



Maintenance of Effort (MOE)

ESSA Programs

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Supporting Schools and Students to Achieve

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Summary

- Requirement
- Example
- Failure to meet the requirement
- Waiver

MOE Requirement cont.



In addition to Title I, Part A, the MOE applies to:

- Title I, Part A – Improving Basic Programs
- Title I, Part D –Neglected, Delinquent, or At-Risk
- Title II, Part A – Supporting Effective Instruction
- Title III, Part A –English Language Acquisition
- Title IV, Part B – 21st CCLC
- Title V, Part B– Rural and Low-Income School Program
- Title VI, Part A, Subpart 1 – Indian Education

(ESEA sections 8101(11), 6118(c), 8521(a))

MOE Requirement cont.



An LEA must demonstrate that the level of State and local funding remains constant from year to year, regardless of Federal funding.

MOE Requirement cont.



- What years are compared?
- What exactly is compared?
- Who performs calculations?

What years are compared?

A preceding fiscal year is compared to the second preceding fiscal year.

The preceding FY is a full 12 mo. period prior to the beginning of the current State FY.

Funding year affected	Current school year	Preceding “prior to...” “12 mo. period”	Second Preceding
7/1/18- 6/30/19	7/1/17-6/30/18	7/1/16-6/30/17 FY17	7/1/15-6/30/16 FY16



What exactly is compared and who performs calculations?

Funding year affected	Current school year	Preceding "prior to..." "12 mo. period"	Second Preceding
7/1/18-6/30/19	7/1/17-6/30/18	7/1/16-6/30/17 FY17	7/1/15-6/30/16 FY16



State and local funds expenditures

FY17 \geq 90% of FY16

- *Either per student*
- *Or the aggregate (total)*

Calculations are administered by two departments: School Finance and Federal Programs.

Example 1

MOE TEST	FY17 (16-17 sch. year)	FY16 (15-16 sch. year)*	Is FY17 < 90% of FY16?	Difference%
ADA full term	5.00	6.00		
Net expenditures	211,512	300,000	YES	21.66%
FY 17 per student expenditures	42,302	50,000	YES	5.99%
If both tests are failed-the most favorable reduction				5.99%

2 tests: aggregate OR per student

The district does not meet MOE requirement because **both tests are failed.**

Example 2

MOE TEST	FY17 (16-17 sch. year)	FY16 (15-16 sch. year)*	Is FY17 < 90% of FY16?	Difference%
ADA full term	5.00	6.00		
Net expenditures	211,512	280,000	YES	16.07%
FY 17 per student expenditures	42,302	46,667		
If both tests are failed-the most favorable reduction				

2 tests: aggregate and per student

The district meets MOE requirement because **only one tests is failed.**

MOE Calculation



INCLUDED

State and local funds: administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant and fixed charges.

EXCLUDED

Federal funds, community services, capital outlay and debt service.

MOE Calculation cont.



- Practical Example
- Handouts (also available in excel)

Practical Example

MOE TEST	FY17 (16-17 sch. year)	FY16 (15-16 sch. year)*	Is FY17 < 90% of FY16?	Difference%
State and local expenditures (aggregate)	216,512	300,000		
Federal revenues coded to state and local funds	(5,000)	-		
Net Expenditures	211,512	300,000	YES	21.66%
ADA full term	5.0	6.00		
FY 17 per student expenditures	42,302	50,000	YES	5.99%
If both tests are failed-the most favorable reduction				5.99%

* If LEA failed MOE test last year, don't use the actual FY16 expenditures. Use 90% of what should have been spent.

MOE - Failure to Meet Requirement



If an LEA fails to meet the MOE requirement, the SEA must reduce the amount of funds allocated under the programs covered by the MOE requirement in any fiscal year in the exact proportion by which the LEA fails to maintain effort.

From the practical example: All applicable 2018-19 ESSA allocations will be reduced by 5.99%.

Funding year affected	Current school year	Preceding "prior to..." "12 mo. period"	Second Preceding
7/1/18-6/30/19	7/1/17-6/30/18	7/1/16-6/30/17 FY17	7/1/15-6/30/16 FY16



Waiver from the SDE

LEA is not subject to sanctions for failing if it has not failed to meet MOE ***for one or more of five*** immediately preceding fiscal years.

New under ESSA section 8521(b)(1)



Waiver from the US Department of Education

If one of the following applies:

- Exceptional or uncontrollable circumstances
- A precipitous decline in the financial resources of the LEA
- A change in the organizational structure of the LEA (new under ESSA)



Examples of changes in the organizational structure

The LEA changes its configuration

- ✓ The LEA merges with another LEA.
- ✓ The LEA divides into two or more LEAs.
- ✓ The LEA eliminates grade levels (e.g., previously served grades K-12 and now serves grades K-8).

The LEA changes its management or operations structure to create economies of scale to be more efficient

- ✓ Each school in the LEA employs budget and fiscal management staff.
- ✓ The LEA makes the decision to consolidate budget and fiscal management staff into a single team located in the central office.

Questions?

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