January 26, 2024

The Honorable Paul Craft
State Superintendent of Public Instruction
Ohio Department of Education
25 South Front Street
Columbus, OH 43215

Dear Superintendent Craft:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Ohio 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 Ohio'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).)

ODE asserts that calculated per-pupil funding amounts for small LEAs are significantly affected by minor changes in student population. This makes per-pupil funding amounts in Ohio's small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. Accordingly, ODE proposes three tolerance levels:

1) For LEAs with an enrollment of 500 or fewer, ODE proposes to tolerate a 14 percent reduction in per-pupil funding from year to year. For FY 2023, this would impact 159 small LEAs identified by the State as meeting the definition of high-need or highest-poverty that served 2.1 percent of Ohio's students.

2) For LEAs with an enrollment from 500 to 1,100, ODE proposes to tolerate a 2.8 percent reduction in per-pupil funding from year to year. For FY 2023, this would impact 213 small LEAs identified by the State as meeting the definition of high-need or highest-poverty that served 1.0 percent of Ohio's students.

3) For LEAs with an enrollment from 1,101 to 1,500, ODE proposes to tolerate a one percent reduction in per-pupil funding from year to year. For FY 2023, this would impact 99 small LEAs identified by the State as meeting the definition of high-need or highest-poverty that served 0.2 percent of Ohio'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 this approach includes a reasonable level of tolerance when calculating whether Ohio has maintained equity for small LEAs in FY 2023.

ODE's proposal indicates that Ohio will need to make additional payments to LEAs that experienced a disproportionate reduction in per-pupil funding in FY 2023 and that are not captured by this small LEA tolerance approval. Please advise the Department as additional payments are made.

We appreciate your diligence in developing this proposal. If you have any questions, please contact your program officer at: Ohio.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations