

# MAINTENANCE OF EFFORT

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# WHAT IS MOE?

- Maintenance of Effort (MOE) is a federal requirement that requires grant recipients and/or sub-recipients to maintain a certain level of state/local fiscal effort to be eligible for full participation in federal grant funding.



# IN OTHER WORDS

- MOE requires LEAs to demonstrate that the level of state and local funding remains relatively constant from year to year.
- An LEA may receive Title I funds only if the LEA has maintained its fiscal effort.

# THE UNDERLYING PRINCIPLE

- The district is responsible for maintaining effort in providing a free public education to all students from year to year.
- Title I funds are *in addition (supplemental)* to the required education that all students receive.

# PURPOSE

- To ensure the recipient of federal funds does not spend those funds in place of state and local dollars
- To ensure the recipient spends their state and local funds for the same activities that would be provided if federal dollars were not available



# ESSA CHANGES

1. An LEA may fail to meet the Maintenance of Effort (MOE) test once every five years without penalty. 20 USC 7901 (b)(1)
2. Waivers may now include “a change in the organizational structure of the LEA”. 20 USC 7901 (c)



# ESSA CHANGES

1. An LEA may fail to meet the Maintenance of Effort (MOE) test once every five years without penalty.
  - a) If an LEA fails to meet MOE in the current year **AND** has failed to meet it in the previous five years, a penalty will be assessed.
  - b) The penalties have not changed.



# ESSA CHANGES

**1. Waivers may now include “a change in the organizational structure of the LEA”.  
20 USC 7901 (c)**

- a) Very Vague**
- b) Call your project manager at the SCDE for assistance.**



# ESSA CHANGES

**The Penalties for Not Meeting Maintenance of Effort remains the same.**

- Waivers are getting tougher to obtain
- Make every effort to meet your MOE
- We are here to help you...Let us



# ITEMS REMOVED FROM MOE CALCULATION

## Expenditures for

- Community Services
- Capital Outlay
- Debt Service
- Pupil Services (272 & 273)
- Supplementary expenses as a result of a presidentially declared disaster
- Funds provided by the Federal Government

# “Meeting” MOE

Step 1:

Preceding Year Audit Report Total Expenditures:

(Refer to the audited Location Reconciliation Schedule)

\$ 15,200,000

Step 2:

Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA)	<u>Page</u>	\$ 595,000
Capital Outlay (Attach Report)		170,000.00
Debt Service	<u>Page</u>	73,500.00
Community Services	<u>Page</u>	1,600.00
Pupil Activity Fund	<u>Page</u>	45,000.00
Intergovernmental	<u>Page</u>	9,800.00
Total Amount Excluded:		\$ (894,900.00)
Total Expenditures for MOE Calculation:		\$ 14,305,100.00

Step 3:

135 ADM:	2,105
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The per pupil MOE calculated for the preceding year

from Audit Year <u>2014</u> :	\$ 6,795.77
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Step 4:

The per pupil MOE calculated for the second preceding year

from Audit Year <u>2013</u> : (Attach Worksheet)	\$ 6,576.98
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Met MOE Requirements? \*

Met MOE

\*Compare the per pupil MOE in step 3 to the per pupil MOE of step 4. The per pupil amount in step 3

must be not less than ninety percent of the per pupil amount in step 4 to meet the MOE requirement.

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# “MEETING” MOE



- MOE is based on the two previous years
- Districts meet MOE if 2015 state/local effort = is at least 90% of 2014

MOE for 2014:	\$7,305.50
MOE for 2015:	<u>\$7,246.03</u>
Difference	(\$59.47)
90% of \$7,305.50 - Min amount required to meet MOE	<u>\$6,574.95</u>
\$7,246.03 > \$6,574.95 so MOE <u>has been met</u>	

# NOTE:

- Allocation reduction if an LEA fails to meet the MOE requirement
- The state has no authority to waive the MOE requirement. ED may waive the requirement for the following:
  - exceptional or uncontrollable circumstances, such as natural disaster
  - a precipitous and unforeseen decline in the financial resources of the State
  - basically, situations that you would not want to be in

# Not “Meeting” MOE

Step 3:

135 ADM:

2105

The per pupil MOE calculated for the preceding year

from Audit Year 2014 :

\$5,000.00

Step 4:

The per pupil MOE calculated for the second preceding year

from Audit Year 2013 :

\$6,576.98 \$5,919.28

90%

Met MOE Requirements? \*

Not Met

If the LEA fails to meet the 90 percent mark for any fiscal year, the SEA must reduce the amount of funds allocated under a Title program in the exact proportion to which an LEA fails to meet the 90 percent requirement.

MOE - 2014

\$5,000.00

MOE - 2013

\$5,919.28

(\$919.28)

15.53%

84.47%

Reduction in Allocation (1576.98/6576.98)

15.53%

## Total Fiscal Effect On District

Reduction in Allocation (\$1,500,000 - 15.53%)

\$232,950.00

MOE Baseline Make Up (%5,000-\$6,500) \* ADM (2105)

\$3,157,500.00

**Total Deficit to Make Up**

**\$3,390,450.00**

MOE - 2012 (Third preceding year)

\$6,500.00

The MOE for the fiscal year immediately following the fiscal year in which the LEA failed to meet MOE must be no less than 90 percent of the expenditures for the third preceding year.

# RESULTS OF NOT MEETING MOE

**If an LEA fails to meet the 90 % mark for any fiscal year, the SEA must reduce the amount of funds allocated under a Title I program and all other Federal programs in the exact proportion which an LEA fails to meet the 90% requirement.**

**DUE TO STATE/LOCAL BUDGET  
REDUCTIONS, MEETING THE MOE 90%  
REQUIREMENT MAY BE MUCH MORE  
DIFFICULT TO ACHIEVE!!!**

**COORDINATE WITH DISTRICT  
FINANCIAL STAFF AND THE OFFICE OF  
FEDERAL AND STATE ACCOUNTABILITY  
TO PREPARE!!!**

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# TIPS TO MEETING AND REVIEWING MOE

- **Don't Reinvent the Wheel**
  - Use and fully complete the form from the SCDE website...It works! Do not use "custom" forms.
  - <http://ed.sc.gov/policy/federal-education-programs/title-i/title-i-administration/maintenance-of-effort-moe-and-comparability/maintenance-of-effort-moe/>
- **Work Closely with your Finance Director**
- **Review Quarterly** (give yourself time to make adjustments)
- **Ask Questions**

# QUESTIONS

