

TO: Members of the State Board of Education's Education Transformation and Finance Committee

FROM: Carey M. Wright, Ed.D., State Superintendent of Schools 

DATE: May 13, 2025

SUBJECT: ESSER Funding Updates

Purpose

The purpose of this item is to provide an update on the ESSER funding late liquidation and drawdown status since the Board meeting on April 29, 2025.

Executive Summary

On May 6, 2025, the U.S. District Court for the Southern District of New York issued a preliminary injunction in which the court temporarily blocked the U.S. Department of Education (ED) from enforcing recent actions. On May 11, 2025, USED notified all the states who were plaintiffs in the New York litigation, including Maryland, that USED is modifying the period to liquidate obligations under the ESF program to terminate on May 24, 2025.

Action

No action is required; this information is for discussion only.

Attachments

2025-05-13-ESSER Funding - Update.pptx

OFFICE OF FINANCE

ESSER Funding Update

Impact of the US Department of Education (USED) Decision

May 13, 2025

Presented By | Krishna Tallur, Deputy State Superintendent
Donna Gunning, Assistant State superintendent

Introduction

- On March 28, 2025, United States Department of Education (USED) notified the State Education Agencies (SEAs) that late liquidation period authorized under the Education Stabilization Fund was ended on March 28, 2025.
- This change impacted both CRRSA (ESSER II) and ARP (ESSER III) programs
- USED also notified SEAs that late liquidation requests will be considered on a project-by-project basis by providing:
 - How a particular project's extension is necessary to mitigate the effects of COVID on American students' education, and
 - Why the Department should exercise its discretion to grant SEA's request.

Background

A total of \$3.4 billion distributed to over 860,000 students translates to about \$600 per pupil in funding.

Source	Law	Maryland Appropriation
Federal Funding - ESSER I	Coronavirus Aid, Relief, and Economic Security (CARES) Act	\$207M
Federal Funding - ESSER II	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)	\$868M
Federal Funding - ESSER III	American Rescue Plan (ARP) Act	\$1.9B
State Funding	Governor’s Emergency Education Relief (GEER)	\$534M
TOTAL FUNDING		\$3.4B

Impact Analysis

	Fund Source	Academic Initiatives	Capital Projects	Total	Liability	MSDE Action
Funds spent by the LEAs and reimbursed by MSDE, but not reimbursed by the federal government	ESSER II			\$79,900,000	State	Submitted drawdown request on January 26, 2025, March 31, 2025, and April 8, 2025
Funds spent by the LEAs and reimbursed by MSDE, but not reimbursed by the federal government	ESSER III			\$46,241,752	State	Submitted drawdown request on April 17, 2025
Funds spent by the LEAs and not yet submitted to MSDE for reimbursement	ESSER III	\$17,323,242	\$24,606,837	\$41,930,079	LEAs & Vendors	Resubmitted late liquidation request for \$98.7 million on April 14, 2025
Funds encumbered but not spent by the LEAs	ESSER III	\$20,205,116	\$36,571,641	\$56,776,757	N/A	
Unused and unspent funds*	ESSER II and ARP HCY			\$7,251,412	N/A	N/A
TOTAL				\$232,100,000		

** The amount represents available funds from CRRSSA ESSER II, ARP Maryland Leads, and ARP Homeless Children and Youth that won't be used by the LEAs. The amount represents a fraction of a percent of the total award for each program.*

Update as of May 13, 2025

- MSDE submitted appropriate late liquidation as well as drawdown requests. In addition, MSDE is working with the OAG regarding appropriate legal actions.
- On April 29, 2025, MSDE received a notification from USED requesting additional information regarding the late liquidation request submitted on April 14, 2025.
- On May 6, 2025, the U.S. District Court for the Southern District of New York issued a preliminary injunction in which the court temporarily blocked the U.S. Department of Education (ED) from enforcing recent actions that would have shortened states' liquidation timelines for Education Stabilization Fund (ESF) funds.

Update as of May 13, 2025

- On May 11, 2025, USED notified all the states who were plaintiffs in the New York litigation, including Maryland, that USED is modifying the period to liquidate obligations under the ESF program to terminate on May 24, 2025. States should use this 14-day notice period to wind down the existing obligations for work already completed.
- On May 12, 2025, MSDE in consultation with OAG, notified all the Local Education Agencies (LEAs) to submit the invoices for expenses already incurred for reimbursements. MSDE will reimburse the LEAs and submit the documentation to USED for reimbursements.
- MSDE has not received updates regarding the reimbursement requests already submitted by the Department for \$79.9 million and \$46.2 million. OAG has advised the Department that the new deadline set by USED should apply to the reimbursement requests already submitted.

Questions & Answers