

# Maintenance of Effort & Maintenance of State Financial Support

Commission on School Funding  
Agenda Item # 5  
January 8, 2021

# Maintenance of Effort

- “Except as provided in §§300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.”

[ 34 CFR §300.203 (a) ]

# Maintenance of Effort Requirements

– Two basic rules:

1. Must **expend** same “local + State” or “local only” funds as in previous year, on an aggregate **or** per-pupil basis (whichever is less).
2. To be eligible for a federal special education grant award, must **budget** the same “local + State” or “local only” funds as expended in the most recent year for which final expenditure data are available.

**Why does it matter ?** When districts do not maintain levels of “local + State” or “local only” expenditures from year-to-year, the shortfall gets paid back to the federal government from **local** funds.

# Maintenance of Effort in Nevada State + Local

- Current practice:
  - Each Local Education Agency (LEA) receives funding that represents the State portion of the LEA's total MOE requirement (quarterly payments).
  - Each LEA then transfers the amount of funding necessary to cover the remaining MOE requirement.
    - LEAs can raise their MOE in cases where last year's State plus local expenditures are insufficient to cover the current year's expenditures. (i.e., a new program, additional staff, raises)

# Maintenance of Effort in Nevada Accountability

- The Nevada Department of Education (NDE) uses each LEA's Single Audit Report to establish the level of State plus local expenditures (SpEd Only) that occurred in the previous fiscal year. These data are then compared to MOE requirements.
- When this analysis yields a result that is less than the established MOE requirement for the LEA, the NDE offers the LEA an opportunity to demonstrate satisfaction of MOE through a clarification process that allows for explanations of any exceptions that the LEA believes are applicable.

# Maintenance of Effort in Nevada Accountability

- In most cases, LEAs can identify viable exceptions during the clarification process.
  - Each exception (if available) is applied to the overall MOE shortage.
  - In cases when the exceptions satisfy the entire MOE, no further action is necessary.
  - In cases when no exceptions are viable, or the exceptions do not cover the entire MOE shortage, the LEA is found to be out of compliance with the Federal MOE requirement.

# Maintenance of Effort in Nevada Accountability

- If an LEA is not able to demonstrate compliance with MOE, the LEA must pay the Federal Government the amount of the shortfall.
  - Federal funds cannot be used for this purpose (except impact aid)
  - Checks are written to the NDE, and the NDE pays the US DOE

# Redistribution Model and Maintenance of Effort

- Important Considerations:
  - Local contributions should be:
    - Clearly visible
    - Under the control of the LEA.
      - If an LEA uses exceptions to permissibly lower MOE, the LEA should see an increase in available local funding that can be expended on non-SpEd services.
      - If an LEA raises MOE , the LEA should experience a decrease in available local funding that can be expended on non-SpEd services.
      - If an LEA does not demonstrate compliance with MOE, the federal repayment should decrease the amount of available local funding that can be expended on non-SpEd services.