



UNITED STATES DEPARTMENT OF EDUCATION

December 7, 2022

The Honorable Carmen I. Ayala
State Superintendent of Education
Illinois State Board of Education
100 North First Street
Springfield, IL 62777

Dear Superintendent Ayala:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Illinois State Board of Education (ISBE) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act). This written plan only applies to a subset of Illinois' local educational agencies (LEAs) that the State has defined as very small.

The ARP Act maintenance of equity requirements help ensure that State and local funding supports the students who have been subject to longstanding opportunity gaps in our education system and have also experienced the greatest impacts from the COVID-19 pandemic. Moreover, the ARP Act maintenance of equity requirements are vital for ensuring that States and LEAs maintain funding and staffing levels to address the impact of the pandemic on students' education, and for protecting high-need schools and students from disproportionate cuts if reductions in State and local effort do occur.

Upon careful review, the Department determined that it is consistent with the maintenance of equity requirements to allow a State educational agency (SEA) to calculate whether it has maintained 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 to maintain equity in funding. (See *Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief Program, Maintenance of Equity Requirements*, July 26, 2022, Question 21(a).)

ISBE considers LEAs with enrollments below the 10th percentile of all LEA enrollments in the State to be "very small LEAs." Under this proposed threshold, Illinois has 87 very small LEAs out of approximately 1,050 statewide¹, each with fewer than 180 students. The construction of ISBE's funding formula is dependent on enrollment. Due to the pandemic, enrollment declined in 84 percent of LEAs in

¹ National Center for Education Statistics (2017). Number of operating public schools and districts, student membership, teachers, and pupil/teacher ratio, by state or jurisdiction: School year 2015-16.

Illinois between FY 2020 and FY 2021. Based on ISBE's submission, the average enrollment change for very small LEAs was 8.6 students in FY 2022 (or 6 to 7 percent of total enrollments) while a similar change in average-size LEAs represented only 1 percent of total enrollments. Accordingly, ISBE asserts that the calculated per-pupil funding amounts for very small LEAs in Illinois are significantly affected by small changes in student enrollment, which makes these data an unreliable indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

For the 87 very small LEAs in Illinois, ISBE proposes to implement the following level of tolerance; if per-pupil funding in the comparison year (FY 2022 for purposes of this decision) is greater than or equal to 90 percent of per-pupil funding in the baseline year (FY 2021), ISBE has maintained equity for these very small LEAs. After reviewing ISBE's tolerance proposal, including the data submitted, 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 Illinois has maintained equity for very small LEAs.

ISBE's proposal indicates that Illinois will need to make additional payments to ensure equity is maintained in the high-need and highest-poverty LEAs that experienced disproportionate per-pupil funding in FY 2022 and are not captured by this small LEA tolerance proposal. You asked that we confirm whether ISBE may address maintenance of equity shortfalls with Coronavirus Relief Funds (CRF) or State and Local Fiscal Recovery Funds (SLFRF) from the U.S. Department of the Treasury (Treasury). So long as the use of funds is consistent with applicable Treasury statutory and regulatory requirements, and Illinois can demonstrate that CRF and SLFRF funds are directed to high-need and highest-poverty LEAs to ensure that this subset of LEAs (compared to other LEAs in the State) received the supplemental funds, ISBE may use these funds to satisfy State-level maintenance of equity requirements for FY 2022. 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: Illinois.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations
Office of Elementary and Secondary Education
United States Department of Education