

**Arkansas Department of Education
Policy and Procedures for SEA
Maintenance of Effort
1/15/15**

The second prior year data is pulled from the working spreadsheet for each category that is used to determine MOE for each district.

Download the prior year expenditure data from the ADE State warehouse that was created for the Federal Grants Management unit.

Download the prior year ADA, ADM and enrollment from the data warehouse.

The spreadsheet should have the two prior years of data to start the calculations for Maintenance of Effort.

Calculate the formula on comparability, using the "Aggregate" expenditures and determine 90% of the second prior year to see if the prior year spent at least 90%. If all districts receive a "True" then no more steps are needed. But if a false is determined, there are three more steps to calculate.

1st step - 3rd Quarter ADA calculations - the second prior year is divided by the second prior year aggregate to determine the "ADA per pupil expenditure". The next step in this process is determining the 90% of spending; the second prior year per pupil expenditure is multiplied by 90% to determine how much at least the district should have spent per pupil. If all districts receive a "True" then no more steps are needed, but if a false is determined, there are two more steps to calculate.

2nd step - 3rd Quarter ADM calculations - the second prior year is divided by the second prior year aggregate to determine the "ADM per pupil expenditure". The next step in this process is determining the 90% of spending; the second prior year per pupil expenditure is multiplied by 90% to determine how much at least the district should have spent per pupil. If all districts receive a "True" then no more steps are needed, but if a false is determined, there is one more step to calculate.

3rd step - Enrollment calculations - the second prior year is divided by the second prior year aggregate to determine the "Enrollment per pupil expenditure". The next step in this process is determining the 90% of spending; the second prior year per pupil expenditure is multiplied by 90% to determine how much at least the district should have spent per pupil. If all districts receive a "True" then no more steps are needed, but if a false is determined, the district will need to confirm data before waivers are asked for in behalf of the district.

Send an email to the district to ask district to check for discrepancies. If documentation received from district is confirmed to be accurate, then FGM starts the process of requesting a waiver from the USDOE.

FGM has to request the Annual Statistical Report (ASR) data from Fiscal and Administrative Services on the first year prior data, the second prior year is already available on the ADE website for reports and publications at <http://www.arkansased.org/divisions/fiscal-and-administrative-services/publication-and-reports>

Once the three spreadsheets are completed that the USDOE requires, 1-LEA expenditure data, 2-LEA Revenue data, 3-Description of circumstance which are all under one file named FEDS REPORT – MOE for LEAs not maintaining effort, which is copied from one year to the next.

Federal Grants Management Unit will request a Commissioners Memo number from the Assistant Commissioner for Fiscal and Administrative Services and post a Commissioners Memo with the MOE data determined for all LEAs.

Calculations are sent to the USDE requesting a waiver for any LEA that would be equitable due to (1) exceptional or uncontrollable circumstances, such as a natural disaster or (2) a precipitous decline in the financial resources of the LEA. If granted from USDE, the LEA is sent a letter.

If not granted, the calculations sent to USDE would be used to determine the amount that the district did not meet MOE the LEA's ESEA cover program entitlements are reduced proportionally by the percentage of the lesser percentage of the aggregate expenditure basis in either (1) the prior year allotment balance if available or (2) the current year allocation.

1/24/14

Third year out – fiscal reduction

A. MAINTENANCE OF EFFORT

An LEA may receive its full allocation of Title I, Part A funds for any fiscal year only if the State educational agency (SEA) determines that the LEA has maintained its fiscal effort in accordance with section 9521 of ESEA.

Requirement

Section 9521 provides that an LEA may receive funds under Title I, Part A for any fiscal year only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of the LEA and the State with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

In addition to Title I, Part A, the maintenance of effort (MOE) requirement of section 9521 apply to the following ESEA programs—

- Title I, Part B, Subpart 3, Even Start;
- Title I, Part D, Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent, or At-Risk;
- Title I, Part F, Comprehensive School Reform;
- Title II, Part A, Improving Teacher Quality State Grants;
- Title II, Part D, Educational Technology State Grants;
- Title III, Part A, English Acquisition State Grants;
- Title IV, Part A, Safe and Drug-Free Schools and Communities;
- Title IV, Part B, 21st Century Learning Centers; and
- Title VI, Part B, Subpart 2, Rural Education.

Failure to Meet the 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 by falling below 90 percent of either the combined fiscal effort per student or aggregate expenditures. In reducing an LEA's allocation because it failed to meet the MOE requirement, the SEA uses the measure most favorable to the LEA. *[Section 9521(b)(1)]*

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² Unless otherwise noted citations with four digits reference the Elementary and Secondary Education Act of 1965, as reauthorized by the No Child Left Behind Act of 2001 (NCLB). Three-digits citations (beginning with 34 CFR) reference applicable regulations located in Title 34, Part 200 of the Code of Federal Regulations (CFR).

For a year in which an LEA failed to maintain effort, the expenditure amount an SEA uses for computing maintenance of effort in subsequent years will be 90 percent of the prior year amount rather than the actual expenditure amount. (See Example 1 on page 13.) *[Section 9521(b)(2)]*

Waiver

The Secretary may waive the MOE requirement if it is determined that such a waiver would be equitable due to—

- Exceptional or uncontrollable circumstances such as a natural disaster; or
- A precipitous decline in the financial resources of the LEA. *[Section 9521(c)]*

Expenditures to be included

In determining whether an LEA has maintained fiscal effort, an SEA must consider the LEA's expenditures from State and local funds for free public education. These include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. *[34 CFR 299.5(d)(1)]*

Expenditures to be excluded

Expenditures for community services, capital outlay, debt service, or supplemental expenses made as a result of a Presidentially declared disaster are not to be included in the determination. In addition, any expenditures made from funds provided by the Federal government are excluded from the determination. *[34 CFR 299.5(d)(2)]*

"Preceding fiscal year"

For purposes of determining maintenance of effort, the “preceding fiscal year” is the Federal fiscal year, or the 12-month fiscal period most commonly used in a State for official reporting purposes, prior to the beginning of the Federal fiscal year in which funds are available. *[34 CFR 299.5(c)]*