

Maintenance of Effort Overview and Calculations

Introduction

Maintenance of effort (MOE) is a requirement for local educational agencies (LEAs) that receive funds under Title I, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA). MOE ensures that LEAs do not reduce their state and local funding for the education of children in low-income families because of the availability of supplemental federal funds. **To meet the MOE requirement, an LEA must spend at least 90 percent of the state and local funds per pupil or in the aggregate that it spent in the preceding fiscal year** (see examples beginning on page 2). The Utah State Board of Education (USBE) calculates MOE for all Utah LEAs each year and requires LEAs to annually calculate their own MOE to ensure no unexpected reduction to federal funding. **NOTE:** the MOE for ESEA is not calculated the same as it is for Individuals with Disabilities Education Act (IDEA).

LEA Calculations of MOE for Monitoring Purposes

The Utah State Board of Education (USBE) tracks LEA MOE each year but wants LEAs to be aware of their own MOE to better avoid any reduction of federal funding. Thus, LEAs are required to calculate MOE annually. When an LEA is scheduled for a Title I monitoring visit, it must provide documentation showing how it calculates/tracks its MOE from year to year. Documentation can include a spreadsheet, or other format, showing the state and local expenditures per pupil—based on the average daily membership (ADM)—or as a total for the LEA. Data from the two years prior to the fiscal year being monitored must be included

Expenditures to Include for MOE

- State and local funds for public education
- Administration
- Instruction
- Attendance and health services
- Student transportation
- Operation and maintenance of facilities
- Fixed charges
- Net expenditures to cover deficits for food services and student activities

Expenditures to Exclude from MOE

- Community services expenses
- Capital outlay
- Debt service
- Expenses incurred as a result of a presidentially declared disaster

- Expenditures from funds provided by the federal government

Meeting Maintenance of Effort

Maintenance of Effort can be satisfied by a LEA in one of the following two ways:

1. By looking at the amount the LEA has **expended in the aggregate in non-federal expenditures** two years previously, taking 90% of that amount, the results must be greater than or equal to the amount spent in the previous year for the LEA to have no reduction in funds for the current year; or
2. By looking at the amount the LEA has **expended per pupil in non-federal expenditures** two years previously, taking 90% of that amount, the results must be greater than or equal to the per pupil cost of the amount spent in the previous year for the LEA to have no reduction in funds for the current year.

MOE for 2024-25 is based on the two previous years.

2023-24 state & local expenditures (aggregate or per pupil) = at least 90% of 2022-23

For example:

MOE (based on per pupil expenditures) for **2022-23 = \$7,305.50**

MOE (based on per pupil expenditures) for **2023-24 = \$7,246.03**

90% of \$7,305.50 = \$6,574.95

\$7,246.03 > \$6,574.95 so MOE has been met for 2024-25

Examples of Calculating MOE

Analysis for Meeting MOE In Previous Year	Aggregate State & Local Expenditures	Amount Per Pupil (ADM) State & Local Expenditures
2022-23 Actual Amount	\$1,000,000	\$6,100
90% of 2022-23 Amount	\$900,000	\$5,490
2023-24 Actual Amount	\$950,000	\$5,495
Difference	\$50,000	\$5
Percent Reduction in Federal Award for 2024-25	0%	0%
MOE for 2024-25 was met with both aggregate and per student calculations		

Analysis for Meeting MOE In Previous Year	Aggregate State & Local Expenditures	Amount Per Pupil (ADM) State & Local Expenditures
2022-23 Actual Amount	\$1,000,000	\$6,100
90% of 2022-23 Amount	\$900,000	\$5,490
2023-24 Actual Amount	\$850,000	\$5,200
Difference	<\$50,000>	<\$290>
Percent Reduction in Federal Award for 2024-25	-5.6%	-5.3%
<p>Under the ESEA, the 2024-25 funds will be reduced by 5.3% if the LEA also failed to demonstrate MOE in one of the five prior fiscal years.</p>		

Analysis for Meeting MOE In Previous Year	Aggregate State & Local Expenditures	Amount Per Pupil (ADM) State & Local Expenditures
2022-23 Actual Amount	\$1,000,000	\$6,100
90% of 2022-23 Amount	\$900,000	\$5,490
2023-24 Actual Amount	\$890,000	\$5,495
Difference	<\$10,000>	\$5
Percent Reduction in Federal Award for 2024-25	-1.11%	0%
<p>MOE for 2024-25 was met with per pupil calculations</p>		

Failure to Demonstrate MOE

If an LEA fails to meet the 90% mark, the State Educational Agency (SEA) must reduce the amount of funds allocated under a Title I program and all other federal programs in the exact proportion which the LEA fails to meet the 90% requirement. LEAs that have maintained the level of state and

local funding for four out of every five years will not be assessed the penalty. The LEA may ask the SEA to apply for a waiver from the federal government on its behalf by demonstrating:

- There are exceptional or uncontrollable circumstances such as natural disaster or change in organizational structure of the LEA; or
- A precipitous decline in financial resources of the LEA.