

## MOEquity Update 9/7/2021

**March 2021** - Section 2004 of the American Rescue Plan Act of 2021 (ARP Act) includes new maintenance of equity (MOEquity) provisions that are a condition for a State educational agency (SEA) and local educational agency (LEA) to receive funds under the Elementary and Secondary School Emergency Relief (ARP ESSER) Fund.

Section 2004 states the following requirements for MOEquity. [American Rescue Plan Act of 2021](#)

*(b) State Maintenance Of Equity.—*

*(1) HIGH-NEED LOCAL EDUCATIONAL AGENCIES.—As a condition of receiving funds under section 2001, a State educational agency shall not, in fiscal year 2022 or 2023, reduce State funding (as calculated on a per-pupil basis) for any high-need local educational agency in the State by an amount that exceeds the overall per-pupil reduction in State funds, if any, across all local educational agencies in such State in such fiscal year.*

*(2) HIGHEST POVERTY LOCAL EDUCATIONAL AGENCIES.—Notwithstanding paragraph (1), as a condition of receiving funds under section 2001, a State educational agency shall not, in fiscal year 2022 or 2023, reduce State funding (as calculated on a per-pupil basis) for any highest poverty local educational agency below the level of funding (as calculated on a per-pupil basis) provided to each such local educational agency in fiscal year 2019.*

*(c) Local Educational Agency Maintenance Of Equity For High-Poverty Schools.—*

*(1) IN GENERAL.—As a condition of receiving funds under section 2001, a local educational agency shall not, in fiscal year 2022 or 2023—*

*(A) reduce per-pupil funding (from combined State and local funding) for any high-poverty school served by such local educational agency by an amount that exceeds—*

*(i) the total reduction in local educational agency funding (from combined State and local funding) for all schools served by the local educational agency in such fiscal year (if any); divided by*

*(ii) the number of children enrolled in all schools served by the local educational agency in such fiscal year; or*

*(B) reduce per-pupil, full-time equivalent staff in any high-poverty school by an amount that exceeds—*

*(i) the total reduction in full-time equivalent staff in all schools served by such local educational agency in such fiscal year (if any); divided by*

*(ii) the number of children enrolled in all schools served by the local educational agency in such fiscal year.*

*(2) EXCEPTION.—Paragraph (1) shall not apply to a local educational agency in fiscal year 2022 or 2023 that meets at least 1 of the following criteria in such fiscal year:*

*(A) Such local educational agency has a total enrollment of less than 1,000 students.*

*(B) Such local educational agency operates a single school.*

*(C) Such local educational agency serves all students within each grade span with a single school.*

*(D) Such local educational agency demonstrates an exceptional or uncontrollable circumstance.*

**April 2021** - In response, the Montana State Legislature HB 632 (2021) includes a provision to assure state compliance with the MOEquity requirement. [HB0632.pdf \(mt.gov\)](#)

*Section 30(2)(a) For fiscal years 2022 and 2023, if the budget director determines that the state will not be in compliance with either maintenance of effort or maintenance of equity requirements or both for elementary and secondary education under section 317 of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 or section 2004 of the American Rescue Plan Act of 2021, then the budget director shall direct the superintendent of public instruction to provide either a maintenance of effort or maintenance of equity payment or both to school districts in a manner and amount that minimizes the total amount of additional funding provided by the state under this subsection.*

**June 2021** - The USED issues a FAQ containing details for calculating MOEquity. [MOEquity-FAQ June](#)  
The OPI's initial review of preliminary data indicates that the state would be required to make additional payments to districts estimated to be greater than \$5M.

Main contributors for the additional payment include, use of enrollment and state funding to districts in the same year, non-ANB based component state support, and small district size.

**June 29, 2021** – Initial OPI meeting with the USED to discuss the Montana State concerns.

**July 1, 2021** – The Legislative Finance Committee hearing includes a reviewed and discussing of MOEquity. [MOE-Final.docx \(mt.gov\)](#)

**August 2021** – The USED releases a Dear Colleague Letter as well as a revised MOEquity FAQ allowing for Montana to calculate MOEquity using budget limitation ANB. [MOEquity-FAQ August](#)  
The OPI's initial review of preliminary data using the new federal guidance documents indicate that the state would be required to make additional payments to districts estimated to be greater than \$0.75M.

The main contributor to this includes mainly the relationship between Montana state funding components which are ANB driven from those which are non-ANB driven when small schools are involved.

Several of these state funding components were designed specifically to address the needs (fixed costs) in our smallest LEA's. As the small ANB numbers in these districts fluctuate from year-to-year, these non-ANB driven components outweigh ANB driven funding for proving MOEquity under the federally directed calculation.

**August 27, 2021** – Second OPI meeting with the USED to discuss the possibility of an exception for Montana school districts with less than 500 ANB. This is under current review and consideration by the USED with the OPI.