Fiscal Cliff or Soft Landing? Exploring District Responses to Expiring COVID-19 Relief Funds

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Authors:

Dr. Bryan Beverly, Director, MSU Office of K-12 Outreach

Tyler Thur, Associate Director, Data & Evaluation, MSU Office of K-12 Outreach

Dr. Jacqueline Gardner, Director, Data & Evaluation, MSU Office of K-12 Outreach

Abigail Bies, Graduate Research Assistant, MSU Office of K-12 Outreach and MSU MPP Program[1]

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Executive Summary:

A rare bright spot of the COVID-19 era for school districts involved the United States federal government allocating around $190 billion to K-12 entities nationwide to address the pandemic's many harmful effects. While these Elementary and Secondary School Emergency Relief (ESSER) funds offered administrators a nearly unprecedented opportunity to invest in their students, educators, and communities, they came with a challenging requirement to be obligated to be spent by September 2024. As districts approached this deadline, concerns spiked that "the abrupt ending of federal pandemic relief funds, falling district enrollments, and slowing state revenues" could create a "perfect storm of financial chaos" for K-12 institutions, generating an "ESSER fiscal cliff" (Roza & Silberstein, 2023).

Thanks to funding from the Michigan Applied Public Policy Research (MAPPR) Grant Program from the Institute for Public Policy and Social Research (IPPSR), we explored the extent to which Michigan K-12 institutions faced an actual or perceived ESSER fiscal cliff regarding staffing. Then, we identified how some districts avoided financial peril and how others responded to a new sense of scarcity after a period of relative but temporary ESSER-related abundance. Ultimately, we heard from 78 unique districts in all of Michigan's 16 geographic regions via survey responses that represented around 20% of Michigan's allocated ESSER funds. Additionally, we dug into representative districts' experiences via twelve interviews with district leaders and the Michigan Department of Education (MDE).

Concerning our main research question, we found that districts were mostly financially ready for the cliff, with 95.8% reporting feeling prepared. Further, there was no spike in districts indicating being "not" or only "somewhat" stable after funds ended, compared to before they were allocated (29.6% pre-ESSER versus 30.0% post-ESSER). Still, ESSER's end sharply impacted districts. Representatively, 92.3% of districts surveyed said that funds had a "moderate" or "substantial" impact on their spending decisions, and during ESSER, the share of districts reporting being "not" or only "somewhat" financially stable dropped to 10.0% (compared to 29.6% pre-ESSER and 30.0% post-ESSER). Additionally, the deadline brought an experiential cliff where districts pulled back to balance budgets (e.g., 76.8% took actions like not posting or eliminating roles, cutting bonuses, reducing other costs, or relying on long-term substitute teachers due to constraints). Finally, we heard predictions that austerity measures will intensify. For instance, comparing their anticipated 25-26 budgets to actual 24-25 ones, a greater share of survey respondents expected to not post positions (53.3% to 66.1%), eliminate roles (41.7% to 57.1%), cut other costs to offset losses (26.7% to 39.3%), and reduce staff benefits (8.3% to 25.0%).

Regarding our investigation of how districts are navigating perceived resource scarcity beyond cutting expenses, various entities reported sustaining ESSER-era investments by developing local initiatives to meet newly-realized staffing needs post-pandemic, identifying partners to cost-share and strategize with, replacing lost ESSER funds with grant dollars or creatively-saved general fund reserves, engaging in long-term strategic planning around recurring expenses, or auditing current non-staff expenses and exploring consolidation options. These insights demonstrate district leaders' unique ability to navigate perilous financial conditions and react creatively to changing circumstances.

Finally, in terms of our investigation of what factors influenced districts' perception of an ESSER fiscal cliff, we broke districts' feedback into ESSER-specific and structural explanations. Concerning the former, struggling districts pointed to ESSER's "one-time nature" but their "recurring needs" (71.4%), competition across districts for educators (57.1%), general challenges with the teacher labor market (52.4%), unmitigated pre-ESSER "financial distress" (28.6%), and legal restrictions preventing desired spending (28.6%). Meanwhile, financially stable districts credited their stability to avoiding spending on recurring expenses (51.1%), finding other resources and grants to fill in for ESSER before its deadline (51.1%), and engaging in intensive strategic planning before utilizing their grant allocations (48.9%). When it came to structural factors explaining different experiences, struggling districts flagged increased expenses (90.5%), enrollment declines (85.7%), and insufficient state per-pupil funding (66.7%), which inversely aligned with stable districts' experiences of pre-existing stability (68.1%), reduced expenses (27.7%), enrollment increases (25.5%), and sufficient state funding (19.1%).

To conclude our research, we generated a series of policy recommendations for district leaders, state policymakers, and the federal government. We advise district leaders to (1) Review Administrative Capacity to Manage New Funds and Comply with Grant Oversight Requirements, (2) Explore Allowable Grant Uses, Including Any Supplement, Not Supplant Provisions, (3) Utilize Information Hubs to Navigate Grant-Related Uncertainty, (4) Engage in Routine Strategic Planning, (5) Identify New Grants to Fill in for Expiring Ones When Recurring Expenses Are Unavoidable, and (6) Communicate Regularly with Internal and External Stakeholders. We encourage state policymakers to (1) Consider What ESSER-Era Practices Could Be Sustained with Added and More Equitable Funding, (2) Appreciate Districts' Varied Ability to Avoid Spending on Recurring Expenses, (3) Meet Districts Where They Are When Providing Guidance, and (4) Continue to Facilitate the Cross-District Sharing of Data and Best Practices. We suggest that the federal government works to (1) Identify Which ESSER-Era Practices Advanced Student Achievement and Examine the Power of Federal Resources to Advance These Initiatives, (2) Be Mindful of Added Student and Educator Needs Post-COVID and Whether Communicated Priorities Trade Off with Others, (3) Provide Certainty of Funding Timelines and Rules, Including Any Extension Waivers, and (4) Balance the Need for Oversight with the Administrative Burden It Generates. We hope that these findings and recommendations help K-12 administrators navigate their post-ESSER work, local government leaders manage other state and federal grant programs, and elected officials design funding opportunities in a way that meets everyone's needs.

Overview of the Issue:

Michigan schools had a rough time during the COVID-19 pandemic. The "sustained disruption" brought on by this disease's spread and resultant school closures hurt educational equity and student success, visible in "widening achievement gaps" and cratering test scores (Lohman & Wilkinson, 2022; Mrozowski et al., 2023). Further, districts faced staffing shortages, low morale, reignited culture wars, spiking absenteeism, and an entrenchment of a "two-decades-long decline in" public school enrollment (Torres et al., 2023; Mauriello & Higgins, 2022; Frick, 2024; Turner, 2022; Thiel, 2024). Anticipating some of these challenges, between March 2020 and March 2021, the United States federal government allocated around $190 billion to K-12 educational entities via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and American Rescue Plan (ARP) Act (Addonizio, 2021; MDE, 2024).

For a fleeting moment, these "historic" Elementary and Secondary School Emergency Relief (ESSER) funds made districts "as flush as they've ever been in history" and invited optimism that schools could simultaneously recover from the pandemic and push K-12 education into a new frontier of meeting student needs after decades of "inadequate and inequitable" funding (Roza & Silberstein, 2023; Levin, 2022; Arsen et al., 2019; Delpier & McKillip, 2023). After all, these resources were the largest ever one-time federal investment in K-12 districts, comprising as much as "a 7% boost for K-12 funding levels" (Aldeman, September 2024; DiNapoli Jr. & Arellano, 2024). However, as quickly as resources arrived, so too did warnings of their temporary nature and a possible cliff in September 2024 when districts would face "a use-it-or-lose-it deadline" to spend any unobligated funds, return to pre-COVID conditions, and have "to figure out how to make up for the lost dollars" – a uniquely challenging task for entities planning to use these funds for recurring costs (Chrastka, 2024; Lefebvre & Master, 2024; Beverly et al., 2021).

Advancing these concerns, by spring 2024, various Michigan news sources began featuring some troubling stories about districts' finances. Emblematically, commentators flagged anger, fear, and confusion among community members as leaders of Ann Arbor Public Schools revealed "a shocking $25 million budget shortfall" and plans to lay off almost 100 teachers (Lohman, March 2024; Lohman, May 2024). Similarly, journalists covered developments like the Detroit Public Schools Community District finalizing "a 2024 budget with roughly $300 million in cuts," Wayne-Westland Community Schools eliminating almost 40 staff members, the Troy School District teasing plans to "right-size," and the Wayne Regional Educational Service Agency sharing that "one of every five [of their] districts" would be "impacted greatly" by looming austerity (Lohman, March 2024; Fahr, 2024; Dellinger, 2024).

On the one hand, headlines like these, which focused on tight Michigan school budgets and their effects on students and staff members, were not unprecedented, given a decades-long mismatch between the funding districts need to thrive and the resources that the Michigan Legislature and federal government would earmark for them (Arsen et al., 2019; Delpier & McKillip, 2023). On the other hand, there were credible fears that the proximate cause of this reported crisis could be unparalleled. In fact, some economists predicted a looming "perfect storm of financial chaos," which they labeled an "ESSER fiscal cliff," for K-12 institutions in Michigan and nationwide due to "the abrupt ending of federal pandemic relief funds, falling district enrollments, and slowing state revenues" (Roza & Silberstein, 2023).

Concurrently, other voices challenged this anecdotal evidence of a "COVID cliff" by suggesting that Michigan school districts could navigate themselves through these fiscal headwinds via careful planning and judicious spending (Dellinger, 2024; Lohman, March 2024). For instance, State Superintendent Michael Rice argued that "the sky is not falling" when asked about the effect of these funds' September 2024 termination and Michigan schools' financial future (Rice, 2024; Dellinger, 2024). Similarly, various district leaders across the state publicly posited that ESSER's end either would not significantly impact operations due to prior caution and supplemental grants or only necessitate minor cuts and changes to extraneous programs (Dellinger, 2024; Fahr, 2024).

Research Questions:

Given these divergent perspectives, education stakeholders, teachers, administrators, and policymakers faced significant ambiguity heading into the 2024-25 academic year about what the end of federal pandemic relief funds would mean for districts' ability to adequately staff their buildings. Hoping to offer greater clarity and move beyond widely-publicized but generally speculative or isolated initial reports of an ESSER cliff, our research team dug into a collection of questions designed to systematically analyze Michigan districts' financial realities. Thanks to funding from the Michigan Applied Public Policy Research (MAPPR) Grant Program via the Institute for Public Policy and Social Research (IPPSR) at Michigan State University (MSU), we investigated the following threads:

1. To what extent have Michigan districts internalized the possibility of or realized an ESSER cliff, especially tied to their ability to staff their buildings with qualified educators adequately?
2. For the districts that report an actual or perceived ESSER cliff concerning staffing, how are they navigating this changed reality (e.g., laying off educators, consolidating schools, seeking new grants, lobbying policymakers, waiting and seeing what happens, etc.)?
3. For the districts that report financial stability, what structural conditions (e.g., enrollment increases, changing student needs, altered costs of education, added non-ESSER funds, etc.) or ESSER-related process decisions (e.g., low spending on staffing, past strategic planning, leveraging ESSER funds, etc.) do they credit for their steadiness?

Research Method:

To answer these questions and understand district leaders' experience with ESSER funds' end, we conducted an observational study, which employed a mixed-methods framework with an explanatory sequential design (Creswell & Guetterman, 2019; Fetters et al., 2013). In practice, this approach started with us surveying Michigan district leaders to understand the extent to which they perceive an ESSER fiscal cliff impacting their staffing decisions.[2] Then, the resultant data were used to identify a sub-sample

[2] This survey instrument, with summarized descriptive statistics, is included in *Appendix A*.

of districts to interview to probe administrators' perceptions of fiscal realities, how they got there, and how they plan to navigate staffing going forward.[3] This two-part approach was designed to capture a range of experiences and facilitate an in-depth look at certain districts. It also helps validate results.

Our survey effort sought to hear from as many unique Michigan public school districts as possible, including traditional public school districts and public school academy districts. To ensure that respondents were fully aware of their local finances and budgetary decisions, we exclusively targeted district leaders (e.g., superintendents, assistant superintendents, central office staff members, and district fiscal officers). Prospective survey participants were informed of this opportunity via general outreach to district leaders listed in the Educational Entity Master, direct email appeals from the Office of K-12 Outreach, use of K-12 Outreach's *In Focus* newsletter and social media channels, and requested communication campaigns by participating districts, the Michigan Association of Superintendents & Administrators (MASA), and various Michigan intermediate school districts and regional educational service agencies. Through these efforts and six $50 incentives distributed via four weekly raffles, our team collected 80 viable survey responses. In the data cleaning stage of the project, we further narrowed this sample down to 78 submissions to ensure that districts were only represented once.

Ultimately, the survey sample we generated spanned districts from all of Michigan's 16 regions.[4] The areas with the most districts represented were "Mid-Michigan" (13), "Wayne" (11), "Oakland" (10), and "Greater West Michigan" (9). Notably, 7 districts in the Upper Peninsula participated in our survey.[5] Of the 78 districts we heard from, 47.4% were classified as "rural" or "town," 26.9% were "suburban," and 25.6% were urban (coded as "city").[6] In terms of governance, 11.5% of our survey responses were from charter districts, and 88.5% were from traditional public school districts. In general, this coding was based on information listed in Michigan's MI School Data platform and its "Student Counts" report. In total, the 78 unique districts we heard from represented just under 20.0% of Michigan's allocated ESSER funds.[7]

When it came to the probing interviews that followed these surveys, we engaged administrators from eleven distinct districts via confidential 45-minute interviews about their ESSER spending process, current and predicted financial states, and policy recommendations concerning state and federal

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[3] The interview instruments used for district leaders and the MDE are included in *Appendix B* and *C*.

[4] To review our geographic diversity, we used MiSTEM's Network Map. To see the 16 Michigan regions, please visit: https://michigan.maps.arcgis.com/apps/webappviewer/index.html?id=dc82f5234fc3462899b47731a7811827

[5] Upper Peninsula districts were identified by the following region codes: "Western Upper Peninsula," "906 - Central," and "Eastern Upper Peninsula."

[6] These values do not sum to 100.0% due to rounding.

[7] The "MI Total ESSER Summary" from the Edunomics Lab at Georgetown, which uses MDE data as of February 2025, reports that Michigan districts received a total of $5,174,648,334 in ESSER funds. Of that total, the districts that completed our survey received a total of $973,734,170 in ESSER funds. Hence, we collected surveys covering 18.8% of ESSER funds allocated in Michigan. To review ESSER allocations, please visit: https://public.tableau.com/app/profile/edunomicslab/viz/MITotalESSERSummary/MI_Summary

approaches to school funding. Each interviewee was offered a $25 gift card as a token of appreciation for their time. That said, some participants shared that they were unable to accept this incentive and instead were motivated by a desire to help advance this research effort or incorporate their perspective into ongoing policy debates. Regarding this sub-sample's representativeness, every interviewee represented a traditional public school district. Geographically, they were more diverse, with 27.3% of participants classified as representing a "rural" or "town" district, 27.3% classified as "suburban," and 45.5% classified as urban (coded as "city").[8] While we initially only planned to interview district leaders, in various discussions, administrators mentioned the significant role of the Michigan Department of Education (MDE) in their approach to utilizing ESSER funds and managing their September 2024 obligation deadline. As such, we added an interview with a representative of the MDE's Office of School Support Services focused on how the department crafted its guidance around ESSER funds, best practices it observed, challenges districts reported, and current fiscal realities facing Michigan's schools.

Findings:

Is There an ESSER Fiscal Cliff? How Are Districts Responding?

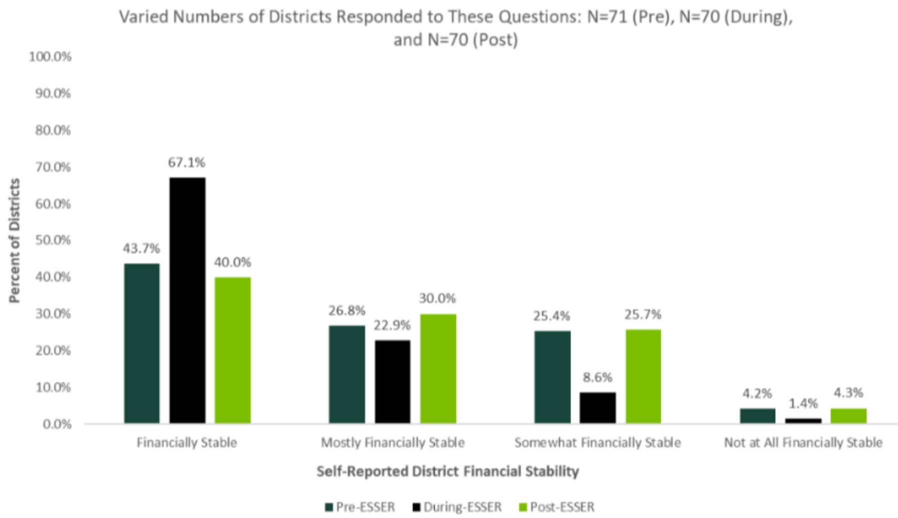
Our research centrally asked whether the September 2024 ESSER obligation deadline caused Michigan districts to anticipate or experience an ESSER cliff and react accordingly. Ultimately, we found that how people define a "fiscal cliff" shapes their understanding of what the end of ESSER funds meant for Michigan districts. For individuals focused on administrators' ability to pass balanced budgets, keep their doors open, and avoid the worst predictions of financial chaos, our research indicated that districts were mostly ready for the cliff and able to avoid many of the doomsday estimations offered by pundits in the months before ESSER's expiration. Put differently, we did not find evidence that districts post-ESSER were suddenly insolvent or entirely unable to carry out their core functions due to these resources' end. Relatedly, we identified some markers of district leaders anticipating and preparing for the termination of ESSER funds long before the September 2024 deadline. That said, for folks who understood the concept of a "fiscal cliff" more broadly, thinking about what ESSER's expiration would mean for districts' internal sense of stability and ability to sustain COVID-era programs and staffing levels after federal funding dried up, an added sense of insecurity and an experiential fall-off were more present.

First, regarding the conclusion that districts avoided the worst financial fears tied to the ESSER cliff, evidence of relative post-funding stability stems from our survey question that asked respondents to select their level of agreement with the statement that "Generally speaking, my district was prepared for the September 2024 ESSER funds deadline." Here, 95.8% of administrators agreed with the premise. Second, some added perspective on this question came from our ask of administrators to self-assess how "financially stable" their district was "prior to being allocated ESSER I, II, and III funds," during the grant period, and following the grant deadline. We did not observe a spike in districts reporting being "not" or only "somewhat" stable after ESSER funds dried up, compared to before these federal resources were

[8] These values do not sum to 100.0% due to rounding.

available. As is visible in Figure 1, 29.6% of respondents pre-ESSER selected these labels of financial precarity versus 30.0% post-ESSER. Finally, this sentiment was affirmed in our interviews with district leaders. One attitude that was echoed in multiple interviews was visible in a comment from an associate superintendent of finance and accounting from an urban district who noted, “We knew that [ESSER] was ending. So, we had continued to prepare people and let everybody know…we're also going to…see what was worth our while, what we need to continue."

Figure 1: Self-Reported District Financial Stability Pre-, During-, and Post-ESSER[9]



However, even if ESSER’s end did not entirely overwhelm the budgets of most Michigan school districts we heard from, there is evidence that its expiration impacted them. A marker of this observation is visible in the high share of entities who reported that relief funds had a “moderate” or “substantial” impact on their annual spending – 92.3% of survey respondents. An interview response that encapsulated this perspective came from a rural superintendent who explained that “[ESSER funds] were very needed for a time, a very difficult time. That helped us do great amounts of things and get kids educated.”

Without these funds, these entities would have had to find alternative resources, cut their expenditures, or use reserve funds to maintain balanced budgets during the COVID-19 pandemic. Additionally, Figure 1 shows how, during the ESSER period, the share of districts reporting being “not” or only “somewhat” financially stable dropped to 10.0%, versus sitting at 29.6% of respondents pre-ESSER and 30.0% post-ESSER. As such, the end of ESSER might have meant that a host of districts lost a temporary sense of financial stability that they experienced – perhaps paradoxically given added student, staff, and community needs tied to COVID-19 – during the pandemic, even if the end of federal support did not plunge them into an unprecedented level of financial peril. Using a definition of fiscal cliff that

[9] Instances of totals not summing to 100.0% are due to rounding.

includes experiences of lost financial security and flexibility, rather than one that exclusively considers the most obviously deleterious fiscal conditions, many of these districts faced an ESSER cliff.

Moreover, the end of ESSER funds brought what our research team has labeled an experiential cliff, where districts pulled back on staffing efforts and cut offerings to balance budgets. Many of these actions were consequential, even if they fell short of mass layoffs. For instance, when we asked district leaders to reflect on their 2024-25 budget in our survey and consider what “changes, if any,” were “ma[d]e regarding staffing due to financial constraints,” 76.8% reported taking actions like not posting or eliminating roles, cutting bonuses, reducing other costs, or relying on long-term substitute teachers. Crucially, the districts that mentioned adopting these austerity measures included both self-identified financially stable and struggling districts. Reflecting on these planned actions post-ESSER, one deputy superintendent from an urban school district noted, "We're going to be maximizing classes as well as eliminating some positions...to kind of help with the cost because...we will not be able to afford some of the tools that are making a difference.”

Beyond being attributable to the financial effects of losing ESSER funds and being less able to staff various programs, this experiential cliff is due to the rising quantity and complexity of student, educator, and community needs in the COVID era. From the start of the pandemic to schools reopening to the present, these individuals faced “an unprecedented period of challenge,” generating “complex, multifaceted, and...significant” needs related to newly-felt economic precarity, worsened mental and physical well-being, deepened social inequality, and regressed academic achievement (Minkos & Gelbar, 2021). In our open-ended survey prompts and interviews, we heard district leaders worry about the entrenchment of these added needs, especially without ESSER funds to address them. Representatively, in an interview, an urban superintendent described how one of their “bigger fears about the ESSER money going away is the mental health support that's needed.” They added, “Just looking at what's happening in society in general, and then for our families who are incredibly under-resourced, how are we going to make sure that we are fully providing the environment where the children can learn?” Ultimately, post-ESSER, school districts are being asked to do more with less, and consequently, students, families, educators, and administrators can anticipate an experiential cliff.

Finally, our research identified concerns that this experiential cliff will only worsen as districts get further away from the relief of ESSER funds. Paired with our question about 2024-25 staffing budgets, we asked survey respondents to predict what “changes, if any,” they “anticipate making regarding staffing due to financial constraints” for the 2025-26 school year. This time, 72.5% of survey participants, again including both districts that self-identified as financially stable and ones that expressed concerns about their post-ESSER state, selected at least one listed measure of austerity. Comparing their theorized 2025-26 budget plans to their actualized 2024-25 ones, a greater share of respondents reported expecting to not post positions (53.3% to 66.1%), eliminate roles (41.7% to 57.1%), cut other costs to offset losses (26.7% to 39.3%), and reduce staff benefits (8.3% to 25.0%). Table 1 shows districts’ reported cuts for the 2024-25 school year and anticipated ones for 2025-26. Making these estimates more tangible, one superintendent of an urban district explained how in “25-26, we're going to have to do some pay freezes…we're going to be minimizing our summer school program this year, and we're going to do what we can to keep our mental health supports.”

It is also worth noting that surveying and interviewing public-facing district leaders comes with a risk of underreported peril. Specifically, some of our research participants might have felt reservations about reporting financial instability out of a fear of being perceived as poor stewards of public resources or facing external criticism. Separately, the speculative nature of some of our questions invited a certain level of error. Together, these methodological features suggest even further caution when it comes to predicting the stability of school finances in future budget years, following the end of ESSER funding.

Table 1: Reported and Planned District Staffing Actions Post-ESSER[10]

	2024-25 Actions (N = 60)	2025-26 Actions (N = 56)	Anticipated Change[11]
Cutting non-staffing costs to maintain staffing levels	26.7%	39.3%	12.6%
Eliminating or reducing retention bonuses, hiring incentives, etc.	28.3%	28.6%	0.2%
Eliminating positions	41.7%	57.1%	15.5%
Instituting hiring freezes	10.0%	16.1%	6.1%
Not posting vacated positions	53.3%	66.1%	12.7%
Other	18.3%	19.6%	1.3%
Reducing non-wage benefits	8.3%	25.0%	16.7%
Replacing in-building positions with third-party contractors	6.7%	5.4%	-1.3%
Support staff or third-party contractor layoffs	13.3%	17.9%	4.5%
Teacher layoffs (academic core)	1.7%	5.4%	3.7%
Teacher layoffs (special education)	1.7%	1.8%	0.1%
Teacher layoffs (specials)	5.0%	7.1%	2.1%
Using long-term substitute teachers	23.3%	21.4%	-1.9%

Importantly, our research about the prevalence of an ESSER fiscal or experiential cliff was exclusively descriptive of changes that occurred or were planned as funds expired in September 2024.

[10] Survey respondents could select multiple planned actions for each fiscal year. Hence, values do not sum to 100.0%.
[11] The change column was calculated using unrounded 2024-25 and 2025-26 values. Hence, some of the reported differences might appear off by a tenth of a percent.

That is, our effort did not include an extensive consideration of how these shifts would impact various success criteria, including students' academic achievement, community satisfaction, and staff well-being. While extensive literature exists considering the potential impact of referenced staff changes or programs cuts, e.g., the positive effects of interventions for students with learning needs (0.77 effect size), repeated reading programs (0.75), behavioral intervention programs (0.62), enrichment programs (0.53), professional development programs (0.41), and after-school programs (0.40) on student achievement, not every research participant we talked to was equally troubled by the possibility that ESSER's end would produce cuts that harm students (Hattie, 2017). For example, the aforementioned urban associate superintendent of finance and accounting articulated a belief in our interview that "overall [ESSER] was positive...The negative aspect...is we came to enjoy, expect that we would have all of these various supports...Now we have to really take a step back and see whether or not they're necessary or if they were just a luxury." From this individual's standpoint, ESSER's end will hinder the district's ability to hire auxiliary employees focused on supporting educators. The larger question, though, is whether the loss of these extra individuals will jeopardize student achievement or the district's ability to meet pupils' needs. Future research is vital to dig into this wondering and better determine which ESSER-funded programs moved the needle concerning student achievement and are worth sustaining.

How Else Are Districts Navigating Perceived Resource Scarcity?

While many districts we talked to responded to their perceived or realized resource scarcity attributable to ESSER's end by reducing staffing levels, changing the types of employees they rely on, eliminating COVID-era initiatives, and finding ways to lessen expenses, they did not homogenously approach these resources' expiration through a lens of austerity. Instead, through open-ended survey responses and interview answers, we heard about various creative approaches leaders took to mitigate the effects of losing funds and sustain efforts begun during the pandemic. Some of these responses form a collection of best practices that administrators and local government leaders might consider building into their strategic planning when they acquire new funds with spending deadlines or in response to efforts by the Trump administration to cut federal spending by prematurely and unexpectedly terminating various grants in the K-12 education space and elsewhere (Lieberman & Stone, 2025).

First, specific to meeting staffing needs with fewer dollars, some districts described efforts post-ESSER to shift away from now-unaffordable market-based competition for educators prepared by external entities to local efforts to indigenously recruit, train, and develop future staff members. For example, when we asked, "Going forward, what is your district's plan for staffing high-quality educators despite the loss of ESSER funds?" via our survey, a rural superintendent articulated a plan to rely on "grow your own programs such as Talent Together, the Rural Educator Initiative, alternative certification routes, [and the] promotion of current students to become teachers and return home." Similarly, a different rural superintendent aligned with this approach in sharing that their district would "continue to post vacancies as funding allows" by "work[ing] with Talent [T]ogether and similar programs to promote...

‘grow you own’ [sic] educational opportunities.” Importantly, given the proliferation of such programs in Michigan in response to broader labor market challenges, we cannot claim that ESSER’s expiration is the sole driver of districts’ reliance on these programs (Lohman, November 2024). However, many administrators we talked to did flag these initiatives as a helpful mechanism of softening the blow of lost funding after ESSER’s expiration. Consequently, one best practice administrators might consider when planning for the expiration of specific grant funds involves assessing how to leverage allocated resources to create self-sustaining or at least less-expensive strategies for developing staff members.

Second, district leaders we spoke with explained the power of leveraging their personal and professional networks to partner with others to share necessary post-ESSER costs or strategize how to manage these resources’ end. Also focused on meeting sustained or increased post-COVID staffing needs with fewer federal funds, a rural superintendent in the Upper Peninsula explained the district's plans to focus on “partnering with local colleges” and “hiring only what we need” when it comes to ensuring that students can work with high-quality educators despite the loss of ESSER funds. More broadly, we heard about districts taking advantage of expertise held by and programs offered by various education associations, intermediate school districts and regional educational service agencies, and the Michigan Department of Education. Characteristically, during our interview with them, the urban associate superintendent of finance and accounting we met with said, “We all belong to our different organizations in a district this size. So being the business official, I looked often to MSBO [Michigan School Business Officials]...we spent a lot of...time with [an expert from the MDE]. He probably very much knows my name and my face...We all spent a lot of time...hashing it out, talking it through. What are you doing? How are you addressing this? What kinds of creative things are you doing with yours?”

Additionally, various K-12 entities surveyed or interviewed shared how they relied on other grant programs and funding sources to avoid giving up ESSER-funded staff members and new initiatives or at least stabilize their finances after the September 2024 deadline. Case in point for the use of other grants, when we asked districts that self-identified as financially stable post-ESSER in our survey what “ESSER-specific reasons explain why [they] feel [their] district will be financially stable going forward,” 51.1% of respondents credited “finding other grants to fill in for ESSER funds.” Alongside the option of “not us[ing] funds on recurring expenses,” this response was the most common selection for this survey question. Typically, this post-ESSER pivot relied on using federal Title dollars or state At-Risk funds, as seen in a survey response from a suburban superintendent who credited their stability with continuing "to make good an[d] appropriate use of Title and At Risk monies.” Similarly, an urban superintendent who responded to our survey identified a best practice of “making sure to utilize grant funds (Title 1, 31a, etc.) in conjunction with general funds, rather than be[ing] redundant with your spending.” Moreover, this use of grant resources to offset the ESSER cliff’s effects was seen in our interviews, e.g., when a rural executive director of finance explained that while the district “had one full-time person that [was] laid off,” they “managed to keep the counselors through other funding sources” along with teachers “doing their current job of helping kids catch up" via "at-risk money from the state that we had not spent from prior years."

Still in the theme of finding non-ESSER resources to cover the recurring costs of staff members or new initiatives kicked off during the COVID-19 pandemic, but separate from other grants, various administrators mentioned strategic planning around their general funds during ESSER funding to set up their district for post-ESSER financial stability. For example, in an interview, an urban director of business services and operations emphasized the absence of a "supplement versus supplant" provision in ESSER funding, which, unlike many other grants, afforded the district "flexibility" to "move money from [the] general fund...and use general money for something else." Through this approach to using ESSER funds to replace certain recurring expenses during the pandemic, with a plan to shift them back to the general fund after September 2024, this district could build up its reserve funds to buy leaders some transition time post-ESSER. Additionally, during the ESSER spending period, this district found added flexibility to invest in programs its leaders saw fit. Powerfully, their director of business services and operations contended that Congress' decision to omit any "supplement versus supplant" provision meant they "could always get around [any restrictions on allowable expenses] somehow some way."

Finally, the administrators who responded to our research inquiries expressed a general can-do-it disposition that they operationalized with various familiar and novel approaches to the end of ESSER resources. Put succinctly, a rural state/federal grants coordinator remarked, "We need to be creative in how we can continue to do more with less." This mindset is not particularly surprising given past funding adequacy and equity challenges that many Michigan districts have had to weather (Arsen et al., 2019; Delpier & McKillip, 2023). More concretely, some of these innovative solutions designed to sustain staffing levels post-ESSER included engaging in extensive strategic planning early in the grant process to ensure that new recurring expenses could be sustained[12] and reviewing non-staffing costs (e.g., programmatic and operational costs) to sustain ESSER-era investments in human resources.[13]

Ultimately, many districts we surveyed and interviewed were forced to adopt staffing changes due to the end of ESSER. That said, various entities sustained ESSER-era investments by developing local initiatives to meet newly-realized staffing needs post-pandemic (e.g., investing more deeply in Grow Your Own programs), identifying partners to cost-share and strategize with, replacing lost ESSER funds with grant dollars or creatively-saved general fund reserves, engaging in long-term strategic planning around recurring expenses, or auditing current non-staffing expenses and exploring consolidation options.

[12] One rural superintendent called on other administrators to "ensure that you have a longterm [sic] strategic plan when adding additional staff using grant funds" and to "be prepared and ready to put those positions back to general fund dollars for funding" when asked in our survey, "What best practices would you share for spending ESSER funds on staffing?"

[13] In explaining their "district's plan for staffing high-quality educators despite the loss of ESSER funds" in our survey, a district fiscal officer from an urban district shared that they would be "reviewing all costs to determine that we are using available resources in the best way possible," noting that "programs may be eliminated." This individual also noted that the district is "implementing a facilities master plan, that is utilizing bond funds to renovate buildings so that we can consolidate our programs into fewer buildings."

What Factors Influenced Perception of An ESSER Fiscal Cliff?

A final important consideration of our research involved developing an understanding of why some districts faced an ESSER cliff, and others did not. Of the 69 Michigan districts that self-reported their level of predicted financial stability exclusively regarding staffing post-ESSER in our survey, 47 of them (68.1%) told us that they would be “mostly” or fully "financially stable.” Making up the rest of our sample, 22 districts (31.9%) predicted they would be only “somewhat” or “not at all financially stable” after the September 2024 deadline. In digging deeper into each of these districts’ experiences, we asked about both ESSER-specific and structural reasons for anticipated (in)stability.

Concerning ESSER-specific explanations for districts’ expected financial state in terms of staffing, struggling districts pointed to ESSER’s “one-time nature” but their “recurring needs” (71.4%), competition across districts for educators as ESSER-funded bonuses drove expected salaries to an unaffordable level (57.1%), general challenges with the teacher labor market (52.4%), unmitigated pre-ESSER “financial distress” (28.6%), and legal restrictions preventing desired spending (28.6%).[14] Speaking to the inverse experience, financially stable districts credited their stability to avoiding spending on recurring expenses (51.1%), finding other resources and grants to fill in for ESSER before its deadline (51.1%), and engaging in intensive strategic planning before utilizing their grant allocations (48.9%).[15] Various tables summarizing these reported experiences can be found in *Appendix A: Survey Instrument and Results*.

One of the clearest areas of divergence in these data between districts that expected future financial challenges versus those that anticipated stability was the extent to which they chose to, or perhaps more accurately were able to[16], avoid using ESSER funds on recurring expenses. When self-identified financially stable districts were asked to share some “best practices...for spending ESSER funds on staffing,” we got a series of innovative strategies for setting expectations for the potential end of these positions by “annually building the staff cost into the budget during the ESSER fund years...to signify the costs of those positions to remember each year,”[17] developing strategic plans “to maintain programming when funds run out,”[18] using “terminal contracts for any grant funded positions,”[19] adding staff members only “in areas where you are anticipating attrition”[20] and clearly communicating to ”ESSER funded employees...that their positions were only for three years.”[21] Nevertheless, a significant collection

[14] Districts could select multiple explanations for their current state. Hence, responses do not sum to 100.0%.
[15] Districts could select multiple explanations for their current state. Hence, responses do not sum to 100.0%.
[16] The rhetoric around districts’ spending of ESSER funds on recurring expenses generally assumes full district autonomy to spend these resources in this way or not. There might be structural factors (e.g., past underfunding, unmet student needs, etc.) that influence some districts’ spending of one-time grant funding on recurring costs.
[17] This survey response came from a suburban assistant superintendent.
[18] This survey response came from a suburban superintendent.
[19] This survey response came from a suburban superintendent.
[20] This survey response came from a suburban central office staff member.
[21] This survey response came from a rural district fiscal officer.

of district leaders simply responded to our prompt asking about how to best spend date-restricted grant dollars on recurring expenses by saying some version of “do not do it.”[22]

Notably, in the open-ended survey responses we recorded, beyond this emphasis on avoiding recurring expenses and using other grant dollars to replace ESSER funds, self-reported financially stable districts gave credit to a variety of contextual factors specific to their approach to ESSER funds. These included past district reorganization efforts to ensure long-term financial solvency before getting these resources (e.g., an urban superintendent said they previously “restructured [the] district to more effectively and efficiently spend money”), prior financial planning (e.g., a central office staff member from a suburban district mentioned the importance of “strong and thoughtful forward planning for a reduction in federal ESSER funding”), administrative capacity (e.g., a rural superintendent celebrated their “excellent CFO”), and community involvement in allocating the funds (e.g., the superintendent of a suburban public school academy emphasized that “staff, parent, and student feedback on how to utilize ESSER funds was a great step in getting everyone to agree on what was needed”).

Moving past ESSER-specific factors, when it came to structural explanations for districts’ varied experiences, self-identified struggling districts flagged increased expenses (90.5%), enrollment declines (85.7%), and insufficient state per-pupil funding (66.7%) in our survey.[23] Their feedback was inversely aligned with self-reported stable districts’ experiences of pre-existing stability (68.1%), reduced expenses (27.7%), enrollment increases (25.5%), and sufficient state funding (19.1%).[24] Again, these responses are visible in tables in *Appendix A: Survey Instrument and Results*.

These findings suggest that districts’ post-ESSER stability is as related to their pre-ESSER fiscal state as it is to the choices they made in spending their resources during the pandemic. This sentiment was captured in a few open-ended survey responses. Illustratively, a central office staff member of a rural district explained their stability as being tied to previously selling a high-value capital asset and posited that it has "nothing to do with ESSER funds,” and a staff member at a rural public school academy blamed anticipated financial challenges on the more structural condition of not getting “local millage or taxes.” Consequently, any consideration of what this project's ESSER-specific insights mean must be situated within broader school funding debates and considerations of how lawmakers can support Michigan’s K-12 students, educators, administrators, and community members.

Research Significance and Policy Applications in Education and Beyond:

In the short term, addressing these research questions offers local policymakers who rely on one-time funds greater clarity around funding cliffs, how some entities avoid them, and how others manage their effects. Specific to ESSER, this research can help district leaders who are still navigating these

[22] This survey response came from a rural superintendent.
[23] Districts could select multiple explanations for their current state. Hence, responses do not sum to 100.0%.
[24] Districts could select multiple explanations for their current state. Hence, responses do not sum to 100.0%.

resources' end by identifying best practices to model as they debate "painful cuts" (Roza & Silberstein, 2023). To the extent that the wrong line items are eliminated, districts risk not meeting student needs, selecting paths that harm equity, hindering their ability to employ qualified educators, and reversing ESSER-supported gains (Roza & Silberstein, 2023). Further, hasty rebalancing could generate backlash from stakeholders that distracts leaders from focusing on academic outcomes (Roza & Silberstein, 2023). More broadly, this project's takeaways can support K-12 administrators with other one-time grants from the U.S. Department of Education, the MDE, or non-profit organizations.

Outside of supporting district administrators, these insights can assist localities grappling with similar fiscal cliffs tied to American Rescue Plan funds, Child Care and Development Block Grants, and Child Care Stabilization Grants (Watkins et al., 2024; Brachman & Haskins, 2023). As such, this project offers local leaders some actionable advice for managing developing fiscal realities and future allocations. Notably, under the second iteration of the Trump administration, this need has only grown with the president signaling an almost unprecedented desire to cut federal support for various entities, as evident in the now-rescinded January 2025 funding freeze initiated by the Office of Management and Budget (OMB), efforts by Elon Musk and the Department of Government Efficiency (DOGE) to rein in spending, and the FY 2026 executive budget proposal, which called to terminate 40 federal programs in the K-12 education space alone (Lieberman & Stone, 2025; Kanno-Youngs et al., 2025; DeLauro, 2025).

This research also offers longer-term relevance. First, its investigation of the ESSER fiscal cliff can improve state and federal policymakers' awareness of districts' evolving needs. To the extent that relief funds primarily "masked" pre-pandemic shortfalls and some institutions took on added recurring expenses with these one-time resources, the future might be painful without added support, involving "layoffs, school closures, and the loss of crucial student programming" (Dellinger, 2024; Lefebvre & Master, 2024). These funding-related conclusions can also inform debates over the sufficiency of future approaches to the School Aid Fund by the Michigan Legislature. Previously, the FY 2025 budget opted against raising per-pupil allocations for "the first time in over a decade" in favor of pension savings, causing significant concern (Cappelletti, 2024; LeBlanc, 2024). Regarding the FY 2026 budget process, added insights might be helpful as the GOP-led state House and Democratic-held state Senate find themselves "at odds in" what has proven to be a "chaotic budget fight" (Pluta, 2025). Second, this research offers state and federal grantmakers knowledge of how local actors responded to funding guidance and invites reconsideration of any future rules. In authorizing ESSER funds, state and federal leaders encouraged district spending on "urgent needs" tied to the pandemic and not new, "on-going services" (Levin, 2022; Ohio Department of Education & Workforce, 2022). Despite this caution, at least some districts invested in recurring expenses, often involving staffing (Aldeman, March 2024; Goldhaber et al., 2024). Understanding how and why districts deviated from this guidance might inform future mandates and the structure of one-time allocations. Relatedly, one aspect of our research considered how district leaders approached "late liquidation" waivers that would allow some districts to spend ESSER funds "as late as May 2026" (Lieberman, 2024). While the process around this flexibility was quickly made uncertain when Education Secretary Linda McMahon "cancel[led] extensions the department had previously granted to states to allow schools more time to spend" ESSER funds in March 2025, various sampled districts had perspectives on the utility of these waivers (Schultz, 2025). Finally, greater clarity around this cliff concerning staffing can help reveal what to expect from efforts previously enabled by ESSER funds to "support and strengthen...workforces" (Baesler & Miller, 2023). In cases where such programs lack sustainability plans, some of these efforts to address labor market issues might regress.

Policy Recommendations:

A core feature of the Michigan Applied Public Policy Research (MAPPR) Grant Program involves translating research findings into actionable recommendations for external policymakers. Recognizing the interconnected importance of district leaders, state policymakers, and the federal government for approving adequate school funding and utilizing it in an appropriate and sustainable manner, we present best practices and potential policy next steps for actors in each of these buckets.

District Leaders:

Recommendation #1: Review Administrative Capacity to Manage New Funds and Comply with Grant Oversight Requirements

Why We Recommend It:	Where We Heard It:
Essential steps for sustainably using funds, including communicating with stakeholders, engaging in strategic planning, implementing and evaluating new ESSER-funded programs, and complying with grant requirements, demand extensive human capital. Districts without this administrative capacity started behind the 8-ball in avoiding an ESSER cliff.	"The management of those funds is incredibly challenging for small districts with a financial department of 1 person. It was grueling and frustrating. We appreciated the funds tremendously, but the tracking, reporting and lack of streamlined methods...was incredibly draining." (Survey response from a rural superintendent)

Recommendation #2: Explore Allowable Grant Uses, Including Any Supplement, Not Supplant Provisions

Why We Recommend It:	Where We Heard It:
Many districts were careful to follow perceived and formal restrictions concerning ESSER. One uniquely flexible aspect of these funds, though, which some districts took advantage of, was the lack of a "supplement, not supplant" provision. This detail allowed spending flexibility.	"I would've had it go more toward current staff salaries so we could free up general fund dollars to do what was needed in the district." (Survey response from a rural superintendent)

Recommendation #3: Utilize Information Hubs (e.g., ISDs, MDE Expertise, Informal Networks, Universities) to Navigate Grant-Related Uncertainty

Why We Recommend It:	Where We Heard It:
Our interviews with district leaders made clear that these individuals have an informal and formal network of peers and sub-area experts that they can rely on when questions emerge about school funding. Administrators might further consult these information webs for best practices, creative solutions, and clarity about ambiguous situations.	"All of us have some listservs that we communicate with...we would go back to our ISDs or RESAs to ask for clarification. If you went just on the text, lots of confusion and misinterpretation...Webinars were really helpful...then sometimes...the state or [someone] from [the] MDE could be really helpful if ultimately we weren't quite sure." (Interview with a rural superintendent)

Recommendation #4: Engage in Routine Strategic Planning (Goals and Funding)

Why We Recommend It:	Where We Heard It:
While 95.8% of the districts we surveyed "strongly" or "somewhat" agreed with the premise that they were ready for ESSER's expiration, we found that districts' preparations varied significantly. While some entities had plans to incorporate ESSER funds into district goals from the very start of receiving federal support, others were so tuned into emerging needs that they could not fully map out how they would use these resources and sustain the resultant expenditures.	"Some people just went, 'Ooh, money pot' and just started throwing things out there, not seeing what the cliff would look like...I would hear [other districts] talk about the new hires that they had made with their ESSER grants, and I was cringing because we were just so focused on 'do not hire something that's not sustainable.'" (Interview with a rural superintendent)

Recommendation #5: Identify New Grants to Fill in for Expiring Ones When Recurring Expenses Are Unavoidable

Why We Recommend It:	Where We Heard It:
Whether connected to grants from non-profit entities, the MDE, or other federal programs, a clear majority of the districts we talked to that avoided a cliff had a plan to offload recurring expenses that were covered by ESSER onto other funding sources.	"Find solutions to current problems but understand that alternative funding may be needed to pay for these items in the future." (Survey response from a suburban assistant superintendent)

Recommendation #6: Communicate Regularly with Internal and External Stakeholders

Why We Recommend It:	Where We Heard It:
ESSER III had a requirement to "engage in meaningful consultation with stakeholders" (Rivera-Calderón, 2022). Where districts went beyond this mandate to set expectations for their spending, collectively plan the use of ESSER funds, and establish success criteria, especially given the September 2024 cut-off, they avoided some end-of-grant surprises.	"As the money was coming and it was coming quite quickly and with not a lot of explanation...we started at our cabinet level...then as more details came in and more requirements, it went larger. So, we pulled in some input from teachers, different groups that we work with, the union...we tapped...community forums." (Interview with an urban associate superintendent of finance and accounting)

State Policymakers:

Recommendation #1: Consider What ESSER-Era Practices Could Be Sustained with Added and More Equitable Funding

Why We Recommend It:	Where We Heard It:
Our finding that ESSER funds lowered the share of districts that reported being "not" or only "somewhat" financially stable during this period showed the flexibility that added resources allowed. Further, with these added funds, districts reported new staffing and programs that future research could indicate are worth sustaining.	"Regardless of funds, we are underfunded and have been for years. It is also harder to go back to paying people less now that we do not have ESSER funds for summer school and tutoring." (Survey response from a suburban superintendent)

Recommendation #2: Appreciate Districts' Varied Ability to Avoid Spending on Recurring Expenses (e.g., Staffing)

Why We Recommend It:	Where We Heard It:
Given the possibility that structural factors (e.g., past underfunding of certain districts, new enrollment challenges, and more complex student needs) might have forced some districts to spend one-time ESSER funds on recurring expenses, more nuanced advice beyond "avoid these costs" might be needed.	"We didn't do anything that we didn't think we could also keep up...that may be different from other districts. There may be districts who said, 'look, we'll hire all these folks because we need 'em right now.'" (Interview with a suburban superintendent)

Recommendation #3: Meet Districts Where They Are When Providing Guidance (e.g., Their Availability, Pre-Existing Trust, Capacity, Expressed Community Desires, and Past Funding)

Why We Recommend It:	Where We Heard It:
So many districts highlighted the MDE's positive contributions that we added an interview with them to better understand their role in this process. That said, not every entity we talked to was open to the MDE's support, given past experiences, lacking trust, and perceived inequity of school governance. Where state actors can recognize and respond to these histories, they can better provide aid.	"Being more collaborative than what MDE maybe has been in the past...laid the groundwork for us to not engage in these hiccups along the way...We took a very different approach to say, 'hey, let's sit down and figure out exactly what it says and how we can help you.'" (Interview with the MDE)

Recommendation #4: Continue to Facilitate the Cross-District Sharing of Data and Best Practices

Why We Recommend It:	Where We Heard It:
District leaders across Michigan developed some best practices related to ESSER funds throughout the pandemic. Where state entities can create repositories of information, data, and guidance, these perspectives can spread beyond local networks of administrators to inform practices statewide and nationwide.	"Thank you for giving the guidelines and for being available to help with questions...[The] MDE was very helpful throughout the process...I especially love the transparency page that was created, MDE Educational Entities, Covid-19 Reimbursement Dashboard." (Survey response from a rural district's grant coordinator)

The Federal Government:

Recommendation #1: Identify Which ESSER-Era Practices Advanced Student Achievement and Examine the Power of Federal Resources to Advance These Initiatives

Why We Recommend It:	Where We Heard It:
Copious district leaders argued that past underfunding of schools, new pandemic-related needs, and the short availability of ESSER funds limited the extent to which these resources could fully transform K-12 education. As success stories connected to this funding are identified, the federal government might consider further support of impactful programs.	"A lot of one time [sic] money is not really helping districts. I would rather have received less funding over a longer period of time which would have allowed investment in programing." (Survey response from a rural superintendent)

Recommendation #2: Be Mindful of Added Student and Educator Needs Post-COVID and Whether Communicated Priorities (e.g., Learning Loss) Trade Off with Others (e.g., Safety and Mental Health)

Why We Recommend It:	Where We Heard It:
Especially in the case of ESSER III, which required districts to spend 20% of their funding on addressing student learning loss, we heard from administrators who felt hamstrung by federal guidelines. Some of these individuals felt like their students and educators would be in a better place if more of their funds could have addressed school safety and mental health needs.	"The work has become increasingly complex...We have more needs than ever. Our goal is to support the whole child and we need support for the whole district...Threats of violence are a daily occurrence and we feel unsupported. Please recognize the need to properly fund our schools." (Survey response from an urban assistant superintendent)

Recommendation #3: Provide Certainty of Funding Timelines and Rules, Including Any Extension Waivers

Why We Recommend It:	Where We Heard It:
Much of the uncertainty tied to the Trump administration's spring 2025 temporary reversal of waivers giving districts added time to spend ESSER funds fell outside our research (Schultz, 2025). That said, various research participants noted the challenge of dealing with frequently-shifting federal guidelines.	"The other difficulty for us...is that every time grant money came out, there was a different set of rules." (Interview with a suburban superintendent)

Recommendation #4: Balance the Need for Oversight with the Administrative Burden It Generates

Why We Recommend It:	Where We Heard It:
Fears of "waste, fraud or abuse" have dominated the early months of the second Trump administration (Qiu, 2025). While grant compliance efforts and reporting can help squelch these risks, district leaders we talked to discussed the cumbersome nature of ESSER-related oversight and how these pieces traded off with their ability to focus on students.	"There were lots of rules to the spending. Making sure we met all the rules and jumped through the hoops took a lot of time away from other needs in the district." (Survey response from a rural superintendent)

Conclusion:

Thanks to funding from the Michigan Applied Public Policy Research (MAPPR) Grant Program via the Institute for Public Policy and Social Research (IPPSR) at Michigan State University (MSU), our research team was able to use surveys of Michigan K-12 administrators and follow-up interviews of these individuals and the Michigan Department of Education (MDE) to study how school districts approached the September 2024 ESSER spending deadline. Ultimately, we heard from 78 unique districts' superintendents or expert administrators that represented around 20% of Michigan's allocated ESSER funds, and we interviewed twelve representatives of districts or the MDE. These individuals informed us of the extent to which districts faced an ESSER fiscal cliff, how they navigated perceived scarcity, and what factors influenced whether they felt an ESSER fiscal cliff. With resultant findings from these education practitioners, we developed policy recommendations for district leaders, state policymakers, and the federal government when it comes to the design, use, and evaluation of grant funds, along with K-12 education funding writ large.

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Appendix A: Survey Instrument and Results:[25]

1. Are you able to answer questions about your district's finances before and after the COVID-19 pandemic? (Screener question, only “Yes” responses are included in our final sample).

2. Please select your district from the menu below. (Responses excluded for confidentiality).

3. What is your current role in the district?

Superintendent	Assistant Superintendent	District Fiscal Officer	Central Office Staff Member	Administrative Assistant	Other (please specify)
66.7%	9.0%	7.7%	6.4%	1.3%	9.0%

N = 78

4. How long have you been in your current role?

0 to 1 years	2 to 5 years	6 to 10 years	11 to 15 years	16+ years
15.4%	35.9%	29.5%	11.5%	7.7%

N = 78

5. How long have you worked in your current district?

0 to 1 years	2 to 5 years	6 to 10 years	11 to 15 years	16+ years
9.0%	21.8%	21.8%	15.4%	32.1%

N = 78

6. To what extent did ESSER funds increase your district's annual spending? (Screener question, the survey ended for respondents who selected “zero impact”).

ESSER funds had zero impact on my district's spending	ESSER funds had a limited impact on my district's spending	ESSER funds had a moderate impact on my district's spending	ESSER funds had a substantial impact on my district's spending
2.6%	5.1%	34.6%	57.7%

N = 78

7. Generally speaking, how financially stable was your district prior to being allocated ESSER I, II, and III funds?

Financially stable	Mostly financially stable	Somewhat financially stable	Not at all financially stable
43.7%	26.8%	25.4%	4.2%

N = 71

[25] Where responses do not sum to 100.0%, it is due to rounding or the ability to select multiple options.

Appendix A – Continued: Survey Instrument and Results:

8. Generally speaking, how financially stable was your district during the period ESSER I, II, and III funds were available to be spent?

Financially stable	Mostly financially stable	Somewhat financially stable	Not at all financially stable
67.1%	22.9%	8.6%	1.4%

N = 70

9. Generally speaking, how financially stable is your district going to be once you no longer have access to ESSER funds?

Financially stable	Mostly financially stable	Somewhat financially stable	Not at all financially stable
40.0%	30.0%	25.7%	4.3%

N = 70

10. Please estimate how your ESSER funds were spent by ordering the following spending categories from 1-5 based on what percentage your district allocated to each category (1 being the category where the largest share of ESSER funds went and 5 being the category where the least amount of money was spent).

Rank	Capital Expenditures (ex., facilities improvements, construction, etc.)	Purchased Services (ex., after-school tutoring, IT support, etc.)	Salaries and Benefits (ex., new staff, retention bonuses, hiring incentives, etc.)	Supplies and Materials	Other
1	28.2%	8.5%	28.2%	16.9%	7.0%
2	14.1%	16.9%	21.1%	29.6%	4.2%
3	18.3%	31.0%	14.1%	22.5%	0.0%
4	12.7%	22.5%	9.9%	21.1%	2.8%
5	18.3%	5.6%	18.3%	5.6%	7.0%

N = 71

11. Please select your level of agreement with the following statement: Generally speaking, my district was prepared for the September 2024 ESSER funds deadline.

Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
70.4%	25.4%	4.2%	0.0%

N = 71

Appendix A – Continued: Survey Instrument and Results:

12. For this question, please only think about budget items related to staffing. How financially stable is your district going to be once you no longer have ESSER funds?

Financially stable	Mostly financially stable	Somewhat financially stable	Not at all financially stable
33.3%	34.8%	27.5%	4.3%

N = 69

13. As you reflect on this school year's budget (2024-2025), which of the following changes, if any, did you make regarding staffing due to financial constraints? Please select all that apply.

Replacing in-building positions with third-party contractors	6.7%
Teacher layoffs (academic core)	1.7%
Teacher layoffs (specials: library, music, physical education, art, or other)	5.0%
Teacher layoffs (special education)	1.7%
Support staff or third-party contractor layoffs	13.3%
Not posting vacated positions (whether due to retirements, dismissals, resignations, etc.)	53.3%
Eliminating positions	41.7%
Instituting hiring freezes	10.0%
Reducing non-wage benefits (ex., professional learning budgets, healthcare premiums, time-off, etc.)	8.3%
Eliminating or reducing retention bonuses, hiring incentives, etc.	28.3%
Using long-term substitute teachers	23.3%
Cutting non-staffing costs to maintain staffing levels (ex., eliminating program offerings, delaying new construction, etc.)	26.7%
Other (please specify)	18.3%

N = 60

Appendix A – Continued: Survey Instrument and Results:

14. As you look forward to next school year's budget (2025-2026), which of the following changes, if any, do you anticipate making regarding staffing due to financial constraints? Please select all that apply.

Replacing in-building positions with third-party contractors	5.4%
Teacher layoffs (academic core)	5.4%
Teacher layoffs (specials: library, music, physical education, art, or other)	7.1%
Teacher layoffs (special education)	1.8%
Support staff or third-party contractor layoffs	17.9%
Not posting vacated positions (whether due to retirements, dismissals, resignations, etc.)	66.1%
Eliminating positions	57.1%
Instituting hiring freezes	16.1%
Reducing non-wage benefits (ex., professional learning budgets, healthcare premiums, time-off, etc.)	25.0%
Eliminating or reducing retention bonuses, hiring incentives, etc.	28.6%
Using long-term substitute teachers	21.4%
Cutting non-staffing costs to maintain staffing levels (ex., eliminating program offerings, delaying new construction, etc.)	39.3%
Other (please specify)	19.6%

N = 56

15. You indicated that you anticipate district financial stability going forward. Which of the following structural reasons do you attribute your district's financial health to? Please select all that apply. (Shown to self-identified "mostly" or "financially stable" districts).

We were already financially stable prior to the allocation of ESSER funds	68.1%
Enrollment increases	25.5%
New local millages	10.6%
Reduced expenses	27.7%
Sufficient state per-pupil funding	19.1%
Strong philanthropic support	2.1%
Other (please specify)	23.4%

N = 47

Appendix A – Continued: Survey Instrument and Results:

16. Which of the following ESSER-specific reasons explain why you feel your district will be financially stable going forward? Please select all that apply. (Shown to self-identified "mostly" or "financially stable" districts).

Finding other grants to fill in for ESSER funds	51.1%
Seeking waivers to extend the ESSER deadline	0.0%
We did not use funds on recurring expenses	51.1%
Past strategic planning	48.9%
Other (please specify)	23.4%

N = 47

17. What best practices would you share for spending ESSER funds on staffing? (Open-ended; varied responses). (Shown to self-identified "mostly" or "financially stable" districts).

18. You indicated that you anticipate district financial challenges going forward. Which of the following structural reasons do you attribute your district's financial challenges to? Please select all that apply. (Shown to self-identified "somewhat" or "not at all financially stable" districts).

We were already facing financial challenges prior to the allocation of ESSER funds	28.6%
Enrollment decreases	85.7%
Expiration of local millages	0.0%
Increased expenses	90.5%
Insufficient state per-pupil funding	66.7%
The loss of philanthropic support	4.8%
Other	4.8%

N = 21

Appendix A – Continued: Survey Instrument and Results:

19. You indicated that you anticipate district financial challenges with paying for staffing going forward. Which of the following ESSER-specific reasons do you attribute your district's condition to? Please select all that apply. (Shown to self-identified "somewhat" or "not at all financially stable" districts).

The one-time nature of the funds but our recurring needs	71.4%
We needed to spend ESSER funds on non-staffing needs (ex., ESSER funds were insufficient - COVID created too many needs to fund)	14.3%
Financial distress prior to ESSER funding was not offset (ex., ESSER funds were insufficient - our district has historically been underfunded)	28.6%
It took funds too long to get to us	0.0%
We did not have enough time to spend the funds	0.0%
Teacher labor market challenges made staff unavailable	52.4%
ESSER-funded bonuses in other districts made staff too expensive	57.1%
ESSER funds were not sufficient	4.8%
There were too many legal restrictions on how we could spend ESSER funds	28.6%
Other (please specify)	4.8%

N = 21

20. Going forward, what is your district's plan for staffing high-quality educators despite the loss of ESSER funds? (Open-ended; varied responses). (Shown to self-identified "somewhat" or "not at all financially stable" districts).

21. In hindsight, what would you have done differently regarding your district's ESSER spending? (Open-ended; varied responses).

22. What would you like policymakers to know about how they designed ESSER funds? (Open-ended; varied responses).

23+. Survey participants were asked if they would like to be considered for a research incentive and an interview. Respondents who selected yes to one of these prompts were asked to voluntarily submit their name and district email address.

<u>Appendix B: Semi-Structured Interview Instrument (District Leaders):</u>

Consent:

This interview will take approximately 30-45 minutes. You may choose not to answer specific questions, and there are no wrong answers. You should feel free to discuss and ask the researchers any questions you may have. Participation in this research is voluntary. For your time, you will be compensated $25. There are no risks involved with your participation in this study. Your name will not be attached to your answers in any reports. You are not obliged to join in any future research activity for this study.

Here with me today is my colleague, [INSERT NAME], who is taking notes during this interview. We will not share your name or any identifying information with any State agency or include it in any reports. If it is okay with you, we will be recording the conversation so that we can make sure we have the most accurate information in our notes; this recording also will not be shared with anyone at the State agencies. [START RECORDER]. Do you consent to being interviewed? [RECORD RESPONSE].

Introductory Questions:

1. Tell me about your current position/role, such as your main responsibilities, how long you've been in your role, etc.?
    a. How long have you been in your district, including your current role and other roles?
    b. What is it like working in your district? What are its strengths and weaknesses? How did you decide to work in this district?

Primary Questions:

2. Who was involved in making decisions about ESSER funding in your district? How did they decide to spend the money? What were the main considerations of this approach?
    a. What was easy about this process?
    b. What was hard about this process?
    c. To what extent did your district choose to spend the money on staffing?
        i. What staffing costs did your districts spend ESSER funds on?
        ii. Did these staffing costs present challenges with the expiration of funds?
3. You listed X, Y, and Z as changes made due to financial constraints.
    a. What was the general impact of these changes?
    b. What was the impact of these changes on students?
4. What role did the limited time to spend the ESSER funds play in staffing decisions?

Appendix B – Continued: Semi-Structured Interview Instrument (District Leaders):

Primary Questions – Continued:

5. Are you familiar with the term “ESSER fiscal cliff?”
6. To date, how is your district experiencing the impact of the fiscal cliff, if at all?
7. If you had to speculate, what is the perceived future impact of the fiscal cliff?
8. How common do you speculate that your experience is in other districts?
    a. What has your district done versus what your peers have done?
    b. What structural conditions impact your experience?
    c. What are some best practices you’ve identified?
9. What impact did ESSER funds have on your district?
    a. Tell me more about that.
    b. What did you spend your money on?
    c. Was there anything you wanted to spend money on that you were not able to?
        i. What were these things?
        ii. Why couldn’t you spend on these expenses?
        iii. How did you know what you could and could not use ESSER funds on?
    d. Did you feel like everyone was on the same page about how funds could be used?
        i. Did this create any tension between teachers and administrators?
        ii. Whose responsibility is it to make sure that everyone is well-informed about the nature of the funds?
10. In hindsight, what would you have done differently regarding your district’s ESSER spending?
11. What do you wish policymakers knew about the funding structure of ESSER?
12. Overall impact of ESSER – positive or negative?
13. In general, what do you wish policymakers knew about school funding?

Alternative Question:

14. Tell me more about why ESSER funds did or did not have a meaningful impact on your staffing decisions/district’s financial health.

Concluding Questions:

15. What else would you like to tell me?
16. Do you have any questions for me?
17. Is the email we used to set this interview up the same email we can send your $25 interview incentive to?

<u>Appendix C: Semi-Structured Interview Instrument (Michigan Department of Education):</u>

Consent:

See "Consent" in *Appendix B: Semi-Structured Interview Instrument (District Leaders)*

Introductory Questions:

1. How long have you been working in education? What is your current role? How long have you been in your current role at the MDE?
    a. Why were you the contact at the MDE for districts to reach out to?
    b. What was your role during the ESSER spending time period?

Research Questions:

2. What approach did the MDE take to serving as a resource to districts in navigating spending ESSER funds?
    a. To what extent did the MDE reach districts statewide?
    b. To what extent did those districts adhere to the MDE guidance?
    c. How interested/motivated/open were districts in receiving the MDE's advice?
3. How flexible did the department perceive ESSER funds to be compared to other federal education spending?
    a. How, if at all, did spending guidance/requirements change throughout the three waves of ESSER funds? How would the MDE respond to districts that wanted to use ESSER funds on unallowable uses?
4. When the MDE had uncertainty about allowable uses of funds, who did they reach out to?
5. What role did the time-limited nature of ESSER spending play in the MDE guidance to districts?
6. What were some of the frequent misunderstandings education stakeholders or districts had about ESSER funds? What challenges did you face in ensuring that Michigan districts were all on the same page regarding the allowable uses of funds?
7. How ready were Michigan districts for the expiration of ESSER funds in September 2024?
8. How will the MDE approach federal grants differently based on their experience with ESSER funds?
9. What do you wish federal policymakers knew about education spending? How would you like them to change their approach in the future?
10. What would you have done differently in terms of providing guidance to Michigan school districts concerning their use of ESSER funds?