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OFFICE OF PUBLIC INSTRUCTION
STATE OF MONTANA

Putting Montana Students First A+

Montana OPI Response to the Updated USED FAQ on MOEquity Item 21(a) Very Small School Districts

10/15/2021

In response to the most recently updated MOEquity USED FAQ the Montana Office of Public Instruction (OPI) proposes the following plan for determining that it has maintained equity for very small high-need and highest-poverty LEAs outlined in item 21(a) of the MOEquity USED FAQ dated 10/1/2021.

As requested, the Montana OPI is submitting the following written plan:

1. Montana, in general, is a rural state with few population centers. For the federally required MOEquity calculation the OPI identifies that LEA's with 500 budget limitation average number belonging (ANB) or less in FY2021 as "very small". ANB is the enrollment metric used to determine enrollment-based funding components for state support of Montana public school districts.

2. LEA's with 500 or less ANB or very small LEA's, comprises 333 of the 400 (83%) LEA's in the state and represent only just over one-quarter of the statewide average number belonging (ANB) in FY2021. Montana ANB by district ranges between 1 ANB to 12,000 ANB.

3. In terms of LEA's included with the High Needs and High Poverty lists this represents the following:

High Needs: 182 of 216 LEA's or 84% of LEA's are very small school districts.
High Poverty: 126 of 141 LEA's or 89% of LEA's are very small school districts.

4. The OPI's review of compliance with the federal requirements for state-level MOEquity, suggests the largest reason, for what may be considered non-compliance, results from various non-ANB driven funding components within the Montana state funding formula when compared to those that are ANB driven for LEA's with less than 500 ANB.

Several of these state funding components were designed specifically to address the operational costs in our very small LEA's. As the small ANB numbers in these districts fluctuate from year to year, these non-ANB driven components outweigh any ANB driven funding changes.

Montana's state funding formula contains various funding components. Some of these are ANB based, and others are not. In cases of very small school districts, these non-ANB driven state funding components comprise a substantially larger proportion of state funding when compared to the ANB-based components. Additionally, without the non-ANB-based components funding sources for these LEA's would not be substantive enough to support the operating costs associated with maintaining the school district. The OPI proposes that for Montana's very small school districts (those of 500 budget limit ANB or less in FY2021) state funding components which are based on ANB and determined on state-defined budget units, be solely used as the measure of MOEquity, as described in the USED FAQ as

well as section 2004 of the ARP act, and those which are non-ANB based be omitted in the determination of MOEquity.

Employing this modification will be considered a reasonable level of tolerance for our very small school districts and will both allow for compliance with the required federal calculation of MOEquity while preserving the integrity of the Montana state funding system established to support our most rural school districts which require support from non-ANB driven funding components to support the operating costs associated with these school districts.

Sincerely,

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