

Maintenance of Effort Calculation for Federal Programs Falling Under ESEA

The Elementary and Secondary Education Act (ESEA) requires school districts to maintain effort. For a school district to maintain effort, it must spend at least 90% during the preceding fiscal year of the amount it spent in the second preceding fiscal year. The Department is required to reduce the full allocation of certain federal grant programs for school districts that fail to maintain effort. A school district must fail to meet effort in two of the last six fiscal years before its allocation is reduced. The calculation uses Financial Information Database (FID) data which includes Fund, Function, and Objects.

1. Determine Expenditures for the prior 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)

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)

Objects:

Salaries (1xxx)
Benefits (2xxx)
Purchased Services (3xxx-4xxx)
Supplies (5xxx)
Dues and Fees (74xx, 79xx)
Payments to Other Districts (82xx, 83xx)

- (This excludes Capital Outlay, and Misc Exp in 75xx-Claims/Judgments and 76xx-Taxes Abated and written off)

Subtract: Total Federal Restricted Revenue (Major Class Code 413, 414, 415, 417, 419) from the funds listed above to arrive at Current Year Effort.

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. If/when districts are consistently reporting the grant dimension of the expenditure account structure to FID, we may

subtract the federal expenditures rather than the federal revenues for this calculation.

If the amount of preceding fiscal year state and local revenues is less than the preceding fiscal year effort calculated above (given the district received unrestricted federal revenue), it will be assumed that the additional effort was paid for with unrestricted federal revenue. In this situation, total state and local revenue will be used instead of the preceding fiscal year effort calculated above.

2. Divide the preceding fiscal year effort by the second preceding fiscal year effort. If the result is less than 90%, the district has not maintained effort for the year.
3. The CFR allows MDE to determine MOE in two ways; either by total effort or 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, the effort per pupil from the preceding fiscal year is divided by the second preceding fiscal year effort per pupil. 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.

Maintenance of Effort Calculation for Federal Programs Requiring Statewide MOE

Below are excerpts from the Elementary and Secondary Education Act:

SEC. 8521. [20 U.S.C. 7901] MAINTENANCE OF EFFORT.

(a) IN GENERAL.—A local educational agency may receive funds under a covered program for any fiscal year only if the State educational agency finds that either the combined fiscal effort per student or the aggregate expenditures of the agency and the State with respect to the provision of free public education by the agency 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, subject to the requirements of subsection (b).

(b) REDUCTION IN CASE OF FAILURE TO MEET.— (1) IN GENERAL.—The State educational agency shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) of this section by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency), if such local educational agency has also failed to meet such requirement (as determined using the measure most favorable to the local agency) for 1 or more of the 5 immediately preceding fiscal years. (2) SPECIAL RULE.—No such lesser amount shall be used for computing the effort required under subsection (a) of this section for subsequent years.

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

1. Determine Net Current Expenditures from National Public Education Financial Survey for prior two fiscal years. Line XIII. Divide the preceding fiscal year amount by the second preceding fiscal year amount to determine MOE.

2. Determine State Per Pupil Expenditures from National Public Education Financial Survey for the prior two fiscal years. Line XV. Divide preceding fiscal year amount per pupil by second preceding fiscal year amount per pupil to determine MOE per pupil.

3. Notify Budget Office and Program Offices for Title VI if a district's MOE is less than 90% and the district also failed to meet effort in one or more of the five immediately preceding fiscal years.

Some of the Grants Administered by MDE Requiring Maintenance of Effort

Program Name	CFDA	Citation	MOE State	MOE Program	MOE LEA
Title I, Part A	84.010	CFR 299.5 Sections 1118(a) 8521(b)(2)	N	N	Y
Title I, Part B	84.213	Section 8521(b)(2)	N	N	Y
Title I, Part C	84.011	Section 8521(b)(2)	N	N	Y
Title I, Part D	84.013 84.196	Section 8521(b)(2)	N	N	Y
Title I, Part F	84.332	Section 8521(b)(2)	N	N	Y
Title II, Part A	84.367	Section 8521(b)(2)	N	N	Y
Title II, Part D	84.318 84.386	Section 8521(b)(2)	N	N	Y
Title III, Part A	84.365	Section 8521(b)(2)	N	N	Y
Safe and Drug Free Schools	84.184 84.186	Section 8521(b)(2)	N	N	Y
Title IV, Part B 21 st Century Community Learning	84.287	Section 8521(b)(2)	N	N	Y
Indian Education	84.060 84.299	PL 103-382 Sect. 9117	N	N	Y
Title VI, Part B	84.358B	Section 8521(b)(2)	N	N	Y
Adult Education	84.002	CFR 461.42	N	Y	N
Vocational Educ. Perkins III	84.048	CFR 403.182	N	Y	N
Vocational Rehab	84.126	CFR 361.62	Y	N	N
Special Educ. IDEA Part B	84.027	CFR 300.231	N	Y	N