



THE SECRETARY OF EDUCATION
WASHINGTON, DC 20202

June 26, 2025

Dear Colleague,

On March 28, 2025, the Department of Education (the Department) [issued a letter](#) to State Education Chiefs rescinding its prior extensions of the liquidation period for COVID-related grants awarded under the Education Stabilization Fund (ESF) program. On April 3, the Department followed up with [an additional letter](#) outlining the process for requesting extensions for specific projects.

On May 6, the United States District Court for the Southern District of New York entered a preliminary injunction in *New York et al. v. Department of Education et al.*, 1:25-cv-02990-ER, enjoining the Department from “enforcing or implementing as against Plaintiffs” the March 28 revocation of the extension period for 16 plaintiff states and the District of Columbia.

On May 11, the Department [issued a letter](#) notifying the plaintiffs in the *New York* litigation that the Department was modifying the period to liquidate obligations under the ESF program to terminate on May 25.

On June 3, the United States District Court for the Southern District of New York entered another preliminary injunction in the *New York* litigation that enjoined the Department from “enforcing or implementing as against Plaintiffs” the directives in the May 11 letter.

Recently, on June 20, the United States Court of Appeals for the Second Circuit denied the Department’s motion to stay the District Court’s June 3, 2025 injunction.¹

The original intent of the policy announced on March 28 was to treat all states consistently with regards to safeguarding and refocusing their remaining COVID-era grant funding on students. The ongoing litigation has created basic fairness and uniformity problems—many states, such as yours, have continued to be covered by the March 28 policy, while the plaintiffs in the *New York* litigation have not been subject to that policy due to events in the litigation.²

As such, given the uniformity and fairness problems set forth above, during the pendency of this litigation and unless and until the Department is allowed to uniformly apply the policy described in the March 28 letter to all states, the Department has decided to address these fairness and uniformity problems in this interim period by returning non-plaintiff states to the liquidation process in place prior to the issuance of the March 28 letter. Thus, as of today, all states can

¹ *New York et al. v. Department of Education et al.*, No. 25-1424 (2d Cir. 2025).

² Considering any reliance interests in the Department’s post-March 28 policy, as required by *Food & Drug Admin. v. Wages & White Lion Invs., L.L.C.*, 604 U.S. ___, 145 S. Ct. 898, 917 (2025), we view them as minimal given that the pre-March 28 process affords greater flexibility for all states to liquidate their remaining ESF COVID-era grant funds.

submit reimbursement or route pay requests (depending on the specific state) for their ESF programs, and they will be reviewed and evaluated consistent with that prior process. States that have already submitted requests and receipts as part of the review and appeals process do not need to resubmit — see our FAQ for more details.

Note that in the *New York* litigation, the Department opposed the entry of injunctions on the grounds that, among other reasons, the Department is unlikely to be able to recover funds even if the Department ultimately prevails in the litigation. To mitigate those concerns, and consistent with the prior process, we will carefully review requests in order to ensure they continue to adhere to governmentwide grant cost principles and that, broadly, expenditures are intended to “prepare, prevent, and respond to coronavirus.”³

There are some specific circumstances, including the disposition of pending prior project-specific requests and pending administrative appeals, addressed in a new set of [FAQs available here](#).

Thank you for your attention to this matter, and for all you are doing to support our Nation’s students.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda McMahon", with a stylized, flowing script.

Linda E. McMahon

³ CARES Act, Pub. L. No. 116-136, 134 Stat. 281, 564 (Mar. 27, 2020); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182, 1924 (Dec. 27, 2020); *see* American Rescue Plan Act of 2021, Pub. L. 117-2, 135 Stat. 4, 19, sec. 2001 (Mar. 11, 2021).