

FEDERAL PANDEMIC FUNDING AND HENRY COUNTY SCHOOLS

Introduction

The economic impact of the COVID-19 pandemic has been staggering. President Donald Trump declared the novel coronavirus a national emergency on March 13, 2020 ([1](#)). One day later, Governor Brian Kemp declared a public health emergency for Georgia. Daily routines were dramatically disrupted and life as many knew it changed. Schools were closed, church services were cancelled, store shelves were emptied, and millions of Americans lost employment.

Georgia, like many other states, braced for declines in revenues and significant increases in new costs, including those related to unemployment and health care. Having delayed the 2020 Legislative Cycle due to the pandemic outbreak, the Georgia legislature passed the FY21 Budget (covering the period of July 1, 2020 to June 30, 2021) with a \$1 billion dollar cut in funding to Georgia's Department of Education. Ninety-five percent of the funding cut (\$950 million) was passed on to all 181 local K-12 school systems through the implementation of austerity ([2](#)).

The federal government responded to the economic crisis many school systems faced by providing Elementary and Secondary School Emergency Relief (ESSER) funding. To date, the federal government has issued three rounds of ESSER funding to stabilize the infrastructure for K-12 education, provide resources to allow schools to safely operate, and support implementation of innovative practices to promote student learning.

The following report provides an overview of Henry County's Schools fiscal navigation during this unprecedented season and outlines ESSER funding awards that are supporting the system's fiscal recovery and investments in the future.

Crisis Response: FY20 closure & FY21 budget adoption

The speed of Henry County Schools (HCS) response in the early days of the pandemic is remarkable. When Georgia schools closed on Friday, March 13, 2020 – to abide by the Governor's recommendation for a two-week closure to mitigate infection spread – HCS

activated remote learning for its grade 3-12 students. With devices and school materials in hand, HCS students logged in to class on Monday, March 16, 2020. Curbside meal service was activated March 18, 2020 and instructional materials were made available to PreK – grade 2 learners during the curbside meal pick-up windows. There was clear evidence that the system was committed to continuity of instruction, learning, and operations.

As it became clear that school buildings would remain closed for longer than 2 weeks, the HCS governance team sprang into action to ensure continuity of learning and services for HCS students. On April 2, 2020, the Henry County Board of Education adopted a resolution to approve the contingency operations for Henry County Schools in response to the State of Emergency declared by Governor Kemp and the Shelter-In-Place ordinance approved by the Henry County Board of Commissioners. District finances were included in the resolution, establishing an essential spending period for school and district purchasing for necessary expenditures to maintain and improve remote learning, necessary expenditures for the purchase of food for student meal preparation, necessary expenditures to maintain current operations at the local school and district levels, and emergency expenditures authorized by the superintendent (3). The quick action of the Henry County Board of Education on the Emergency Resolution enabled savings of \$2.5 million compared to budgeted expenditures for the FY20 period; a critical action given the fiscal uncertainties for forthcoming FY21 budget cycle.

Henry County Schools faced significant revenue declines as the FY21 year approached. Just one-year prior for FY20 (July 1, 2019 through June 30, 2020), the Henry County Board of Education had adopted the largest budget in the history of Henry County Schools with general fund revenues of \$407.2 million, expenditures of \$404.6 million, and investments in savings of \$2.5 million(4). During the FY20 budget period, the Board invested \$22 million in competitive salaries for the employees of Henry County Schools to support attracting and retaining effective talent.

As the events of March and April 2020 unfolded, Henry County Schools braced for declines in funding for the upcoming FY21 school year. Ultimately, Henry County Schools saw a \$41.5 million decrease in state revenues for Quality Basic Education (QBE) when the legislators initially passed the State’s FY21 budget in June 2020 due to the following drivers (5):

- a \$22.8 million reduction due to austerity,
- a \$12.3 million reduction in the equalization grant compared to prior years,
- a \$6.0 million reduction due to growth in HCS’ local fair share contribution, and
- a \$0.4 million reduction due to enrollment and retirement rate adjustments.

While there was growth in the local county digest year over year forecasted for the FY21 budget year, the \$8.8 million in local revenue growth did not offset the significant loss of state revenue experienced. Further, there was heightened risk related to the collection of local property taxes.

Despite the economic challenges presented during the FY21 budget cycle, the Henry County Board of Education and Superintendent committed to:

- **Be a stable employer.** Henry County Schools is the largest employer in Henry County and it was paramount to mitigate economic shocks to the local economy. Accordingly, the FY21 budget adopted by the Board of Education did not include any furlough days (i.e., days worked without pay). Additionally, the salary schedule was honored and any employee due a pay increase based on years of service received their earned step.
- **Provide high-quality, flexible instruction and learning environments.** Henry County Schools provided families with the opportunity to choose on-campus or remote learning. All students PreK – 12 were enabled with digital devices. Modifications to learning progressions and the physical learning environment (e.g., buildings) were completed.
- **Ensure access to services.** Henry County Schools prioritized student access to physical, mental, and social services to ensure students and families had the supports necessary to traverse the pandemic. Henry County Schools continued to offer curbside meal service for students within Henry County, despite knowledge this would incur a deficit in school nutrition operations. Similarly, the Afterschool Enrichment Program was made available for families as needed.

To accomplish the above objectives and balance the significant declines in revenue, the Henry County Board of Education’s FY21 Budget required use of \$24.9 million of savings, reserves, and federal funding. A video summary of FY21 budget highlights is available [here](#).

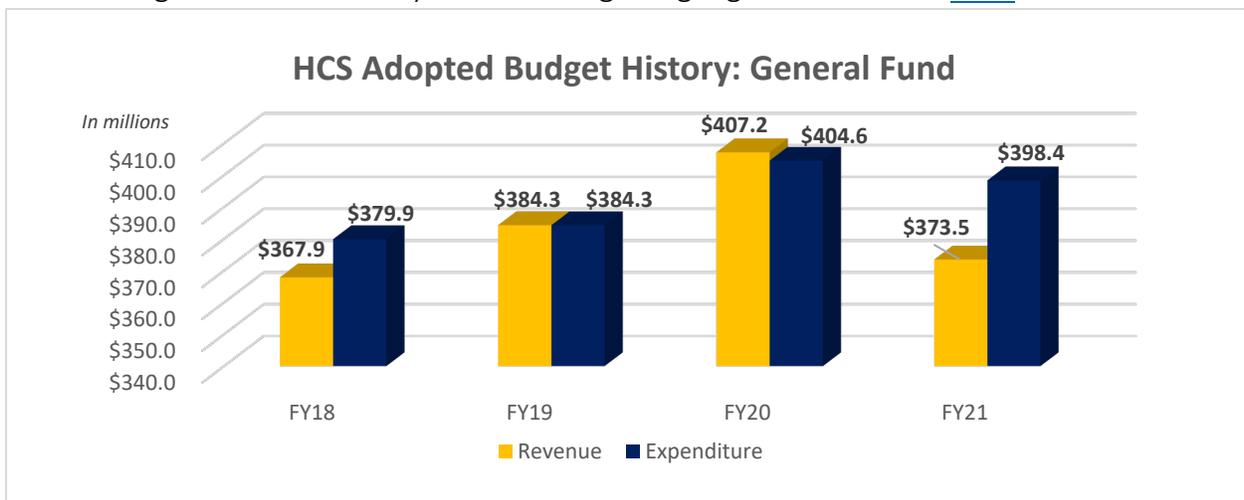


Figure 1: Four-year history of Board adopted general fund budget (6)

Crisis Management: ESSER I Allocations and Priorities

States and their local school districts were faced with extensive, new K–12 education expenses as a result of COVID-19, including those related to providing distance learning, expanded learning, and additional food services for low-income families. Combined with State projections of revenue shortfalls, these additional costs necessitated action by the federal government.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Trump on March 27, 2020. CARES allocated approximately \$30.7 billion to an Education Stabilization Fund administered by the US Department of Education (USDOE). Included within the \$30.7 billion total was an allocation of \$13.5 billion for K-12 entities; these funds were defined as “Elementary and Secondary School Emergency Relief” (ESSER) Funds. The USDOE, the grantor of the funds, provided flexibility to use ESSER funds for immediate needs, such as tools and resources for distance education, ensuring student health and safety, and developing and implementing plans for the next school year. ESSER funds were first granted to State Education Agencies (SEAs) and then sub-granted to Local Education Agencies (LEAs). SEAs were allowed to hold up to 10% of the ESSER allocation for administrative and supplemental grant purposes. The USDOE outlined other considerations in its FAQ [here](#).

The Georgia Department of Education (GADOE) is the governing SEA for Henry County Schools – a local education agency. The USDOE granted \$457.2 million of ESSER funds to GADOE and the GADOE Board approved allocations to Georgia School systems on May 4, 2020. Henry County Schools was allocated \$5.9 million but was required to reserve \$0.2 million to provide equitable services to non-public school systems that service Henry County residents. Allocated funds could be applied to expenditures dating back to March 13, 2020 (the declared national emergency date).

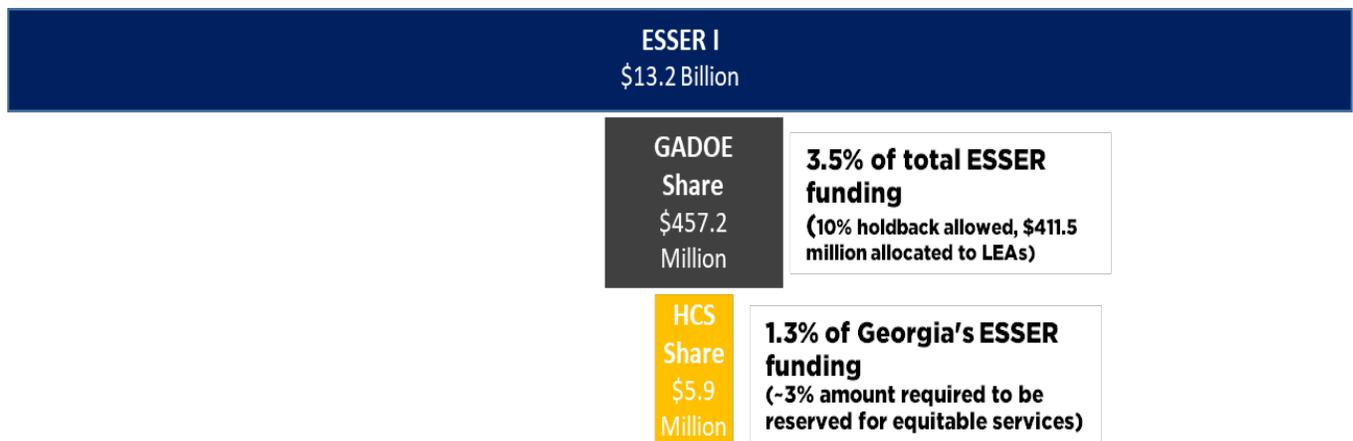


Figure 2: Formula grant flow-down of Elementary and Secondary School Education Relief (ESSER) Funds

The CARES Act authorized a broad array of potential uses of ESSER funds to prepare and respond to COVID-19, as well as provide for any activities authorized by a number of Federal education statutes, including:

- The Elementary and Secondary Education Act (ESEA),
- The Individuals with Disabilities Education Act (IDEA),
- the Adult Education and Family Literacy Act,
- the Perkins Act (CTE), and
- the McKinney-Vento Homeless Assistance Act.

Although the CARES legislation provided flexibility for school systems, there were clear expectations that ESSER funds should address needs stemming from the COVID-19 pandemic. Further, the US Secretary of Education and the Georgia School Superintendent expressed priority areas for expenditures. As the sub-grantor of the ESSER funds, GADOE provided guidance to LEAs on key considerations in prioritizing funds:

- To address the needs of at-risk student populations
- To provide distance/remote learning and supplemental learning opportunities
- To support continuity of school meals and enhance mental/physical health supports
- To address facility needs and adaptations, including the purchase of personal protective equipment
- To address professional development needs, and
- To address revenue shortfalls and allow for the continuity of core staff and services

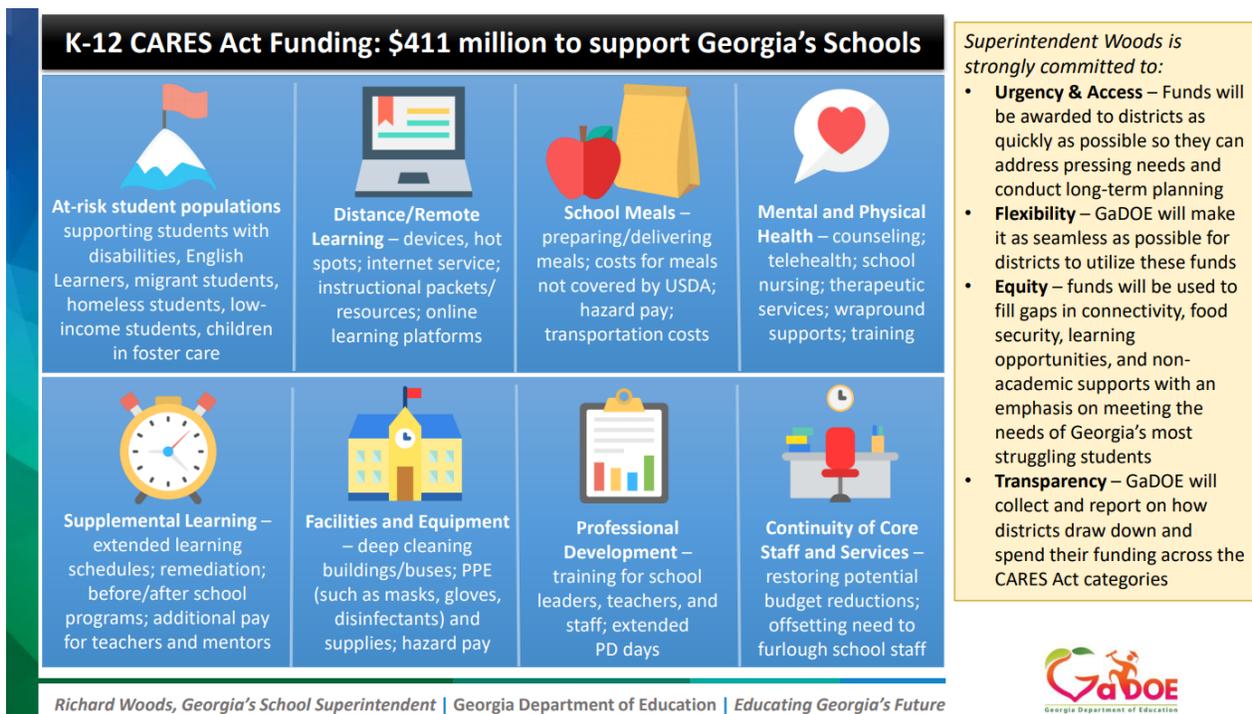


Figure 3: GADOE Infographic on ESSER expenditure priorities (7)

The Henry County Schools executive team established a CARES Act Steering Committee to support planning the system’s fiscal planning in relation to the ESSER funds. The Steering committee’s approach to planning was based on the guidance from GADOE and the Core Beliefs & Commitments of the Henry County Board of Education. Further, the Committee evaluated continuity and recovery commitments shared via HCS’ Continuity Briefing and End of Year Process Guide, which outlined HCS’ intent to provide students, families, or staff members with:

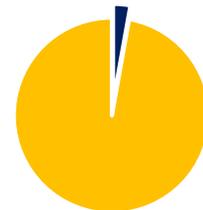
- Summer learning recovery opportunities
- Transportation for learning recovery
- School year learning recovery / extended learning
- Instructional resource revisions and replacements
- Expanded technology access
- Supports to School staff for remote/recovery learning
- Continuity of food preparation and distribution

In consideration of the imminent priorities and FY21 State budget reductions forecasted at \$42.6 million, Henry County Schools established the following plan for the ESSER funds allocated by the CARES Act.

HCS CARES Act Spending Plan

Approved by Georgia Department of Education Grant Department

HCS Award	5,898,078.00
Amount set aside for equitable services to private schools	\$166,326.00
HCS Award for HCS COVID-19 Needs Plan	5,731,752.00



■ Equitable Services ■ HCS Expenditure Plan

HCS Expenditures by area

Continuity of Services (to offset \$41.5M State revenue loss)	4,016,608.00
Food Nutrition Expenses (to offset deficits March - June 2020)	600,000.00
PPE and facilities expenditures	374,583.00
Summer school 2020	341,518.00
Devices and Software for remote learning	209,779.00
Instructional materials for remote learning and replacements	173,848.00
Indirect expense fee	15,416.00

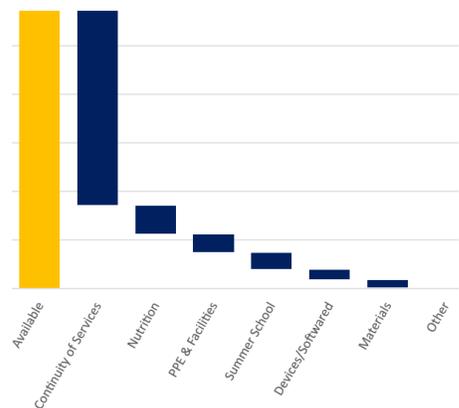


Figure 4: HCS Allocation Plan for ESSER I Funds provided by the CARES Act

In addition to the \$5.9 million ESSER grant allocated to Henry County Schools by formulas prescribed in the CARES Act, GADOE has issued grants from the 10% reserve the SEA was allowed to retain when sub-granting the ESSER funds. In total, Henry County Schools has received nine additional grants totaling approximately \$350,000; information on these grants can be found [here](#).

A Path to Recovery: Georgia’s Amended FY21 State Budget and ESSER II Allocations

As the 2020 calendar year came to a close, Henry County Schools initiated the FY22 budget development cycle. Given the significant loss of revenues from FY20 to FY21 and the awareness that the system could not utilize reserves alone to balance future budgets, the executive leadership team began scenario planning to accommodate significant expenditure reductions.

However, as Henry County Schools returned from the winter holiday break, new information regarding state and federal funding emerged.

Partial Restoration of State Austerity

The state of Georgia’s investment in education is a critical funding source for Henry County Schools, accounting for nearly 60% of the system’s budget in most years.

Budget Cycle	FY18 Adopted	FY19 Adopted	FY20 Adopted	FY21 Adopted
State	\$ 228,345,342.00	\$ 233,290,226.00	\$ 247,237,349.00	\$ 204,600,107.00
Local	137,449,627.00	148,589,151.00	158,054,889.00	166,892,715.00
Federal	2,106,000.00	2,388,000.00	1,860,000.00	1,960,000.00
Total	\$ 367,900,969.00	\$ 384,267,377.00	\$ 407,152,238.00	\$ 373,452,822.00
State %	62%	61%	61%	55%
Local %	37%	39%	39%	45%
Federal %	1%	1%	0%	1%

Figure 5: HCS Adopted General Fund Revenue history by funding source

Each January, the Georgia legislature convenes the Legislative Session and will adopt a state budget for the fiscal year beginning in July. In the opening days of Georgia’s 2021 legislative cycle, optimistic reports regarding Georgia’s economy were shared (8). It was reported that the State of Georgia had not seen declines in revenue as initially anticipated when the FY21 state budget was adopted in June of 2020. Seeing strength in sales collections and relative stability in

the Georgia economy, Governor Brian Kemp called on the legislature to evaluate mid-year budget restorations to many agencies, particularly education (9).

In February 2021, the legislature approved a 60% restoration of the \$950 million cut from the FY21 K-12 education budget due to the economic impact of the coronavirus pandemic. For Henry County Schools, this restoration translated into restoration of \$11.6 million of the \$22.8 million of funds withheld at the onset of the FY21 fiscal year. The \$11.6 million funding restoration, coupled with savings accomplished by flexible learning operations, began to significantly reduce the need to use reserves for FY21 operations. The ability to conserve and potentially invest in reserves, supports fiscal stability of Henry County Schools.

The Gap: FY 21 Expenditures over Revenues

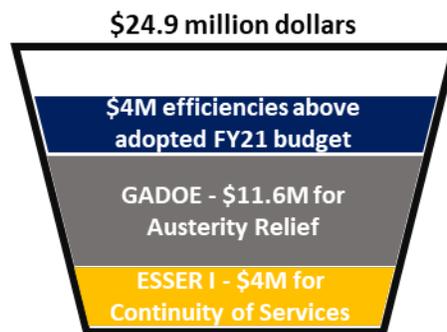


Figure 6: Infographic of funding source supplements to the FY21 Adopted Budget reserve use plan

ESSER II Allocations Announced

The unprecedented impacts of the coronavirus pandemic continued to impact school systems throughout 2020. School systems were faced with new costs, revenue shortfalls, and a need to re-design the education experience all at once. Recognizing that additional aid would be required to support American economy – inclusive of supporting the re-opening and operation of schools – the federal government took additional legislative action to provide emergency funding. The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed December 21, 2020 and allocated \$82 billion to the US Department of Education (USDOE). Of the \$82 billion allocation, \$54.3 billion was earmarked as ESSER II Funds.

Consistent with the prior round of ESSER funding, these new funds were sub-granted to GADOE and an allocation of \$23.7 million was granted to Henry County Schools. Consistent with prior ESSER funding, GADOE proactively guided grantees to structure funds to respond to needs associated with at-risk populations, remote/supplemental learning, nutrition, mental/physical

health, etc. One notable difference in the ESSER II funds was the elimination of the equitable service requirement for public school systems.

The formal spending plan for ESSER II funds has been under development since January 2021 and is being considered in tandem with planning for the FY22 Budget and system operations (covering July 1, 2021 through June 30, 2022). Imminent priorities for HCS' consideration include:

- Summer learning recovery programs, including incremental enrichment programming;
- Offset of expenditures related to COVID response, including vaccination site operations;
- Enhanced health and wellness supports for intensified social and emotional student needs; and
- Fiscal restoration of programs/services offered to community at a deficit to include the school nutrition program and afterschool enrichment program.

The formal plan for ESSER II funds will be published upon review of the Henry County Board of Education and approval by GADOE's Grants Accounting Office. Refer to the [ESSER II](#) webpage for details.

Investing in learning recovery and innovative practices: ESSER III Allocation

The American Rescue Plan Act of 2021 (ARPA) was passed March 10, 2021 and authorized by President Joseph Biden. The act provides just over \$170.3 billion to education, making this the federal government's largest ever single investment in schools. Of the \$170.3 billion allocation, \$122.8 billion was designated as ESSER III funds. Following the formula method prescribed by prior rounds of ESSER funding, GADOE has sub-granted \$53.4 million to HCS to be utilized over the next two to three years.

While there is continued flexibility to support school systems in identifying and addressing short-term needs driven by the pandemic, the ARPA legislation outlines that a minimum of 20% of funds sub-granted must be used "to address learning loss by implementing evidence-based interventions (e.g., summer learning, extended day/school year programs) to respond to students' academic, social and emotional needs. Further, there is an opportunity for school systems to invest in the structural changes that will, over the long term, make schools more equitable and whole-child focused.

A comprehensive plan for ARPA funds is under development and will be shared publically when available. Refer to the [ESSER III](#) webpage for details.