

Division: Federal Programs
Program/Procedure: Procedures for Maintenance of Effort (effective July 1, 2018)

Maintenance of effort requires local educational agencies and state agencies to maintain their state and local expenditures at a specified level from one fiscal year to the next. The maintenance of effort requirement under the Elementary & Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA) specifies that grantees maintain at least 90 percent of the state and local expenditures from the previous fiscal year.

To determine if MOE is met Federal Grants Management:

- Gathers the following data for the previous two fiscal years (for 18-19 application, gather 16-17 and 17-18 data):
 - ADA, ADM and enrollment from the Arkansas Department of Education Data Center
 - Expenditures from the Cognos warehouse
 - All expenditures in funds 1 and 2
 - Remove functions 3100, 3300, 4000 – 6000
 - Except function 5200, objects 69370 and 69380
 - Except function 3120, objects 69610, 69620, 69630, and 69640
 - Remove objects 67000
- Data for consolidated or fragmented districts is combined/split as needed
- Data is tested. An LEA must pass at least one of the following to pass MOE requirements:
 - Test if the expenditures for the preceding year is greater than or equal to 90% of the expenditures in the second preceding year.
 - Test if expenditures per student (enrollment) for the preceding year is greater than or equal to 90% of the expenditure per student (enrollment) of the second preceding year.
 - Test if expenditure per ADA for the preceding year is greater than or equal to 90% of the expenditure per ADA for the second preceding year.
 - Test is the expenditure per ADM for the preceding year is greater than or equal to 90% of the expenditure per ADM for the second preceding year.

The Local Education Agency's (LEA) allocation is reduced if the LEA fails to maintain effort in a given fiscal year and also failed to maintain effort in one or more of the five immediately preceding fiscal years. (A list of districts who have failed maintenance of effort is available on the FGM website:

<http://www.arkansased.gov/divisions/fiscal-and-administrative-services/lea-federal-funding/maintenance-of-effort>)

If an LEA is found to have not met the maintenance of effort threshold twice in a six year period, the LEA may apply for a waiver. Waiver approval is determined by the US Department of Education. 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 one or more of the five immediately preceding fiscal years, the SEA would count the year in which the LEA received a waiver as a year of maintaining effort.

Federal Grants Management Unit will update its website with the MOE data determined for all LEAs and communicate this information availability with LEAs.