



## MAINTENANCE OF EFFORT PROCEDURES

### What is Maintenance of Effort?

An LEA must demonstrate that the level of state and local funding remains constant from year to year, regardless of federal funding. An aggregate test and a per-student test will be performed. Only if the LEA fails both tests - the aggregate spending and the per-student-spending is less than 90% of the prior year spending - federal allocations will be reduced by the appropriate percentage.

ESEA 8521 (b)(1) states that

“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.” (emphasis added)

### What years are compared?

A preceding fiscal year is compared to the second preceding fiscal year. The preceding fiscal year is a full 12- month period prior to the beginning of the current state fiscal year.

What Federal grant allocation was affected?	When is it calculated by the SDE?	Preceding Year “prior to 12-month period”	Second Preceding Year
7/1/2021– 6/30/2022 Fiscal Year 21 - 22	June 2021	7/1/2019 – 6/30/2020 Fiscal Year 19-20	7/1/2018 – 6/30/2019 Fiscal Year 18-19
7/1/2022 – 6/30/2023 Fiscal Year 22 - 23	June 2022	7/1/2020 – 6/30/2021 Fiscal Year 20-21	7/1/2019 – 6/30/2020 Fiscal Year 19-20
7/1/2023 – 6/30/2024 Fiscal Year 23 - 24	June 2023	7/1/2021 – 6/30/2022 Fiscal Year 21-22	7/1/2020 – 6/30/2021 Fiscal Year 20-21
7/1/2024 – 6/30/2025 Fiscal Year 24 -25	June 2024	7/1/2022 – 6/30/2023 Fiscal Year 22-23	7/1/2021 – 6/30/2022 Fiscal Year 21-22



Furthermore, subsection (c) states that

“The Secretary may waive the requirements of this section if the Secretary determines that a waiver would be equitable due to— (1) exceptional or uncontrollable circumstances, such as a natural disaster or a change in the organizational structure of the local educational agency; or (2) a precipitous decline in the financial resources of the local educational agency.” (emphasis added)

**Timeline of MOE Calculation**

The Federal Programs Department, in conjunction with School Finance, will perform MOE calculations in June 2021. Staff will calculate Maintenance of Effort for the year 2021-2022, by comparing compare FY 2018-2019 with FY 2019-2020. LEAs will be notified if the have failed MOE **for one or more of five** immediately preceding fiscal years.

**Filing A Waiver with The U.S. Department of Education**

The practical application of ESEA subsections (b) and (c) may result in the following:

ESEA 8521 (b): For LEAs that have met Maintenance of Effort requirements in four of the last five prior fiscal years, the State Department of Education may issue a waiver to the LEA.

ESEA 8521 (c): For LEAs that have not met Maintenance of Effort requirements in four of the last five prior fiscal years, the LEA may request a waiver from the U.S. Department of Education.

**MAINTENANCE OF EFFORT AFFECTED BY FEDERAL EMERGENCY RELIEF FUNDING AND REDUCTION OF STATE FUNDING**

**Concerns**

Due to the reduction of state funding and the impact of federal emergency relief funding, LEAs are concerned that they will not be able to meet Maintenance of Effort requirements as outlined by ESEA Section 8521. Should this situation arise, subsection (c) allows for a waiver due to “exceptional or uncontrollable circumstances, such as a natural disaster”. **In light of the Coronavirus Pandemic, LEAs (who are failing MOE for the first time) may file for a waiver with the U.S. Department of Education rather than receiving a waiver through the SDE. In other words, the SDE waiver may be reserved for future use. LEAs failing MOE for the second time will have to request a waiver from the U.S. Department of Education through the SDE.**

If an LEA receives a waiver of the maintenance of effort requirement from the Department for a given fiscal year, the LEA has effectively maintained effort for that fiscal year. Accordingly, in determining whether the LEA had failed to maintain effort for the last five prior years, the SEA would count the year in which the LEA received a waiver as a year of maintaining effort.

**Process**

LEAs that have been identified by the SDE as failing MOE - who wish to request a U.S. Department of Education MOE waiver - will be asked by the SDE to provide a detailed explanation that addresses their decline in the aggregate spending and the per-student-spending. The SDE will then compile individual data into a summary sheet and send that information, along with a letter of support, to the U.S. Department of Education. The review process by the U.S. Department of Education may take several months; consequently, **immediate LEA response to the MOE notification is essential.**