

Maintenance of Effort Calculation for Federal Programs Falling Under ESEA

Many Federal grant programs prohibit the full award to applicant LEAs who fail to “maintain fiscal effort.” The SEA is not to award LEAs their full allocation amount if it is determined that the LEA did not spend at least 90% during the most current fiscal year of the amount it spent in the previous fiscal year. Attached are documents relating to the MOE requirements for various Federal Programs. With the new Financial Information Database we have revised the calculation to include Fund, Function, and Objects to be used rather than fields.

1. Determine Expenditures for the last two years.

For funds:

General Fund (11)
Athletic Fund (21)
Special Education Fund (22)
School Lunch Fund (25)
Vocational Education Fund (26)
Cooperative Education Fund (27)

.and.

Functions:

Instruction (1xx)
Pupil Support Services (21x)
Instructional Staff Support (22x)
General Administration (23x)
Principal's Office (24x)
Business Services and Central Support (25x and 28x)
Operations and Maintenance (26x)
Transportation (27x)
Student Support (29x)
Payments to Other Governmental Agencies (411, 421, 431, and 441)
• (In essence this is everything but Facilities Acquisition, Debt Service, and Community Services)

.and.

Objects:

Salaries (1xxx)
Benefits (2xxx)
Purchased Services (3xxx-4xxx)
Supplies (5xxx)
Dues and Fees (74xx)
Payments to Other Districts (8xxx)
(This excludes Capital Outlay, and Misc Exp in 76xx)

Subtract: Total Federal Restricted Revenue (Major Class Code 413, 414, 415, 417, 419) from the funds listed above

Expenditures for Federal Restricted Grants are synonymous with Total Federal Restricted Revenues. Districts report only the amount of legally expended federal dollars in revenue, any other federal restricted dollars received are reported as payables or deferred revenue.

2. Divide the most current year COE by the COE from one year back. If the result is less than 90%, the district has not maintained effort for the year.
3. The CFR allows MDE to determine COE in two ways; either by total COE or COE per pupil. This is an option that should be explored in districts where student populations have dropped significantly from one year to the next. In this situation, COE per pupil for the most current fiscal year is divided by the COE per pupil from one year back. If the result is less than 90%, the district has not maintained effort for the year. Pupil count is the k-12 pupil count + Special Education taken from the fall count.
4. Send Notice along with reports to districts that have not maintained effort.
5. A report of the districts who have not maintained effort (less than 90% of the total current operating expenditures from the preceding year) is annually distributed to the Field Services Office for further review.

Maintenance of Effort Calculation for Federal Programs Requiring Statewide MOE

Title VI and Class Size Reduction Grants contain the following General Administrative Provision regarding Maintenance of Effort:

(1) In general – Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this part for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the fiscal year preceding the fiscal year for which the determination is made was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second fiscal year preceding the fiscal year for which the determination is made.

(2) Reduction of funds. – The Secretary shall reduce the amount of the allocation of funds under this part in any fiscal year in the exact proportion to which the State fails to meet the requirements of paragraph (1) by falling below 90 percent of both the fiscal effort per student and aggregate expenditures (using the measure most favorable to the State), and no such lesser amount shall be used for computing the effort required under paragraph (1) for subsequent years.

The MDE Calculation used for determining Statewide Maintenance of Effort is as follows:

1. Determine Net Current Expenditures from National Public Education Financial Survey for last two fiscal years. Line XIII. Divide most current year amount by previous year amount to determine MOE.
2. Determine State Per Pupil Expenditures from National Public Education Financial Survey for the last two fiscal years. Line XV. Divide most current year amount per pupil by previous year amount per pupil to determine MOEpp.
3. Notify Budget Office and Program Offices for Title VI and Class Size Reduction if MOE is less than 90%.

Some of the Grants Administered by MDE which Require Maintenance of Effort

Program Name	CFDA	Citation	MOE State	MOE Program	MOE LEA
Title I, Part A	84.010	CFR 299.5			X
Title I, Part C	84.011				X
Title I, Part D	84.013				X
Title I, Part B	84.213				X
Safe and Drug Free Schools	84.186	CFR 299.5			X
Title VII Bilingual	84.288, 84.290, 84.291				X
Title IV, Part B 21 st Century Community Learning	84.287				X
Eisenhower	84.281	CFR 299.5			X
Title II, Part D	84.318	CFR 299.5			X
Title II, Part A	84.367				X
Title III, Part A	84.365				X
Indian Education	84.060	PL 103-382 Sect. 9117			X
Adult Education	84.002	CFR 461.42		X	
Vocational Educ. Perkins III	84.048	CFR 403.182		X	
Vocational Rehab	84.126	CFR 361.62	X		
Special Educ. IDEA Part B	84.027	CFR 300.231		X	
Title V	84.298	Section 6401 of ESEA Legislation	X		
Class Size Reduction	84.340	Section 6401 of ESEA Legislation	X		