



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

June 29, 2022

The Honorable Angelica Allen-McMillan  
Acting Commissioner  
New Jersey Department of Education  
PO Box 500  
Trenton, NJ 0865-0500

Dear Commissioner Allen-McMillan:

I am writing in response to your April 5, 2022, letter, in which you provide additional clarification regarding New Jersey's request to consider a school district's state-required, locally-generated share of education funds for the purposes of evaluating whether New Jersey has maintained equity in its high-need and highest-poverty local educational agencies (LEAs) under section 2004(b) of the American Rescue Plan Act of 2021 (ARP). Thank you for your ongoing collaboration on this issue.

The Department is fully committed to supporting schools and communities in addressing opportunity gaps exacerbated by the pandemic, targeting resources and efforts to students who need them most, and building our education system back even better than before. Equity in access to educational resources—including equity in Federal, State, and local funding—is essential to achieving this vision for the success of our students. The Department's implementation of ARP maintenance of equity requirements helps ensure that State and local funding supports the students who have been subject to longstanding opportunity gaps in our education system and have also experienced the greatest impact from the COVID-19 pandemic. Moreover, ARP's maintenance of equity requirements are vital for ensuring that State and local educational agencies maintain funding and staffing levels to address the impacts of the pandemic on our education system, and for protecting high-need schools and students from disproportionate cuts where any reductions in State and local effort do occur.

As detailed in the Maintenance of Equity Frequently Asked Questions (MOEquity FAQ),<sup>1</sup> the State MOEquity requirement generally considers the use of State funding sources only. However, the guidance allows States to consider local revenues, such as property taxes or taxes on mineral rights, in certain instances where the revenues are part of a State's "guarantee" for education under State law (for example, a certain amount of funding is "guaranteed" to each LEA on a per pupil basis, a portion of which is generated locally depending on local financial capacity). This guidance allows a State to consider certain mandatory local revenues together with its State funding for elementary and secondary education when calculating State MOEquity. The guidance does not determine whether the State has met the MOEquity requirement. All States, including those that require a local contribution as part their State's guarantee for education funding, must meet the statutory requirement to maintain equity in their high-need and highest-poverty LEAs.

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<sup>1</sup> Updated December 27, 2021, and available at [https://oese.ed.gov/files/2021/12/Maintenance-of-Equity-updated-FAQs\\_12.29.21\\_Final.pdf](https://oese.ed.gov/files/2021/12/Maintenance-of-Equity-updated-FAQs_12.29.21_Final.pdf).

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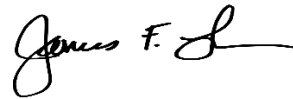
*The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access*

Based on the state-specific information you and your team have provided to the Department, New Jersey may consider each school district's "required local share," established by N.J.S.A. 18A:7F-5(b), for the purpose of calculating the State's compliance with the MOEquity requirement in section 2004(b) of the ARP Act. This decision is based on our understanding that, under State law, New Jersey has an elementary and secondary education funding model that guarantees an amount of funding for each school district, partially financed with revenues raised by local taxing authorities. (See, generally, N.J.S.A. 18A:7F-43, et seq.) State law requires that the State annually calculate each school district's contribution under three different formulas; the lowest of the three resulting figures is the school district's "required local share." (See N.J.S.A. 18A:7F-5(b).)

We understand that many communities levy local taxes at a rate higher than is necessary to meet the required local share under State law. As a result, these school districts generate a local contribution that exceeds the required local share. As described in your letter of April 5, 2022, you propose to consider only each school district's "required local share," not the actual local contribution for those districts where it is higher, for the purpose of calculating compliance with the MOEquity requirement. We agree that only New Jersey's minimum State-mandated local contributions may be considered.

This review relates only to New Jersey's State maintenance of equity requirements under section 2004(b). This review did not include whether the specific amount of funding guaranteed to each school district is appropriate to meet the educational needs of its students, nor whether New Jersey maintained equity in its high-need and highest-poverty LEAs. It is incumbent on New Jersey to calculate whether it maintained equity under section 2004(b) of the ARP Act.

Sincerely,

A handwritten signature in black ink, appearing to read "James F. Lane". The signature is fluid and cursive, with a large initial "J" and "L".

James F. Lane, Ed. D.  
Senior Advisor, Office of the Secretary  
Delegated the Authority to Perform the  
Functions and Duties of the Assistant Secretary  
Office of Elementary and Secondary Education

cc: Office of State & Grantee Relations