# STATE OF CONNECTICUT

## *DEPARTMENT OF EDUCATION*

October 27, 2022

Dear Superintendents and Business Managers,

Last fall I wrote to you about Section 2004 of the American Rescue Plan (ARP) Act of 2021 including a new Maintenance of Equity (MOEquity) requirement that state educational agencies (SEAs) and local education agencies (LEAs) must meet in order to receive funds under the ARP Elementary and Secondary School Emergency Relief (ARP ESSER) Fund.  MOEquity requirements were enacted for the first time in the ARP and are intended to safeguard school districts and schools that serve a large share of students from low-income backgrounds against experiencing a disproportionate reduction in funding in fiscal years (FYs) 2022 and 2023 (i.e., school years 2021-2022 and 2022-2023).

Under the MOEquity requirement, each LEA must maintain equity for each "high-poverty school" as a condition of receiving ARP ESSER funds.  Specifically, pursuant to ARP Act Section 2004(c), for each school identified by the LEA as a high-poverty school, the LEA may not, in FY 2022 or FY 2023:

1. Reduce per-pupil* funding by an amount that exceeds the total reduction, if any, in LEA per-pupil funding for all schools served by the LEA in such fiscal year; or
2. Reduce the number of FTE staff per-pupil by an amount that exceeds the total reduction, if any, in FTE staff per-pupil in all schools served by the LEA in such fiscal year.
   ***Note:  Per-pupil funding is derived from combining state and local funding.  It does not include federal funding or funding from other sources.***

Important to note, under ARP Act Section 2004(c)(2), some LEAs are exempt from the MOEquity requirement.  An LEA need not meet this requirement if the LEA:

- Has a total enrollment of less than 1,000 students;
- Operates a single school;
- Serves all students within each grade span with a single school; or
- Demonstrates an exceptional or uncontrollable circumstance, such as unpredictable changes in student enrollment or a precipitous decline in the financial resources of the LEA as determined by the Secretary of Education.

**Limited Exception to MOEquity for FY 2022-23**

Similar to last fiscal year, the United States Department of Education (USDE), has notified states that LEAs may file a limited exception to local MOEquity requirements for the 2022-2023 school year.  USDE guidance states the following.

*Upon gathering further information from States and LEAs, the Department understands that many localities are still facing fluctuating school enrollments and uncertain revenue collection as a result of the pandemic, particularly tax levies or other local resources that are established well in advance of the 2022- 2023 school year. Given such challenges due to the pandemic, the Department has determined that these circumstances continue to be an example of*

*"exceptional or uncontrollable circumstances" that justify a limited exception to the local MOEquity requirements for the 2022-2023 school year in instances in which there is no aggregate reduction in combined State and local per pupil funding in FY 2023 in the LEA. Therefore, an LEA experiencing these circumstances may demonstrate that it is excepted from the MOEquity requirements if it certifies that it will not implement an aggregate reduction in combined State and local per-pupil funding in FY 2023 (i.e., is not facing overall budget reductions).*

For FY 2022-23, LEAs that are not exempt from the MOEquity provision pursuant to ARP Act Section 2004(c)(2) may request an exception from the MOEquity requirements for FY 2023 by certifying to the USDE that it did not and will not implement an aggregate reduction in combined state and local per-pupil funding in FY 2023 (i.e., is not facing overall budget reductions).
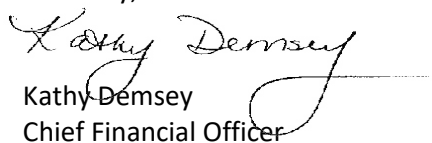
**To request this limited exception,** LEAs must complete the attached certification form and upload it into their ARP ESSER application in eGMS. **We request that LEAs upload the certification document by <u>Friday, November 18, 2022</u>**. For those of you with approved ARP ESSER applications, this will require submitting a revision request in eGMS.

**Districts not requesting this exception or not eligible for the exception** will be required to **submit a MOEquity calculation** for their district and schools for the current fiscal year by **<u>Wednesday, November 30, 2022</u>**. Please find guidance on calculating MOEquity for FY 2023 attached.

Please be reminded that each SEA must make publicly available on its website information on how each LEA in the State is maintaining fiscal and staffing equity. This information must be easily accessible to parents, families and local communities and provide information on how each applicable LEA is maintaining equity for schools with high concentrations of students from low-income backgrounds.

If you have any questions, please do not hesitate to call me at (860) 929-6093.

Sincerely,

Kathy Demsey
Chief Financial Officer

**Appendix B** *(NEW August 6, 2021)*

## American Rescue Plan
## LEA Certification of Exception from Local Maintenance of Equity Requirements

Please submit this certification to your SEA, which will notify the Department which LEAs in the State are excepted from the local maintenance of equity requirements under section 2004(c)(2) of the American Rescue Plan (ARP) Act due to such certifications for FY 2022, FY 2023, or both FYs 2022 and 2023.

LEA name: _____

State: _____

On behalf of my local educational agency (LEA), I _____ (name), _____ (title), certify that for the:

&#9744; 2021-2022 school year (FY 2022)
&#9744; 2022-2023 school year (FY 2023)

this LEA demonstrates an exceptional or uncontrollable circumstance under section 2004(c)(2) of the ARP Act. Specifically, this LEA faces implementation challenges due to the enactment of the ARP Act in March 2021 and the impact of the pandemic with respect to budget and enrollment uncertainty. The LEA certifies it will not implement an aggregate reduction in combined State and local per-pupil funding for the relevant fiscal year(s).

By signing this certification, I hereby confirm that I am the authorized representative, with the fiscal and legal authority, to certify on behalf of this school district. In addition, to the best of my knowledge and belief, all the information in this certification is true and correct.

_____
Signature

_____
Printed name & date

# ARP ESSER
# Local Education Agencies (LEAs)
# Guidance for Calculating Maintenance of Equity (MOEquity)

**MOEquity Requirements for LEAs:**

Each LEA must maintain equity for each "high-poverty school" as a condition of receiving ARP-ESSER funds. Pursuant to section 2004(c) of the American Rescue Plan Act, for each school identified by the LEA as a high-poverty school, the LEA may not, in FY 2022 or FY 2023:

3.  Reduce per-pupil* funding by an amount that exceeds the total reduction, if any, in LEA per-pupil funding for all schools served by the LEA in such fiscal year; or
4.  Reduce the number of FTE staff per-pupil by an amount that exceeds the total reduction, if any, in FTE staff per-pupil in all schools served by the LEA in such fiscal year.

*Note:  Per-pupil funding is derived from combining State and local funding.  It does not include federal funding or funding from other sources.*

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**Definition - High-Poverty Schools:**

A "high-poverty school" is a school in the highest quartile of schools served by an LEA based on the percentage of economically disadvantaged students.

**Measures Used to Determine High-Poverty Schools:**

The State Education Agency (SEA) may select a measure or measures of poverty currently authorized under section 1113(a)(5) of Every Student Succeeds Act (ESEA) for LEAs to use.  It may be the measure the SEA requires for disaggregation of the economically disadvantaged subgroup under section 1111 of ESEA or an SEA may permit an LEA to use the measure(s) of poverty it uses to rank its schools under section 1113(a) of ESEA.

**The Department has selected: Free/Reduced Price Lunch eligibility**

**Procedures for an LEA to Determine its High-Poverty Schools:**

An LEA may elect to make the determination on a ***districtwide basis*** or ***by grade span***.  In deciding which option to use to identify its high-poverty schools, and LEA might consider factors such as:

- The total number of high-poverty students impacted;
- Relative concentrations of poverty in schools that would be identified compared to those that would not;
- And whether using grade spans would capture high schools if they would not otherwise be captured.

**Steps to Determine High-Poverty Schools:**

1. Rank each school in the LEA by its percentage of economically disadvantaged students, from highest percentage to lowest percentage, in each fiscal year. An LEA may rank its schools within the LEA as a whole or within each grade span. *(Please see Table 1 and Table 2.)*
2. Divide the total number of schools in the LEA by 4 to determine the number of schools in the highest quartile. If the result of the division is not a whole number, always round up to the nearest whole number. This is the number of schools the LEA must identify as high-poverty schools.
3. Identify the highest-poverty quartile of schools in the LEA as high-poverty schools *(identified in step 2).* These schools will be subject to MOEquity Requirements. If the LEA ranks by grade span, an LEA may first select the high-poverty school in rank order from each grade span. *If an LEA needs to identify additional high-poverty schools, then an LEA has discretion so long as the LEA selects in rank order based on the percentage of economically disadvantaged students. For example, an LEA may continue down the list from highest to lowest within each grade span or continue to select schools with the highest percentage of economically disadvantaged students in one or more grade spans. *(Please see Table 2.)*

**Table 1: Identifying high-poverty schools in an LEA**

| School | % of Economically Disadvantaged Students | Grade Span | High-Poverty School |
|---|---|---|---|
| School A | 80% | Elementary | Yes |
| School B | 75% | Elementary | Yes |
| School C | 65% | Elementary | Yes |
| School G | 60% | Middle | No |
| School I | 40% | High | No |
| School D | 35% | Elementary | No |
| School E | 25% | Elementary | No |
| School H | 25% | Middle | No |
| School F | 15% | Elementary | No |

★In this example the LEA must identify 3 schools as high-poverty schools.

**Table 2: Identifying high-poverty schools by grade span in the same LEA**

| School | % of Economically Disadvantaged Students | Elementary Grade Span | Middle Grade Span | High School Grade Span | High-Poverty School |
|---|---|---|---|---|---|
| School A | 80% | X | | | Yes |
| School B | 75% | X | | | No |
| School C | 65% | X | | | No |
| School D | 35% | X | | | No |
| School E | 25% | X | | | No |
| School F | 15% | X | | | No |
| School G | 60% | | X | | Yes |
| School H | 25% | | X | | No |
| School I | 40% | | | X | Yes |

In this example, the same LEA using grade span identifies the highest poverty elementary school (School A), middle school (School G), and high school (School I) because the LEA must identify 3 schools.  If the LEA were required to identify, for example, 2 additional schools it could continue to identify one school in each grade span (Schools B and H) or it could identify the next 2 highest poverty schools overall (Schools B and C).

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**Part 1 – Maintaining Fiscal Equity**

**Which funding sources must an LEA use when determining per-pupil funding for the purpose of maintaining fiscal equity?**

An LEA includes all sources of **state** and **local** funds it has available for current expenditures for free public education.  Current expenditures *do not include* dedicated funds for capital outlays and debt service.  Only state and local funds are used in the calculation.  LEAs *may not include* federal funds or support from private donors.

An LEA must use consistent funding sources from year-to-year and document its data sources.  The data should be consistent with per pupil expenditures from state and local funding reported annually in the Education Finance System (EFS).

**Steps to Determine MOEquity for High-Poverty Schools using Districtwide Basis:**

1.  **Districtwide per-pupil reduction determination for FY 2023 (if any)**:
    a.  Calculate state and local per-pupil amount for FY 2023
    b.  Calculate state and local per-pupil amount for FY 2022
    c.  Calculate the difference between FY 2023 and FY 2022.  If the difference shows a reduction in per-pupil state and local funding this is the amount by which the LEA has reduced its per-pupil funding to all schools in FY 2023.  If an LEA increases or maintains per-pupil funding to all schools in FY 2023 then for the purpose of determining whether an LEA has maintained fiscal equity for its high-poverty schools, the per-pupil reduction across all schools in the LEA is 0.
2.  **High-poverty school per-pupil reduction determination for FY 2023 (if any)**:
    a.  Calculate high-poverty school per-pupil amount for FY 2023 – (FY 2023 Total state & local funds per high-poverty school divided by aggregate number of children enrolled in the school in FY 2023)
    b.  Calculate high-poverty school per-pupil amount for FY 2022 – (FY 2022 Total state & local funds per high-poverty school divided by aggregate number of children enrolled in the school in FY 2022)
    c.  If per-pupil amount for FY 2023 is less than FY 2022, the difference is the amount by which the LEA has reduced its per-pupil state and local funding for that high-poverty school.
3.  **Determine if MOEquity has been met for each high-poverty school for FY 2023:**  If the high-poverty school-level calculation in (2.c.) reveals a per-pupil reduction compare such reduction to the districtwide per-pupil calculated reduction, if any, in (1.c.).  **If the high-poverty school**

**receives a reduction in the per-pupil amount of state and local funds that is greater than the districtwide per-pupil reduction amount, the LEA has not maintained fiscal equity for FY 2023 with respect to that high-poverty school.**

**Steps to Determine MOEquity for High-Poverty Schools using Grade-span Basis:**

1. **Grade-span per-pupil reduction determination for FY 2023 (if any)**:
   a. Calculate state and local per-pupil amount for FY 2023
   b. Calculate state and local per-pupil amount for FY 2022
   c. Calculate the difference between FY 2023 and FY 2022.  If the difference shows a reduction in per-pupil state and local funding this is the amount by which the LEA has reduced its per-pupil funding to all schools in FY 2023.  If an LEA increases or maintains per-pupil funding to all schools in FY 2023 then for the purpose of determining whether an LEA has maintained fiscal equity for its high-poverty schools, the per-pupil reduction across all schools in the LEA is 0.

2. **High-poverty school per-pupil reduction determination for FY 2023 (if any)**:
   a. Calculate high-poverty school per-pupil amount for FY 2023 – (FY 2023 Total state & local funds per high-poverty school divided by aggregate number of children enrolled in the school in FY 2023)
   b. Calculate high-poverty school per-pupil amount for FY 2022 – (FY 2022 Total state & local funds per high-poverty school divided by aggregate number of children enrolled in the school in FY 2022)
   c. If per-pupil amount for FY 2023 is less than FY 2022, the difference is the amount by which the LEA has reduced its per-pupil state and local funding for that high-poverty school.

3. **Determine if MOEquity has been met for each high-poverty school for FY 2023:**  If the high-poverty school-level calculation in (2.c.) reveals a per-pupil reduction compare such reduction to the districtwide per-pupil calculated reduction, if any, in (1.c.).  **If the high-poverty school receives a reduction in the per-pupil amount of state and local funds that is greater than the districtwide per-pupil reduction amount, the LEA has not maintained fiscal equity for FY 2023 with respect to that high-poverty school.**