

# Use of Federal Funds to Support Educator and School Staff Workforce

## Purpose

The purpose of this document is to highlight and clarify how LEAs might use funds they have received through either the ESSER programs (ESSER I, ESSER II and ARP ESSER) or from USDA through the Non-Profit School Food Service Account to support the retention and hiring of educators and school staff during the COVID-19 pandemic. Please note that while potential uses and restrictions on both sources of funds are similar, Non-Profit School Food Service Account funds must only be used for staffing needs related to the federal child nutrition programs, while ESSER funds can be used for any staffing needs, including child nutrition programs.

## Background

The COVID-19 pandemic has created increased need across Vermont LEAs and this new landscape has created allowable use questions that fall outside our historical experience with federal grant funds. One such allowable cost is the use of federal grant funds to provide staff bonuses and hiring incentives. The US Department of Education (USED) (and other federal awarding agencies) continue to offer increased flexibility and guidance that is still evolving. The guidance has been helpful in identifying that these costs are allowable, but has not included information on the important steps a subrecipient must take to meet federal compliance requirements for this type of cost.

In addition, the way that USED has utilized specific terms interchangeably, or even the evolution of the use of these terms, has been a source of potential confusion. Terms including “hazard pay, premium pay and incentive pay,” may be understood as having the same general meaning and application. Similarly, “policy” and “plan” may be understood, when used in USED guidance, as meaning a formal, adopted document that has been approved using whatever processes are internal to an SU/SD (school board approval, superintendent approval, etc.).

In recent months, USED has acknowledged that staffing shortages exacerbated by the COVID-19 pandemic constitute a real challenge to the continuity of operations in many school districts. In the [FAQ](#) released by USED in May 2021, the use of ESSER and GEER funds to support workforce issues and staff mental health and wellbeing were specifically addressed (Questions D-1 through D-7) and in late October 2021 the Departments of Treasury and Education held a webinar series aimed at using federal emergency funds to address workforce challenges.

## Contact Information:

If you have questions about this document or would like additional information please contact: Josh Souliere at [josh.souliere@vermont.gov](mailto:josh.souliere@vermont.gov) or Rosie Krueger at [mary.krueger@vermont.gov](mailto:mary.krueger@vermont.gov)

Finally, on Nov. 12, 2021, USED released a new set of [FAQ's](#) addressing how ESSER funds can be used specifically to hire or retain bus drivers.

Districts may respond in a variety of ways to workforce challenges related to the COVID-19 pandemic that may be allowable using ESSER or Non-Profit School Food Service Account funds, including, *but not limited to*:

- Compensation for school staff identified as close contacts who are required to quarantine or have a dependent who is required to quarantine.
- Hiring to fill COVID-19 related positions: bus drivers, food service staff, nurses or nurse assistances, substitutes, tutors or staff to address the impacts of lost instructional time, afterschool staff to address student engagement or mental health, general and special educators, etc.
- Staff retention due to the additional stresses or changed nature of work during the pandemic.
- On call or standby pay for nurses or other critical school staff who need to respond to positive cases over the weekend or after work hours (e.g. to complete contact tracing, plan for Test to Stay, communicate with families, etc.).

## **Process and Documentation Requirements**

If an SU/SD chooses to utilize its ESSER or USDA funds from the Non-Profit School Food Service Account to support staffing needs related to COVID-19 the following steps are recommended:

1. Identify how COVID-19 has impacted the workforce in the SU/SD (some possible challenges or impacts are listed above, but SU/SDs may face other impacts that could be allowable).
2. Identify how ESSER or Non-profit school food service account funds could be leveraged to help address these impacts. Some potential approaches include, but are not limited to:
  - a. A merit bonus for specific individuals or categories of school staff based on specific, COVID-related work that they have performed;
  - b. An incentive payment to retain specific individuals or categories of school staff whose work is critical to preparing for, preventing or responding to COVID-19;
  - c. A hiring bonus or other incentive program to attract specific individuals or categories of school staff whose work is critical to preparing for, preventing or responding to COVID-19;
  - d. Health and wellness programs to address the mental health of school staff, as long as they meet the criteria of reasonable and necessary to respond to COVID-19.
3. Identify which categories, individuals or groups within the SU/SD are impacted. This may include, but is not limited to the following categories:

- a. Custodial staff, bus drivers, school administrative staff or food service workers whose work hours have increased or whose job duties are substantively different than pre-pandemic.
  - b. Nurses or Nurse Assistants whose job duties are greatly expanded or who are at greater risk of exposure to COVID-19.
  - c. Educators whose job duties are substantively different than pre-pandemic either because they are teaching through a different learning modality (e.g. remote or hybrid instruction) or because of greater risk of exposure or other factors related to preventing the spread of COVID-19.
4. Write a policy document outlining all the specifics of the program bearing in mind the key questions for a potential future audit: Why was it necessary and reasonable to respond to COVID-19? How are the funds going to be used? Who qualified for the program?
  5. Seek approval for the policy following SU/SD procedures and ensure that it does not violate existing contracts. If unsure of the potential conflicts or impacts on existing and/or future contracts, please seek input from entity's legal counsel.
    - a. Please note: if the staffing support program seeks to use ARP ESSER funds, it should also be documented in the ARP ESSER LEA Plan and engagement with required stakeholders must be sought and documented.
    - b. If using any of the ESSER funds, no bonuses may be given for work that occurred prior to March 13, 2020.

## Considerations and FAQs

This section includes some questions and answers that LEAs might consider when deciding whether or how to use ESSER or Non-Profit School Food Service Account funds to support education workforce needs.

### Q1. What about supplement-not-supplant?

ESSER funds do not include a supplement-not-supplant requirement and are not subject to ranking and serving provisions that define how a subrecipient distributes funds to schools. However, all ESSER expenditures must be in line with all required cost principles of [Uniform Grant Guidance](#) (UGG) including being reasonable, necessary and allocable. In addition, the program does contain a state-level Maintenance of Effort requirement, which is designed to keep states from substantially reducing their support for K-12 education.

Please note that the use of ESSER funds does not override the supplement-not-supplant requirements of *other* programs. For example, replacing local funds with ESSER funds to support the delivery of special education programs may result in an LEA failing to meet the maintenance of effort (MOE) compliance requirements of IDEA. While LEAs may use ESSER funds to support the delivery of special education, it is recommended that this only be done to supplement the use of state and local funds already allocated to the program. When planning for the use of ESSER funds, LEAs should consider if similar implications exist related to other

federal programs (Please also see: Question A-18 of the [Frequently Asked Questions: Elementary and Secondary School Emergency Relief Programs Governor's Emergency Education Relief Programs](#)).

While these funds can also be used for maintaining the operation and continuity of LEA services, including to employ existing or hiring new LEA and school staff, it is important to consider how staffing will be impacted when federal funding is no longer available.

Funds from the Non-Profit School Food Service Account also **do not include** a supplement-not-supplant requirement.

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## **Q2. What happens when ESSER funding ends?**

While these funds can also be used for maintaining the operation and continuity of LEA services, including to employ existing or hiring new LEA and school staff, it is important to consider how staffing will be impacted when federal funding is no longer available. LEAs should avoid setting up a fiscal cliff and should clearly communicate and document the limited duration of any increases in pay to school staff.

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## **Q3. Can ESSER be used to pay for general teacher or staff salaries across the board, such as a percentage increase across the board?**

ESSER funds may be used to pay stipends, bonuses or salary for teachers if the LEA can connect the compensation to issues resulting from COVID-19. However, LEAs are strongly cautioned against raising salaries to a level that they will not be able to maintain beyond the funding period. Stipends and bonuses for additional responsibilities are the most prudent method of compensating educators using one-time funds.

Non-profit school food service account funds could be used in a similar way for staffing costs related to the federal child nutrition programs, however the same considerations about sustainability apply.

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## **Q4. Should the LEA document how paying salaries for various individuals is necessary to maintain continuity of operations?**

Yes. In general, the school/district could use ESSER or USDA funds on staff, including staff that were paid with state/local resources previously. As with all federal resources, uses of ESSER funds need to be reasonable and necessary, and the district must be able to provide supporting documentation upon request. In addition, the district must maintain documentation to show that this use is to prevent, prepare for and respond to COVID-19, and that without charging these staff to ESSER or USDA funds, the district would not have been able to maintain operations, continue or expand services in response to COVID-19, or continue to employ existing staff of the LEA.

Please also remember that using federal grant funds to pay compensation to staff will trigger the Uniform Guidance requirement to complete personnel documentation (a.k.a "time and

effort”). In many cases, this documentation may be as simple as using a blanket periodic certification, but it is critical that the documentation not be overlooked. Please feel free to reach out to the Regulatory Compliance Team with any questions regarding the documentation of compensation for personal services per 2 CFR [§200.430](#).

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**Q5. Are there additional considerations when using funds from the Non-profit school food service account for staffing needs?**

Please remember that USDA is not providing additional funds for this purpose. Funds in the non-profit school food service account come from the per-meal rate that the federal and state governments pay the school food authority (SFA) for each meal served. Revenue from paid meals, adult meals, a la carte, catering and vending also accrues in this account to be used for the operation of the federal child nutrition programs. Some SFAs may also have received additional USDA Emergency Operational Funds deposited into this account to cover some losses sustained as a result of COVID-19. While staffing costs related to the operation of the federal child nutrition programs are an allowable use of funds from this account, school food authorities should first consider whether the account contains sufficient funding for this purpose. USDA regulations do prohibit school food authorities from maintaining more than three months of operating expenses in this account, so if your SFA does have excess net cash resources, staffing costs may be a good use of those excess funds.