

White House Toolkit:

How State and Local Leaders Can Use American Rescue Plan State and Local Fiscal Recovery Funds to Address Students' Academic and Mental Health Needs

Introduction

During the COVID-19 pandemic, many children across the country experienced unprecedented learning disruptions and social isolation that harmed their mental health. **To secure the future of our young people, President Biden has called on the country to come together to ensure children and youth have the support they need to thrive academically and in life.** While school and charter school districts and State Educational Agencies have received dedicated funds to support this work, governors, mayors, and county leaders also have a responsibility to ensure the needs of the young people in their communities are met.

Beyond these dedicated education funds, federal funding is currently available for state and local leaders to meet the academic and mental health needs of students and support their recovery from the pandemic's impacts. **For example, the American Rescue Plan provided \$350 billion for the U.S. Department of the Treasury (Treasury) State and Local Fiscal Recovery Funds (SLFRF) program.** These funds may be used to address the impacts and disproportionate impacts of the pandemic, including to support schools and students by providing educational services; hiring or rehiring educators and school staff, including increasing wages needed to recruit and retain excellent educators and staff; offering premium pay and bonuses; and developing other professional supports.

State and local leaders can use SLFRF to complement dedicated American Rescue Plan Elementary and Secondary School Emergency Relief funds (ARP ESSER) funds and other funds for early learning. For example, Treasury has called on state and local governments to use SLFRF funds to support workers, expand the workforce, and ensure that jobs offer livable and competitive wages. All of these steps can address ongoing labor shortages in schools. Governments can also accelerate students' recovery from the pandemic's impacts by funding services to address their learning and mental health needs.

To help state and local leaders understand how to deploy funds to address students' needs, this toolkit reviews allowable uses of funds that can support state educational agencies, local educational agencies, and schools in continuing to undertake the critical work of addressing our students' needs.

This document is non-exhaustive, and all uses of SLFRF funds must comply with the framework set out in the SLFRF final rule. The U.S. Department of the Treasury can offer additional information on specific topics upon request (see contact information below).

How State and Local Fiscal Recovery Funds Can Support Schools and Early Learning Providers

The ARP SLFRF program provides direct aid to jurisdictions across the country, to turn the tide of the pandemic and support a strong and equitable recovery. State and local officials have the ability to choose among many potential eligible uses, but a core purpose of the funds is to get more Americans back to work in good jobs, including by supporting public sector employment and essential workers in both the public and private sector.

Despite significant progress, there is more work to do to restore schools to pre-pandemic staffing levels and make further progress against longstanding educator shortages. When the President took office, there were 624,000 fewer staff working in our schools and nearly 200,000 fewer child care workers than before the pandemic. As of May, that gap has been cut nearly in half. As schools and early learning providers work to address the impacts of the pandemic on student learning and mental health, efforts to recruit and retain the education workforce (including [teachers](#) and [staff](#)) have become more critical than ever, particularly in high-need fields such as special education, bilingual education, career and technical education, and science, technology, engineering, and math education and in underserved communities.

A. Supporting School Educators and Early Learning Staff

SLFRF can be used for salaries and benefits for public employees to restore public sector capacity:

SLFRF can be used to pay for salaries and covered benefits of hiring or rehiring public sector employees, including hiring above pre-pandemic staffing levels to address historic underinvestment in the public sector. SLFRF recipients can use funds to hire staff up to 7.5% above the pre-pandemic baseline number of budgeted full-time equivalent (FTE) staff on January 27, 2020, when compared with the budgeted FTEs on March 3, 2021, provided that funds must be used for additional budgeted FTEs above the March 3, 2021 level. That means that if a county had, for example, 1,000 staff before the pandemic, and 900 on March 3, 2021, SLFRF Funds can be used to hire up to 175 staff $((1,000 * 1.075) - 900 = 175)$. At their discretion, SLFRF recipients may exclude from the calculation the number of FTEs dedicated to responding to the COVID-19 public health emergency. Under this option, states and localities have flexibility to hire for different roles than those that were lost during the pandemic, so governments may choose to hire in areas of greatest need, such as in education.

Governments can also use funds to support and retain public sector workers, including reasonable increases compensation for existing or new staff. Specifically, SLFRF funds can be used to provide additional funding for employees who experienced pay reductions or were furloughed since the onset of the pandemic (up to the difference in the employee's pay, taking into account unemployment benefits received); maintaining current compensation levels (with adjustments for inflation) in order to prevent layoffs; and providing worker retention incentives, including reasonable increases in compensation. SLFRF funds can also pay for administrative costs related to hiring, support, and retention.

These costs can also include hiring bonuses to help fill vacancies, and retention bonuses for public employees, given the importance of compensation in a highly competitive labor market. Retention bonuses are in addition to an employee's regular compensation, and must be reasonable to compete for the employees. Treasury presumes that retention incentives that are less than 25 percent of base pay for an individual employee or 10 percent for a group or category of employees are reasonably proportional to the need. These bonuses can provide additional compensation to educators and staff in

the short term while states work towards ensuring that all school employees earn a livable and competitive wage.

Even where the recipient, such as the municipality, does not have budgetary authority over a school district, it may choose to transfer SLFRF funds to districts and other government entities for these purpose. For additional information, jurisdictions can review FAQ 2.17 on page 13 of [Treasury's FAQ on the Final Rule](#).

As there are many different funding structures for K-12 education across the country, Treasury welcomes the opportunity to engage with jurisdictions seeking to deploy their funds for this critical eligible use, as they work to ensure that their program is robust and compliant.

Additionally, SLFRF can fund premium pay for essential workers, including school personnel and childcare providers in both the public and private sector, to compensate them for their service during the pandemic: SLFRF may be used to provide premium pay to eligible workers performing essential, in-person work during the pandemic. Premium pay may be awarded to eligible workers up to an additional \$13 per hour. Premium pay must be in addition to wages or remuneration (i.e., compensation) the eligible worker otherwise receives. Premium pay may not exceed \$25,000 for any single worker during the program. Childcare and school staff working in-person during the pandemic are likely to be eligible. Jurisdictions can find additional information starting on page 35 of [Treasury's Overview of the Final Rule](#).

Examples:

- **North Carolina** is using SLFRF, ARP ESSER, and other sources of funding to provide bonuses to all school employees, including teachers, principals and staff.
- **Howard County, Maryland** has announced it is committing \$10 million in SLFRF – in conjunction with Howard County Public School System (HCPSS) investments of ARP ESSER funds – to help provide \$1,800 bonuses to HCPSS educators and staff, as well as retention bonuses for bus drivers, and incentives for newly hired drivers.
- **Seattle, Washington** has committed \$3 million to offer all licensed home- and center-based childcare centers the ability to apply for funds to provide a one-time bonus for their childcare workers.

B. Strengthening Worker Pipelines into Education

SLFRF can fund supports for unemployed and underemployed workers, including hiring bonuses, preparation and training, and other labor supports, regardless of sector:

Because of the severe impact that the pandemic has had on the labor market broadly, SLFRF can be used for assistance to workers who have experienced unemployment or underemployment during the pandemic including through job training, public jobs programs and fairs, support for childcare and transportation to and from a jobsite or interview, incentives for newly-employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses, and development of job and workforce training centers that are reasonably proportional to addressing the pandemic's impacts.

Specifically, recipients can help childcare providers and school districts by strengthening pipelines into these sectors, including by using SLFRF funds to train potential workers to fill in-demand roles in childcare and education, including as school bus drivers, school nutrition staff, paraprofessionals, and other staff.

Jurisdictions can review FAQ 2.16 on page 12 of [Treasury's FAQ on the Final Rule](#).

Example:

- **Deschutes County, Oregon** has announced it is investing \$3.1 million in SLFRF funding to train more than 275 new workers in the childcare and early education fields.

C. Services and Hiring for Children's Learning and Wellbeing

SLFRF can fund a number of services for children that are directly responsive to the impact of the pandemic on children's learning and wellbeing:

As part of a response to the impacts of the pandemic on households and communities, SLFRF can fund assistance to address the impact of lost learning time for K-12 students (including programs to provide high-quality tutoring and personalized learning), childcare and early learning services, home visiting programs, services for child welfare-involved families and children and youth in foster care. SLFRF can also address public health impacts of the pandemic, including its impact on mental health. Eligible uses of funds to respond include enhanced behavioral health services in schools as well as a broad range of prevention, treatment, and recovery services for behavioral health. Finally, SLFRF can also fund COVID mitigation and response in schools and childcare programs.

Jurisdictions can find additional information starting on pages 14 and 17 of [Treasury's Overview of the Final Rule](#).

SLFRF can fund an even wider array of activities in schools and early learning programs in communities disproportionately impacted by the pandemic:

Recognizing that some communities, including communities with high rates of poverty, have been especially hard-hit by the pandemic and its negative economic impacts, Treasury has enumerated a wider variety of eligible uses for SLFRF in these disproportionately impacted communities. This includes services to address educational disparities, including assistance to districts with high rates of poverty, and educational and evidence-based services to address student academic, social, emotional, and mental health needs. It also includes investments in school and child care buildings and other K-12 educational equipment and facilities that are a reasonably proportional response to the pandemic's impacts. This means that schools with high rates of poverty can receive broad budgetary support that can fund educators and staff and improve the learning environment.

Jurisdictions can find additional information starting on page 19 of [Treasury's Overview of the Final Rule](#).

Examples:

- **Maryland** is investing \$267 million of SLFRF funding to help schools cope with the impacts of the COVID-19 pandemic. The State will provide grants to help schools safely reopen for in-person

instruction and support a wide range of academic services to address learning loss, including through tutoring and supplemental instruction for public school students in grades 4 through 12; a summer school program for public school students; and transitional supplemental instruction to prioritize students with the greatest learning losses, including students in special education and English learners programs.

- **Denver, Colorado** is investing nearly \$2 million of SLFRF funding for a competitive grant process to support 8-10 youth-service organizations that offer free, daily summer programming to approximately 1,000 youth. These programs improve youth academic achievement and well-being and are an essential support for working families.
- **New Hanover County, North Carolina** is using SLFRF funding to hire 19 mental health staff to ensure access to mental health counselors at each public school through the County's Health and Human Services Department.
- **Minnesota** is investing \$20 million in summer preschool or prekindergarten for 4- and 5-year-olds. These programs will support children before they enter kindergarten, particularly those who could not attend a high-quality early learning program due to the pandemic.

Additional Resources and Point of Contact

For additional details on SLFRF, please see the [Overview of the Final Rule](#), the [Final Rule](#) itself, and [FAQs](#), posted on [Treasury's website](#). Treasury is happy to work with jurisdictions seeking to deploy their funds for the critical eligible uses described above.

For more information about State and Local Fiscal Recovery Funds or with questions, contact SLFRF@treasury.gov. The examples included throughout this fact sheet are based on recipient reports and publicly-available information, and their inclusion in this document does not constitute an explicit approval of these projects by Treasury.