



## UNITED STATES DEPARTMENT OF EDUCATION

January 26, 2024

The Honorable Elsie Arntzen  
Superintendent  
Montana Office of Public Instruction  
P.O. Box 202501  
Helena, MT 59620

Dear Superintendent Arntzen:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Montana Office of Public Instruction (OPI) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act) in fiscal year (FY) 2023. This written plan applies only to a subset of Montana'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 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 OPI, Montana's school funding system involves two categories of funding: (1) funds allocated based on daily enrollment or "average number belonging" (ANB) and (2) funds allocated on a non-ANB basis. OPI asserts that calculated per-pupil funding amounts for its small LEAs are significantly affected by small fluctuations in enrollment. This makes annual per-pupil funding amounts in Montana's small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

For LEAs with an ANB between 11 and 500, OPI proposes to implement a tolerance of a 10 percent reduction in per-pupil funding from year to year on both the ANB- and non-ANB-based allocations. For FY 2023, this proposal would impact 21 LEAs identified by the State as meeting

the definition of high-need or highest-poverty that served 0.8 percent of Montana's students. In addition, OPI proposes a category of "exceptionally small LEAs"—those with an ANB of 10 or fewer. For these exceptionally small LEAs, OPI proposes to use only the ANB funding stream for purposes of State maintenance of equity calculations. For FY 2023, this would impact another 18 LEAs identified by the State as meeting the definition of high-need or highest-poverty that served 0.097 percent of Montana's students.

After reviewing OPI's tolerance proposal and accompanying data, the unique circumstances in the State, and our further State-specific analysis, we have determined that OPI's tolerance proposal includes a reasonable level of tolerance when calculating whether Montana has maintained equity for small LEAs in FY 2023.

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

Sincerely,

*Laura Jimenez*

Laura Jimenez  
Director, Office of State and Grantee Relations