



UNITED STATES DEPARTMENT OF EDUCATION

December 1, 2023

The Honorable Frank Edelblut
Commissioner
New Hampshire Department of Education
25 Hall Street
Concord, NH 03301

Dear Commissioner Edelblut:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the New Hampshire Department of Education (NHED) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act) in fiscal years (FY) 2022 and 2023. This written plan applies only to a subset of New Hampshire's local educational agencies (LEAs).

The ARP Act's 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 NHED, New Hampshire's State funding formula includes two categories of funding: (1) components tied to student enrollment; and (2) static grant components, such as local property taxes collected and allocated to LEAs, that are not tied to student enrollment. Accordingly, a per-pupil maintenance of equity calculation for these LEAs may be significantly affected by small changes in student enrollment and make the measure an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

NHED's November 8, 2023, correspondence proposes four tolerance levels:

- 1) For "exceptionally small LEAs" with 25 or fewer students, NHED proposes to tolerate an 85 percent reduction in per-pupil funding from year to year. This would

- impact five exceptionally small LEAs in FY 2022 and three exceptionally small LEAs in FY 2023 identified by the State as meeting the definition of high-need or highest-poverty that served less than 0.04 percent of New Hampshire's students in FY 2022 and 0.02 percent of students in FY 2023.
- 2) For "very small LEAs" with enrollments of 26 to 500 students, NHED proposes to tolerate a 20 percent reduction in per-pupil funding from year to year. This would impact seven very small LEAs in FY 2022 and 31 very small LEAs in FY 2023 identified by the State as meeting the definition of high-need or highest-poverty that served 0.7 percent of New Hampshire's students in FY 2022 and 3.08 percent of students in FY 2023.
 - 3) For "small LEAs" with enrollments of 501 to 1,000 students, NHED proposes to tolerate a 17.5 percent reduction in per-pupil funding from year to year. This would impact one small LEA in FY 2022 and seven small LEAs in FY 2023 identified by the State as meeting the definition of high-need or highest-poverty that served 0.55 percent of New Hampshire's students in FY 2022 and 2.55 percent of students in FY 2023.
 - 4) For "somewhat small LEAs" with enrollments of 1,001 to 1,500 students, NHED proposes to tolerate a 15 percent reduction in per-pupil funding from year to year. This would impact zero somewhat small districts in FY 2022 and nine somewhat small districts in FY 2023 identified by the State as meeting the definition of high-need or highest-poverty that served 6.2 percent of New Hampshire's students in FY 2023.

After reviewing NHED's tolerance proposal and accompanying data, the unique circumstances in the State, and our further State-specific analysis, we have determined that tolerance levels 1, 2, and 3 include reasonable levels of tolerance when calculating whether New Hampshire has maintained equity for small LEAs in FYs 2022 and 2023. However, we do not find extending tolerance to Level 4 (somewhat small districts) to be reasonable. For example, it is unclear how changes in enrollments in LEAs of this size would contribute to the large reduction in per-pupil funding compared to LEAs with many fewer students.

Based on the Department's approval of NHED's tolerance proposal, there are no outstanding disproportionate reductions in per-pupil funding in FY 2022. New Hampshire will need to make additional payments to LEAs that experienced disproportionate reductions in per-pupil funding in FY 2023 and are not addressed by levels 1, 2, or 3 of the 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: NewHampshire.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations