



THE SECRETARY OF EDUCATION

WASHINGTON, DC 20202

February 1, 2022

The Honorable Elsie Arntzen
Superintendent of Public Instruction
Montana Office of Public Instruction
P.O. Box 202501
Helena, MT 59620-2501

Dear Superintendent Arntzen:

Thank you for proposing to the U.S. Department of Education (the Department) your written plan for a reasonable level of tolerance when calculating whether the Montana Office of Public Instruction (OPI) has maintained equity for very small LEAs. (While the Department uses the term “very small LEAs,” we acknowledge that OPI’s proposed plan identifies two categories of LEAs under the Department’s framework, which the OPI has titled “very small LEAs” and “exceptionally small LEAs.”)

As you know, the Department has determined that it is consistent with the maintenance of equity requirements to allow a state educational agency (SEA) to calculate whether it has maintained equity with respect to its very small high-need and highest-poverty LEAs within a reasonable “tolerance level.” The Department’s determination is based on the possibility of significant volatility in the calculated per-pupil funding amounts for very small LEAs caused by small changes in student enrollment which may be unrelated to whether a SEA has achieved the intent to maintain equity in funding. (See [Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief Program, Maintenance of Equity Requirements](#), December 29, 2021, Question 21(a).)

After a number of meetings with OPI, we understand that the calculated per-pupil funding amounts for very small LEAs in Montana are significantly affected by small changes in student enrollment, which makes these data an unreliable indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. We also understand that the variability of the indicator is exacerbated for “exceptionally small LEAs” in Montana with 10 or fewer students.

On January 12, 2022, we received OPI’s written plan for a reasonable level of tolerance when calculating whether the SEA has maintained equity with respect to very small LEAs. Montana’s school funding system involves two categories of funding streams: (1) funds allocated on the basis of daily enrollment or “average number belonging” (ANB), and (2) funds allocated on a non-ANB basis. For LEAs with fewer than 500 students, OPI proposes to implement a tolerance of 10% on both the ANB- and non-ANB-based allocations. In addition, OPI proposes a category of “exceptionally small LEAs” – those with 10 or fewer students. For these LEAs, OPI proposes to use only the ANB funding streams for purposes of their MOEq calculations. These LEAs constitute approximately 9% of the State’s high-need LEAs and approximately .1% of the State’s enrollment in such LEAs.

After reviewing OPI’s written plan, we believe that this plan includes a reasonable level of tolerance when calculating whether Montana has maintained equity for very small and exceptionally small LEAs, given the data submitted and the unique circumstances in the State. We appreciate your diligence in developing this plan and your ongoing commitment to equity. If you have any questions, please contact your program officer at: Montana.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations
Office of Elementary and Secondary Education
United States Department of Education