



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

June 18, 2024

The Honorable Dr. Charlene Williams  
Director  
Oregon Department of Education  
255 Capitol Street, N.E.  
Salem, OR 97310

Dear Director Williams:

The U.S. Department of Education (Department) received your amended plan for a reasonable level of tolerance when calculating whether the Oregon Department of Education (ODE) 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 Oregon'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 ODE, Oregon's State funding formula (the State School Fund) includes a base allocation for all students, as well as weighted funding for students who require additional services. Oregon also provides supplemental funding, the Small School Correction (SSC), to LEAs that did not receive sufficient funding through the State School Fund to operate their small schools. In the context of the funding weights and the SSC, ODE asserts that calculated per-pupil funding amounts for its very small LEAs are significantly affected by small changes in attendance rates. Furthermore, ODE's proposal notes that the State is seeing an unprecedented enrollment shifts among LEAs in response to the pandemic, which has also contributed to variations in per-pupil funding. Together, these factors make the annual per-pupil funding amounts in Oregon's small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

Accordingly, ODE proposes six tolerance levels. Implications for LEAs identified by the State as high-need or highest-poverty in FY 2023 are described below:

- 1) For “Micro Districts” with 10 or fewer students, Oregon proposes to tolerate a 14 percent reduction in per-pupil funding from year to year. This tier relates to one LEA that served 0.001 percent of Oregon’s students.
- 2) For “Extremely Small Districts” with enrollments of greater than 10 to 251 students, Oregon proposes to tolerate a 19 percent reduction in per-pupil funding from year to year. This tier relates to nine LEAs that served 0.1 percent of Oregon’s students.
- 3) For “Small Districts” with enrollments of greater than 251 to 1,000 students, Oregon proposes to tolerate a 6 percent reduction in per-pupil funding from year to year. This tier relates to six LEAs that served 0.4 percent of Oregon’s students.
- 4) For “Other Districts Experiencing Reductions” with enrollments of greater than 1,000 to 11,000 students, Oregon proposes to tolerate a 1 percent reduction in per-pupil funding from year to year. This tier relates to one LEA that served 1.8 percent of Oregon’s students.
- 5) For virtual charters with enrollments of fewer than 1,000 students that had extreme shifts in student enrollment due to increased attendance in a virtual school within the same LEA, Oregon proposes to tolerate a 2 percent reduction in per-pupil funding from year to year. This tier relates to one LEA that served 0.2 percent of Oregon’s students.
- 6) For virtual charters with enrollments of 1,000 to 3,354 students that had extreme shifts in student enrollment due to increased attendance in a virtual school within the same LEA, Oregon proposes to tolerate a 21 percent reduction in per-pupil funding from year to year. This tier relates to five LEAs that served 1.9 percent of Oregon’s students.

After reviewing ODE’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, 3, 5, and 6 include reasonable levels of tolerance when calculating whether Oregon has maintained equity for small LEAs in FY 2023. We do not find extending tolerance to Level 4 LEAs, Other Districts Experiencing Reductions, to be reasonable, as it is unclear how changes in enrollment in LEAs of this size would affect per-pupil funding in ways that are unrelated to maintaining equity as compared to an LEA with many fewer students.

ODE’s proposal indicates that Oregon will need to make an additional payment to one LEA that experienced a disproportionate reduction in per-pupil funding in FY 2023 and is not captured by this small LEA tolerance proposal. Please advise the Department when this additional payment has been made.

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

Sincerely,

*Laura Jimenez*

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Director, Office of State and Grantee Relations