

A report to congressional requesters

For more information, contact: Jacqueline M. Nowicki at nowickij@gao.gov.

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
<p>As a condition of receiving funding, states could not:</p> <ul style="list-style-type: none"> 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. 	<p>As a condition of receiving funding, school districts could not:</p> <ul style="list-style-type: none"> 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.