K-12 EDUCATION

Lessons Learned from Implementing COVID-19 Relief Funding Provisions Could Improve Future Grant Monitoring

Report to Congressional Requesters

January 2026

GAO-26-107727

United States Government Accountability Office

Accessible Version

GAO Highlights

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A report to congressional requesters

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What GAO Found

Statutory Maintenance of Equity (MOEquity) requirements generally prohibited states and districts from disproportionately cutting funds from districts or schools serving high percentages of low-income students. Beginning in July 2021, the Department of Education provided guidance and technical assistance to help states and districts meet these requirements as part of receiving certain COVID-19 relief funding. Education officials said they developed and refined this guidance in real time. As a result, the agency did not develop internal written procedures for its staff to use when providing related technical assistance. Federal oversight and performance principles and practices note the importance of internal guidance and written documentation to ensure consistency. Without these, Education could not ensure states received consistent information on implementing MOEquity. Moreover, the risk of inconsistently applying guidance may increase with staff turnover, which Education said occurred during MOEquity implementation.

Selected State and District Maintenance of Equity Requirements

State MOEquity Requirements	District MOEquity Requirements
As a condition of receiving funding, states could not; • Reduce state per-pupil funding for any high-need school district by more than the total reduction for all districts in the state in that year. • Reduce state per-pupil funding for its highest-poverty school districts below their 2019 level.	As a condition of receiving funding, school districts could not: • Reduce combined state and local per-pupil funding for any high-poverty school by more than the total reduction for all schools in the district in the fiscal year. • Reduce the number of staff per-pupil in any high-poverty school by more than the total reduction of staff per-pupil in all schools in the district.

Source: GAO analysis of American Rescue Plan Act of 2021. | GAO-26-107727

GAO's analysis of six states' data found that districts generally identified their poorest schools; however, Education lacked reliable data on how states implemented the state MOEquity requirements to identify their poorest districts. On average, high-poverty schools had more factors associated with need—for example, free or reduced-price lunch eligibility and students with disabilities—than other schools. However, because MOEquity required schools to be identified by district rather than statewide, MOEquity-identified high-poverty schools in a district were not always the poorest schools in the state. GAO could not determine if states paid appropriate districts or the total amounts paid in supplemental payments because of data reliability issues, such as duplicative or missing data. Education could not explain the data issues or provide documentation of data reliability procedures. Without reliable data, neither GAO nor Education could assess whether MOEquity requirements fully achieved their intended results.

Selected states and districts described challenges implementing MOEquity—e.g., staff capacity issues and limited access to data—and expressed interest in lessons learned, but Education officials said they did not document and share them because the agency does not have procedures ensuring it does so and it was not a priority at the time. Yet, Education officials noted that MOEquity provided an opportunity to inform how they may handle similar situations going forward. Key practices for effectively managing federal efforts include identifying and applying lessons learned for future decision making. Doing so limits the chance of recurrence of failures or difficulties. Absent a way to ensure Education identifies, documents, and shares lessons learned, insights from such efforts may be limited or lost.

Why GAO Did This Study

To receive certain funds under the American Rescue Plan Act of 2021, states and districts generally agreed to not make certain cuts. These include disproportionately cutting funds from districts or schools serving high percentages of economically disadvantaged students for fiscal years 2022 and 2023.

GAO was asked to examine MOEquity implementation. This report addresses (1) how Education assisted states and districts in complying with MOEquity requirements; (2) what data show about state and district implementation of MOEquity; and (3) what challenges states and districts faced in implementing MOEquity and what lessons Education learned.

GAO reviewed relevant federal laws and analyzed Education's MOEquity guidance and data. GAO also interviewed Education officials, as well as officials from seven states. GAO selected states for varied approaches to implementing MOEquity. In three of these states, GAO interviewed officials from districts that received the most supplemental funding. GAO also analyzed school-level data from six of these states that had reliable data for this analysis.

What GAO Recommends

GAO is making three recommendations to Education: (1) develop internal written procedures for engaging in technical assistance for its grants; (2) establish procedures to ensure the reliability of data collected for grants oversight; and (3) develop a way to document and share key lessons learned from implementing major grant efforts, as appropriate. Education disagreed with the first two recommendations and partially agreed with the third. GAO maintains all three are warranted.

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Abbreviations

- ARPA American Rescue Plan Act of 2021
- CCD Common Core of Data
- COVID-19 Coronavirus disease 2019
- ESSER Elementary and Secondary School Emergency Relief
- FRPL free or reduced-price lunch
- MEPS Model Estimates of Poverty in Schools
- MOE maintenance of effort
- MOEquity maintenance of equity
- NERD$ National Education Resource Database on Schools
- OIG Office of Inspector General
- OMB Office of Management and Budget
- SAIPE Small Area Income and Poverty Estimates

January 29, 2026

The Honorable Patty Murray
Vice Chair
Appropriations Committee
United States Senate

The Honorable Robert C. "Bobby" Scott
Ranking Member
Committee on Education and Workforce
House of Representatives

During the COVID-19 pandemic, Congress appropriated nearly $190 billion to the Elementary and Secondary School Emergency Relief (ESSER) Fund across three COVID-19 relief Acts. The majority of that funding was distributed to local school districts. Experts forecasted that when federal COVID-19 relief ended, states would substantially cut funding for K-12 education, as happened after the Great Recession of 2007-2009. Specifically, 17 states cut education budgets by 10 percent or more by 2011, tripling the funding gap between low-income and high-income school districts in these states. Moreover, the expiration of these federal funds and state decreases in spending resulted in some states being unable to meet required spending levels for special education services.[1]

To prevent states and districts from disproportionately cutting funds from schools serving high percentages of low-income students, Congress set up maintenance of equity (MOEquity) provisions as part of COVID-19 relief in the American Rescue Plan Act of 2021 (ARPA).[2] States and districts were required to comply with new MOEquity requirements to receive ESSER funds under ARPA. For fiscal years 2022 and 2023, states and school districts that received ARPA ESSER funds generally agreed they would not make certain cuts, including disproportionately cutting funds from districts or schools serving high percentages of low-income students.[3]

You asked us to examine how MOEquity requirements were implemented by states and districts and supported by the Department of Education, and any lessons learned.

This report examines (1) how Education assisted states' and districts' efforts to comply with MOEquity requirements; (2) what data show about state and district implementation of MOEquity and (3) what challenges

[1]GAO, *Recovery Act Education Programs: Funding Retained Teachers, but Education Could More Consistently Communicate Stabilization Monitoring Issues*, GAO-11-804 (Washington, D.C.: Sept. 22, 2011).

[2]Pub. L. No. 117-2, § 2004, 135 Stat. 4, 24-27.

[3]Specifically, as a condition of receiving ESSER funds under ARPA, states generally agreed to not disproportionately reduce per-pupil state funding to high-need school districts and to not reduce per-pupil state funding to the highest-poverty school districts below their fiscal year 2019 level. School districts generally agreed to not disproportionately reduce state and local per-pupil funding in high-poverty schools or disproportionately reduce the number of full-time-equivalent staff per-pupil in high-poverty schools.

states and districts faced in implementing MOEquity requirements and what lessons Education learned in overseeing implementation.

To assess how Education assisted states and districts in complying with MOEquity requirements, we reviewed relevant federal laws, Education's MOEquity guidance, and interviewed Education officials. We also interviewed representatives at national organizations that advised states and districts on MOEQuity requirements, including Ed Trust and the Council of Chief State School Officers. Additionally, we reviewed federal internal control standards and Office of Management and Budget guidance on federal program oversight and performance management principles and practices.[4]

To assess what data show about how states and districts met MOEquity requirements, we reviewed documents and data from Education. We assessed the reliability of Education's data on MOEquity implementation through electronic testing and comparison with other data sources for school districts such as Education's Common Core of Data. We determined that aspects of Education's data, including data on district MOEquity exceptions, were sufficiently reliable for our purposes. We also reviewed federal guidance on data reliability.[5]

To examine how states and districts applied MOEquity formulas, we obtained data from seven states. We selected states with varied approaches to implementing MOEquity, including variation in states' approaches to meet the requirements, timing of reaching compliance, and population size and urbanicity. We excluded one of our selected states from the analysis because of data reliability concerns. We analyzed data from the six states. We supplemented this data with school-level data from Georgetown University's Edunomics Lab's National Education Resource Database on Schools (NERD$) (the first national database of school-level financial data), Education's Common Core of Data and the Civil Rights Data Collection, states' data on MOEquity implementation[6], and the Urban Institute's Model Estimates of Poverty in Schools (MEPS) data. We assessed the reliability of these datasets by interviewing knowledgeable officials, reviewing relevant documentation, and conducting electronic testing. We determined the data were sufficiently reliable for our purposes.

To describe different approaches to K-12 education funding, including how states account for the funding needs of different groups of students, we conducted a literature review. Our search yielded 39 studies, three of which met our scope and criteria for rigor.

To identify any challenges selected states and districts experienced during the implementation of MOEquity, we interviewed officials in the same seven states whose data we obtained. Of these seven selected states, five provided supplemental funding to districts as part of MOEquity implementation, according to Education's data. We interviewed officials from the districts that received the highest supplemental payments in fiscal years 2022

[4]GAO, *Standards for Internal Control in the Federal Government*, GAO-25-107721 (Washington, D.C.: May 15, 2025) and Office of Management and Budget, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*, Revised July 15, 2016.

[5]Office of Management and Budget, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk,* M-18-16 (Washington D.C.: June 6, 2018) and Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, 67 C.F.R. § 8452 (Feb. 22, 2002).

[6]We obtained state data from state websites and in some cases, Education's website. We verified with state officials that the state data on Education's website was accurate and up-to-date.

and 2023 in three of the five states. Our interviews with state and school district officials provide illustrative examples of MOEquity implementation and are not generalizable. We also interviewed Education officials and representatives at national education organizations to obtain their views on challenges states and districts generally faced regarding MOEquity implementation. For more information on our methodology, see appendix I.

We conducted this performance audit from August 2024 to January 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Overview of MOEquity

How Is Maintenance of Equity (MOEquity) Different from Maintenance of Effort (MOE)?

Maintenance of effort (MOE) and maintenance of equity (MOEquity) requirements both generally prohibit states and districts from using American Rescue Plan Act of 2021 Elementary and Secondary School Emergency Relief Fund to reduce state and local financial support for education. MOE required that states maintain overall financial support for elementary and secondary education and for higher education. MOEquity generally prohibited states and school districts from making certain cuts, such as disproportionately cutting funds from districts or schools that serve high percentages of low-income students.

Source: GAO analysis of the American Rescue Plan Act and Department of Education guidance. | GAO-26-107727

MOEquity requirements were included in ARPA, the third and final COVID-19 relief law to appropriate ESSER funds. The state MOEquity provision generally required states to not disproportionately reduce certain funding to high-need districts or to the highest-poverty school districts below fiscal year 2019 levels. The school district MOEquity provision generally required each school district to not disproportionately reduce certain state and local funding in high-poverty schools or disproportionately reduce certain staff levels in high-poverty schools.[7] See table 1 for specifics of these requirements and exceptions to them, as established in the law and by Education.

[7]Specifically, as a condition of receiving ESSER funds under ARPA, school districts agreed to not disproportionately reduce state and local per-pupil funding in high-poverty schools or disproportionately reduce the number of full-time-equivalent staff per-pupil in high-poverty schools.

Table 1: American Rescue Plan Act of 2021 Maintenance of Equity (MOEquity) Requirements and Exceptions for States and School Districts

State MOEquity Requirements:	District MOEquity Requirements:
As a condition of receiving funding, states could not; • Reduce state per-pupil funding for any high-need school district by more than the total reduction for all districts in the state in that year. A high-need school district is a school district among the group of districts in the state with the highest percentages of economically disadvantaged students. The group collectively serves not less than 50 percent of students served by all school districts in the state. • Reduce state per-pupil funding for its highest-poverty school districts below their 2019 level. Highest-poverty school district refers to a school district that has the highest percentages of economically disadvantaged student in the state and collectively serves not less than 20 percent of students served by all school districts in the state.	As a condition of receiving funding, school districts could not: • Reduce combined state and local per-pupil funding for any high-poverty school by more than the total reduction for all schools in the district in the fiscal year. A high-poverty school is a school that is in the top 25 percent of schools served by the district based on the percentage of economically disadvantaged students in the school. • Reduce the number of staff per-pupil in any high-poverty school by more than the total reduction of staff per-pupil in all schools in the district.

State MOEquity Exceptions:	District MOEquity Exceptions:
While the statute did not include any specific exceptions for states, Education allowed states to request allowances for circumstances where small districts had disproportionate changes in per-pupil funding that were driven by the district's size.	Under the statute, districts were excepted from MOEquity requirements if they: • enrolled fewer than 1,000 students; • operated a single school; • had only one school for students in each grade span; or • demonstrated "exceptional" or "uncontrollable" circumstances (e.g., unpredictable changes in enrollment or a significant decline in district financial resources, as determined by the Department of Education). Education defined the "exceptional" and "uncontrollable" circumstances category to allow districts to self-certify that they did not and would not implement reductions in per-pupil funding in fiscal years 2022 or 2023.

Source: GAO analysis of American Rescue Plan Act of 2021 and Education guidance. | GAO-26-107727

State MOEquity Requirements and Calculations

The state MOEquity requirements focused on state per-pupil spending at the district level and defined two categories of districts: "high-need" and "highest-poverty". MOEquity required states to (1) identify high-need and highest-poverty districts using Census' Small Area Income and Poverty Estimates (SAIPE), (2) calculate per-pupil expenditures for those districts, and (3) determine if there was a reduction in state funding to those districts.

To identify high-need and highest-poverty districts, states were required to rank districts from highest to lowest percentage of economically disadvantaged students. The MOEquity requirement identified high-need districts as those including the percentage of economically disadvantaged students that collectively represent at least half of the state's K-12 enrollment. To determine compliance with MOEquity for high-need districts, the state had to ensure any reduction in per pupil spending for high-need districts was less than or equal to the reduction in per pupil spending statewide. The MOEquity requirement defined highest-poverty districts as those including the highest percentages of economically disadvantaged students that collectively represent at least one-fifth of the state's K-12 enrollment. Then, to determine compliance for highest-poverty districts, the state had to ensure highest-poverty districts did not have state level funding below 2019 levels.

When a state did not meet MOEquity requirements, state officials obtained technical assistance from Education, used exceptions, or provided supplemental payments to districts that had experienced disproportionate funding reductions. Education also provided an allowance for small districts, which was intended to recognize that a small shift in enrollment numbers can dramatically affect per-pupil spending averages.[8] The small-district allowance could be used for circumstances in which small districts appear to have a large reduction in the calculated per-pupil funding amounts, but the changes appear disproportionate because of the district's size, regardless of the state's intent to maintain equity in funding.

District MOEquity Requirements

The MOEquity district requirement focused on school per-pupil funding and staffing levels and identifying high-poverty schools. States could choose the measure for economic disadvantage (e.g., eligibility for free or reduced-price lunch) and whether to rank schools on a districtwide basis or by grade span.

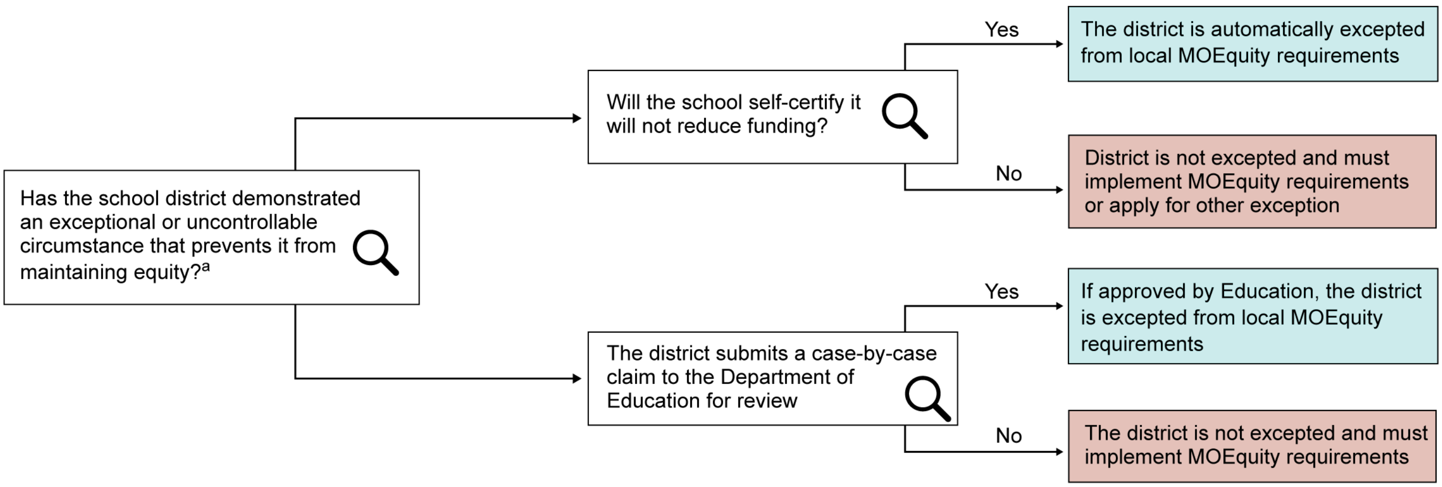
The MOEquity requirement provided districts an exception if they met specific criteria, including if the school district:

- enrolled fewer than 1,000 students,
- operated a single school, or
- served all students within each grade span with a single school.

In addition, a district could be excepted for an exceptional or uncontrollable circumstance that prevented it from maintaining equity, as determined and approved by Education. See figure 1.

[8]Education formally referred to these as "small tolerance levels." For the purposes of this report we are referring to them as small-district allowances.

Figure 1: How School Districts Demonstrate Exceptional or Uncontrollable Circumstances for Maintenance of Equity (MOEquity) Exception



Source: GAO analysis of U.S. Department of Education guidance. | GAO-26-107727

[a]"Exceptional or uncontrollable circumstances" are determined and approved by the Department of Education. This flow chart represents how Education interpreted that statutory exception.

Districts subject to MOEquity needed to identify high-poverty schools and assess if these schools met MOEquity funding and staffing requirements. To determine their high-poverty schools, districts were to:

1. Rank each school in the district by its percentage of economically disadvantaged students, from highest to lowest.
2. Divide the total number of schools in the district by four to determine the number of schools in the highest quartile (top 25 percent). This is the number of schools the district must identify as high-poverty.
3. In rank order, from highest to lowest, identify their high-poverty schools.

Table 2 illustrates this process for a hypothetical district.

Table 2: Example of District Level Maintenance of Equity Determination of High-poverty Schools

School	Percentage of economically disadvantaged students	Grade span	High-poverty school?
A	80%	Elementary	Yes
B	75%	Elementary	Yes
C	65%	Middle	No
D	60%	Elementary	No
E	40%	Middle	No
F	35%	High	No

Source: GAO analysis of Education guidance for Maintenance of Equity. | GAO-26-107727

Education Provided Guidance to States, but Lacked Written Internal Procedures to Assure It Applied Its Guidance Consistently

Education Provided Guidance and Technical Assistance to States on MOEquity Requirements

Education provided assistance with MOEquity to states and districts through written guidance and webinars. Education's written guidance provided details on how states and districts should test for and ensure compliance with the MOEquity requirements. This guidance, provided in a frequently asked questions (FAQ) format, gave step-by-step instructions for implementing MOEquity state and district requirements. The document described how states should identify highest-poverty and high-need districts and calculate and compare per-pupil spending for those districts to other districts within the state. The guidance also provided details on how districts should identify high-poverty schools and compare per-pupil funding and staffing levels for those schools compared to others in the district.

In addition to guidance, officials told us they provided one-on-one technical assistance to states until both the state and Education agreed that the state's calculations were accurate and met MOEquity requirements. For example, officials we interviewed from one state told us

that Education helped them determine whether reimbursements for the purchase of new school buses should be included in MOEquity per-pupil calculations. Education also held webinars, and posted transcriptions of the webinars, for those state and districts seeking additional assistance on MOEquity requirements.

In response to feedback from states, Education updated its guidance five times between June 2021, when it was first released, and January 2023.

These updates clarified how states and districts could meet MOEquity requirements. For example, Education made the following updates:

- In August 2021, Education updated its interpretation of exceptions allowed by MOEquity requirements. Specifically, it allowed districts to self-certify that they did not and would not implement reductions in per-pupil funding in fiscal year 2022 or fiscal year 2023.
- In October 2021, Education created the small-district allowance for states, which allowed states a reasonable decrease in funding relative to other districts, as determined by Education, for its smallest districts.
- In January 2023, Education clarified how school districts were to determine whether they maintained staffing equity for their high-poverty schools.

Education Lacked Internal Written Procedures for Providing Technical Assistance to States

Education did not have internal written procedures to ensure that its staff had a common understanding of how to apply its MOEquity guidance to states. Education officials stated that staff met regularly to discuss the technical assistance provided to states, but did not document procedures, such as a technical assistance plan. Education officials said this was because they were developing rules and guidance on MOEquity, in real time during MOEquity implementation. Although updating guidance in real time can be challenging, internal controls, including documenting processes, are critical to ensure consistent application of rules and guidance across grantees. Moreover, we have previously found that weaknesses in such controls have hindered Education's oversight and monitoring of grantees, and its assessments of K-12 program performance.[9]

Education's Office of Inspector General (OIG) has also noted a lack of written policies and procedures in multiple reviews of Education's program oversight. In November 2023, the OIG recommended that Education implement written guidance and review procedures for staff involved in overseeing state compliance with Every Student Succeeds Act requirements. The report noted that such guidance would provide greater consistency and less subjectivity in its reviews.[10]

Moreover, the risk of inconsistency, confusion, or dissimilar application of guidance may increase during times of staff turnover, which Education and state officials told us occurred throughout MOEquity implementation. Federal oversight and performance management principles and practices stress the importance of internal guidance and written documentation to ensure consistency.[11] This is especially true during times of emergency response or staff turnover.

States and Districts Used Various Flexibilities to Meet MOEquity Requirements

State Flexibilities

States reached compliance with MOEquity requirements by using small district allowances and supplemental payment flexibilities offered by Education, according to our analysis of Education data.

Small district allowance. Education offered states a small district allowance to acknowledge that small school districts are vulnerable to large changes in per-pupil funding caused by small fluctuations in enrollment. If a state wished to take advantage of this flexibility, they were required to propose (1) a school district enrollment size the state considered small, and (2) the percent reduction in per-pupil funds that should be allowed for these districts, among other information. For example, for fiscal year 2023, Colorado's approved proposal allowed up to a 5 percent reduction in per-pupil funding for the state's 52 small rural districts. This included two districts identified as high-need or highest-poverty, which collectively served 0.03 percent of Colorado's students. In fiscal year 2022, 32 states proposed small district allowances, and 25 states proposed allowances in fiscal year 2023.

[9]GAO- K-12 *Education: Challenges to Assessing Program Performance and Recent Efforts to Address Them,* GAO-19-266R (Washington, D.C.: Jan 31, 2019).

[10]U.S. Department of Education Office of Inspector General, *The Department's Approval of Alternate Assessment Waivers and Extensions*, ED-OIG/I23DC0112 (Washington, D.C.: November 29, 2023).

[11]GAO, *Standards for Internal Control in the Federal Government*, GAO-25-107721 (Washington, D.C.: May 15, 2025). In addition, the Office of Management and Budget's (OMB) Circular A-123 requires federal agencies to establish written policies and procedures for implementing internal controls. Office of Management and Budget, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*, Revised July 15, 2016.

Supplemental payments. States could also reach MOEquity compliance by making supplemental payments to school districts that experienced disproportionate reductions in state education funding. According to Education data, 21 states made supplemental payments to at least one district in their state in fiscal year 2022 and 18 states made these payments in fiscal year 2023. Education reported a total of $780 million in supplemental payments as of September 30, 2024. Individual payments to districts ranged from $76.00 to more than $89 million, according to Education data.

District Flexibilities

Under the law, there were four circumstances under which school districts were excepted from MOEquity requirements: (1) having an enrollment of less than 1,000 students, (2) operating a single school, (3) serving all students within each grade span with a single school, or (4) demonstrating an exceptional or uncontrollable circumstance as determined by the U.S. Secretary of Education. Education interpreted the exceptional or uncontrollable circumstance to allow school district officials to obtain an exception by self-certifying that their school district did not and would not implement budget reductions. Self-certification was available in both fiscal year 2022 and 2023. According to Education's data, on average, the majority of districts in a state received exceptions in fiscal year 2022 and 2023.[12]

Districts Generally Identified Their High-Poverty Schools in Six Selected States, and Education Lacks Reliable Data on State-Level MOEquity Implementation

In Selected States, Districts Generally Identified Their High-Poverty Schools Under MOEquity Requirements

In the six selected states for which we obtained reliable school-level data directly from the states, we found that districts generally identified the poorest schools and those with higher proportions of vulnerable students in each district.[13] Specifically, schools that were identified as high-poverty for the purposes of MOEquity had higher percentages of students eligible for free or reduced-price lunch (FRPL), higher percentages of students living at or below the poverty line (according to MEPS data), and higher proportions of English learners and students with disabilities than schools that were not identified. In five of the six of states, MOEquity-identified high-poverty schools also had higher per-pupil expenditures, on average. In all six states, they had lower student-teacher ratios, on average.

However, in all six states, MOEquity-identified high-poverty schools were not always the state's poorest schools, because MOEquity required schools to be identified by district rather than statewide. For example, the poorest school in a wealthy district may be better off economically than the wealthiest school in a poor district. One state official explained the variation in the amount of poverty in their state's school districts, telling us, "If

[12]Education's data were missing information on district exceptions in one state. Absent these data, it is not possible to know the precise number of district exceptions.

[13]These states collectively represented 20 percent of public K-12 students in school year 2022-23. We omitted the seventh state from this analysis due to data reliability concerns. Education was not required to track how districts identified high-poverty schools under MOEquity. Therefore, it does not have related school-level data. See Appendix I for more information.

you were identifying the top half of neediest schools in [a wealthy district], they're not that needy. If you go to a needy district, then all their schools look more needy than any school in [the wealthy district]."

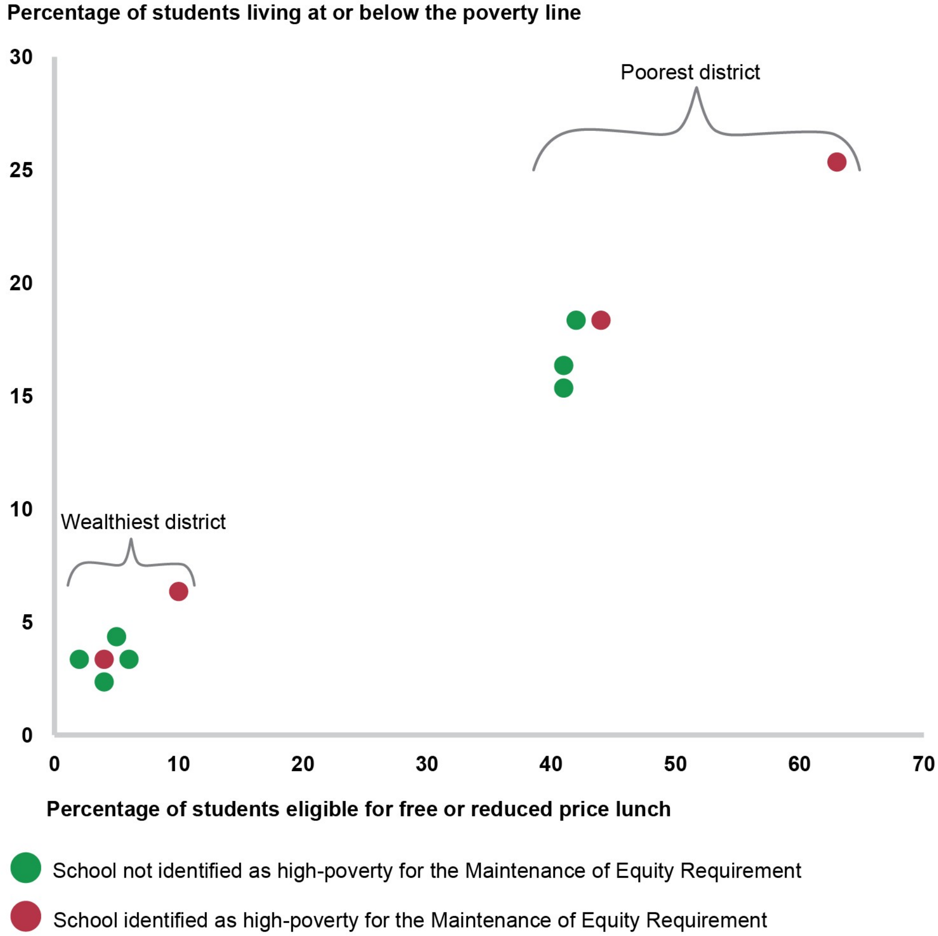
Figure 2 illustrates that sometimes the wealthiest school in a poor district is poorer than the poorest school in a wealthy district. This held true for all six states we analyzed and regardless of which measure of school-level poverty was used.[14] If MOEquity requirements had defined poverty at the state level, then the poorest schools statewide would have been identified. However, our review of academic literature shows there are many ways to define disadvantaged schools. The MOEquity requirement identified schools using student poverty; studies describe other characteristics of disadvantage that are used to allocate school funding. For example, one study found that districts considered overall percentages of English Learner students, special education students, and students in poverty when determining school funding.[15] In another study, researchers incorporated parent education level and occupation, and the number of books available at home in the definition of disadvantage when evaluating school funding.[16]

[14]We did not have the poverty measure used by each state to define its high-poverty schools. Instead, we investigated the relationship between high-poverty schools using two measures of school-level poverty: MEPS poverty estimates and FRPL eligibility. To define the wealthiest and poorest districts in a state, we used the average MEPS poverty estimate for the district. We selected MEPS to define the wealthiest and poorest districts in a state because FRPL has become a less reliable proxy for student poverty in part because of a provision that provides free lunch to all students in qualifying schools and districts. MEPS and FRPL are highly positively correlated.

[15]Marguerite Roza, Katherine Hagan, and Laura Anderson, "Variation is the Norm: A Landscape Analysis of Weighted Student Funding Implementation." *Public Budgeting & Finance* vol. 41. No. 1 (2021): 3-25.

[16]Programme for International Student Assessment. *Equity in Education: Breaking Down Barriers to Social Mobility*. OECD Publishing, 2018.

Figure 2: Example of the Gap Between School Poverty in the Wealthiest District and Poorest District in a State



Source: GAO analysis of state data on high-poverty schools, Model Estimates of Poverty in Schools, and Common Core of Data. | GAO-26-107727

Note: We did not have the poverty measure each state used to define their high-poverty schools. We used the average MEPS poverty estimate for a district to define the wealthiest and poorest districts in a state to investigate the relationship between high-poverty schools using MEPS poverty estimates and free or reduced-price lunch eligibility.

Education Lacks Reliable Data Needed to Assess State MOEquity Implementation

Because Education's data on state MOEquity implementation were incomplete and unreliable, neither we nor Education could determine whether states identified their poorest districts. When we reviewed Education's data, we found inconsistencies in multiple data files and found some data elements needed for such analysis to be unreliable, for example:

- Education's data showed that multiple districts received both a small district allowance (which would effectively exempt these districts from MOEquity requirements) and supplemental payments (which would bring a district into compliance after testing for MOEquity). Yet, a state's use of a small district allowance and districts receiving supplemental payment(s) should be mutually exclusive.

- Education's data on small district allowances had missing and duplicative district identification numbers resulting in misaligned state and district names when compared to the Common Core of Data (CCD). For these districts, we were unable to determine which received a small district allowance.
- Education's data on the supplemental payments that states made to districts were incomplete. Specifically, we found that two states were each missing 1 of 2 years of data on the specific amounts of supplemental payments states made to districts. Absent these data, it is not possible to know the total amount of supplemental payments that states awarded to districts.
- Education's data were missing information on the number of districts that received exceptions to MOEquity requirements for one state. Absent these data, it is not possible to know the total number of districts that were excepted from MOEquity requirements. In addition, our data reliability checks identified two states in fiscal year 2022 where the total number of excepted districts in Education's data was more than the number of regular or charter school districts in the state for that year when compared to data from Education's Common Core of Data.[17]

When we asked about the data inconsistencies we found, Education officials could not explain them, stating that they "could not fully access the source documents or other related information that would provide a basis of comparison or verification of the data." Education officials also could not tell us if they followed data-reliability procedures to ensure that MOEquity data submitted by states were complete and accurate. In addition, Education did not provide documentation of data reliability procedures. The officials told us that most of the career employees who worked on MOEquity were no longer at Education, due to either retirement, resignation, or reductions in force.

Numerous federal guidelines establish the importance of maintaining quality information and data. Federal oversight and performance management principles and practices stress the importance of reliable data that are reasonably free from error and faithfully represent what they claim to represent.[18] Federal decision makers need evidence—such as data—to determine if programs, including grants, are working as intended and to identify potential improvements.

In addition, OMB established guidelines for ensuring and maximizing the quality, objectivity, utility, and integrity of information disseminated by federal agencies. The guidance stressed that it is a core responsibility of federal agencies to embrace a basic standard of data quality. These guidelines include using reproduceable data, such as when working with data that could have a substantial impact on public policies like MOEquity requirements. Further, each agency should issue their own information quality guidelines ensuring and maximizing quality and take appropriate steps to incorporate information quality criteria into agency information dissemination practices.[19] By establishing procedures to help ensure data quality and reliability for

[17]We also identified multiple instances in Education's data where the number of districts in a state was at least 25 percent more or less than the number of districts in the CCD's regular or charter school districts (eight instances in fiscal year 2022 and six instances in fiscal year 2023). The number of districts recorded in CCD data and in Education's data on excepted districts may differ because of timing differences or because states may have treated different types of school districts differently under the MOEquity requirements. Without comparing Education's data to state data on the number of excepted school districts, it is not possible to know whether Education's total number of school districts is accurate.

[18]GAO-25-107721, GAO, *Evidence-Based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts,* GAO-23-105460 (Washington, D.C.: July 12, 2023), and Office of Management and Budget, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk,* M-18-16 (Washington D.C.: June 6, 2018).

[19]Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, 67 Fed. Reg. 8,452 (Feb. 22, 2002).

performance oversight and technical assistance, Education would be better positioned to determine if grants and programs are achieving their intended results.

Officials in Seven States Experienced Similar Challenges Implementing MOEquity Requirements, and Education Did Not Document Lessons Learned

Selected State and District Officials Experienced Challenges with MOEquity Purpose, Timing, and Implementation

MOEquity: What's in a Name?

Multiple state officials called the term "Maintenance of Equity" confusing or unnecessarily controversial. Officials in one state noted that because MOEquity sounded like Maintenance of Effort, it led to confusion among district officials. Officials in another state noted that the word "equity" in the requirements raised fears that the state's education system would be labeled "inequitable", because equity was a high-profile concern among state leaders.

GAO interviews with state and school district officials in selected states. | GAO-26-107727

Confusion about purpose of MOEquity. State officials we interviewed expressed confusion over the purpose of MOEquity requirements. One state official we interviewed said she did not understand the purpose of MOEquity requirements and said that most states already had education funding practices that considered equity prior to MOEquity. For example, officials from one state explained how their state uses its revenues to bridge differences across districts in local contributions to education. Officials from a second state told us that their state takes excess local revenue from districts with high property values to redistribute to districts with lower property values. Within this context, an official from one national stakeholder group told us that they alerted Education officials that MOEquity may undo states' efforts to make their education funding formulas more equitable. Specifically, if state formulas were found noncompliant with requirements, states may become discouraged and change the funding practices that best met their state's needs.

Pandemic stressors. MOEquity implementation also came at a particularly challenging time in the COVID-19 pandemic for state and district education staff. It coincided with students and staff returning to classrooms during the COVID-19 pandemic. In addition, some state and district education offices were already experiencing staffing turnover. Multiple state officials noted that their state needed additional staff to meet MOEquity requirements. The extra tasks associated with the pandemic, along with regular duties, resulted in numerous delays in MOEquity implementation. For example, Education officials explained that some states delayed submitting their initial and final MOEquity data for fiscal year 2022. These data-submission delays stalled individualized technical assistance from Education, which hindered states seeking additional appropriations to cover required supplemental payments.

How Some School Districts Responded to Receiving a Supplemental Payment.

Challenges arose for two districts that received supplemental payments, according to district officials we interviewed. One official noted that the unexpected influx of funds added stress because it came during the district's union contract negotiations. District officials worried that if word of the supplemental payments came out, it would look like the district was hiding money from the union. Ultimately, the supplemental funds were placed in a special revenue account and, as of spring 2025, the district was still deciding how to use them. Officials from another district also refrained from spending their MOEquity supplemental funds. These officials told us they believed that a collection of overdue property taxes owed to the state, tied to a recent local property tax windfall, would offset any supplemental payments and ultimately bring no additional funding to their budget.

Source: GAO interviews with state and school district officials in selected states. | GAO-26-107727

Timing of state budget cycles. Education and state officials also noted that the timing of state education budget cycles posed challenges for complying with MOEquity requirements. For example, Education officials told us that when ARPA became law in March 2021, most state budgets for fiscal year 2022 were already enacted. They said that this was especially problematic for states with biennial budgets because these states had already determined their budget for both years of the requirement. Some states that owed supplemental funding to school districts could not go back to their legislatures for additional funds and had to reallocate money from other areas of the state education budget to cover supplemental payments. For example, one state official explained that their state educational agency got lucky in the first year of the requirement because they were able to obtain additional general funds to cover supplemental payments, but in the second year, the state had to shift funding away from other state agency priorities.

What Is the Long-term Impact of Maintenance of Equity?

State officials we interviewed reported no long-term impacts of MOEquity on state and district education funding, but noted benefits related to the MOEquity requirements. Officials from one state believed the requirements contributed to an ongoing conversation around equity in state education funding. Officials from another state said the MOEquity tests inadvertently revealed longstanding district-level accounting errors.

Officials in one district we interviewed said MOEquity gave them a new perspective on access to resources in local education. The district realized that schools beyond Title I schools may also need extra services; MOEquity changed the conversation about resources and need.

Source: GAO interviews with state and school district officials in selected states. | GAO-26-107727

Limited data. State and district officials collaborated to meet MOEquity requirements, but in some states, limited data access posed a challenge to collaboration. To comply with MOEquity, states were required to submit data on districts' behalf. This requirement was challenging for state educational agencies in two local control states—where school districts or local school boards make public education decisions—because state agencies did not have access to district-level data systems. In these states, officials noted that their reliance on district officials to furnish the necessary data was a challenge. One official from a local control state explained that the data requested by Education was unlike typical financial queries, making it more difficult to ensure data were correct and met Education's deadlines.

Unclear Consequences for Non-compliance. Officials from two states and one national organization we interviewed noted that the consequences of not meeting MOEquity requirements were not clear. Officials in one state reported that they did not know what the consequences for non-compliance with MOEquity requirements would be, and this made communication with districts difficult because, without consequences, it was difficult to express that MOEquity was a priority given everything else going on at the time. An official from another state believed that giving districts the option to self-certify exceptions to MOEquity requirements made compliance too easy. He believed a considerable increase in districts self-certifying exceptions between fiscal years 2022 and 2023 in his state was because district officials realized they would not need corroborating documentation to verify their compliance.

Education Did Not Document or Share Lessons Learned from Implementing MOEquity Requirements

Education officials told us they learned multiple and varied lessons from their MOEquity experience. Education officials noted that while applying MOEquity requirements to states—each with their own unique education funding formulas—presented challenges, it also provided an opportunity to expand Education officials' knowledge about state funding and inform how they might handle similar situations in the future. For example, Education officials developed the small-district allowance after recognizing that small schools and districts faced unique challenges in trying to reach MOEquity compliance.

Education staff did not identify, document, or share these lessons learned until we asked about them during this audit. Officials confirmed that Education does not require or have procedures that would ensure they identify, document, and share any lessons that may have been learned when overseeing or implementing grant programs or large-scale initiatives. Education officials told us that they often conduct "after action reviews" that may include discussing lessons learned. However, they said that generally they have not seen the value or need to develop procedures that would ensure they considered if there were any lessons learned given the variety of the agency's programs, requirements, initiatives, and circumstances.

Documenting lessons learned and applying them to future decisions—which can be done in a variety of ways—remains a key practice for effectively managing and accessing the results of federal efforts.[20] For example, Education shared lessons learned from MOEquity implementation with us when we asked about them in August of 2024 and again in September 2025. These lessons learned included developing thorough and comprehensive guidance that Education characterized as applicable to initiatives Education might oversee in the future.

In addition, state officials we interviewed stated they were interested in knowing more about the outcomes of MOEquity and the lessons learned from Education and other states' implementation. One state official noted that Education missed an opportunity to engage states in sharing experiences and best practices, which could facilitate Education's other oversight activities. Congress also expressed interest in knowing about lessons learned during MOEquity implementation.

Documenting and sharing lessons learned from programs and projects also limits the chance of recurrence of difficulties. Education noted it had not taken additional steps to codify or disseminate lessons learned about MOEquity because staff felt it was not a good use of resources given a belief that similar legislation in the future was unlikely. However, unexpected widescale efforts to quickly disseminate funding to states have happened periodically over the last several decades, including COVID-19 relief funding in 2020, the American Recovery and Reinvestment Act of 2009, and Hurricane Katrina relief in 2006. Developing procedures for

[20]GAO, *Veterans Employment: Identifying Lessons Learned from Rapid Retraining Program Could Benefit Future Efforts*, GAO-23-106191 (Washington, D.C.: September 28, 2023).

documenting and sharing lessons learned would help Education ensure any insights that may inform oversight and technical assistance of future grants are not lost.

Conclusions

MOEquity requirements offered an opportunity to address long held concerns about the disproportionate effect on disadvantaged students when states and districts reduce or terminate funding to K-12 schools when additional federal funds are made available. Education assisted states in complying with MOEquity requirements, but did not have documented procedures for doing so. Absent such procedures, there is a risk that Education's guidance was not consistently applied across states. Further, Education's lack of data-reliability procedures prevented Education and us from determining whether the application of state MOEquity requirements had the intended effect of targeting the highest-need school districts. In addition, without a way to identify, document, and share lessons learned with key stakeholders, including Congress, any insights gained from MOEquity implementation that could inform future grants oversight may be limited or lost.

Recommendations for Executive Action

We are making the following three recommendations to Education:

The Secretary of Education should develop internal written procedures to use when engaging in technical assistance to ensure staff have a common understanding of the information program managers provide to grantees when overseeing grants. (Recommendation 1)

The Secretary of Education should establish procedures to ensure the quality and reliability of data collected for grants oversight and technical assistance. (Recommendation 2)

The Secretary of Education should develop a way to ensure that, as appropriate, staff timely identify, document, and share any lessons learned from implementing new and ongoing initiatives that may inform future grants oversight. (Recommendation 3)

Agency Comments

We provided a draft of this report to Education for review and comment. In its comments, reproduced in appendix II, Education disagreed with our first and second recommendations and agreed, in part, with our third recommendation.

Education disagreed with our first recommendation that Education develop internal written procedures when engaging in technical assistance to ensure staff have a common understanding of the information provided to grantees. Education stated that is has a multi-tiered framework for providing technical assistance through internal staff and technical assistance providers. A description of how Education provides technical assistance was included in a draft of this report, on which Education commented. Education also noted that for some programs such as Title I, Title II, or Title V of the Elementary and Secondary Education Act (ESEA), Education program offices retain internal banks of grantee questions and answers that are continually refreshed and vetted by attorneys and senior leadership to ensure consistent technical assistance to grantees. However, as discussed in the report, Education officials told us they did not document procedures—such as a MOEquity technical assistance plan—for how program managers would ensure they delivered consistent information to grantees. We continue to believe that all technical assistance efforts should be guided by internal written procedures to ensure guidance is applied consistently—in line with federal oversight and performance management principles and practices that stress the importance of doing so.

Education also disagreed with the second recommendation to establish procedures to ensure the quality of data collected for oversight and technical assistance. Education noted that the agency has procedures in place to ensure the quality and reliability of data collected for grant oversight, as well as a Data Governance Board and data stewards in each office. However, during the course of our review, Education did not provide us with data reliability procedures or information about procedures used to review MOEquity data. In written responses it submitted to us in June 2025, Education officials stated that they could not answer questions about what steps they took or if they followed data-reliability procedures to ensure the data submitted by states were complete and accurate. Education also did not address why there were inconsistences in its MOEquity data—inconsistencies that prevent Education and us from determining whether the application of state MOEquity requirements had the intended effect of targeting the highest-need school districts. In its comments on this report, Education reiterated that the MOEquity data collection was particularly challenging for the department and states—as we discuss in the report—because it was an entirely new requirement. As part of our recommendation follow-up process, we will request the procedures Education mentions in its comments to determine the extent to which they address the intent of our recommendation.

Education agreed in part with our third recommendation to develop a way to ensure that staff identify, document, and share lessons learned from implementing new and ongoing initiatives that may inform future grants oversight. Education noted that the agency has procedures in place to document lessons learned over time. However, as discussed in the report, Education officials told us during our review that they do not have such procedures and generally have not identified a need for them. In its comments, Education stated that it would consider setting up a site on an internal website for maintaining and sharing internal lessons learned. Education noted that if lessons learned include information useful to external parties, Education could share the lessons through conferences, webinars, or through other means of distribution. We are encouraged by the department's acknowledgement of the actions it could take to implement our recommendation and will continue to monitor Education's related efforts.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Education, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at nowickij@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

//SIGNED//

Jacqueline M. Nowicki
Director, Education, Workforce and Income Security Issues

Appendix I: Objectives, Scope, and Methodologies

This report examines (1) how the Department of Education assisted states and districts in their efforts to comply with Maintenance of Equity (MOEquity) requirements; (2) what data show about state and district implementation of MOEquity and (3) what challenges states and districts faced in implementing MOEquity requirements and what lessons Education learned in overseeing implementation.

Education's Guidance and Data on MOEquity

To assess how Education assisted states and districts in complying with MOEquity requirements, we reviewed relevant provisions of the American Rescue Plan Act of 2021 (ARPA) and Education's MOEquity guidance, including webinars for states and districts.

To assess what data show about the ways states and districts met MOEquity requirements, we reviewed Education's response letters to states' small-district allowance proposals and Education data on districts that received supplemental payments from states, small-district allowances, and state's use of district exceptions. More specifically, we used:

- Education's response letters to states to analyze state usage of small-district allowances to exempt school districts from MOEquity requirements.
- Education's data on supplemental payments to analyze the frequency and value of supplemental payments that states made to districts to reach state MOEquity compliance.
- Education's data on district exceptions to analyze the frequency of districts' use of exceptions from MOEquity requirements.

We assessed the reliability of Education's data through electronic testing and comparison with other sources. Education data on supplemental payments were incomplete and required additional verification from selected states and districts. We determined such data were sufficently reliable to report a range of payment amounts rather than individual district payment amounts.

We compared Education's guidance and data to federal internal control standards and Office of Management and Budget guidance on federal program oversight and performance management principles and practices.[21]

Selected State and District Interviews

To identify any challenges selected states and districts experienced during the implementation of MOEquity, we interviewed officials in seven states and three districts. To determine the states to interview, we analyzed multiple factors, informed by available documentation on MOEquity implementation in all 50 states and the

[21]GAO, *Standards for Internal Control in the Federal Government*, GAO-25-107721 (Washington, D.C.: May 15, 2025) and Office of Management and Budget, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*, Revised July 15, 2016.

District of Columbia. We selected states with variation in their MOEquity implementation experiences. Specifically, we assessed state's use of small district allowances, dates of reaching compliance, and total number of students and school districts in the state.[22]

Additionally, officials from Education provided a list of recommended states for GAO to consider based on Education's experience working with states. Education referred us to states in the following categories, those with (1) broad positive outcomes/lessons learned, (2) numerous challenges, and (3) smooth implementation. Within three of the selected states, we selected the school district that received the highest supplemental payment for fiscal years 2022 and 2023 and interviewed officials in those districts. Our interviews with state and school district officials are not generalizable to all states or districts but provide illustrative examples of the implementation of MOEquity.

We also interviewed representatives at national organizations, including EdTrust; AASA, the School Superintendents Association; the Council of Chief State School Officers; and The Bruman Group, a law firm with expertise in federal grants and education policy, to learn about their views on challenges and experiences assisting states and districts with MOEquity requirements and implementation. We selected these organizations based upon information we gathered from Education officials about who aided states in their implementation and our background research on MOEquity.

Data From Selected States on District MOEquity

To examine how states and districts implemented MOEquity formulas, we analyzed school-level data for fiscal year 2022, the most recent year of data for which MOEquity was in place, from Georgetown University's Edunomics Lab's National Education Resource Database on Schools (NERD$) (school-level financial data); Education's Common Core of Data (CCD), and Civil Rights Data Collection (CRDC); state data on high-poverty schools;[23] and the Urban Institute's Model Estimates of Poverty in Schools (MEPS). We assessed the reliability of these datasets by reviewing relevant documentation and conducting electronic testing. For NERD$ and MEPS, we also interviewed knowledable officials about the data. We determined the data were sufficiently reliable for our purposes.

Our sample consisted of all schools across six states that were identified as either high-poverty or were not identified as high-poverty.[24] Three states provided lists of both high-poverty and non-high-poverty schools, while the other three states only provided lists of their high-poverty schools.[25] For states that provided lists of only their high-poverty schools, we defined non-high-poverty schools as all other schools in each district that had a high-poverty school defined. We used this definition for non-high-poverty schools for states that only provided a list of high-poverty schools to avoid including excepted districts that did not have state-defined high-poverty schools. We excluded one of our selected states from the analysis because of data reliability concerns.

[22]For example, we selected states that did not propose small district allowances, proposed them both years, and proposed them in 1 of the 2 years to better understand how and why states were and were not using this flexibility.

[23]State data were retrieved from state websites or from Education's website and verified by the state.

[24]We excluded one of our selected states from this analysis due to data reliability concerns.

[25]In addition, a fourth state provided lists of their high-poverty schools; however, we determined that this state's data were determined to be unreliable and did not use them in our analysis.

For each of our six selected states, we compared average school characteristics, such as poverty (as measured by free or reduced-price lunch [FRPL] and MEPS), school-level student characteristics (race/ethnicity, students with disabilities, English learners, and gifted students), rural status, Title I status, student-teacher ratio, and expenditures (federal, state and local, and total) of high-poverty schools to non-high-poverty schools across districts.

For the within district analysis, we explored the relationship between two different measures of poverty (FRLP and MEPS) and high-poverty schools for each district and state. First, we compared each school's MEPS poverty estimates and percent of students eligible for FRPL for the wealthiest district and the poorest district separately for each state.[26] Next, we compared each school's MEPS poverty estimates and percent of students eligible for FRPL for MOEquity high-poverty schools and non-high-poverty schools for all eligible districts in the state.[27] Lastly, we compared each school's MEPS poverty estimate and percent of students eligible for FRPL, after adjusting for district average poverty.

For the district analysis, we also adjusted for the average poverty rate of each district using a procedure called demeaning or centering. We subtracted each school's MEPS poverty estimate by the district average MEPS poverty estimate. After this adjustment, schools with poverty rates below the district average will have adjusted rates below 0, and schools with poverty rates above the district average will have adjusted rates above 0. This adjustment allows us to compare schools in different districts within the same state when poverty rates may be different across districts. Similarly, we adjusted district average FRPL level by subtracting the district average FRPL percentage. We then compared the resulting adjusted (demeaned) MEPS poverty estimates to the adjusted FRPL rates for MOEquity high-poverty and non-high-poverty schools for all eligible districts.

Literature Review

To describe approaches to equitable funding in K-12 education, we performed a literature review peer-reviewed studies published between 2015 and 2025. To identify potential studies for inclusion in our review, we worked with a GAO research librarian to conduct searches of Scopus, ProQuest, EBSCOhost, and Dialog databases. We performed these searches using variations of keywords related to equitable school funding (such as "educational equity [finance]," "equalization aid," "weighted student funding," "school funding," or "educational finance"). Our search yielded 39 studies including reviews, journal articles, state case studies, and books or book sections.

To assess the relevance of these studies, we reviewed their abstracts to determine whether they discussed equitable education funding. We restricted our review to peer-reviewed journals and reports. Of the 12 peer-reviewed studies, we determined 8 could be relevant for our purposes. Each of the 8 studies were independently reviewed by two separate reviewers to evaluate the quality and robustness of the methodology

[26]We used the average MEPS poverty estimate for the district to define the wealthiest and the poorest districts in a state. MEPS and FRPL are highly correlated.

[27]Selected states either reported high-poverty schools for districts that were not excepted from MOEquity or reported high-poverty schools for all districts. This analysis uses all districts that had high-poverty schools reported. Therefore, the number of schools that were included in each state's analysis varied from 59 schools in one state to 2,053 schools in another state.

and whether the study met the inclusion criteria. To be considered in scope a study must meet the following criteria:

- Focused on comparison across different funding types OR mentioned at least two of the following: a) multiple studies, b) weighted funding formula, c) equitable funding, d) school funding for low-income or specific student groups
- Focused on United States
- Data from 2015 or later, if applicable
- Must not focus on a specific funding policy that cannot be applied broadly to school funding in general (e.g., Title I grant formula)
- Must have an applied or case study aspect, it cannot be only theoretical (e.g. uses only conceptual lens as criteria, applies a model without data, simulations)
- Must focus on a result of school funding (e.g., funding distribution by characteristics) and not only on policy implementation or secondary effects of funding (e.g. academic outcomes)
- Sound methodological approach

Three studies met our criteria for inclusion. Two studies came from the literature search described above, and the third study was found while conducting related searches and deemed relevant for our purposes.

We conducted this performance audit from August 2024 to January 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

January 16, 2026

Ms. Jacqueline M. Nowicki
Director
Education, Workforce, and Income Security Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Director Nowicki:

On behalf of the Department of Education (Department), thank you for the opportunity to review and comment on the Government Accountability Office (GAO) draft report, *K-12 Education: Lessons Learned from Implementing COVID Relief Funding Provisions Could Improve Future Grant Monitoring (GAO-26-107727)*. As the Assistant Secretary of the Office of Elementary and Secondary Education (OESE), I am responding to the three recommendations made to the Department.

The Department notes that COVID Relief funds were provided in response to a national emergency that was unprecedented, like nothing we had experienced in more than a century. Congress passed three laws over the course of a year: the Coronavirus Aid, Response and Economic Security (CARES) Act of April 2020; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of December 2020; and the American Rescue Plan Act (ARPA) of March 2021. The Department was responsible for implementing complex policies and processes to distribute funds in a timely manner, review and approve states' plans, provide technical assistance, and develop accountability and reporting mechanisms.

The ARPA was by far the most complex and, in many ways, the most challenging of the three laws. For K-12, it included general state and governors' formula funding administered out of OESE but also funding under the Individuals with Disabilities Education Act, the McKinney-Vento Homeless Assistance Act, and several discretionary grants, in addition to funds to support private schools. Also included was a new provision related to Maintenance of Equity (MOEquity), the subject of this GAO review.

The MOEquity provision included specific requirements in law but, as it was new and enacted during an emergency period, many inevitable complications were not fully considered. For example, the ARPA passed in March of 2021, by which time most states had already planned their budgets, including local educational agency (LEA) flow-through awards; some states had

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planned their budgets two years into the future. Many states already had in place longstanding provisions for the equitable distribution of funds, and MOEquity was either in conflict or an additional layer to "weave in" and implement in real time during a period of ever-changing conditions at the state level. The Department frequently consulted with interest groups, including the Council of Chief State School Officers (CCSSO), National Governors' Association (NGA), as well as practitioners in the field. OESE had a team of 20 staff dedicated to administering the COVID relief funds, including providing training sessions, frequent webinars, and weekly technical assistance calls with states and other practitioners. OESE's team developed and documented rigorous procedures for reviewing state plans, including MOEquity provisions, and they reported on them regularly within the Department and to states, practitioners, outside interest groups, and Congress.

Below we address each of GAO's recommendations.

Recommendation 1: *The Secretary of Education should develop internal written procedures to use when engaging in technical assistance to ensure staff have a common understanding of the information program managers provide to grantees when overseeing grants.*

Response: We do not concur with this recommendation, as we have an evidenced-based approach for providing technical assistance that is well-known to staff, as well as our funded technical assistance providers and our customers and partners in the field. The Department consistently uses a multi-tiered framework for providing technical assistance through internal staff and our funded technical assistance providers. The multi-tiered framework includes: 1. universal technical assistance for all; 2. targeted technical assistance for specific grantees or on specific topics; and 3. individualized, intensive technical assistance for a grantee. The technical assistance provided by the Department on MOEquity included all three levels. Universal technical assistance included training through webinars, newsletters, and guidance, including frequently asked questions (FAQs) documents. Targeted technical assistance included weekly office hours and specially designed small group topical sessions as needed. Individualized, intensive technical assistance was comprised of OESE staff assigned to a state, working directly with the state to resolve state-specific issues. This framework has been documented in writing, presented to staff through the Department-wide Technical Assistance Coordination Team (TACT), and also presented externally. In addition, you can see this framework in Department Notices Inviting Applications for Department-funded technical assistance investments.

Further, regarding Department staff, for both time-limited and long-standing programs such as Title I, Title II, or Title V of the Elementary and Secondary Education Act (ESEA), program offices within the Department retain internal banks of grantee questions and answers that are continually being refreshed and vetted by Department attorneys and senior leadership to ensure consistent technical assistance to grantees. Program offices in OESE also convene internal workgroups across units and, as appropriate, across other Department program offices, to examine incoming grantee questions and concerns to ensure common understanding and provide consistent and responsive technical assistance to the needs of grantees and other stakeholders.

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Recommendation 2: *The Secretary of Education should establish procedures to ensure the quality and reliability of data collected for grants oversight and technical assistance.*

Response: We do not concur with this recommendation. The Department, through the Chief Data Officer, has procedures in place to ensure the quality and reliability of data collected for grant oversight. Through the Office of Planning, Evaluation, and Policy Development and the National Center on Education Statistics in the Institute of Education Sciences, the Department has comprehensive procedures for ensuring data quality and reliability, including a Data Governance Board, which oversees all of the Department's data collections. In addition, each office has data stewards who are responsible for ensuring consistency and quality of collected data related to their program and devoted to helping ensure high-quality data. We have also routinely funded resources like the Partner Support Center to provide individual support to states and grantees to ensure high-quality data, as well as a dedicated Elementary and Secondary School Emergency Relief (ESSER) Support page at https://covid-relief-data.ed.gov/grantee-help/esser to help ensure high-quality data.

That being said, while all new data collections are challenging, the ARPA data collection was particularly challenging because it was an entirely new requirement, was extensive in its application, and it changed over time in response to states' concerns about, and challenges to, aspects of the data collection. The quality of data submitted typically improves over the first few data collections as respondents become more familiar with the requirements. While the data collection changed to respond to state concerns and ease their burden, those changes meant the requirements changed and states were unable to build needed familiarity with the data collection. As noted above, many states had in place long-standing provisions for equitable distribution of funds, and MOEquity was either in conflict or an additional layer to "weave in" and try to consider in real time during a period of ever-changing conditions at the state level while it was being administered. This presented challenges for states on data quality and reliability. Department staff worked continually during this period to help states with these issues and also reviewed submitted data for accuracy.

The current administration is committed to streamlining overall the Department's data collection. On April 10, 2025, the administration cancelled the last cohort of data collection for the ARP, given concerns with the usefulness of the data for this one-time program. In the future, the administration will be looking at ways to reduce burden on states and grantees by eliminating data collection that is not required by statute or regulation and that may not be useful.

Recommendation 3: *The Secretary of Education should develop a way to ensure that, as appropriate, staff timely identify, document, and share any lessons learned from implementing new and ongoing initiatives that may inform future grants oversight.*

Response: We concur in part with this recommendation as noted below. As we discussed during and after the exit conference, we have procedures in place to document lessons learned over time. This often occurs when we implement a new process or are working with a new program or set of grantees. Sometimes the lessons learned are for internal purposes only because they are to examine internal processes. In other cases, if they include external procedures, they may be shared externally through conferences, webinars, or through other means of distribution. In the

Page 4 – Ms. Jacqueline M. Nowicki

course of this GAO engagement, we provided a list of lessons learned and we are providing them again for your convenience as an attachment to this letter. While we do not have a centralized consistently used location for maintaining the lessons learned, we will consider setting up a site on an internal website, such as a SharePoint centralized resource or through some other means.

To provide additional context, I note that prior to joining the Department, I served as the chief state school officer in North Dakota from before the onset of the COVID-19 pandemic through November 2025 and was directly responsible for overseeing implementation of ARPA requirements, including MOEquity, at the state level. From that vantage point, I experienced firsthand the challenges states faced in attempting to operationalize this policy. In North Dakota, the legislature sets the education budget that includes the state's equalization per-pupil funding formula, and ARPA was enacted after that two-year budget had been finalized and the legislature had adjourned. As a result, the state education agency had no authority to modify the formula, and the legislature would not return to session for another year and eight months. The MOEquity requirements, as written in policy and implemented by the Department, applied immediately to the existing, legislatively prescribed funding structure. This is an experience shared by many other states, particularly those with biennial legislative sessions. These constraints help explain why many states may have been out of compliance from the start despite acting in good faith. While the Department worked to support implementation under difficult circumstances, this experience underscores the importance of designing future federal policies with a clearer understanding of state fiscal cycles and governance structures to improve feasibility and effectiveness.

In closing, the COVID pandemic and related COVID relief funding was an unprecedented time in our country. Our staff was developing procedures, including technical assistance and data collection, while working in hybrid environments. I am proud of the work that staff did implementing a challenging program during this unprecedented time. Many states and grantees acknowledged the individualized, clear support they received from Department staff throughout this difficult period.

Thank you for your work in this area, and we look forward to the final report. If you need further information, please contact Ruth Ryder, Deputy Assistant Secretary for Policy and Programs, at Ruth.Ryder@ed.gov.

Sincerely,

Kirsten Baesler

Kirsten Baesler
Assistant Secretary
Office of Elementary and Secondary Education

Attachment

Accessible Text for Appendix II: Comments from the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

January 16, 2026

Ms. Jacqueline M. Nowicki
Director
Education, Workforce, and Income Security Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Director Nowicki:

On behalf of the Department of Education (Department), thank you for the opportunity to review and comment on the Government Accountability Office (GAO) draft report, K-12 Education: Lessons Learned from Implementing COVID Relief Funding Provisions Could Improve Future Grant Monitoring (GAO-26-107727). As the Assistant Secretary of the Office of Elementary and Secondary Education (OESE), I am responding to the three recommendations made to the Department.

The Department notes that COVID Relief funds were provided in response to a national emergency that was unprecedented, like nothing we had experienced in more than a century. Congress passed three laws over the course of a year: the Coronavirus Aid, Response and Economic Security (CARES) Act of April 2020; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of December 2020; and the American Rescue Plan Act (ARPA) of March 2021. The Department was responsible for implementing complex policies and processes to distribute funds in a timely manner, review and approve states' plans, provide technical assistance, and develop accountability and reporting mechanisms.

The ARPA was by far the most complex and, in many ways, the most challenging of the three laws. For K-12, it included general state and governors' formula funding administered out of OESE but also funding under the Individuals with Disabilities Education Act, the McKinney-Vento Homeless Assistance Act, and several discretionary grants, in addition to funds to support private schools. Also included was a new provision related to Maintenance of Equity (MOEquity), the subject of this GAO review.

The MOEquity provision included specific requirements in law but, as it was new and enacted during an emergency period, many inevitable complications were not fully considered. For example, the ARPA passed in March of 2021, by which time most states had already planned their budgets, including local educational agency (LEA) flow-through awards; some states had planned their budgets two years into the future. Many states already had in place longstanding provisions for the equitable distribution of funds, and MOEquity was either in conflict or an additional layer to "weave in" and implement in real time during a period of ever-changing conditions at the state level. The Department frequently consulted with interest groups, including the Council of Chief State School Officers (CCSSO), National Governors' Association (NGA), as well as practitioners in the field. OESE had a team of 20 staff dedicated to administering the COVID relief funds, including providing training sessions, frequent webinars, and weekly technical assistance calls with states and other practitioners. OESE's team developed and documented rigorous procedures for reviewing state plans, including MOEquity provisions, and they reported on them regularly within the Department and to states, practitioners, outside interest groups, and Congress.

Below we address each of GAO's recommendations.

Recommendation 1: The Secretary of Education should develop internal written procedures to use when engaging in technical assistance to ensure staff have a common understanding of the information program managers provide to grantees when overseeing grants.

Response: We do not concur with this recommendation, as we have an evidenced-based approach for providing technical assistance that is well-known to staff, as well as our funded technical assistance providers and our customers and partners in the field. The Department consistently uses a multi-tiered framework for providing technical assistance through internal staff and our funded technical assistance providers. The multi-tiered framework includes: 1. universal technical assistance for all; 2. targeted technical assistance for specific grantees or on specific topics; and 3. individualized, intensive technical assistance for a grantee. The technical assistance provided by the Department on MOEquity included all three levels. Universal technical assistance included training through webinars, newsletters, and guidance, including frequently asked questions (FAQs) documents. Targeted technical assistance included weekly office hours and specially designed small group topical sessions as needed. Individualized, intensive technical assistance was comprised of OESE staff assigned to a state, working directly with the state to resolve state-specific issues. This framework has been documented in writing, presented to staff through the Department-wide Technical Assistance Coordination Team (TACT), and also presented externally. In addition, you can see this framework in Department Notices Inviting Applications for Department-funded technical assistance investments.

Further, regarding Department staff, for both time-limited and long-standing programs such as Title I, Title II, or Title V of the Elementary and Secondary Education Act (ESEA), program offices within the Department retain internal banks of grantee questions and answers that are continually being refreshed and vetted by Department attorneys and senior leadership to ensure consistent technical assistance to grantees. Program offices in OESE also convene internal workgroups across units and, as appropriate, across other Department program offices, to examine incoming grantee questions and concerns to ensure common understanding and provide consistent and responsive technical assistance to the needs of grantees and other stakeholders.

Recommendation 2: The Secretary of Education should establish procedures to ensure the quality and reliability of data collected for grants oversight and technical assistance.

Response: We do not concur with this recommendation. The Department, through the Chief Data Officer, has procedures in place to ensure the quality and reliability of data collected for grant oversight. Through the Office of Planning, Evaluation, and Policy Development and the National Center on Education Statistics in the Institute of Education Sciences, the Department has comprehensive procedures for ensuring data quality and reliability, including a Data Governance Board, which oversees all of the Department's data collections. In addition, each office has data stewards who are responsible for ensuring consistency and quality of collected data related to their program and devoted to helping ensure high-quality data. We have also routinely funded resources like the Partner Support Center to provide individual support to states and grantees to ensure high-quality data, as well as a dedicated Elementary and Secondary School Emergency Relief (ESSER) Support page at https://covid-relief-data.ed.gov/grantee-help/esser to help ensure high-quality data.

That being said, while all new data collections are challenging, the ARPA data collection was particularly challenging because it was an entirely new requirement, was extensive in its application, and it changed over time in response to states' concerns about, and challenges to, aspects of the data collection. The quality of data submitted typically improves over the first few data collections as respondents become more familiar with the requirements. While the data collection changed to respond to state concerns and ease their burden, those changes meant the requirements changed and states were unable to build needed familiarity with the data collection. As noted above, many states had in place long-standing provisions for equitable distribution of funds, and MOEquity was either in conflict or an additional layer to "weave in" and try to consider in real time during a period of ever-changing conditions at the state level while it was being administered. This presented challenges for states on data quality and reliability. Department staff worked continually during this period to help states with these issues and also reviewed submitted data for accuracy.

The current administration is committed to streamlining overall the Department's data collection. On April 10, 2025, the administration cancelled the last cohort of data collection for the ARP, given concerns with the usefulness of the data for this one-time program. In the future, the administration will be looking at ways to reduce burden on states and grantees by eliminating data collection that is not required by statute or regulation and that may not be useful.

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Thank you for your work in this area, and we look forward to the final report. If you need further information, please contact Ruth Ryder, Deputy Assistant Secretary for Policy and Programs, at Ruth.Ryder@ed.gov.

Sincerely,

Kirsten Baesler Assistant Secretary

Office of Elementary and Secondary Education

Attachment

Appendix III: GAO Contact and Staff Acknowledgements

GAO Contact

Jacqueline M. Nowicki, NowickiJ@gao.gov

Staff Acknowldgements

In addition to the contact named above, Alison Grantham (Assistant Director), Melissa J. Jaynes (Analyst in Charge), Christina Cantor, and Katherine McElroy made key contributions to this report. Elizabeth Calderon, Caroline Christopher, Abigail Loxton, Mimi Nguyen, Trevor Osaki, Jason (Jay) Palmer, Amrita Sen, and Joy Solmonson provided additional support.

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