



NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

State and Federal Funding of HVAC Systems

Public School Capital Outlay Oversight Task Force

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Agenda

- Overview of Federal ESSER Funds
- ESSER 1: CARES Spending
- ESSER 2: CRRSA Spending
- ESSER 3: ARPA Spending
- ESSER Guidance
- State Resources



Education Stabilization Fund (ESF)

In response to Covid-19, Congress established three major sub-funds of ESF to support emergency education needs:

Elementary and Secondary School Emergency Relief (ESSER) Fund: for K-12 schools to maintain operations and respond to Covid-19 emergencies. Up to 10 percent can be withheld by the Public Education Department (PED).

Higher Education Emergency Relief (HEER) Fund: for student financial aid and higher education institution responses to Covid-19 emergencies.

Governor's Emergency Education Relief (GEER) Fund: for governors to provide emergency education services, including support to nonpublic schools.



Three Rounds of Federal ESSER Funds

ESSER 1: CARES (Mar. 2020) \$108.6 million

- Deadline for expenditure: Sep. 30, 2022
- For operational costs and Covid-19 emergencies
- Includes a provision requiring allocations to nonpublic schools
- Includes maintenance of effort (MOE) requirements

ESSER 2: CRRSA (Dec. 2020) \$435.9 million

- Deadline for expenditure: Sep. 30, 2023
- For operational costs, Covid-19 emergencies, and facility improvements
- Nonpublic school allocation earmarked in GEER funding
- Includes MOE requirements

ESSER 3: ARPA (Mar. 2021) \$979.1 million

- Deadline for expenditure: Sep. 30, 2024
- For operational costs, Covid-19 emergencies, facility improvements, and addressing learning loss
- Nonpublic school allocation earmarked in GEER funding
- Includes MOE and maintenance of equity (MEQ) requirements



ESSER Eligible Uses

At least 90 percent of ESSER funds flow through PED directly to districts and charters based on federal Title I (poverty) rates for:

- Activities authorized by federal education law,
- Covid-19 response systems and procedures,
- School leader support,
- Activities to support at-risk student populations,
- Training on sanitation and minimizing infections,
- Supplies to sanitize and clean facilities,
- Planning during long-term closures,
- Educational technology for students,
- Mental health services and supports,
- **Facility improvements and systems to reduce virus transmission,***
- Extended learning programs to address learning loss, and
- Other activities that are necessary to maintain LEA operations and continue employment of existing staff.

*Eligible use added for CRSSA and ARP funds (not CARES)

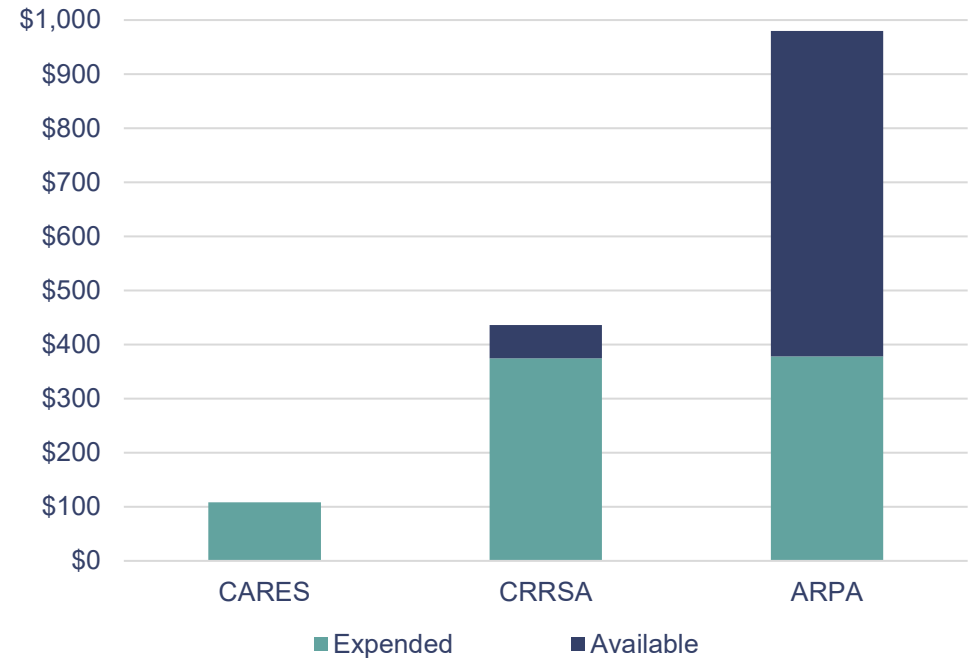


Expenditure Tracker

Schools have obligated the first two rounds of ESSER and are in the process of spending down the last round.

Nearly 61 percent of ARPA, or \$600 million, remains to be obligated by September 30, 2024.

New Mexico ESSER Funds and Spending
(in millions)



Source: USDE



ESSER 1: CARES Spending

Schools did not budget CARES funds for HVAC systems; however, the governor provided \$3 million from GEER funds to schools for HEPA filters.



Source: PED



ESSER 2: CRRSA Spending

Schools budgeted **\$49.4 million**, or 13 percent, of CRRSA funds to improve indoor air quality, which includes HVAC system improvements.



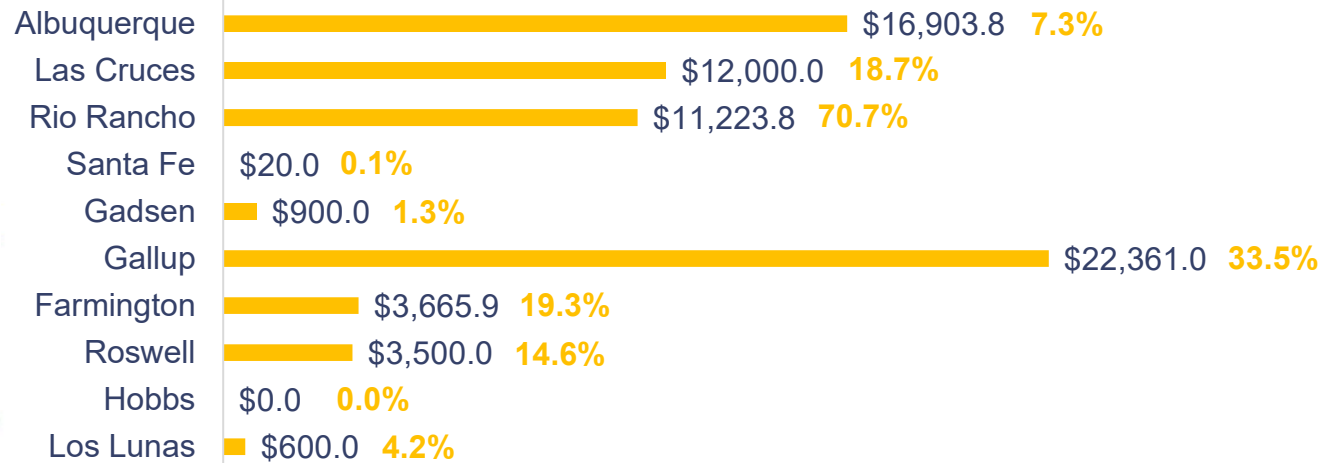
Source: PED



ESSER 3: ARPA Spending

The 10 largest school districts budgeted **\$71.2 million**, or an average of 13 percent, from ARPA funds to improve indoor air quality, which includes HVAC system improvements.

ARPA ESSER Budget for Indoor Air Quality
(in thousands)



Source: District ARP Plans



ESSER Guidance

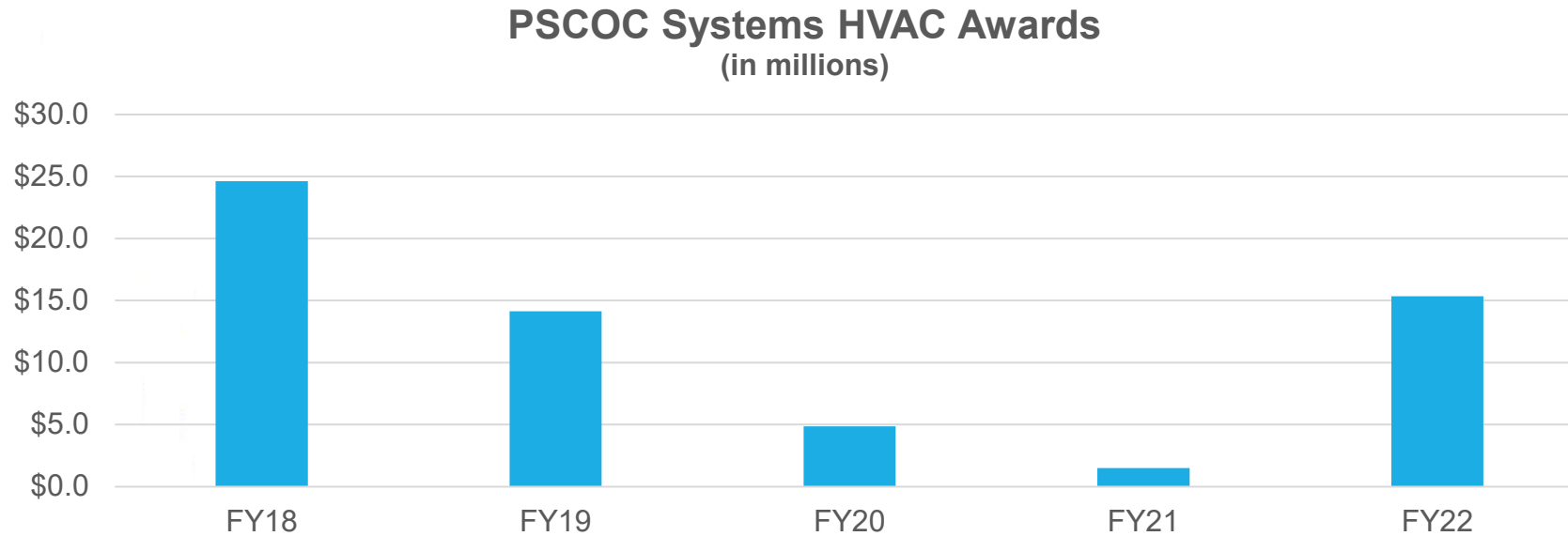
The U.S. Department of Education has released new guidance allowing school districts to request a 14-month extension to spend ESSER 3: ARPA funds, effectively extending the deadline for expenditure until March 2026.

Schools requesting an extension must explain how a longer spending period will contribute to acceleration of student learning and support academic recovery and must submit requests to extend spending through PED.



State Resources

State awards for HVAC systems have reached \$60.4 million since PSCOC began awarding grants for systems-based projects. Schools are also upgrading HVAC systems in traditional standards-based projects when facilities are replaced.



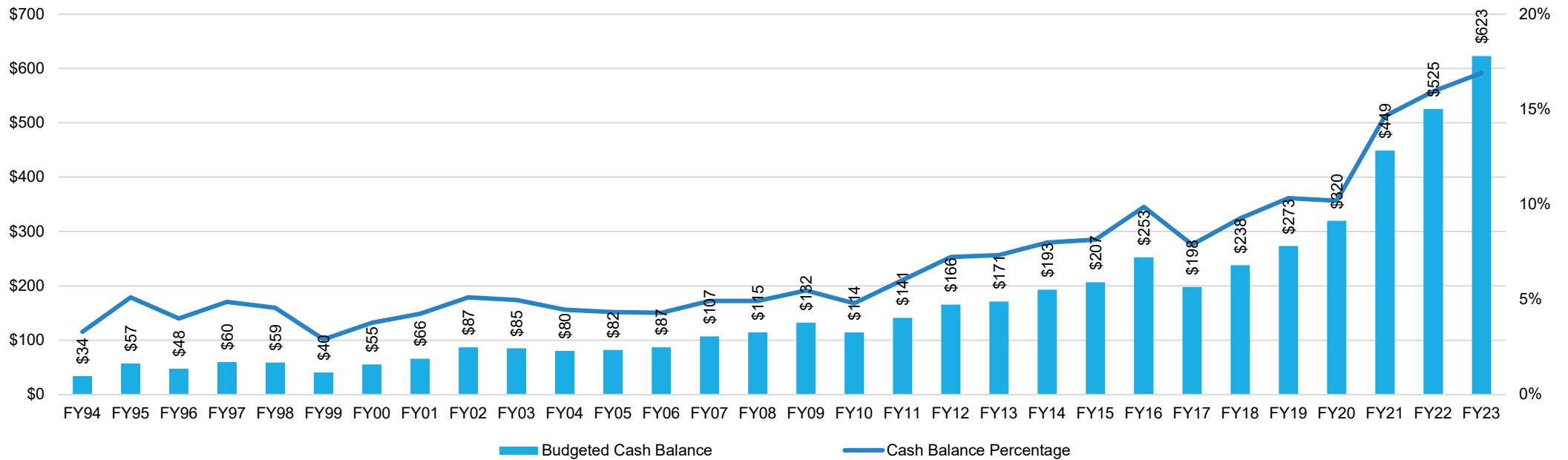
Source: PSFA



State Resources

Unrestricted, budgeted school cash balances ending July 30, 2023, have reached \$623 million statewide, or 17 percent of program cost.

Statewide Public School Cash Balance History
(in millions)



Source: LESC, PED, and LFC Files



Questions?



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For More Information

- <http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx>
 - Session Publications – Budgets
 - Performance Report Cards
 - Program Evaluations

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