



UNITED STATES DEPARTMENT OF EDUCATION

March 31, 2023

The Honorable Katie Jenner
Secretary of Education
Indiana Department of Education
South Tower, Suite 600
115 West Washington Street
Indianapolis, IN 46204

Dear Secretary Jenner:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Indiana Department of Education (IDE) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act). This written plan applies only to a subset of Indiana's local educational agencies (LEAs).

The ARP Act State maintenance of equity requirements help ensure that State funding supports LEAs with high concentrations of poverty and the students who have been subject to longstanding opportunity gaps in our education system and experienced the greatest impact from the COVID-19 pandemic. These requirements are vital for ensuring that States maintain funding to address the impact of the pandemic on students' education, and for protecting students in high-need and highest-poverty LEAs from disproportionate cuts if reductions in State effort do occur.

The Department determined that it is consistent with the State maintenance of equity requirements to allow a State educational agency (SEA) to calculate whether it has maintained funding 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 an SEA has achieved the intent of the requirements. (See *Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief Program, Maintenance of Equity Requirements*, July 26, 2022, Question 21(a).)

IDE considers LEAs with a membership count of fewer than 200 students to be "very small districts." Under this proposed threshold, Indiana has 26 such LEAs. IDE asserts that calculated per-pupil funding amounts for these very small districts are significantly affected by small changes in attendance rates and students' educational needs. This makes the per-pupil funding amounts in Indiana's very small districts an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. For its 26 very small districts, IDE proposes to implement a tolerance of up to a 5 percent decline in per-pupil funding. Applying this tolerance would impact four very small districts in FY 2022 that served 0.17 percent of Indiana's students.

After reviewing IDE's tolerance proposal and accompanying data, the unique circumstances in the State, and our further State-specific analysis, we have determined that this approach includes a reasonable level of tolerance when calculating whether Indiana has maintained equity for very small LEAs.

We appreciate your diligence in developing this proposal. If you have any questions, please contact your program officer at: Indiana.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