

Maintenance of Effort (MOE)

South Carolina Department of Education
Office of Federal and State Accountability
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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.

Definition

Maintenance of effort (MOE) is a fiscal calculation for two consecutive years to demonstrate that school district expenditures from State and local funds meet or exceed the required amount necessary for Title I funding. The procedure ensures that Title I, Part A (federal) funds are used by the district to provide educational services that are additional to the regular services provided through local and State funds.

Source Documentation

As documentation of the district's maintenance of fiscal effort, a worksheet must be completed for each of the two years in the comparison. The school district's annual Audit report, normally housed in the school district's business office, is the source data. The sum of the calculated MOE for each of the two comparison years (preceding and second preceding) must be noted on page one of the school district's application for Title I funds.

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 were not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

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 through which method is most favorable to the LEA.

Waiver

The Secretary may waive the MOE requirement in the cases of:

- Exceptional or uncontrollable circumstances such as a natural disaster; or
- A precipitous decline in the financial resources of the LEA.

Expenditures to be included

The SEA considers the LEA's state and local fund expenditures including those for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of facilities, fixed charges, food service and pupil services.

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. Any expenditure made from funds provided by the Federal government are to be excluded.

Preceding fiscal year

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.

LEA fiscal requirements

Three fiscal requirements related to the expenditure of regular State and local funds must be met by the LEA. An LEA must:

1. Maintain State and local effort;
2. Provide services in project areas with State and local funds that are at least comparable to services provided in areas not receiving Part A services; and
3. Use Part A funds to supplement, not supplant regular non-Federal funds.

For further information, please contact:

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