



The Impact of COVID-19 on School Funding Frequently Asked Questions, May 13, 2021

For general information on how schools are funded, a short video is available on the [business services page](#) of our district website.

A. How is federal COVID-19 relief funding awarded to Michigan schools?

The U.S. Department of Education has provided federal funds to be appropriated to states. The funding sources are as follows.

- **ESSER I.** The Elementary and Secondary School Emergency Relief (ESSER) Fund provides relief under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted on March 27, 2020.
- **ESSER II.** The ESSER II Fund provides relief under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act enacted on Dec. 27, 2020.
- **ESSER III.** The ESSER III Fund provides relief under the American Rescue Plan Act passed on March 11, 2021.

B. Do all schools across the state get the same amount of federal funding?

No, state school districts do not get equal amounts of federal funding. The MDE awards 90 percent of the ESSER relief funds to eligible local school districts based on the 2019-20 Title I, Part A funding formula, designed to boost districts that serve more children living in poverty or with special needs. This is a requirement of the CARES Act. Title 1, Part A funding requires that non-public schools are entitled to a share of funding.

ESSER funds are a one-time appropriation, but the money comes from the federal government in three rounds of COVID-19 relief funding over several years. It is important to note that ESSER funds will **not** be provided as ongoing funding for school districts.

C. How does RCS relief funding compare with other districts in Oakland County and across the Detroit Metro area?

Here are some comparisons of similar schools in our area.

School District	Student Count FY 2020	ESSER I Amount Per Pupil	ESSER II Amount Per Pupil	ESSER III Amount Per Pupil	Total ESSER Amount
Birmingham	7,951	\$16	\$60	\$135	\$1,622,603
Troy	13,111	\$16	\$65	\$145	\$2,951,367
RCS	15,410	\$16	\$67	\$150	\$3,566,551
Oxford	6,846	\$27	\$122	\$273	\$2,892,953
Utica	26,669	\$94	\$447	\$1,004	\$40,897,136
Pontiac	3,938	\$1,082	\$4,563	\$10,248	\$61,498,477
Detroit	50,358	\$1,690	\$7,236	\$16,251	\$1,253,609,467

**There is variation in student counts for fiscal years between ESSER distributions.*

D. Of the \$3,566,551 in federal funding as described above, how much has the district received for COVID-19 relief?

Rochester Community Schools has received the following federal relief funds.

- \$252,916 has been received through ESSER.
- RCS anticipates receiving \$1,020,881 through ESSER II, upon full approval through the state of Michigan. At this time, 43 percent of funds have been allocated. Schools are awaiting the remaining 57 percent.
- RCS anticipates receiving \$2,292,754 through ESSER III. At this time, funds have not been allocated by the state.
- School breakfast and lunch reimbursements have also increased.

E. What can the federal COVID-19 relief funding cover?

ESSER funds are intended to support COVID-19 response efforts and may be spent on a wide range of allowable activities. For example, ESSER funds can be used for personal protective equipment, cleaning and sanitizing materials, supplies to maintain school operations during and after the COVID-19 pandemic, food service, and more. Funds can also be used for teaching and learning including: remote and online learning support, addressing the needs of children with disabilities or English language learners, technology, student and staff mental health services, supplemental learning programs, tech facilitation, and more.

F. Can ESSER funds be used to cover salaries?

Yes, ESSER funds be used to cover salaries. However, since ESSER funds will not be provided as ongoing funding for schools, districts must proceed with caution. Rochester Community Schools used ESSER I funds to support remote and online learning instruction.

G. Can ESSER funds be used to support contracted services?

The use of contractors is a widely recognized practice that school districts use to promote cost and process efficiencies within the organization. ESSER funds can be used for some services, such as custodial, transportation, and food services. The State of Michigan Procurement office through the Department of Education indicates that contractors must maintain appropriate insurance requirements such as workers' compensation and liability insurance; and be responsible for wages, benefits and taxes. As always, school districts are required to adhere to stringent auditing regulations.

H. How is state relief funding awarded to schools?

Eligible schools receive funding through the Coronavirus Relief Fund (CRF) under the Michigan Department of Education (MDE) and the School Aid CRF Funding Program.

I. Has RCS received state relief funding?

The following funding has been received through the state of Michigan as of April 19, 2021.

- \$5,393,514 was received in the August 2020 State School Aid payment as a new allowance line item called 11p CRF. This equates to \$350 per pupil and is restricted federal funding for compliance with public health measures, public health expenditures, and other specified eligible expenditures in 2019-2020.
- Approximately \$189,850 was received in the July 2020 State School Aid payment as a new allowance line item called 103(2) District COVID costs. This equates to approximately \$12.21 per pupil and is restricted federal funding for authorized uses that include enhanced school

disinfection, medical and protective supplies, PPE, public health signage, instructional or technology needs.

- The district anticipates additional funding of \$5,870,852 that is awarded on the condition that 20 hours of in-person learning is offered per week beginning March 22, 2021.

J. Have there been reductions in state funding?

Yes, the district had to account for a \$175 per-pupil reduction that amounted to \$2,696,757 as outlined under line item 11d SAF Revenue Shortfall Reduction. The state reduced the normal state aid by this amount, but provided the 11p funding noted above.

K. Have there been changes to our per-pupil state school aid funding?

The state has made adjustments to Section 25e of the State School Aid Act, which outlines student enrollment counts for school districts. Section 25e allows for funding to follow students that change schools between the fall count day and spring count day. The RCS pupil funding count was decreased by 1.76 for the 2020-21 school year. The funding formula is as follows.

\$8,529 per pupil is calculated as follows:

- 75% of funding based on 90% of Fall 2019 and 10% of Spring 2019
- 25% of funding based on 90% of Fall 2020 and 10% of Spring 2020

\$65 per pupil is calculated as follows:

- 50% of funding based on 90% of Fall 2019 and 10% of Spring 2019
- 50% of funding based on 90% of Fall 2020 and 10% of Spring 2020

L. What are the top budget challenges for the coming school year?

RCS remains mindful and cautious in making budget projections for the 2021-22 school year. One ongoing challenge is that school districts must complete their budgets by July 1; however the state foundation allowance is rarely determined by that time. School districts are left to base their budgets on predictions about state funding.

Additionally, school districts are concerned about a potential funding cliff. Historically, states have often used federal dollars to cover reductions in state aid, which allows schools to continue receiving equal or increased funding. Unfortunately, if states haven't planned accordingly, and federal funding ends, states are unable to make up the difference. In August 2020, state funding was reduced by \$175 per pupil; however, federal funding increased by \$350 per pupil.

Other pressing considerations include the state of the pandemic, results of contract negotiations, new federal funding, and a potential minimum wage increase.

M. Managing school funding is complex. How does Rochester Community Schools compare to other districts?

The Rochester Community School District's strategic plan requires fiscal stewardship, which includes maintaining a balanced budget that is sustainable, promotes growth, and supports high-quality student programs.

In 2021, the district was presented with the prestigious Association of School Business Officials International Meritorious Budget Award (MBA) for the fourth consecutive year. The MBA promotes and recognizes excellence in school budget presentation and is conferred only to school districts

whose budgets have undergone a rigorous review by finance professionals and have met or exceeded the program's stringent criteria. This award demonstrates a school district's commitment to upholding nationally recognized budget presentation standards. For the 2019-20 fiscal year, Rochester Community Schools was one of three Michigan school districts to be recognized with this honor.

Additionally, for the second time, RCS earned a Certificate of Excellence in Financial Reporting for meeting the highest standards for financial reporting and transparency. The latest award is related to the RCS Comprehensive Annual Financial Report for the fiscal year ended 2020. For the 2018-19 fiscal year, Rochester Community Schools was one of eighteen Michigan school districts to be recognized with this honor.