



U.S. Department of Education  
Office of Inspector General

# Allocation of ESSER I Funds at Selected Local Educational Agencies

September 26, 2022  
ED-OIG/ F20IT0049

*ED OIG Oversight of Coronavirus Response Funds*



## NOTICE

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**UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL**

Technology Services

September 26, 2022

TO: James Lane  
Acting Assistant Secretary  
Office of Elementary and Secondary Education

FROM: Kevin J. Young /s/  
Assistant Inspector General for Technology Services

SUBJECT: Final Report, "Allocation of ESSER I Funds at Selected Local Educational Agencies," Control  
Number ED-OIG/F20IT0049

Attached is the subject final report that consolidates the results of our review of the Allocation of ESSER I Funds at Selected Local Educational Agencies. We have provided an electronic copy to your audit liaison officer. We received your comments on the draft of this report and considered them as we prepared the report.

We appreciate your cooperation during this review. If you have any questions, please contact Rete Odom at (404) 974-9455 or [rete.odom@ed.gov](mailto:rete.odom@ed.gov).

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# Results in Brief

## What We Did

The objective of our review is to describe how selected local educational agencies (LEA) allocated Elementary and Secondary School Emergency Relief (ESSER) funds provided under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). We refer to ESSER funds provided under the CARES Act as ESSER I funds. LEAs had broad discretion in their use of ESSER I funds. Several provisions in the law refer to but do not require using funds for activities that address the needs of low-income students and students with disabilities. The Department also encouraged LEAs to allocate ESSER I funds to support remote learning for all students, especially disadvantaged and at-risk students.

We performed this review to identify how funds were allocated at selected LEAs. We focused on direct allocations to Part A of Title I of the Elementary and Secondary Education Act schools because those schools have high numbers or high percentages of children from low-income families and receive funding to provide educational services to students who are disadvantaged or at risk of failing to meet academic standards.

We also focused on allocations made exclusively for the benefit of children with disabilities. Specifically, for a randomly selected, nonstatistical sample of 48 LEAs, we identified whether and to what extent ESSER I funds were allocated to directly support Title I schools and children with disabilities. Two LEAs in our sample were not allocated ESSER I funds. For the other 46 LEAs, we determined

- total spending at the local level,
- direct allocations to Title I schools and non-Title I schools and for equitable services at nonpublic<sup>1</sup> schools, and
- direct spending on children with disabilities.<sup>2</sup>

We based our calculations and conclusions on data the 46 LEAs provided to us that detailed their ESSER I spending from November 2021 through March 2022.

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<sup>1</sup> Section 18007(6) of the CARES Act defines a nonpublic school as a nonpublic elementary or secondary school that “(A) is accredited, licensed, or otherwise operates in accordance with State law; and (B) was in existence prior to the date of the qualifying emergency for the CARES Act programs.”

<sup>2</sup> We define child with a disability consistent with section 602(3) of the Individuals with Disabilities Education Act, as amended.

## **What We Found**

As of March 2022, the 46 LEAs spent over \$19.2 million, or about 95 percent, of the \$20.2 million in ESSER I funds that they were awarded. The majority of these ESSER I funds were spent on district-wide programs, and about 26 percent of ESSER I funds were allocated to specific schools, with the majority of that portion allocated to Title I schools over non-Title I schools. Regardless of whether LEAs spent ESSER I funds at the district or school level, they may have used the funds for the benefit of all students, including children with disabilities. Further, LEAs designated a portion of funds to exclusively serve children with disabilities.

## **What We Recommend**

This is an informational report that does not include any recommendations to the Office of Elementary and Secondary Education. Our sampling methodology was not designed to include any projections.

## **Office of Elementary and Secondary Education Comments and Our Response**

We provided a draft of this report to the Office of Elementary and Secondary Education for comment. In its response, the Office of Elementary and Secondary Education offered technical comments reflecting suggested clarifications on the ESSER I appropriation and uses of funds for students with disabilities. The full text of the Office of Elementary and Secondary Education's comments is provided at the end of the report.

We considered and addressed the technical comments provided by the Office of Elementary and Secondary Education. However, those comments did not result in making any substantive changes to the report.

## **Introduction**

### **Background**

Funding for Elementary and Secondary School Emergency Relief (ESSER) was authorized by three laws: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act, 2021; and the American Rescue Plan Act of 2021.<sup>3</sup> Our review focused on ESSER funds provided under the CARES Act (referred to as ESSER I).

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<sup>3</sup> Public Law 116-136, March 27, 2020; Public Law 116-260, December 27, 2020; and Public Law 117-2, March 11, 2021; respectively.

In response to the pandemic, Congress appropriated over \$13 billion to the U.S. Department of Education's (Department) Office of Elementary and Secondary Education to award ESSER I funds to State educational agencies to provide local educational agencies (LEA) with emergency relief funds. These funds were intended to address the impact of the coronavirus pandemic on elementary and secondary schools. Subgrants to LEAs were to be in proportion to the amount of funds these LEAs (including charter schools that are LEAs) received in the 2019–2020 school year under Part A of Title I (Title I) of the Elementary and Secondary Education Act of 1965 (ESEA).

Title I provides financial assistance to LEAs and schools with high numbers or high percentages of children from low-income families<sup>4</sup> to help ensure that all children meet challenging State academic standards. Federal funds are allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each State. We identified Title I-eligible schools using National Center for Education Statistics (NCES) data. According to NCES, for the 2019–2020 school year, over 70,000 schools, or about 71 percent, of the roughly 99,000 schools nationwide were Title I-eligible.

According to the Department, the purpose of Title I is to provide all children significant opportunity to receive a fair, equitable, and high-quality education, and to close educational achievement gaps. Importantly, however, ESSER I funds were not Title I funds and were not limited to Title I requirements. ESSER I funds could be used for a wider range of potential activities under several Federal education statutes, including Title I.

### **Allowable Uses of Funds**

Section 18003(d) of the CARES Act lists the broad, allowable (but not required) uses of program funds, including any ESEA-authorized activity; activities addressing the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and students in foster care; purchasing educational technology to aid the educational interaction between students and instructors (which may include assistive technology and adaptive equipment); mental health services and supports; and planning and implementing activities related to summer learning and supplemental after-school programs, including

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<sup>4</sup> The National Center for Education Statistics (NCES) Elementary/Secondary Information System defines schools as Title I-eligible based on eligibility thresholds for education grants and stores Title I eligibility information for schools.

providing classroom instruction or online learning during the summer months and addressing the needs of the subpopulations of students noted above.

In May 2020, the Department issued answers to frequently asked questions about the ESSER I funds, which state that LEAs can use funds to support non-Title I schools and have considerable flexibility in determining how best to use ESSER I funds. LEAs are encouraged to use funds on activities to support remote learning for all students, especially disadvantaged or at-risk students and their teachers, but there is no requirement for them to do so.

### **Equitable Services at Nonpublic Schools**

Under Section 18005(a) of the CARES Act, LEAs receiving CARES Act program funds must provide equitable services<sup>5</sup> to students and teachers in nonpublic schools in the same manner as provided under section 1117 of the ESEA, as determined in consultation with representatives of nonpublic schools. Section 18005(b) of the CARES Act requires that a public agency (such as an LEA) must maintain control of funds for the services and assistance provided to nonpublic schools, and title to materials, equipment, and property purchased with such funds.

In October 2020, the Department issued guidance explaining that the LEA in which a nonpublic school is located is responsible for providing equitable services to students and teachers in that school.<sup>6</sup> LEAs must calculate the proportional share for equitable services at nonpublic schools in accordance with section 1117(a)(4)(A) of the ESEA. The LEA may use the proportional share calculated for Title I purposes from either school year 2019–2020 or 2020–2021.

### **Funding for Children with Disabilities**

The CARES Act did not establish any specific requirements for providing funding to children with disabilities, and the Department did not provide additional guidance related to using ESSER I funds for this specific subpopulation of students. Other Federal, State, and local funding sources directly serve children with disabilities.

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<sup>5</sup> Educational services and other benefits for children attending nonpublic schools must be equitable in comparison to services and other benefits for public school children.

<sup>6</sup> Department guidance, [“Providing Equitable Services to Students and Teachers in Non-Public Schools under the CARES Act Programs,”](#) October 9, 2020.



## Data Collection Process

Our original sample of 48 LEAs was from four strata: urban, suburban, rural, and charter LEAs. We selected 12 LEAs from each of the stratum. Two of the LEAs from the charter LEA stratum did not receive ESSER I funding and were not included in our analysis. We contacted each of the LEAs and requested ESSER I expenditure information at the school level for information on total spending at the local level; direct allocations to Title I schools, non-Title I schools, and for equitable services at nonpublic schools within LEA boundaries; and direct spending on children with disabilities. We collected expenditure data directly from the LEAs included in our review by asking LEAs to complete a spreadsheet with ESSER I expenditures and to provide their allocation and spending totals. For each expenditure in the spreadsheet, the LEAs designated whether a given expenditure was for a district-wide program that benefited all public schools, a specific public school, or for equitable services at a nonpublic school. We refer to this designation as “expenditure type.” Expenditures for district-wide programs could not be directly linked to specific schools. For expenditures associated with a specific public school, we determined whether the school was a Title I-eligible school. We conducted a separate analysis and asked the LEAs to identify ESSER I expenditures allocated to exclusively serve children with disabilities. If only a portion of the expenditure was used to serve children with disabilities, then the expenditure would not have been identified as an expenditure that exclusively served children with disabilities.

Each LEA reported the total LEA allocation, the total amount of ESSER I funds spent at the time of submission, the specific schools that directly received ESSER I funds, and the amount of funds spent exclusively on children with disabilities. We used these data to determine the percentage and amount of funds spent on district-wide programs, public schools, and equitable services at nonpublic schools. For public schools that directly received ESSER I funds, we also determined the percentage and amount of those funds that went directly to Title I and non-Title I schools. Finally, we determined the total number of Title I schools in the LEA and the number of those schools that directly received Title I funds. We did not verify the accuracy of the categorizations provided by LEAs.

## Observations

We summarize the results of our review in three self-reported funding areas: total spending at the local level; direct allocations to Title I schools, non-Title I schools, and for equitable services at nonpublic schools; and direct spending on children with disabilities. The observations below reflect the combined totals for the 46 LEAs in our review. The observations are not intended to be used for any sort of projection.

We provided LEAs the option to describe what items or services they purchased for a given expenditure. Many LEAs reported to us that they used ESSER I funds on personal protective equipment, staff salaries, cleaning and sanitizing, curriculum and classroom supplies, and for technology purchases, including laptop computers. However, not all LEAs included this information, and making determinations on the allowability of uses of funds was outside the scope of our review. The Office of Inspector General has ongoing work to review selected States' oversight of LEAs' use of ESSER funds.

## Summary of Overall Trends

The 46 LEAs reported that they had spent most of their ESSER I funds as of the time of our review. While ESSER I expenditures were predominantly allocated for district-wide programs, most of the funds that were allocated to a particular school were allocated to Title I schools. Some ESSER I funds were used specifically to serve children with disabilities; however, children with disabilities may have also benefited from ESSER I funds spent at the district level or at the school that they attended.

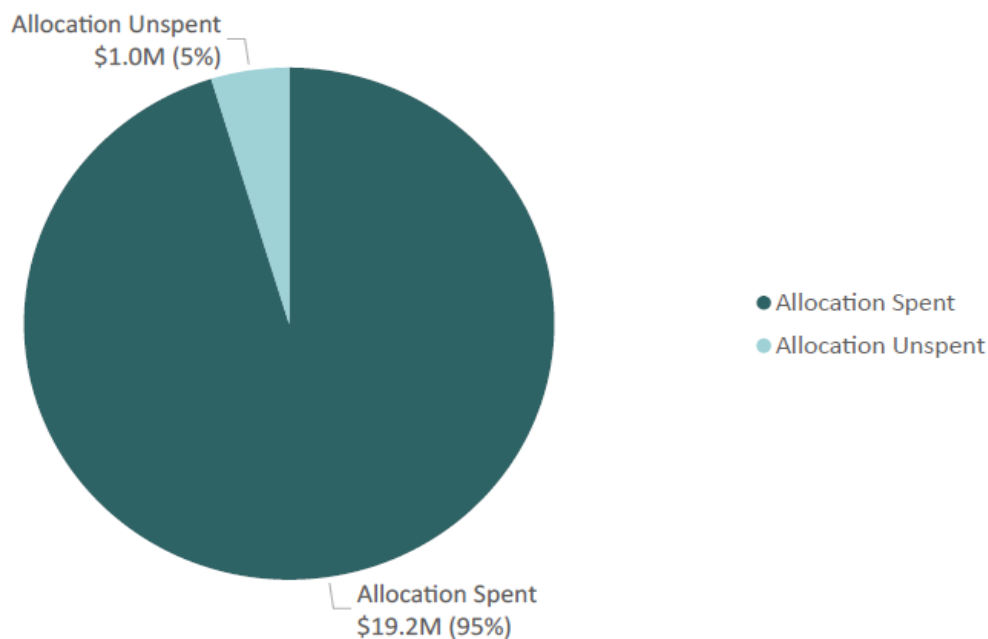
## Funds Spent at the Local Level

As of March 2022, the 46 LEAs spent over \$19.2 million, or about 95 percent, of the \$20.2 million in ESSER I funds that they were awarded, as shown in Figure 1.<sup>7</sup> The four strata did not differ significantly regarding the percentage of the funding that was spent. The urban stratum spent over 98 percent, while the suburban stratum spent 86 percent. The rural and charter LEA strata spent around 95 percent.

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<sup>7</sup> We did not perform any follow up work to determine the status of the unexpended funds.

**Figure 1. Allocation Spent and Unspent**



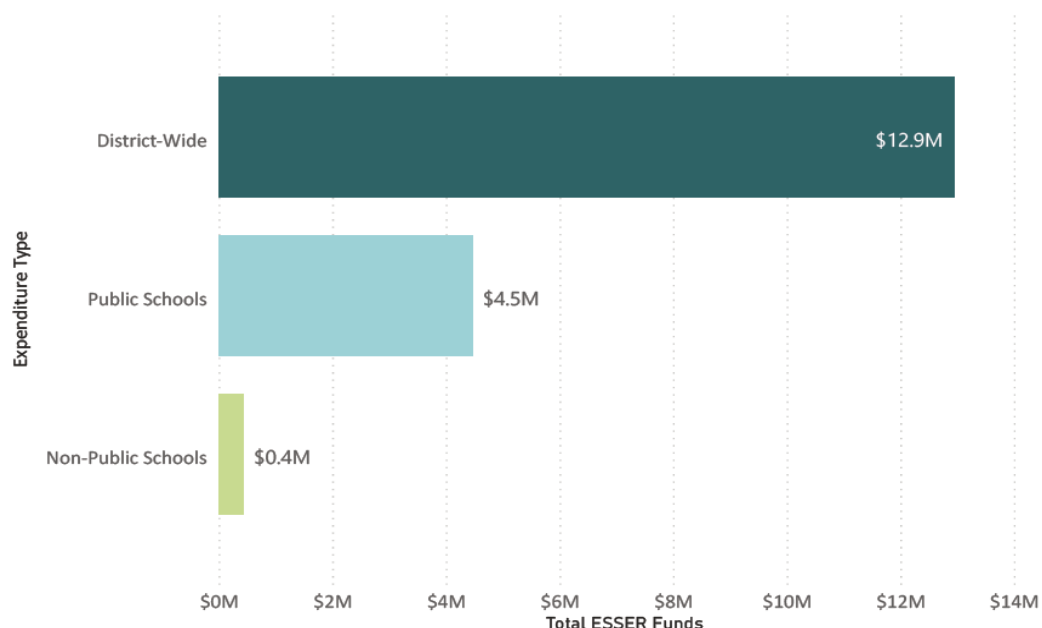
### **Funds Allocated to Title I Schools, Non-Title I Schools, and for Equitable Services at Nonpublic Schools**

#### **Total ESSER I Funds by Expenditure Type**

As noted earlier in this report, we asked LEAs to designate their expenditures by type: spending on a district-wide program that may have benefited all public schools, a specific public school, or for equitable services at a nonpublic school. Our selected sample included 46 LEAs. Of the 46 LEAs, 32 were multi-school LEAs and 14 were single school LEAs. Because our analysis focused on how LEAs allocated funds between multiple schools, we excluded from our expenditure type analysis the 14 LEAs that were single school LEAs. Of those 14 LEAs, 10 were from the charter LEA stratum, 2 were from the rural stratum, and 2 were from the suburban stratum.

As shown in Figure 2, the 32 multi-school LEAs spent a total of \$17.8 million in ESSER I funds. Of this amount, \$12.9 million was spent on district-wide programs, \$4.5 million was spent directly on public schools, and about \$400,000 was spent directly for equitable services at nonpublic schools. LEAs in the rural, suburban, and urban strata did not differ materially in how they allocated funds by expenditure type.

**Figure 2. Total ESSER I Funds by Expenditure Type**



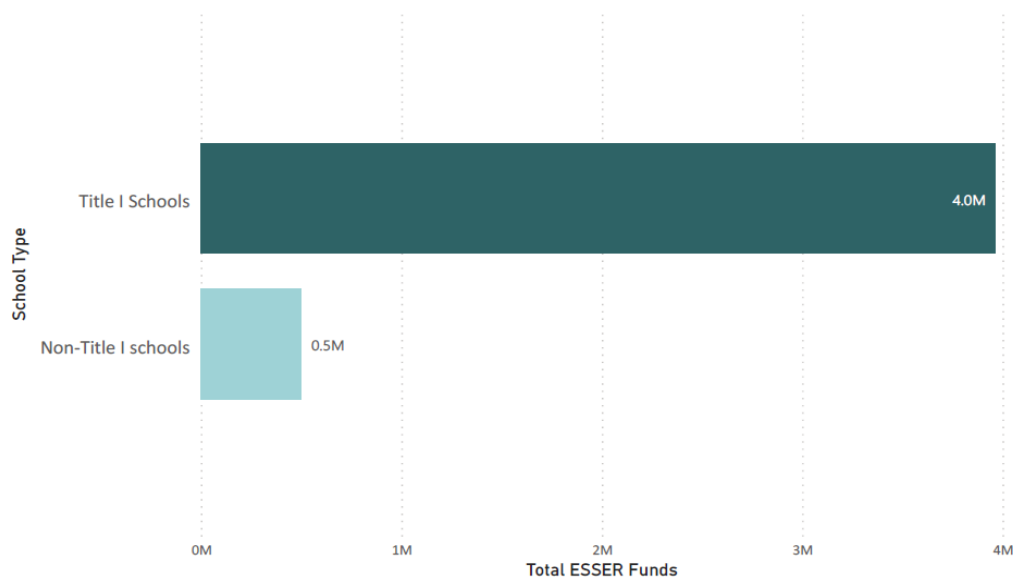
Some of the multi-school LEAs reported spending much of their funds on district-wide programs for items such as air conditioning filters or curriculum supplies that benefited all public schools in the LEA. Other LEAs chose to spend much of their funds on expenditures that directly benefited specific public schools; funds were spent on items such as teacher salaries or food service management. Other LEAs allocated a portion of their ESSER I funds for equitable services at nonpublic schools, which were used to pay for items such as teacher salaries or learning materials.

### **Total ESSER I Funds Spent Directly on Schools by Title I Status**

Although there was no requirement for ESSER I funds to be spent on Title I schools, LEAs reported that \$4 million (89 percent) of the \$4.5 million of funds spent directly on specific public schools went to Title I-eligible schools. All of the ESSER I funding for specific public schools in the rural stratum went to Title I schools. About 81 percent of ESSER I funding for specific public schools in suburban strata went to Title I schools and about 90 percent of the urban strata went to Title I schools.

Of the 32 LEAs with more than one school, 8 LEAs did not allocate any ESSER I funds directly for specific public schools. Those eight LEAs spent their funds on district-wide programs that were intended to benefit all public schools or on a combination of district-wide programs and equitable services at nonpublic schools. For that reason, we do not include these LEAs in the summary of the number and funding level of Title I and non-Title I schools (Figure 3) or the summary of the number of Title I and non-Title I schools that directly received ESSER I funds (Figure 4).

**Figure 3. Total ESSER I Funds Spent Directly on Schools by Title I Status**



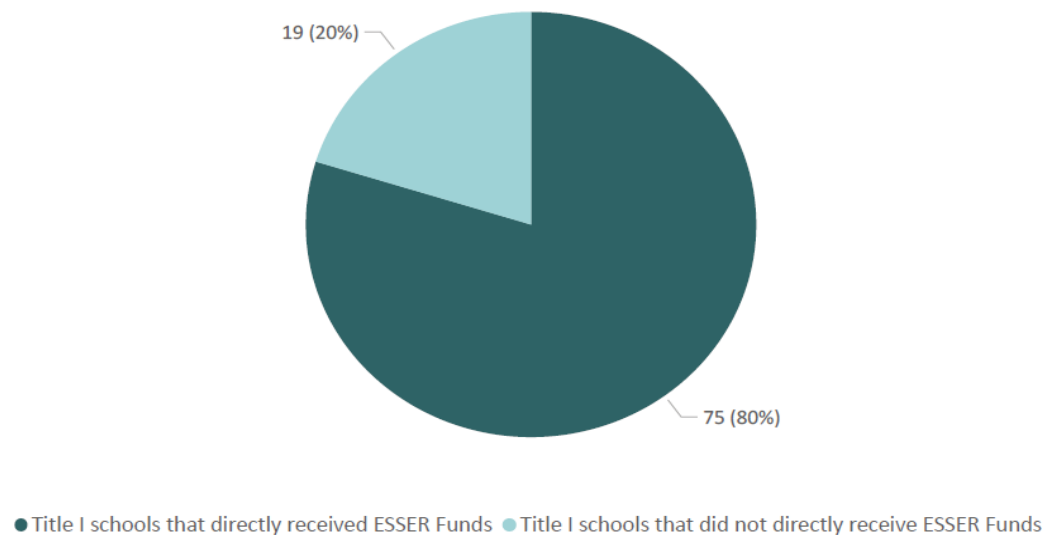
### **Title I Schools that Directly Received ESSER I Funds**

Among the 32 LEAs that provided some ESSER I funding to specific public schools, there were 94 Title I schools. Of those 94 Title I schools, LEAs reported that 75 (80 percent) directly received ESSER I funds.<sup>8</sup> Thirty-nine of the 44 public schools (about 89 percent) from the rural and suburban strata that directly received ESSER I funding were Title I-eligible schools. Of the 50 public schools from the urban stratum that directly received ESSER I funding, 36 (or 72 percent) were Title I-eligible schools. The 19 Title I schools that did not directly receive ESSER I funding were located in 6 LEAs. Each of the six had at least one Title I school that directly received ESSER I funding. Additionally, those Title I schools may have benefited from district-wide programs administered at the LEA level.

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<sup>8</sup> The Title I schools that did not directly receive funding may have benefited from ESSER I funds through district-wide programs.

**Figure 4. Title I Schools that Directly Received ESSER I Funds**



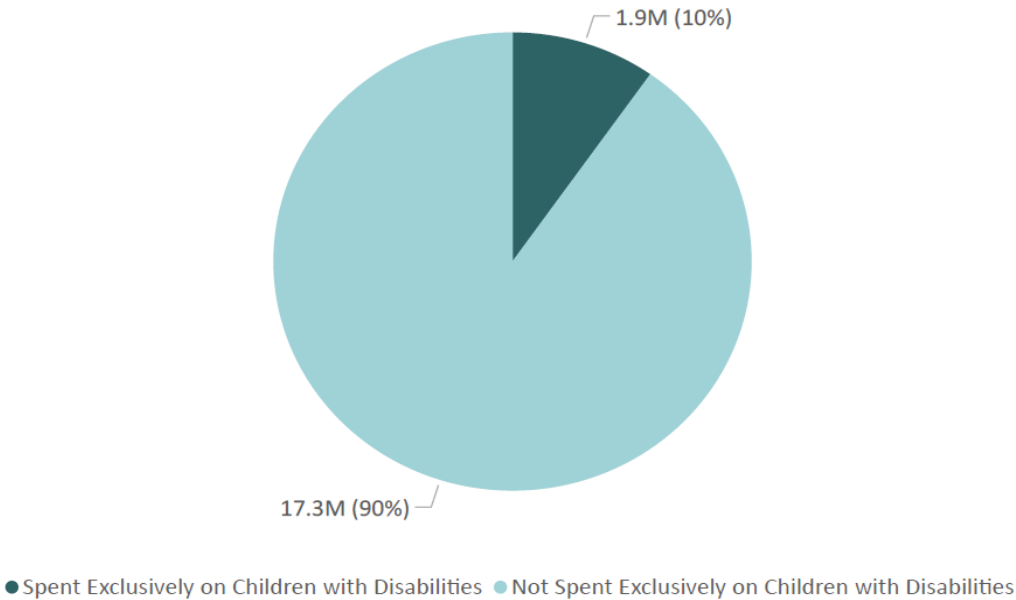
### **Funds Spent Exclusively on Children with Disabilities**

LEAs self-reported expenditures spent exclusively on children with disabilities. LEAs reported that of the \$19.2 million in ESSER I funds that had been spent, \$1.9 million (10 percent) was spent exclusively on children with disabilities and \$17.3 million (90 percent) was not spent exclusively on children with disabilities, as shown in Figure 5.<sup>9</sup> LEAs in the suburban stratum allocated 7 percent of their ESSER I funds toward serving children with disabilities, specifically, while LEAs in the rural stratum allocated 17 percent. The urban and charter LEA strata each allocated about 12 percent. As noted above, LEAs had the option to describe what items or services they purchased for a given expenditure. Not all LEAs did so. However, some LEAs reported purchasing items such as tutoring services and lumber to build partitions for coronavirus response to exclusively benefit children with disabilities.

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<sup>9</sup> Our analysis of funds spent exclusively on children with disabilities was separate from all other analyses and applied to all expenditures, regardless of expenditure type.

**Figure 5. Funds Spent Exclusively on Children with Disabilities**



## Appendix A. Scope and Methodology

We selected a random, nonstatistical sample of 48 LEAs from a sampling frame of 17,016 LEAs in the 50 States and the District of Columbia that received Title I funding. Puerto Rico and other outlying territories were not included in the universe. Two of the 48 LEAs in our sample were not allocated ESSER I funding and were not included in any of our analyses. The results from this review are not projectable to the population of LEAs. The funding areas reported only represent the results for the 46 LEAs that we analyzed and should not be used to form a conclusion related to how funds were used elsewhere. LEAs submitted expenditure data to the Office of Inspector General between November 2021 and March 2022.

### Sampling Methodology

We obtained the universe of LEAs from the NCES website. The universe was based on the NCES Common Core of Data for the 2019–2020 school year. The Office of Inspector General was also involved in two other ESSER I reviews concurrent with this one. Consequently, the LEAs involved in each of those other two reviews were removed from our universe to avoid overburdening the LEAs with data requests. We stratified the universe by LEA type using four strata definitions according to the school location and geo-assignment in NCES: urban, suburban, rural, and charter school LEA.<sup>10</sup> Charter schools are nonsectarian, publicly funded schools of choice that are intended to be held accountable for their academic and financial performance in return for reduced governmental regulation. Charter LEAs receive Title I funds from SEAs based on the Title I formulae, just like traditional LEAs.

According to NCES data, all of the LEAs within the rural, suburban, and urban strata received Title I funding during school year 2019–2020. We were unable to determine whether the LEAs within the charter LEA stratum received Title I funds during that period because those data were not available. We randomly selected 12 LEAs from each of the strata for a total of 48 LEAs. The two LEAs that did not receive ESSER I funding were in the charter school LEA stratum.

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<sup>10</sup> See “[Education Demographic and Geographic Estimates \(EDGE\) Program—Geocodes: Public Schools and Local Education Agencies](#),” for the NCES strata definitions. For the urban stratum, we combined the city and town classification in NCES. NCES does not include a geographic location for charter schools, so charter schools were a unique stratum.



## Stratum Characteristics

We pulled a nonstatistical sample of 12 LEAs from each of the 4 strata. We randomly selected LEAs from each stratum to be representative of the characteristics of the stratum, as shown in Table 1.

**Table 1. Population of LEAs**

Strata	Total	Sample Size	Sample LEA Percentage
Rural	6983	12	0.17%
Suburban	2965	12	0.40%
Urban	3011	12	0.40%
Charter	4057	12	0.30%
<b>Totals</b>	<b>17,016</b>	<b>48</b>	<b>0.28%</b>

Schools with larger student populations will have a greater effect on the aggregated totals represented in this report because those schools generally will receive higher Title I and ESSER I allocations. Table 2 shows the population of sampled students and the population of the stratum to show the coverage of the samples.

**Table 2. Number of Students by Stratum**

Strata	Total Number of Students	Number of Students in Sampled LEAs	Percentage of Students in Sampled LEAs
Rural	7.2 million	5,872	0.08%
Suburban	18 million	33,670	0.19%
Urban	16 million	80,677	0.50%
Charter	2.4 million	6,419	0.27%
<b>Totals</b>	<b>44 million</b>	<b>126,638</b>	<b>0.29%</b>

## Use of Computer-Processed Data

The use of computer-processed data for our report was limited to LEA ESSER allocation tables for the States included in our review that we received directly from the State

educational agencies and ESSER I expenditure data received from the LEAs included in our review. We did not assess the reliability of the LEA allocation tables provided by the State educational agencies. Also, we did not assess the accuracy of the data provided by LEAs and performed limited data quality procedures on the expenditure data provided by the LEAs. LEAs provided the team with the total allocation amount, the total amount spent, and a list of expenditure transactions. The team summed the expenditure transactions to verify that the individual transactions equaled the total amount spent, as reported by the LEA.

### **Compliance with Standards**

We conducted our work in accordance with the Office of Inspector General’s quality control standards and the Council of the Inspectors General on Integrity and Efficiency’s “Quality Standards for Federal Offices of Inspector General,” which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for our conclusions.

## Appendix B. Acronyms and Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
Department	U.S. Department of Education
ESEA	Elementary and Secondary Education Act of 1965
ESSER	Elementary and Secondary School Emergency Relief
LEA	local educational agency
NCES	National Center for Education Statistics
Title I	Part A of Title I

# Office of Elementary and Secondary Education Comments



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

## SENT VIA EMAIL – CONFIRMATION OF RECEIPT REQUESTED

Zachary Sudiak  
OIG Director of Data Analytics  
1000 Liberty Avenue, Room 1503  
Pittsburgh, PA 15219  
Zachary.Sudiak@ed.gov

Dear Mr. Sudiak,

Thank you for the opportunity to provide initial comments on the Office of the Inspector General's (OIG) draft report, *Allocation of ESSER I Funds at Selected Local Educational Agencies*. This document provides comments on behalf of the U.S. Department of Education (Department) Office of Elementary and Secondary Education (OESE), the Office of the General Counsel, and other Department offices that reviewed the report.

On page 3, the draft report refers to \$190 billion in ESSER funds. However, the rest of the paragraph refers specifically to ESSER I (i.e., the requirement to allocate funds based on the fiscal year 2019 Title I allocations is a requirement that is only applicable to ESSER I). For that reason we recommend revising the paragraph to make clear that Congress appropriated \$13 billion in ESSER I (rather than \$190 billion).

On page 10, the draft report provides an analysis of funds spent exclusively on students with disabilities. The report, however, does not make clear which uses of funds were exclusive to students with disabilities or how the OIG determined exclusivity. Any reference provided as to the source that supports those conclusions would be helpful for the readers of the report. Thank you for your consideration of the Department's feedback.

Sincerely,

SHANE  
MORRISEY

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SHANE MORRISEY  
Date: 2022.08.13  
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Shane Morrissey  
Management Support Office, Director