

# ESSA Quick Reference Brief: Maintenance of Effort

## What the Law Says

Grant funds awarded through the Elementary and Secondary Education Act (ESEA), reauthorized in 2015 as the Every Student Succeeds Act (ESSA), are intended to be supplemental to state and local funds for education. Maintenance of Effort (MOE) requires districts to demonstrate that the level of state and local funding for public education remains relatively constant from year to year. This means an LEA cannot reduce its own spending for public education and replace those funds with Federal funds. As a result, a district may receive ESEA funds for any fiscal year only if the State Educational Agency (SEA) determines that the district has maintained its fiscal effort.

## What it Means

Annually ODE must assure that the combined fiscal effort per student **or** the aggregate expenditures of the district in the previous year was not less than 90 percent of that from the prior year.<sup>1</sup> If a 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**, ODE must reduce the amount of funds allocated under ESSA programs in the exact proportion to which the district fails to meet the 90 percent requirement.<sup>2</sup>

ODE completes four calculations when making determinations about maintenance of effort:

- Net Expenditures
- Expenditures compared to student enrollment
- Expenditures compared to Average Daily Membership (ADM)
- Expenditures compared to Annual Average Daily Attendance (ADA)

A district must fail to meet the 90 percent mark **in all four of these areas** to be considered failing maintenance of effort for a given year.

## Requirements

Maintenance of effort is a cross-programmatic requirement and applies to the following programs within ESEA:

- Title I, Part A – Improving Basic Programs
- Title I, Part D – Neglected, Delinquent, or At-Risk Youth
- Title II, Part A – Supporting Effective Instruction
- Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement
- Title IV, Part B – 21st Century Community Learning Centers
- Title V, Part B, Subpart 2 – Rural and Low-income School Program
- Title VI, Part A – American Indian & Alaska Native Education

**Please note** that other federal programs, such as the Individuals with Disabilities Act (IDEA), Perkins, and the Elementary and Secondary Schools Emergency Relief (ESSER), have their own maintenance of effort requirements that may differ from those described in this brief.

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<sup>1</sup> ESSA Section 8521(a)

<sup>2</sup> ESSA Section 8521(b)(1)

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## Waivers

Section 8521 of ESSA provides two bases – an exceptional or uncontrollable circumstances or a precipitous decline in a district’s financial resources – to warrant the granting of a waiver from the maintenance of effort requirement.<sup>3</sup> A district that fails to meet the MOE requirement may request a one-year waiver from the U.S. Department of Education (ED). The Oregon Department of Education (ODE) has no authority to waive the MOE requirement and has no input into decision regarding district waiver requests. More information about the process for requesting a waiver can be found in [Process for Calculation of Maintenance of Effort Expenditure](#).

## Reduction in Grant Award

If a district fails to meet the MOE requirements twice in a five year period and does not receive a waiver from the requirements by ED, ODE must reduce the amount of the district’s allocation under the covered programs in the exact proportion to the failure to meet the MOE requirement. The calculation used to determine the proportion is the percentage in which the district failed to maintain effort that is most favorable for the district from the tested categories<sup>4</sup>.

Before the implementation of ESSA, ODE was required to reduce a district’s allocation as compared to the preceding fiscal year only. However, ESSA has a look-back provision that requires the reduction to be based on whether the LEA has failed to maintain effort in a given fiscal year **and in one or more of the five immediately preceding fiscal years**. This means a single failure to maintain effort within a five-year period may not result in the reduction of the LEA’s allocation.

### *Maintenance of Effort Examples*

|  | 2020-2021 Net MOE Expenditures            | 2019-2020 Net MOE Expenditures            | 90% Funding Level Required for 20-21 | Difference              | Results                       |
|--|---|---|--------------------------------------|-------------------------|-------------------------------|
| <b>Morning SD</b><br>Expenditures:                                   | \$6,701,574                               | \$6,779,379                               | \$6,101,441                          | (\$600,133)             | No reduction                  |
| <b>Day SD</b><br>Expenditures:<br>Enrollment:<br>Per Pupil Expend:   | \$14,519,606<br>2,649 students<br>\$5,481 | \$16,325,278<br>2,588 students<br>\$6,308 | \$14,692,750<br><br>\$5,667          | \$178,144<br><br>\$196  | Reduction of 1.2%<br><br>3.6% |
| <b>Night SD</b><br>Expenditures:<br>Enrollment:<br>Per Pupil Expend: | \$6,108,699<br>1170 students<br>\$5,221   | \$6,876,795<br>1211 students<br>\$5,679   | \$6,189,116<br><br>\$5,111           | \$80,417<br><br>(\$110) | 1.1%<br><br>No Reduction      |

- **Morning School District:** The district spent more funds in 2020-2021 from state/local funds than the 90% needed, thus no reduction is taken for FY21. Because the district met the 90% threshold in aggregate spending, the per student expenditure does not need to be examined.

<sup>3</sup> ESSA Section 8521(c)

<sup>4</sup> ESSA Section 8521(b)(1)

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- **Day School District:** The district spent less in 2020-2021 than was required by law (90% required funding level). The difference would result in a 1.2% decrease in allocations for FY 21. Running a second test using per pupil expenditure, would result in a 3.6% decrease in allocation. A 1.2% decrease is most beneficial for the district so the 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:** The district spent less in 2020-21 than was required by law (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 is taken for FY21.**

## Frequently Asked Questions

1. **When ODE determines maintenance of effort (MOE) for LEAs, must it use the same measure for all LEAs?** No. ODE must determine maintenance of effort using the measure most favorable to each LEA. An LEA has maintained fiscal effort if it meets either of the two tests— aggregate expenditures or expenditures per pupil.
2. **Do I need to submit any additional information to ODE to be in compliance with the MOE requirements?** No. LEAs have submitted an assurance in the ESEA General Assurances form to acknowledge the LEA is in compliance with applicable statutory requirements. Compliance with MOE is based upon data submitted by districts through the Actual Expenditures, Actual Revenue and Average Daily Membership data collections.
3. **How does a waiver of MOE affect ODE’s determination of whether an LEA failed to maintain effort for one or more of the five immediately preceding fiscal years?**  
If an LEA receives a waiver of the MOE requirement from ED 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 one or more of the five immediately preceding fiscal years, ODE would count the year in which the LEA received a waiver as a year of maintaining effort.
4. **When is MOE calculated?** The MOE calculations are an automated process between ODE’s Office of Finance & Information Technology (OFIT) and Office of Teaching, Learning and Assessment (OTLA). OTLA requests that OFIT pull the data from district audited expenditures and enrollment (including ADM and ADA). This process begins in late April or early May. OTLA staff verifies the data to ensure the correct data is being used and to see which districts have failed to maintain effort on all three tests.

## Resources

- [Every Student Succeeds Act](#)
- [Title I Fiscal Guidance](#) (U.S. Department of Education)
- [Fiscal Changes and Equitable Service Requirements under ESEA](#) (U.S. Department of Education)
- [Process for Calculation of Maintenance of Effort Expenditure](#) (ODE)