

30-Minute Webinar: What MoEquity means for districts

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ARP includes a new provision (!): Maintenance of Equity

There are 2 levels of MoEquity:

1. For states – requiring they maintain funding to higher-need districts
2. For districts – requiring they maintain funding and staffing to higher-need schools.

MoEquity is not to be confused with another provision called “Maintenance of Effort” (aka MOE).

Today's focus

Early pandemic projections suggested state revenues were falling and districts would experience cuts.

During the last recession, seniority-based layoffs disproportionately hurt low-income schools

MoEquity would ensure that didn't happen again if there were indeed widespread cuts.



Descriptions of Maintenance of Equity explained it as a provision to prevent disproportionate cuts in high poverty schools.



“Yay! Layoffs can be highly disruptive to schools” ~ Edunomics Lab

The Maintenance of Equity requirement will ensure “schools serving a large share of students from low-income backgrounds will not experience disproportionate budget cuts... and will also be protected from disproportionate cuts to staffing.”
DoEd press release*

=> In the end, most state budgets recovered, so very few districts would be cutting.

*<https://www.ed.gov/news/press-releases/department-education-announces-actions-advance-equity-education>



However, DoEd Guidance offered a different interpretation with broader implications for district budgeting:



The provision would now also apply to districts with growing revenues, affecting an estimated 7000 districts serving >80% of all students.

And now, Updated Guidance and a DoEd Dear Colleague Letter:



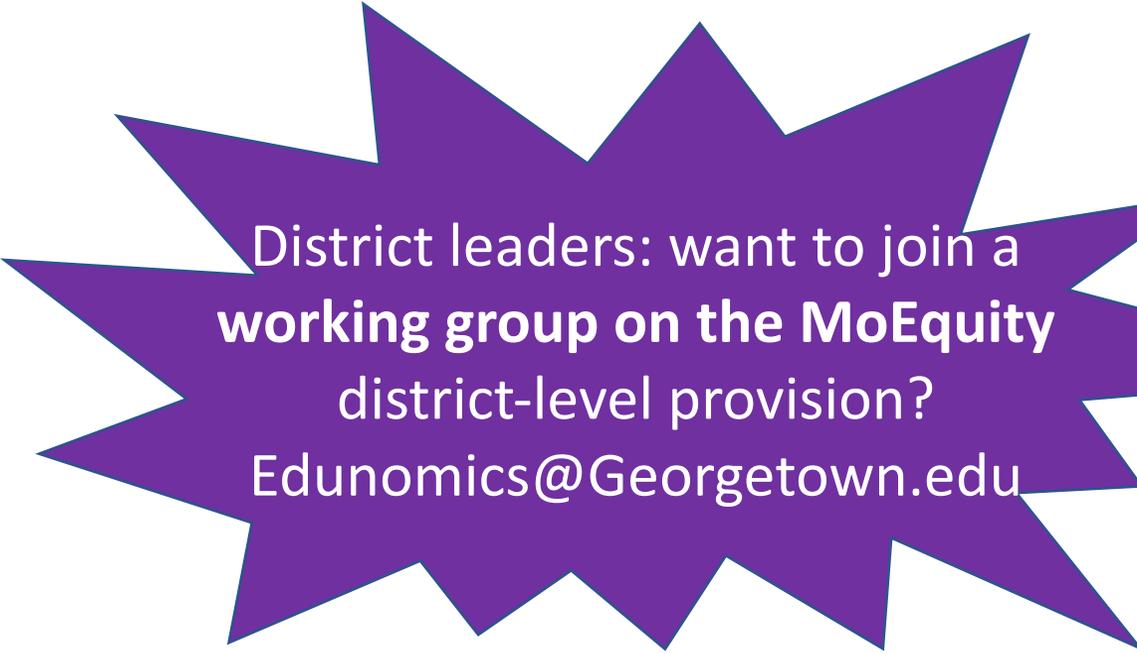
Permits a one-year delay (from 21-22 to 22-23) due to timing, enrollments, etc. In 21-22, the provision will only apply to districts experiencing a net decrease in state and local funding for the 21-22 school year.

https://oese.ed.gov/files/2021/08/Maintenance-of-Equity-updated-FAQs_final_08.06.2021.pdf

<https://oese.ed.gov/files/2021/08/21-006207-MOEquity-DCL-F08-05-2021-SIGNED.pdf>

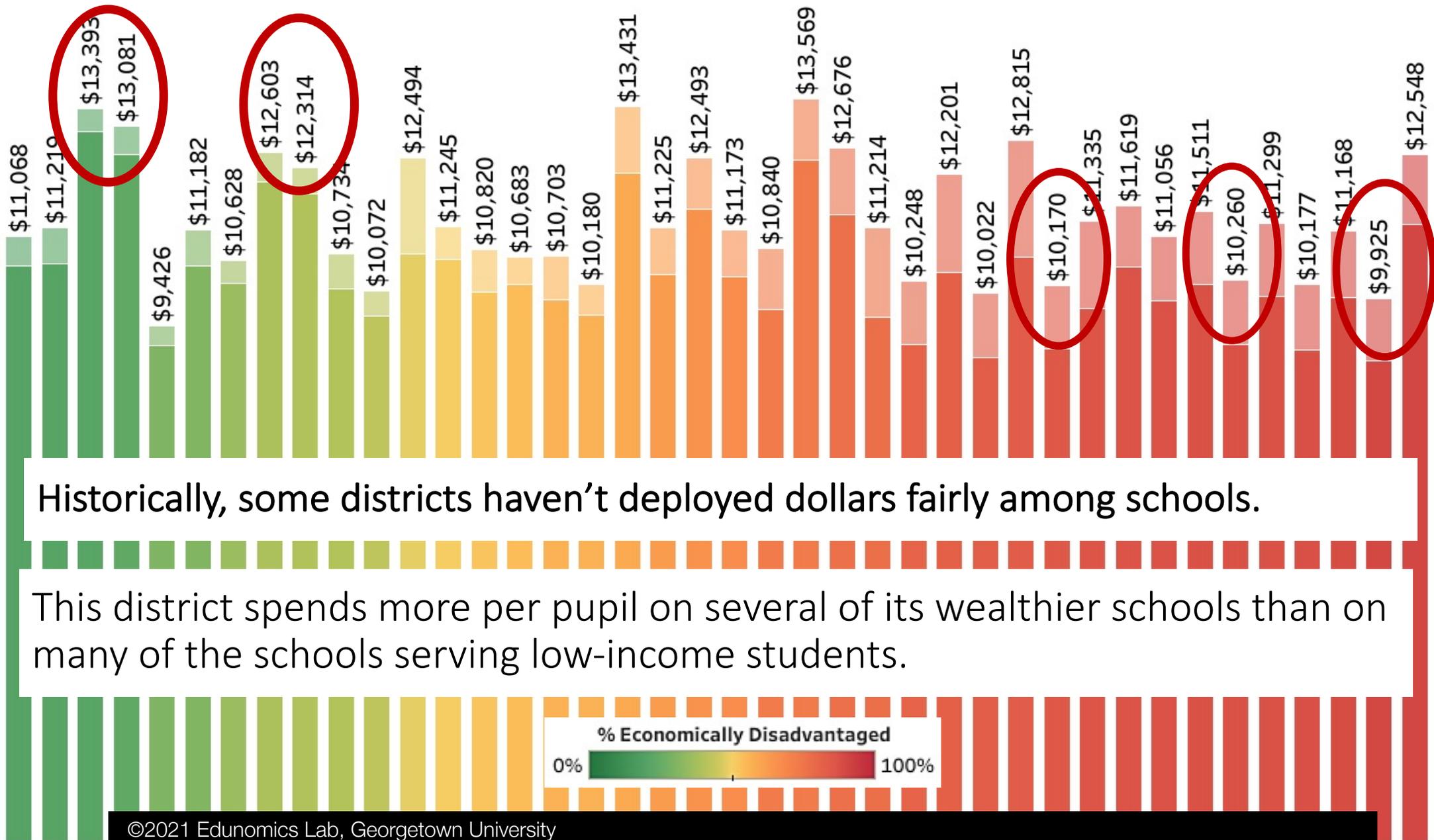


1. What's the equity issue if it's not about cutting?
2. How does the MoEquity district provision work when districts aren't cutting?
3. Will MoEquity provision help drive improvements to within-district equity?
4. What are the potential downsides?



District leaders: want to join a **working group on the MoEquity** district-level provision?
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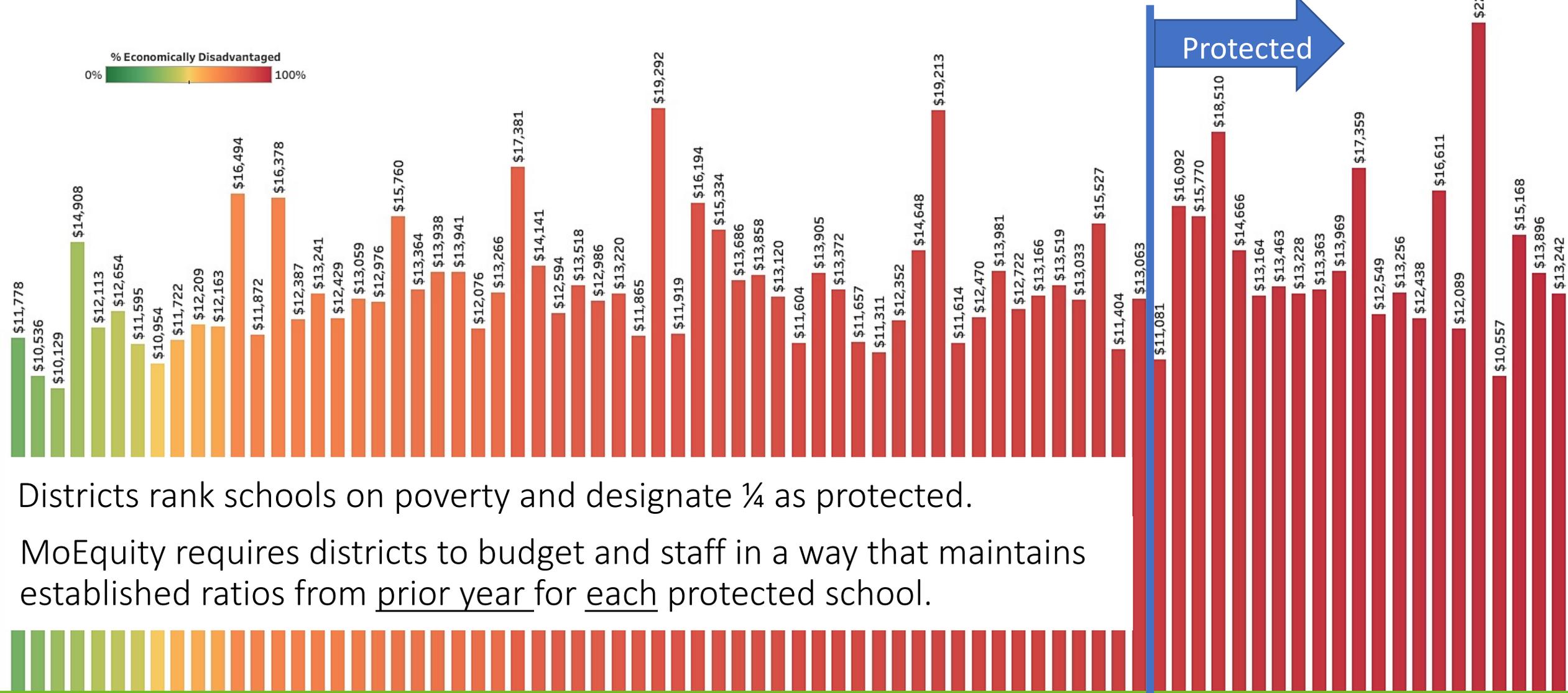
1. What's the equity issue if it's not about cutting?



Historically, some districts haven't deployed dollars fairly among schools.

This district spends more per pupil on several of its wealthier schools than on many of the schools serving low-income students.

2. How does the MoEquity provision work when districts aren't cutting?



Districts rank schools on poverty and designate ¼ as protected.

MoEquity requires districts to budget and staff in a way that maintains established ratios from prior year for each protected school.



In districts with flat or increasing* revenues per pupil, each of the district's protected schools must meet both tests:

Fiscal test

$$\frac{\text{School A's state and local \$ 22-23}}{\text{Pupils 22-23 (projected)}}$$

>

$$\frac{\text{School A's state and local \$ 21-22}}{\text{Pupils 21-22}}$$

Staffing test

$$\frac{\text{\# of School A's school-based staff and contractors 22-23}}{\text{Pupils 22-23}}$$

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$$\frac{\text{\# of School A's school-based staff and contractors 21-22}}{\text{Pupils 21-22}}$$

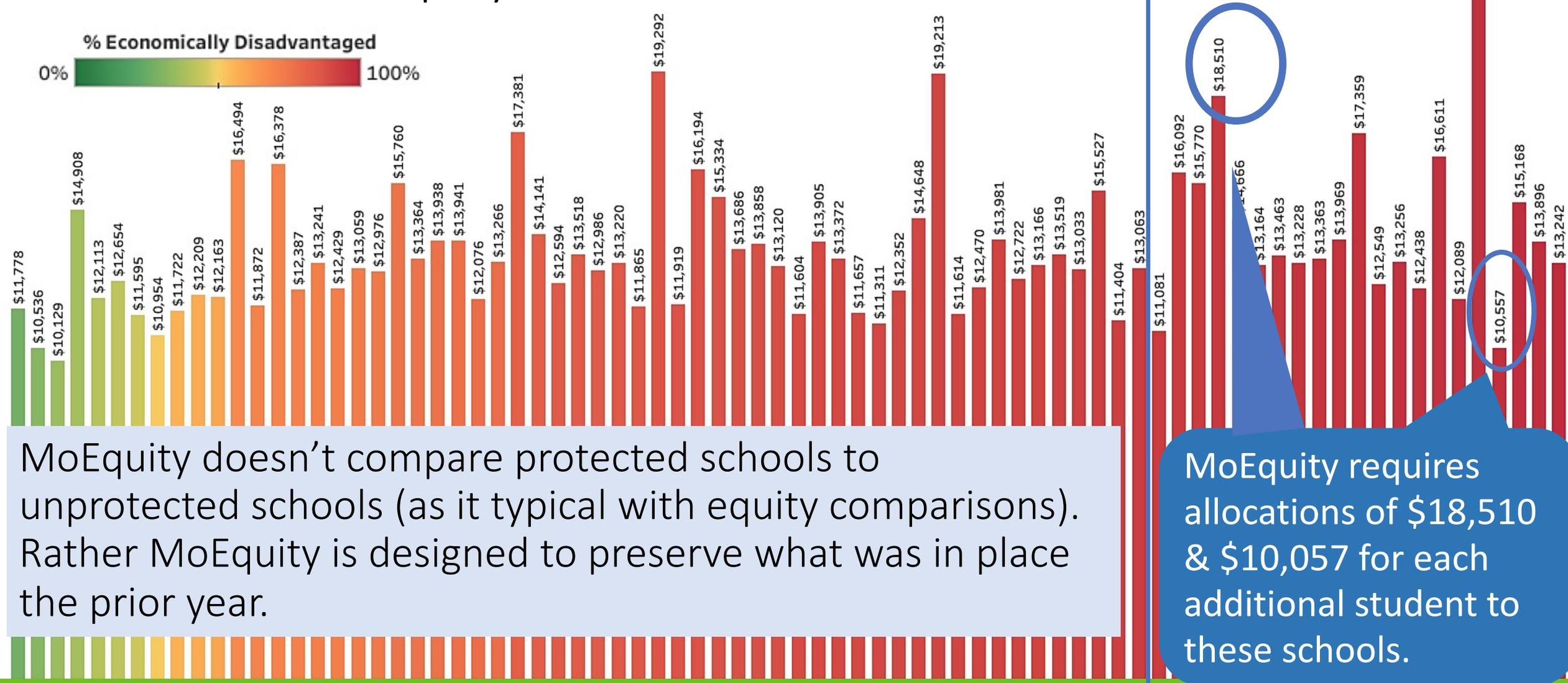
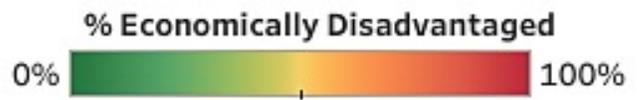
Districts designate ¼ of their schools** with highest % of poverty as protected.

Revised guidance also offered flexibility on which enrollment counts to use in denominator

*Districts that are reducing overall must ensure protected schools are not disproportionately reduced

**Districts may also make the determination by grade band.

3. Will MoEquity provision help drive improvements to within-district equity?



MoEquity doesn't compare protected schools to unprotected schools (as it typical with equity comparisons). Rather MoEquity is designed to preserve what was in place the prior year.

MoEquity requires allocations of \$18,510 & \$10,057 for each additional student to these schools.



4. What are the potential downsides?

Worry #1: MoEquity formulas could supersede thoughtful budgeting practices

Where districts already use weighted or targeted allocation systems, the MoEquity formulas will supersede those.

Houston ISD allocation:

Base \$3,602 /pp

+ 20% Poverty

+ 11% EL

+ 5% Homeless

+ 5% Refugee, Etc.

To ensure compliance, districts might start the budgeting process by first making allocations to protected schools.

Districts then allocate remaining funds via separate process.

“Why does my school get this amount?”



Denver is one of the equity exemplars in that its weighted student formula already drives more dollars to:

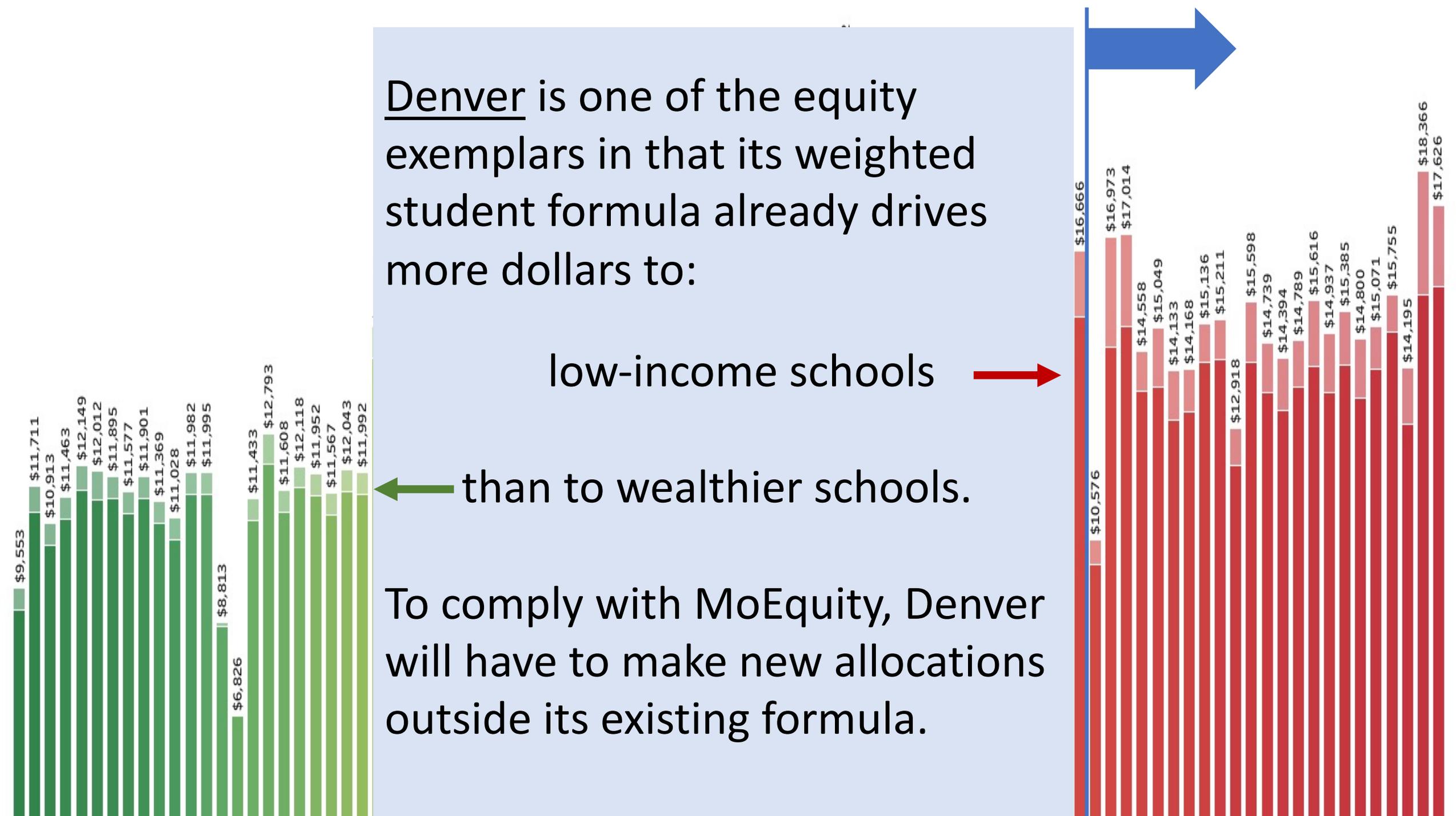
low-income schools

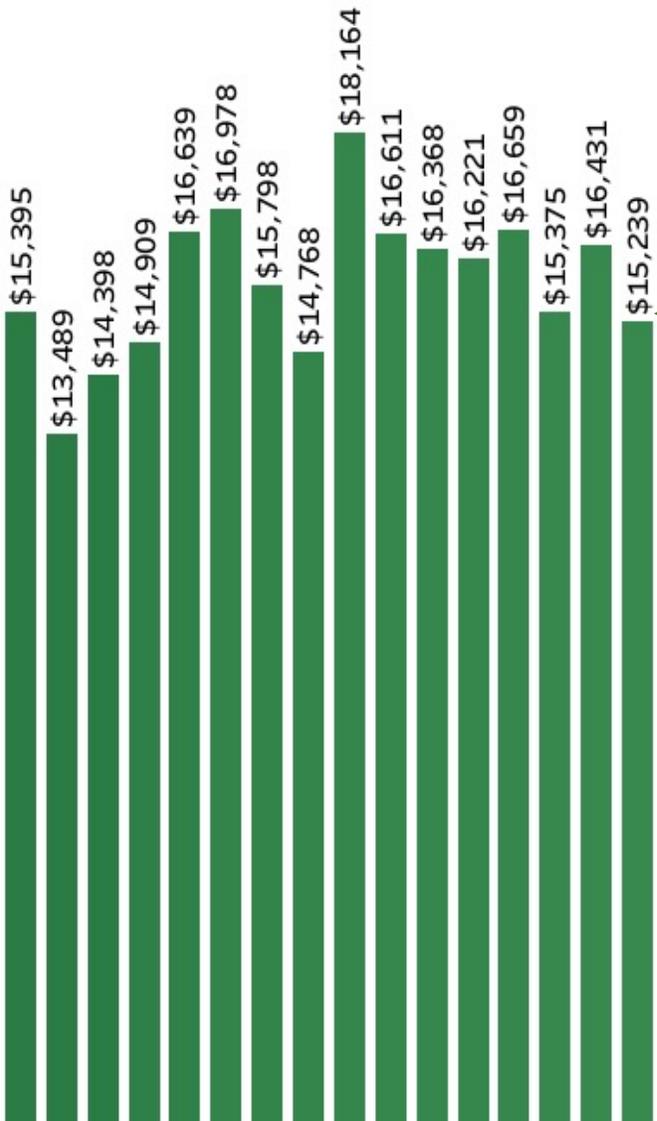


than to wealthier schools.



To comply with MoEquity, Denver will have to make new allocations outside its existing formula.



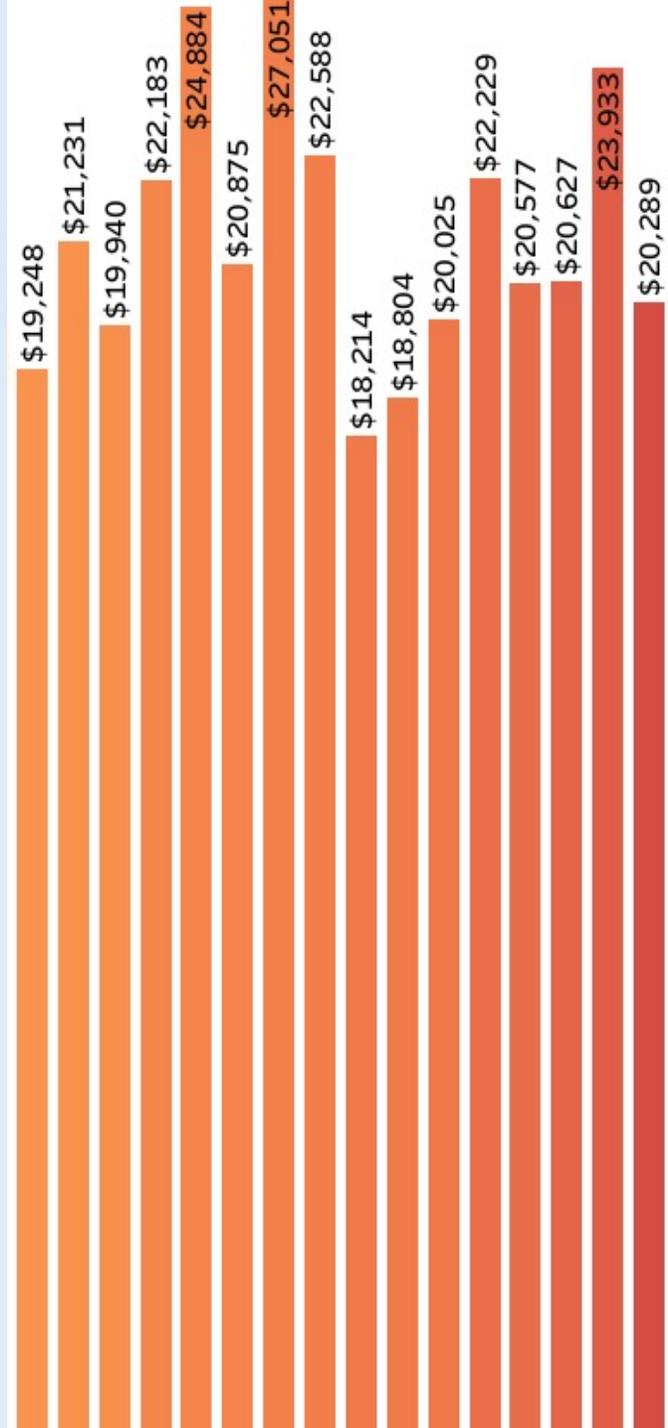


Seattle is another equity success, driving more dollars to low-income schools



than to wealthier schools.

Yet they too will struggle to meet MoEquity as the mix of student needs shifts in each school from one year to the next. For instance, a change in a single SpEd staff position means a school fails.



4. What are the potential downsides?

Worry #2: Compliance could promote shadow budgeting.

It took 5 years to build common school-by-school expenditure tracking. We have nothing yet on common budgets.

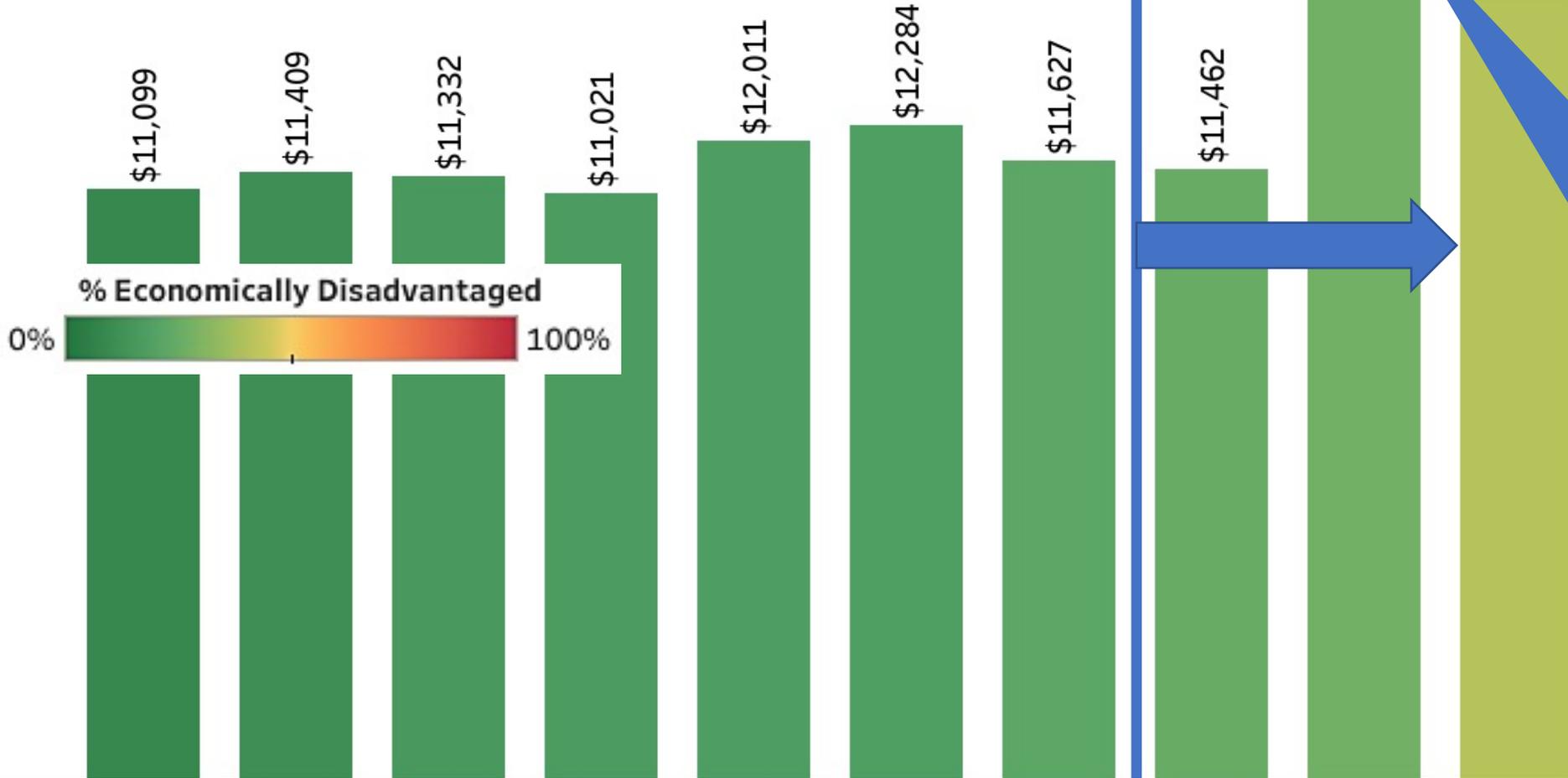
Very few states have standardized school-by-school budgets so districts could craft shadow budgets to demonstrate compliance.



CFOs will spend time on what they see as meaningless compliance exercises.

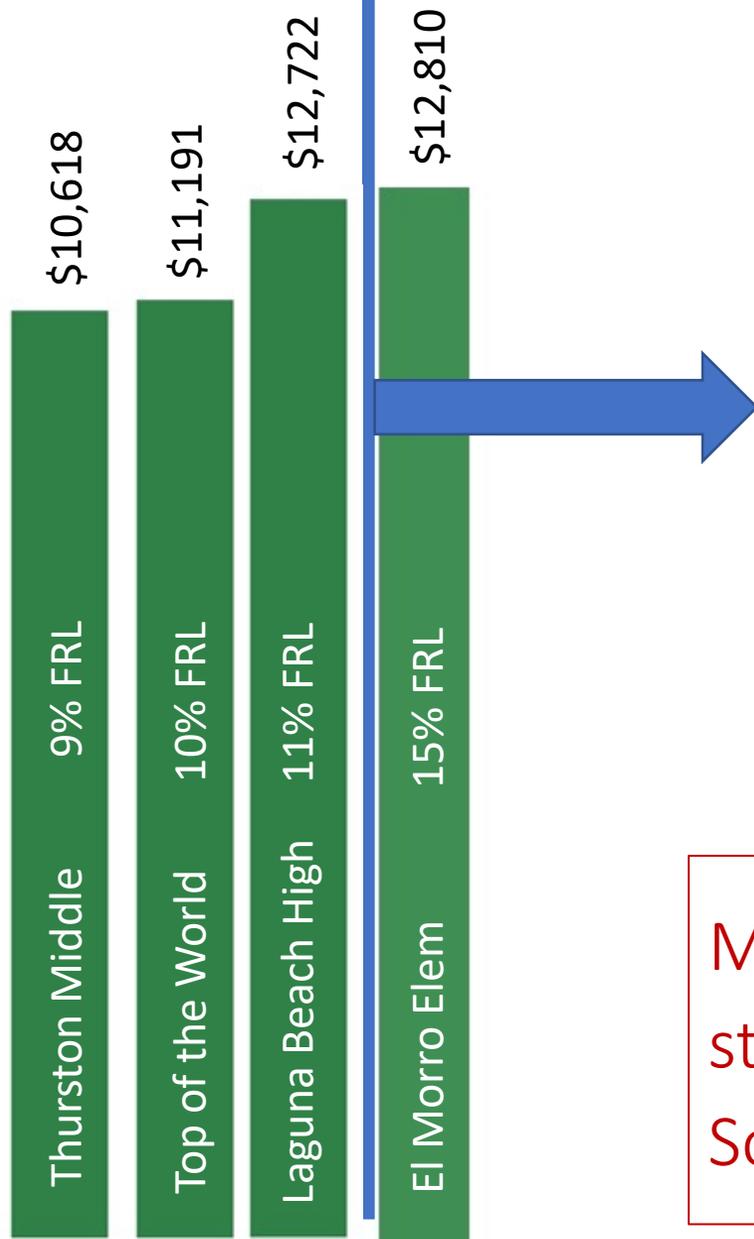


Worry #3: Support for equity may wane when formula test feels arbitrary or unrelated to poverty



Some districts may end up protecting one or more schools with fewer students in poverty.





Smaller districts like Laguna Beach Unified with 4 or fewer schools must protect one “wealthy-ish” school at the expense of the others.

MoEquity applies to all districts >1000 students regardless of poverty levels. Some protected schools have < 10% FRL.



What's next?

July 30th SEAs submitted baseline data (many were incomplete). Submitted data are available online.*

In Indiana, MoEquity will apply to almost 400 districts.

Aug 6th revised guidance includes a delay option, and flexibility on enrollment.

- ✓ Districts without revenue decline must file a “certification form” via SEA to be approved for the delay.
- ✓ For districts with revenue decline this year, MoEquity does apply for 21-22.
- ✓ DoEd allows for districts to apply for “exceptional circumstances.”

*<https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-and-secondary-school-emergency-relief/maintenance-of-equity/>



What's next, continued

Aug 6th Dear Colleague Letter:

“The department is eager to learn from the experiences and perspectives of SEAs, LEAs, and other stakeholders. We therefore anticipate issuing a Request for Information to invite public comment on a range of maintenance of equity implementation questions... The Department plans to use the comments it receives to inform future guidance and potential rulemaking if necessary to ensure appropriate clarity and flexibility in implementing the law consistent with the goal of maintaining equity.”

The door appears open to future revisions. Now is the time to explore what MoEquity will mean for your district.

Meanwhile, the issue of within-district equity remains important and there is broad appetite to get it right. Districts can and should examine their data to see where improvements are needed. ~ Edunomics Lab

Q & A

Note: Q&A is off the record unless otherwise stated

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