



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

January 25, 2024

The Honorable Jacob Oliva
Secretary of Education
Arkansas Department of Education
Four Capitol Mall, Room 304-A
Little Rock, AR 72201-1071

Dear Secretary Oliva:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Arkansas Department of Education (ADE) has met State maintenance of equity requirements in fiscal year (FY) 2023 under the American Rescue Plan Act of 2021 (ARP Act). This written plan applies only to a subset of Arkansas' 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).)

ADE's proposal considers LEAs with average daily memberships of 1,000 or fewer students to be small. Under this proposed threshold, 137 of Arkansas' 256 LEAs are small. ADE asserts that calculated per-pupil funding amounts for small LEAs are significantly affected by small changes in enrollment rates and students' educational needs. This makes annual per-pupil funding amounts in Arkansas' small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. For its 137 small LEAs, ADE proposes to implement a tolerance of up to a two percent decline in per-pupil funding. Applying this tolerance would impact four small LEAs that the SEA identified as meeting the definition of high-need or highest-poverty in FY 2023; collectively, these LEAs served 0.37 percent of Arkansas' students in FY 2023.

After reviewing ADE'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 Arkansas has maintained equity for small LEAs in FY 2023 and is consistent with ADE's FY 2022 tolerance request.

ADE's proposal indicates that Arkansas will need to make additional payments to two LEAs that experienced a disproportionate reduction in per-pupil funding in FY 2023 and are not captured by this 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: Arkansas.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations