



CHIEF FINANCIAL OFFICER  
89 Washington Ave., Room 128, EB  
Albany, New York 12234

January 12, 2022

TO: BOCES District Superintendents  
School District Superintendents  
School District Business Officers  
School District State Aid Designees

FROM: Phyllis D. Morris, Chief Financial Officer

**RE: Eligibility for State Reimbursement of Federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan (ARP) Expenditures**

This memorandum provides additional information to school district officials on the eligibility of expenditures made with federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan (ARP) funds for state reimbursement.

CRSSA, ARP and the Coronavirus Aid, Relief, and Economic Security (CARES) Act provide broad flexibility on how local educational agencies (LEAs) may spend funds, with a focus on a safe return to in-person instruction, addressing the impact of lost instructional time, ensuring interventions which respond to student needs, and addressing disproportionate impacts on certain student populations. ARP also includes specific set-asides for how a subset of the funds is to be spent. [Guidance and other information on these funding streams may be found on NYSED's website.](#)

### **CRRSA and ARP vs. CARES**

There is an important distinction between the eligibility of expenditures made with CARES Act funds versus CRRSA and ARP funds for state aid reimbursement. Expenditures made with CARES Act funds are eligible for state reimbursement. However, consistent with the treatment of the vast majority of other federal and state grant programs, expenditures of CRRSA or ARP funds are not eligible to generate state reimbursement through current state aid formulas. Districts should ensure that these expenditures are not reported in the State Aid Management System (SAMS) in a manner that would generate aid.

### **Building Aid**

Capital construction projects funded by CRRSA or ARP funds are not eligible for state funded building aid. To receive building aid, districts must submit an SA-139 Request for Project Data form for each project when a general construction contract has been signed.

The SA-139 allows for districts to report a variety of methods of financing, such as borrowing, energy performance contracts, budgetary appropriations, and others. Federal CRRSA and ARP funds should be reported under “Other Funding Sources” with an explanation provided. A new line will not be added to the SA-139. This method of financing will not generate building aid. The calculation will be consistent with other grants and the value of the grant will be deducted from the maximum cost allowance. The value of the CRRSA or ARP funds used to finance the project will be deducted from aidable construction costs.

As districts undertake capital construction projects funded by ARP or CRRSA funds, districts must report these expenditures under “30 - Minor Remodeling” or under “40 – Purchased Services” on the FS-10F. The building project number must be reported under the Provider of Service column on all FS-10F final expenditure reports. This will allow the building aid unit to connect ARP and CRRSA funds to the SA-139 and Final Cost Reports.

Final Cost Reports templates will include a line for “Other: Federal CRRSA or ARP Sources” where districts may specify CRRSA or ARP funding sources. No changes are anticipated with respect to this form. Final Cost Reports cannot be submitted until federal funds supporting the project are fully disbursed. This is consistent with EXCEL or Smart Schools Bond Act funding.

Final Cost Reports for projects that are solely federally funded must be [reported per the usual process](#). For more information from the Office of Facilities Planning, see the [September 1, 2021 Q&A](#) or [check the website for new announcements](#).

### **Transportation Aid**

Transportation expenditures funded by CRRSA and ARP funds are not eligible for state funded transportation aid. Aidable transportation expenditures are collected in a number of locations, including Schedules G-K (equipment, supplies, contract expenditures, public service), Form BP (bus purchases), district expenditures reported on Form FT, bus lease and garage rental agreements, and numerous ST-3 general fund account codes. The reporting process is the same for each of these locations regardless of whether ARP or CRRSA funds supported these expenditures.

SAMS Form FT will include new fields in 2022-23, beginning after entry 179. The new fields will be labeled for transportation expenditures, such as contract expenditures, noninstructional salaries, employee benefits, public service carrier expenditures, capital expenditures, and other. Districts will report transportation expenditures funded by CRRSA or ARP that would otherwise be aidable in these new entries. The value of these entries will be subtracted from aidable expenses.

Transportation related expenditures that remain in the special aid fund and are not reported on aidable fields on form FT or schedules G, H, I, J, or K should not be included

in these new fields. Doing so would deduct expenditures which are not included for aid purposes.

Form BP for bus purchases currently includes entry 23 for districts to report federal or state grants applied to the purchase of the vehicle. These funds are excluded from the net purchase price. Districts using CRRSA or ARP funds to purchase a bus must report these funds on entry 23.

## **BOCES Aid**

BOCES expenditures funded by CRRSA and ARP funds are not eligible for state funded BOCES aid. Standard reporting between districts and BOCES will inform BOCES whether services were purchased with the use of federal aid, such as CRRSA or ARP funds. Often this comes as a letter from the BOCES to components soliciting information about the source of funds paid for BOCES services. Districts and BOCES must communicate to ensure these funds are accurately reported from the component district to the BOCES.

As part of BOCES aid claims in SAMS, each BOCES uses this information to complete the form titled "Other Misc. Deductions Including Components Federal Aid Used to Fund Service." BOCES should use this form to enter aidable expense deductions by services and component district and this form should be used for otherwise aidable services purchased with ARP or CRRSA funds (please see below).

You Have Selected the 'Official' Data Area. [Print Form](#)

Entity Name: <input type="text" value="BOCES"/>	Entity Code: <input type="text"/>	Telephone: <input type="text"/>	Ext: <input type="text"/>
Contact Person: <input type="text"/>			

PSN: 101 [Change CoSer](#)  
Program Name: General Occ. Ed Provider Bedcode: NA  
State Activity Code: 3000 Provider PSN: NA  
State Activity Name: General Occupational Education  
Major CoSer Group: 100-Career & Technical Education  
Aidability Code: Approved With Aid

**Other Misc. Deductions Including Components Federal Aid Used to Fund Service**

District BEDS Code	District Name	2018-19 School Year (Prior)	2019-20 School Year (Actual)	2020-21 School Year (Projected)
		\$ <input type="text"/>	\$ 0 <input type="text"/>	\$ 0 <input type="text"/>

## **Excess Cost Aids**

To receive state reimbursement for special education services, school districts report the costs and/or enrollment pertaining to the provision of services to school-age students placed in special education programs to the System to Track and Account for Children (STAC/Medicaid) unit. The STAC/Medicaid unit also collects information around costs for students who have been determined to be homeless or runaway youth and for education services provided to incarcerated youth.

Under current guidance, special education costs claimed for aid on a federal grant are excluded from the annualized cost calculation for public excess cost aid. The Rate Setting Unit's [reimbursable cost manual](#) treats federal grants as offsetting revenue. Funding received from a governmental agency or unit for specific education programs or cost items will be offset by the Department against the appropriate program costs in the calculation of tuition rates so that costs will not be reimbursed more than once by public funds.

## **ST-3 Reporting**

In June of 2021, the Office of the State Comptroller (OSC) provided [guidance on reporting federal CRRSA and ARP funds on the ST-3](#). No new expenditure account codes for CRRSA and ARP will be activated in the special aid fund for ST-3 purposes. While these expenditures may internally be accounted for in greater detail to meet other state and federal requirements, OSC is not requiring this level of detail for ST-3 reporting purposes. If an active expenditure account code is not available for a specific type of expenditure, school districts should use account code F1988.4 – Unclassified Expenditures and specify the expenditure.

Special aid fund categories do not generate state aid reimbursement. As long as these federal revenues are recognized, stored, and expended from the special aid fund, districts do not need to report differently within the State Aid Management System (SAMS). Beginning with 2022-2023 SAMS, a limited number of changes will be made to the ST-3 to allow reporting the transfer of CRRSA and ARP funds to the General Fund separately from other interfund transfers. This is necessary to understand the magnitude of CRRSA and ARP funds transferred to the General Fund and may be used in the Approved Operating Expenditure formula.

OSC's guidance on transferring ARP/CRRSA revenue outside of the special aid fund should be followed only when it is not possible to use this revenue within the special aid fund. For example, transfer may be required if used for general fund expenditures in a previous fiscal year when the financial statements are issued and the books are closed. When use of these revenues is possible within the special aid fund and consistent with Comptroller's guidance, the revenue should not be transferred to other funds.

Districts should consult with a local Certified Public Accountant and/or legal counsel for specifics on how OSC, NYSED, and USDE guidance applies to their specific district.

## **Using Federal vs. State/Local Revenue**

Since federally funded CRRSA and ARP expenditures may not be used to generate state aid through any of the state reimbursement programs (building aid, BOCES aid and transportation aid), districts may wish to use their federal funds on non-aidable expenditures, thus freeing district general fund revenues to be used for reimbursable expenses.

Districts may use CRRSA and ARP funds on a wide variety of allowable expenses. Districts may choose to maximize state and federal revenue by spending federal funds on otherwise unaidable expenses. This approach may allow districts to free up aidable revenue sources for building enhancements, transportation, BOCES services, or other aidable expenditures. For example, a district may choose to federally fund certain general education instructional salaries for a limited period of time to accumulate local revenue for other purchases.

In addition, districts are reminded that local maintenance of effort (MOE) requirements for certain federal grants remain in place. Districts must ensure that their use of CARES, CRRSA and ARP funding does not negatively impact the ability to meet local MOE requirements.

For information on revisions to ARP ESSER spending plans, please reach out to the Office of ESSA-Funded Programs at (518) 473-0295 or via e-mail at [CARESAct@nysed.gov](mailto:CARESAct@nysed.gov).

cc: Commissioner Betty A. Rosa  
Sharon Cates-Williams  
Jim Baldwin  
Christina Coughlin  
Jason Harmon  
Sean Giambattista  
Ed Lenart  
Erica Meaker