



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

June 23, 2023

The Honorable Willie Jett  
Commissioner of Education  
Minnesota Department of Education  
400 NE Stinson Blvd.  
Minneapolis, MN 55413

Dear Commissioner Jett:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Minnesota Department of Education (MDE) 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 Minnesota'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).)

According to materials provided by MDE, Minnesota's State funding formula includes a base allocation for all students as well as weighted funding for students that varies by grade level. In the context of the funding weights, MDE asserts that per-pupil funding amounts for its very small LEAs are significantly affected by small changes in attendance shifts between grade levels. This makes the per-pupil funding amounts in Minnesota's very small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. MDE considers LEAs with memberships of fewer than 864 students to be very small. Under this proposed threshold, Minnesota had 321 very small LEAs in fiscal year (FY) 2022 and

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320 very small LEAs in FY 2023 out of 576 total LEAs statewide. For its very small LEAs, MDE proposes to tolerate a 10 percent decline in per-pupil funding in FYs 2022 and 2023. Applying this tolerance would impact 31 very small LEAs identified by the State as meeting the definition of high-need or highest-poverty in FY 2022 and 38 very small LEAs in FY 2023. Together, these districts served 0.95 percent of Minnesota's students in FY 2022 and 1.23 percent of students in FY 2023.

After reviewing MDE'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 Minnesota has maintained equity for very small LEAs in FYs 2022 and 2023.

Finally, MDE's proposal indicates that Minnesota will need to make additional payments to four LEAs that experienced disproportionate reductions in per-pupil funding in FY 2022 and are not captured by this very small LEA tolerance proposal. Please advise the Department when these additional payments have been made.

We appreciate your diligence in developing this proposal. If you have any questions, please contact your program officer at: [Minnesota.OESE@ed.gov](mailto:Minnesota.OESE@ed.gov).

Sincerely,

*Laura Jimenez*

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