# Maintenance of Effort (MOE)

Maintenance of Effort requires Districts to demonstrate that the level of state and local funding remains relatively constant from year to year.

* A District may receive ESEA funds only if the Oregon Department of Education (ODE) determines that the district has maintained its fiscal effort
* ODE must determine that either the combined fiscal effort per student or the aggregate expenditure of the District from state and local funds for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditure for the second preceding fiscal year.
* If the District fails to meet the 90 percent mark for a fiscal year and also failed to maintain effort in one or more of the five immediately preceding fiscal years (implemented with ESSA), ODE must reduce the amount of funds allocated under ESEA programs in the exact proportion to which a District fails to meet the 90 percent requirement. The proportion to be used is the percentage in which the district failed to maintain effort that is most favorable for the district from the tested categories.

## Example:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2011-2012 Net MOE Expenditures | 2010-2011 Net MOE Expenditures | 90% Funding Level Required for 11-12 | Difference | Results |
| Morning SD  Expenditures: | $6,701,574 | $6,779,379 | $6,101,441 | ($600,133) | No reduction |
| Day SD  Expenditures:  Enrollment:  Per Pupil Expend | $14,519,606  2649  $5,481 | $16,325,278  2588  $6,308 | $14,692,750  $5,667 | $178,144  $196 | 1.2%  3.6% |
| Night SD  Expenditures:  Enrollment:  Per Pupil Expend | $6,108,699  1170  $5,221 | $6,876,795  1211  $5,679 | $6,189,116  $5,111 | $80,417  ($110) | 1.1%  No Reduction |

## Results:

**Morning School District:** District spent more funds in 2011-2012 from state/local funds than the 90% needed – no reduction

**Day School District:** District spent less in 2011-2012 than was required by 90% required funding level. The difference would result in a 1.2% decrease in allocations for FY 13. A second test was run using per pupil expenditure, this calculation would result in a 3.6% decrease in allocation. The 1.2% is most beneficial for the district so their allocation would be reduced by this amount if the district had also failed to maintain effort in one or more of the five immediately preceding fiscal years.

**Night School District:** District spent less in 2011-12 than was required by 90% required funding level. The difference would result in 1.1% reduction in allocations. Using the per pupil calculation, the district met the funding requirement. Thus no reduction would be taken for FY 13.

# Process for completing the above table:

To determine which expenditures are included in the Net MOE Expenditures column, the definitions and examples are used. For ESEA Title programs, Maintenance of Effort expenditures are defined as general fund operating expenditures net of general fund food service revenues. The following definitions, from the Department of Education’s Program Budgeting and Accounting Manual, are used in making the Maintenance of Effort calculations:

## General Fund Operating Expenditures

Fund 100 (General Fund)

Functions in the 1000 series (1000 through 1400—Instruction)

Functions in the 2000 series (2000 through 2700—Support Services)

Function 3100 (Food Services)

## Object Codes to be Excluded

370 Tuition

371 Tuition Payments to Other Districts within State

372 Tuition Payments to Other Districts Outside the State

373 Tuition Payments to Private Schools

374 Other Tuition

500 Capital Outlay

510 Land Acquisition

520 Buildings Acquisition

530 Improvements Other Than Buildings

540 Equipment, Depreciable equipment

541 Initial and Additional Equipment Purchase

542 Replacement Equipment Purchase

550 Technology, Depreciable Technology

560 Depreciable Bus Garage, Bus and Capital Bus Improvements

562 Bus Garages

564 Bus and Capital Bus Improvements

590 Other Capital Outlay

610 Redemption of Principal

620 Interest

621 Regular Interest

622 Bus Garage, Bus and Capital Bus Improvement Interest

## Food Service Revenues

100 General Fund

1600 Food Service Revenues

1610 Daily Sales – Reimbursable Programs

1611 Breakfast

1612 Lunch

1613 Special Milk Program

1620 Daily Sales – Non Reimbursable Program

1630 Special Functions

# Process and Timeline for Calculation of MOE

The MOE calculations are an automated process between ODE’s Office of Finance & Information Technology (OFIT) and ODE’s Office of Enhancing Student Opportunities (OESO). OESO requests that IT pull the data from the district audited expenditures and enrollment (including ADM and ADA). This process begins in late April- early May. OESO staff verifies the data after it is run to ensure the correct data is being used and to see which districts have failed to maintain effort on all three tests.

If a district fails to maintain effort and also failed to maintain effort in one or more of the five immediately preceding fiscal years, OESO staff notifies the district by phone and with a letter. ESEA allocations are reduced by the percent the district failed to maintain effort. The updated MOE letter will include a table listing each district’s federal program allocations prior to the MOE reduction and their final allocation after the reduction has taken place. The next steps are as follows:

* **Internally within ODE, the education specialist assigned to federal program allocations and maintenance of efforts (MOE) will send copies of each district’s updated MOE letter to the appropriate ODE federal program education specialist to double-check that the final allocations listed in the letter concur with their worksheet of all districts’ final allocations.**
* **Additionally within ODE, the education specialist assigned to federal program allocations and MOE will send copies of each district’s updated MOE letter to ODE fiscal staff assigned to federal programs to double-check that Oregon’s electronic grants management system (EGMS) reflects the correct final allocation amounts for each district.**
* **Once both the appropriate ODE federal program education specialist and ODE fiscal staff have concurred that the MOE reduction is accurately reflected in the districts’ final allocations, the updated MOE letter explaining how failure to meet MOE resulted in a reduction of their final allocation will be sent to each district.**
* **The education specialist assigned to federal program allocations and MOE will document how failure to meet MOE resulted in a reduction of a district’s final allocation in the MOE spreadsheets and the district MOE letters are kept on file**

# Appeals

The district can appeal to the USDE. This is explained in the letter to districts. If a district does choose to appeal, they need to put their request and explanation into a formal letter to the Secretary of the USDE. The letter and any supporting documentation are sent to us.

OESO staff will contact USDE. USDE will send a spreadsheet to collect some information. Although it asks for information in different terminology, the specialist can get most of the information from the MOE spreadsheet. OESO staff requests the additional revenue information from ODE Fiscal Staff. Once the information is prepared for USDE, OESO staff will send all information to USDE for review. They will provide additional instructions on how and who to send the appeal to.

The USDE will make a determination and notify ODE and the district of their decision. Until the decision is made, the MOE reduction will take place.