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Federal Funding Reversal Could Affect Reading School District Construction Project

More than \$51 million in ESSER funds revoked, putting RHS Innovation Academy at risk

READING, PA — The Reading School District is facing a significant funding gap that could delay or jeopardize completion of its new RHS Innovation Academy.

The new facility is designed to reduce overcrowding at Reading High School and expand academic opportunities for students. On March 28, 2025, the U.S. Department of Education revoked more than \$51 million in previously approved federal American Rescue Plan relief funds designated for the project.

Construction was already underway when the department reversed an earlier decision to extend the spending timeline for the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) funds. Located on North 9th Street, the RHS Innovation Academy is intended to reduce capacity issues while offering smaller, innovative learning environments that support student success.

“Our community has made tremendous progress, and this facility is critical to continuing that upward trajectory,” said Dr. Jennifer Murray, RSD Superintendent. “To lose these funds now would not only harm our students, but it would also reverse years of work to provide them with the opportunities they deserve.”

The district was originally awarded more than \$104 million in ARP ESSER funding. Of that, approximately \$77 million has already been spent or committed to construction and HVAC improvements across the district. However, the Department of Education has now reversed its extension of the liquidation deadline for the funds, citing regulatory timelines and a shift in federal priorities post-pandemic.

As a result, the district risks losing more than \$51 million in total: \$23.8 million already spent but not yet reimbursed, and another \$27.5 million in pending obligations.

“We followed every guideline and were granted an extension that aligned with our project timeline,” said Wayne Gehris, RSD Chief Financial Officer. “Now we’ve been told those funds are no longer available. This puts the future of the Innovation Academy in question and creates a financial challenge we haven’t seen in more than a decade.”

In late April, local and state leaders—including U.S. Representative Chrissy Houlahan and State Senator Judy Schwank—visited the site to observe construction progress and meet with district leaders. Houlahan praised the facility’s potential but expressed concern about the loss of federal support.

Representative Houlihan stated, "Let me be clear: our government must stand by its word. These federal funds, secured by the American Rescue Plan Act that I proudly voted for in 2021 and duly appropriated by Congress, must be distributed as promised. For President Trump and his administration to claw back Congressionally approved and appropriated funding is illegal -- and I fully support Governor Shapiro's lawsuit to challenge this decision in court. If these funds are not delivered as promised, the people of Reading will suffer financial consequences and that's not right. Additionally, the students of Reading want and deserve a high school to prepare them for the competitive jobs of the 21st century and that's exactly what they will gain with a STEM education. There's nothing efficient about a halfway built school. The Trump administration's decision is absolutely punitive and foolish."

Despite the challenge, district leaders say they are committed to exploring every available option to close the funding gap. Conversations with state and federal lawmakers are ongoing, and the district is also evaluating potential legal options.

"Our students deserve access to state-of-the-art learning environments, just like students in other communities," said Gehris. "We're doing everything we can to ensure this building is completed."

For updates on the RHS Innovation Academy project, visit <https://www.readingsd.org/>.

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