



# Summary of MOEquity Requirements and Calculations for LEAs

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## Region 5 Comprehensive Center

The Region 5 Comprehensive Center (R5CC) is one of 20 technical assistance centers supported under the U.S. Department of Education's Comprehensive Centers program from 2019 to 2024. The R5CC serves the needs of Kentucky, Tennessee, Virginia, and West Virginia by building capacity to improve policies and programs to improve student performance.

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## Introduction

The federal American Rescue Plan Act's (ARP) ESSER III aid requirements include a new maintenance of equity (MOEquity) provision for state educational agencies (SEAs) and local educational agencies (LEAs). MOEquity provisions ensure, *if funding reductions are needed*, that state and local per-pupil funding is not disproportionately reduced in the highest-poverty districts and in high-poverty schools, and that LEAs do not disproportionately reduce the number of staff in high-poverty schools. SEAs and LEAs receiving ESSER III funds must comply with these requirements through the 2022-23 school year. This summary focuses on the MOEquity's LEA provisions.

## Exceptions from MOEquity Requirements

Very few LEA exceptions from the MOEquity provisions are permitted. LEAs receiving ESSER III funds are required to maintain both funding and staffing equity. However, an LEA does not need to maintain equity if it has a total enrollment less than 1,000 students; operates a single school; serves all students within each grade span in a single school; or demonstrates “exceptional or uncontrollable” circumstances that prevent it from maintaining equity. These exceptional or uncontrollable circumstances will be considered individually by the U.S. Department of Education (the Department). All other LEAs must follow the process outlined below to ensure equity is maintained in funding and staffing for the LEA's high-poverty schools.

## Identifying the LEA's High-Poverty Schools

The ARP defined high-poverty schools as the LEA's highest quartile (25%) of schools, based on the percentage of economically disadvantaged students served. Each state will select the measure of poverty to be used for this purpose statewide. First, the LEA divides the total number of schools in the LEA by four to determine how many schools make up the highest quartile. If the division does not result in a whole number, the LEA must round up to the next whole number (for example, a district with 21 schools would need to identify six schools as its highest quartile, as 21 schools divided by four equals 5.25, which is then rounded up to six schools).

Next, the LEA ranks its schools based on the percentage of economically disadvantaged students, from high to low. LEAs have two options for the ranking process—either ranking all schools with the LEA or ranking its schools within each grade span (for example, K-5, 6-8, and 9-12). If the LEA ranked all schools—in this example, the top six schools—they would comprise the high-poverty quartile. If the LEA ranked schools within grade spans, it first selects the highest-poverty school in each span, based on the percentage of economically disadvantaged students. If the LEA requires more than three schools to make up its high-poverty quartile, it may identify additional schools in rank order, either within each grade span or by highest percentage of economically disadvantaged students.



LEAs should examine both methods, as different schools may be selected as the district's high-poverty schools by the two methods.

## Determining if the LEA Maintained Equity for High-Poverty Schools

### Per Pupil Funding Equity

If there is a reduction in state and local per-pupil funding, the reduction to a LEA's high-poverty schools may not exceed the average per-pupil reduction for all LEA schools.<sup>1</sup> To determine if the MOEquity provision was met, the LEA completes one of the following calculations—depending on if the LEA ranked all schools districtwide or ranked by grade span to identify its high-poverty schools. For the purposes of the calculations, the LEA will include all state and local funding sources, except funds for capital expenses and debt service. Federal funds and private donations are also excluded. The process outlined below first determines if equity was maintained for fiscal year (FY) 2022 year and then is repeated for (FY) 2023, comparing FY 2023 to FY 2022 figures.

### Districtwide Ranking of All Schools

If the LEA ranked all schools in the district, it will:

- 1. Determine the state and local per-pupil funding amount for both FY 2022 and FY 2021.**  
Divide the total amount of state and local funding provided to all schools in the LEA by total LEA student enrollment, for each year.
- 2. Determine if there has been a reduction in state and local funding per-pupil across the LEA** (the reduction amount is zero if funding is the same or if funding increased). If the per-pupil amount for FY 2022 is less than FY 2021, the difference is the amount by which the LEA has reduced its state and local per-pupil amount to schools in FY 2022.
- 3. Determine if there has been a higher per-pupil funding reduction in any of the LEA's high-poverty schools compared to the LEA as a whole.** To do this, the LEA will calculate the per-pupil funding amount for each of its identified high-poverty schools for both FY 2022 and FY 2021. For each school, divide the total state and local funds provided to the school by the school's enrollment. Subtract the school's FY 2022 per-pupil funding amount from its FY 2021 amount—this difference is the school's funding reduction amount, rounded to the nearest dollar. Then, the LEA will compare the reduction amount for each school to the overall LEA reduction amount calculated in Step 2 above. If a high-poverty school's per-pupil reduction is higher than the overall LEA reduction amount, maintenance of equity for that high-poverty school has not been met. For example, if the overall LEA reduction amount was \$25 per pupil, but one of its high-poverty school's per pupil reduction was \$30 per pupil, the LEA did not maintain equity for that high-poverty school.

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<sup>1</sup> Rounded to the nearest dollar, per the Department MOEquity requirement examples.



## Grade Span Ranking of Schools

If the LEA ranked schools by grade span, it will:

- 1. Determine the state and local per-pupil funding amount in each grade span in the LEA for both FY 2022 and FY 2021.** To do this, *for each grade span*, divide the total amount of state and local funding provided to all schools in that grade span by student enrollment of all schools in the grade span.
- 2. Determine the reduction in per pupil funding for each grade span in the LEA by comparing the FY 2022 per-pupil to the FY 2021 amount for each grade span** (the reduction amount is zero if funding is the same or if funding increased). Next, districts will compare the funding reduction amount for each grade span to the funding reduction amount for each high-poverty school in the grade span.
- 3. Determine if there has been a higher per-pupil funding reduction in any of the LEA's high-poverty schools compared to the other schools in the same grade span.** To do this, the LEA will calculate, for both FY 2022 and FY 2021, the per-pupil funding amount for each high-poverty school in each grade span where there was an overall reduction in state and local per-pupil funding. For each school, divide the total state and local funding provided to the school by the school's enrollment. Subtract the school's FY 2022 per-pupil funding amount from its FY 2021 amount—this difference is the school's funding reduction amount. Then, the LEA will compare the reduction amount for each school to the overall grade span reduction amount calculated in Step 2. If a high-poverty school's per-pupil reduction is higher than the overall grade span reduction amount, maintenance of equity for that high-poverty school has not been met. For example, if the LEA's 9-12 grade span overall had a reduction of \$25 per-pupil, but one of its high-poverty schools in that 9-12 grade span had funding reduced by \$30 per pupil, the LEA did not maintain equity for that specific high-poverty school.

## Staffing Equity

Similar to the per-pupil funding requirements, the MOEquity provisions state that *if LEAs make staffing reductions*, LEAs may not disproportionately reduce the number of staff in high-poverty schools through the 2022-23 school year, i.e., LEAs must maintain staffing equity in their high-poverty schools. Staffing equity is determined on a full time equivalent (FTE) basis, and all paid instructional and non-instructional staff—employees and contract—must be included. Many districts have staff that share time between multiple schools. In this case, the LEA must include the proportional FTE for each school. For example, a teacher who spends half their time at a middle school and half at a high school would have an FTE of 0.5 attributed to each school. As with the maintenance of equity for per-pupil funding, LEAs will follow a calculation to determine per-pupil FTE reductions<sup>2</sup> based on how they ranked schools.

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<sup>2</sup> Rounded to two decimals, per the Department MOEquity requirement examples.





## Districtwide Ranking of all Schools

If the LEA ranked all schools in the district, it will:

- 1. Determine the districtwide per-pupil FTEs for both FY 2022 and 2021.** Divide the total staff FTE in all schools in the LEA by the total number of students enrolled, for each year.
- 2. Determine if there has been a reduction in the per-pupil FTE figure across the LEA.** If the per-pupil FTE figure in FY 2022 is the same as or larger than in FY 2021, then the LEA's per-pupil FTE reduction amount is zero. Next, the LEA will calculate the per-pupil FTE for each of its high-poverty schools. The difference between the two figures is the districtwide per-pupil FTE reduction.
- 3. Determine if there has been a higher per-pupil FTE reduction in any of the LEA's high-poverty schools compared to the LEA as a whole.** To calculate the high-poverty school FTE per pupil, for each year the LEA will divide each high-poverty school's total staff FTE by its number of enrolled students. For each school, if the per-pupil FTE in FY 2022 is smaller than in FY 2021, the difference is the per-pupil FTE reduction. If any school's per pupil reduction is larger than the districtwide per-pupil FTE reduction calculated in Step 2, then the LEA has not maintained staffing equity for that high-poverty school. For example, if the LEA's district-wide per-pupil FTE reduction was 0.5, but one of its high-poverty school's per-pupil FTE reduction was 1.0, the LEA did not maintain staffing equity for that specific high-poverty school.

## Grade Span Ranking of Schools

If the LEA ranked schools by grade span, it will:

- 1. Determine the districtwide per-pupil FTE figure in each grade span in the LEA for both FY 2022 and FY 2021.** To do this, *for each grade span*, divide the total staffing FTEs in all schools in that grade span by student enrollment of all schools in that grade span.
- 2. Determine if there has been a reduction in the per-pupil FTE figure for each grade span in the LEA.** If the per-pupil FTE figure *for any grade span* in FY 2022 is equal to or more than the per-pupil FTE figure in FY 2021, the LEA's per-pupil FTE reduction amount is zero. If, however, the FY 2022 per-pupil FTE figure is lower than the FY 2021 figure *for any grade span*, the difference is the staffing reduction figure for that grade span. Next, districts will compare the staffing reduction amount across all schools in the grade span to the staffing reduction amount for each high-poverty school in the grade span.
- 3. Determine if there has been a higher per-pupil FTE reduction in any of the LEA's high-poverty schools compared to the other schools in the same grade span.** To do this, the LEA will calculate, for both FY 2022 and 2021, the per-pupil FTE figure for each high-poverty school in each grade span where there was an overall reduction in per-pupil FTE figure. For each high-poverty school, divide the staffing FTE provided to the school by the school's enrollment. Subtract the school's FY 2022 per-pupil FTE figure from its FY 2021 figure—this difference is the school's staffing reduction amount. Then, the LEA will compare the reduction amount for each



high-poverty school to the overall grade span reduction amount calculated in step 2. If a high-poverty school's per-pupil reduction is higher than the overall grade span reduction amount, maintenance of staffing equity for that high-poverty school has not been met. For example, if the LEA's 6-8 grade span's overall per-pupil FTE reduction was 0.5, but a high-poverty school in that 6-8 grade span had a per-pupil FTE reduction of 1.0, the LEA did not maintain staffing equity for that specific high-poverty school.

## Resources

*Section 2004 of the American Rescue Plan Act of 2021*. Retrieved October 28, 2021, from <https://www.congress.gov/bill/117th-congress/house-bill/1319/text#toc-HAC039C3541884A6CBB0A1EE4627B3043>

U.S. Department of Education. (June 2021). *Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) Program, Maintenance of Equity (MOEquity) Requirements*. Washington, DC: Author. Retrieved October 28, 2021, from <https://oese.ed.gov/files/2021/06/21-0099-MOEq-FAQs.-FINAL.pdf>