



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

April 25, 2024

The Honorable Tom Horne
Superintendent of Public Instruction
Arizona Department of Education
1535 West Jefferson Street
Phoenix, AZ 85007

Dear Superintendent Horne:

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

ADE considers certain LEAs with Average Daily Memberships of 550 or fewer students to be very small LEAs. The State's equalization formula provided add-on funding up to \$43,000 per student for qualifying special education needs in FY 2023. According to ADE, the gain or loss of this add-on funding as students with qualifying needs enroll and withdraw in very small LEAs may distort year-to-year per-pupil funding comparisons and confound determinations of whether ADE has maintained equity for these LEAs. Accordingly, per-pupil maintenance of equity calculations for these LEAs may be significantly affected by small changes in student enrollment and make the annual measure an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

Accordingly, ADE proposes three tolerance levels for “very small LEAs.” Implications for LEAs identified by the State as high-need or highest-poverty are described below:

- 1) For very small charter school LEAs with 550 or fewer students, ADE proposes to tolerate an 11 percent reduction in per-pupil funding from year to year. This level includes six LEAs that served 0.18 percent of Arizona’s students in FY 2023.
- 2) For very small LEAs with 100 or fewer students, ADE proposes to tolerate a five percent reduction in per-pupil funding from year to year. This level includes five LEAs that served 0.03 percent of Arizona’s students in FY 2023.
- 3) For very small LEAs with 47 or fewer students with elementary-only grade spans, ADE proposes to tolerate a 36 percent reduction in per-pupil funding from year to year. This level includes three LEAs that served 0.005 percent of Arizona’s students in FY 2023.

After reviewing ADE’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 Arizona has maintained equity in FY 2023.

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

Sincerely,

Laura Jimenez

Laura Jimenez

Director, Office of State and Grantee Relations