its state agency-level funding to school districts or create statewide grant programs. It is given budgetary authority for federal grants in the state's General Appropriations Act.

The Legislature could provide additional guidance to TEA on how to use any or all of these funds but would need to act before the end of this legislative session. RYHT will

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remain alert to any possibility of federal funds being used to support private school vouchers or rejected legislative proposals like outcomes funding.

Q: What happened to the \$12.4 billion Texas received from round three of federal stimulus funding?

A: In March of 2021, an additional \$12.4 billion was made available to Texas under the third round of federal stimulus known as the American Rescue Plan Act (ARP). The school district [allocations and applications](#) for these funds were made available on April 28. These funds are based on the proportion of Title I students and are meant to help with learning loss and other COVID-19-related issues. State leaders have [clearly promised](#) this funding will reach local schools, though legislation attempting to regulate its use is still pending. RYHT believes our districts and charters can best determine how to meet the needs of their students in our diverse state.

Q: Will Texas and schools have to develop a plan on how to spend these funds?

A: The federal grants require Texas and local school districts to [create a plan and seek public comments](#) in the coming weeks. Most schools will focus on after-school programs, extended days and school year, high-dosage tutoring, and other evidence-based interventions as early as this summer. Most schools have already started this planning, but there is still real uncertainty due to new legislation being discussed with just a few weeks left of the legislative session.

Q: How long do schools have to spend the federal stimulus dollars?

A: Under federal guidelines, ARP funds may be used for allowable activities for COVID-19 related issues dating back to March 13, 2020, through September 30, 2024. Districts and charters can “encumber” funds to allow them to make expenditures through the 2024-25 school year.

Q: Is there state legislation trying to require schools to extend this timeline?

A: Yes, a state provision being discussed (HB 1525) would require local supplantation of these funds by placing 40 percent of the ARP funds in each local school district's fund balance so those funds could not be used until the beginning of the 2024-25 school year. This stretches the three- to four-year federal use of funds into a five-year state requirement to use the COVID-19 relief money. RYHT opposes the removal of flexibility for our school districts. School leaders and their locally elected school boards are best positioned to make the right decisions for their students and they are already able to defer spending if they decide it is in the best interest of their students.

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