



# HOPE

## Historic Opportunity for Pontiac Education

STRATEGIC PLANNING OF ONE-TIME COVID DOLLARS TO ENHANCE LEARNING,  
HONOR EMPLOYEES, SUPPORT PROJECTS, AND STRENGTHEN PONTIAC SCHOOLS  
LONG TERM FINANCIAL HEALTH

# Outline

- ▶ Background
- ▶ ESSER II Overview
- ▶ ESSER III Overview
- ▶ Allowable Use Categories
- ▶ ESSER II Plan
- ▶ Impact on cash flow, impact on General fund

# Background

- ▶ Due to the impacts of the COVID-19 Pandemic, the Federal Government has provided various resources to school districts, the largest of which are ESSER I, ESSER II and ESSER III
- ▶ ESSER I occurred last spring, resulting in \$4.1 million being received by Pontiac Schools
- ▶ These dollars were instrumental in assisting the PSD in providing the necessary resources to make our schools buildings as safe as possible while also providing resources to continue to employ teachers and other staff
- ▶ ESSER II and ESSER III were announced within the past few months and we have been waiting on details regarding the programs
- ▶ This presentation is primarily focused on ESSER II, a future presentation will occur that will focus on ESSER III
- ▶ While it is important to note that these are all one-time dollars, they are significant enough to change the educational landscape of the PSD as well as improve the financial health of the District



# ESSER II OVERVIEW

- ▶ Allocation based on 2020-21 Title I, Part A
- ▶ MDE's calculation based on federal language
- ▶ Most recent legislative action released a portion of ESSER II funds (43.6%)
- ▶ Spending plan due by April 15, 2021
- ▶ Approximately \$17.6 million allocated to Pontiac Schools
- ▶ Significant flexibility in allowable expenditures (15 allowable use categories)
- ▶ Can be used to support new spending, or reimburse for items already budgeted (i.e., teacher salaries)
- ▶ The state legislature must now authorize these ESSER II Fund dollars through an appropriations bill prior to MDE making these funds available to our districts
- ▶ Dollars must be spent by September 30, 2022

# ESSER III OVERVIEW

- ▶ Allocation based on 2020-21 Title I, Part A
- ▶ MDE's calculation based on federal language
- ▶ Spending plan due by TBD
- ▶ Approximately \$39.6 million allocated to Pontiac Schools
- ▶ Significant flexibility in allowable expenditures, but at least 20% must be used to address learning loss
- ▶ Can be used to support new spending, or reimburse for items already budgeted (i.e., teacher salaries)
- ▶ Dollars must be spent by September 30, 2023

# Allowable Use Categories

Authorized Activities under ESEA (Title grants, IDEA grant, etc.)

COVID-19 Preparedness/Response Efforts (coordination, training, processes dev/imp, etc.)

Providing principals and other school leaders with the resources necessary to address the needs of their individual schools\*

Purchasing Sanitizing/Cleaning Supplies

Addressing Needs of Student Subgroups (low-income, SPED, ESL, etc.)

Planning & Implementing Activities While Closed (Tech, Food)

Purchasing Educational Technology

Providing Mental Health Services and Supports

Addressing Learning Loss (summer school, after school, interventions, virtual, etc.)

Other Activities Necessary for Continuity of Services

Improve Indoor Air Quality (Repair & Improve School Facilities)

Reducing Virus Transmission and exposure to environmental health hazards, and to support student health needs (Repair & Improve School Facilities)

## ESSER II & ESSER III Plan

	ESSER II	ESSER III
Award Amount	\$17.6 million	\$39.6 million
Plan Due Date	April 15, 2021	TBD
Allowable Use Period	Thru 9/30/22	Thru 9/30/23
Amendments Submittal	as needed	TBD
Allowable Use Categories	15	14
Tracking/Monitoring	same as all awarded federal grants	

## ESSER II Plan

Category	Total	GRANT YEAR 2020-2021	GRANT YEAR 2021-2022
Learning Loss	\$2.30M	\$1.33M	\$970K
Mental Health/Social Emotional	\$1.36M	\$680K	\$680K
Virtual Learning	\$1.32M	\$660K	\$660K
Instructional Technology	\$1.93M	\$1.25M	\$680K
Preparedness/Response	\$720K	\$360K	\$360K
Hazard Pay	\$1.06M	\$1.06M	-
Air Quality	\$2.0M	-	\$2.0M
Wage Recapture	\$5.94M	\$2.97M	\$2.97M
Indirect Cost	\$970K	-	\$970K
<b>TOTAL</b>	<b>\$17.6M</b>	<b>\$9.31M</b>	<b>\$8.29M</b>



# Decision #1: Student Needs

- ▶ These would be the items that we feel we need to expend in order to address academics and social/emotional needs due to COVID-19
- ▶ These include:
  - Summer Learning Program Staffing, Materials, Services and Transportation
  - Virtual Learning Staffing
  - Intervention Staffing
  - Mental Health and Social/Emotional Staffing
  - Instructional Technology (Integration Specialist & Technology improvements)
  - Academic Materials/Subscriptions
  - Preschool and Elementary Police Authority Officers
- ▶ Again, these are one-time dollars and we should avoid using these for on-going costs, unless we want to create a pilot program with them, and if successful, build in that program to future budgets

# Decision #2: Allocation of Remaining Funds

- ▶ Categories include:
  - ▶ Employee Hazard Pay (Cost Neutral)
  - ▶ Air Quality Projects
  - ▶ Recapture a Portion of Teacher Wages (Improve Cash Flow and Increase Fund Balance)
  - ▶ Indirect Costs

## Decision #3a: Hazard Pay Timing

- ▶ It is assumed, that as long as the supporting legislation is done in time and the District's plan is approved, any hazard pay for employees is expected to be added no later than the last payroll check in June for teachers and other employees
- ▶ The plans is for a \$1,500 per full time employee hazard pay as well as a \$500 per part time employee
- ▶ Estimated cost of approximately \$1.06 million

## Decision #3b: Air Quality Projects Timing

- ▶ As with the entire grant, the goal is to not have a plethora of projects but try and limit it to one or two for ease of documentation, audit prep, etc.
- ▶ At this point, we are looking at eligible air quality projects (hvac, windows, doors, etc.)
- ▶ The plan includes \$2.0 million for this category



## Decision #3c: Wage Recapture Timing

- ▶ Since this item has significant impacts on cash flow and the fund balance of the General Fund, timing is critical
- ▶ For example, depending on the timing of the reimbursements, it would impact the 2020-21 or 2021-22 fiscal years
- ▶ As the 2020-21 Budget Amendment #2 is developed, as well as the 2021-22 Budget, we will have a better idea of the optimal timing
- ▶ The plan includes \$5.94 million for this category

## Indirect Benefit of Wage Recapture

- If teacher salaries are recaptured with ESSER II dollars, then those same dollars are essentially freed up for some other purpose

Category	Total Payoff	Fund Balance Savings Impact	Comments
2018 B bonds	\$2.0 million (remaining balance)	\$2.3 M over 8 yrs	Saves \$300k/yr in budget 2021-2029
2018 A bonds	\$3.0 million of \$10.5 million	Depends on new structure	Could reduce loan payoff from 2030 to 2028, saving \$1.5 million annually starting in 2028, or reduce annual payments



Questions?