



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

January 25, 2024

The Honorable Katie Jenner
Secretary of Education
Indiana Department of Education
100 N. Senate Ave.
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 (IDOE) 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 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).)

IDOE considers LEAs with membership counts of fewer than 500 students to be "small districts." Under this proposed threshold, Indiana has 54 such LEAs. IDOE asserts that calculated per-pupil funding amounts for these small districts are significantly affected by small changes in attendance rates and students' educational needs. This makes annual per-pupil funding amounts in Indiana's small districts an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. For its 54 small districts, IDOE proposes to implement a tolerance of up to a five percent decline in per-pupil funding. For FY 2023, applying this tolerance would impact three small districts that served 0.07 percent of Indiana's students.

After reviewing IDOE'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 small districts in FY 2023. Further, the approach is consistent with IDOE's FY 2022 tolerance request.

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