



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

**EDUCATION**

**MEMORANDUM**

**To: Department of Youth Rehabilitation Services (DYRS)**

**Date: July 2, 2019**

**From: Sharon Gaskins, Interim Assistant Superintendent, K-12 Systems and Supports**

**Re: Guidance on Updated Maintenance of Effort Requirements under the Elementary and Secondary Education Act**

This memorandum communicates new requirements related to Maintenance of Effort (MOE) under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act of 2015 (ESSA), and provides additional detail and a reporting tool which will allow DYRS to comply with these requirements.

In short, MOE requires that DYRS maintain a consistent minimum level of state and local funding for free public education from year to year. DYRS may demonstrate compliance with this requirement on a per-student or aggregate basis. **To meet the MOE requirement and receive funds under ESEA Title I, Part D, DYRS will report on its complete state and local education expenditures for fiscal year 2017 (FY17) and FY18 in its online application for FY20 funds, and annually thereafter.** Although DYRS already reported on MOE expenditures under No Child Left Behind, the previous version of ESEA, ESSA made minor updates to the MOE requirement and timeline.

ESEA's Maintenance of Effort Requirement

Under ESEA's MOE requirement, DYRS may only receive federal funds from ESEA Title I, part D for any fiscal year if OSSE finds that either the (1) combined fiscal effort per student; or (2) the aggregate expenditures of DYRS from state and local funds with respect to the provision of free public education by DYRS for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or aggregate expenditures for the second preceding fiscal year. OSSE must use whichever measure is most beneficial to DYRS (ESEA Sec. 8521(a)).

In other words, during FY19, before DYRS is eligible for FY20 ESEA funds under Title I, part D, DYRS must demonstrate that its state and local expenditures for education from FY18 was at least 90 percent of its state and local funding for education in FY17, whether measured on a per-student or aggregate basis. Note that expenditures must be reported after the end of the fiscal year.

According to ESSA, if DYRS fails to meet MOE, and also failed to meet MOE once before within the five immediately preceding fiscal years, OSSE is required to reduce the federal funding allocation in the exact proportion by which the agency failed to maintain effort (ESEA Sec. 8521(b)(1)).

If DYRS fails to meet MOE one year, the agency's lower state and local spending level may not be used to reset the level of spending needed to meet MOE the following year (ESEA Sec. 8521(b)(2)).<sup>1</sup>

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<sup>1</sup> For example, if DYRS spends \$10 million of state and local funding on education in FY17, DYRS must maintain at least 90% of that level in FY18, or \$9 million. If DYRS drops to \$8 million in FY18, it would miss the required target for MOE for FY18. For the FY19 test, DYRS may not reset its required spending level at the lower \$8 million level. Instead, in FY19 DYRS must meet at least 90% of \$9 million, or \$8.1 million.

### **Next Steps**

In June 2019, OSSE offered a webinar on the MOE requirement. The presentation is available [here](#).

For your planning purposes, attached is an optional planning tool spreadsheet you may use to calculate your FY17 and FY18 MOE expenditures to determine whether you will meet the test in 2019. Instructions are in the appendix to this memo. **You are not required to submit the planning tool to OSSE.**

If you have questions regarding MOE, please contact your respective ESEA grant manager, or [Con.App@dc.gov](mailto:Con.App@dc.gov). For additional information on ESEA and fiscal requirements, visit OSSE's federal grants toolkit [here](#) or U.S. Department of Education ESEA fiscal guidance [here](#).

Thank you in advance for your prompt attention to this requirement.

Sincerely,

Sharon Gaskins  
Interim Assistant Superintendent  
Division of K-12 Systems and Supports  
Office of the State Superintendent of Education

## **Appendix: Instructions for Completing Optional MOE Planning Tool**

### **Overview**

The attached spreadsheet is an optional planning tool you may use to prepare for reporting on your FY17 and FY18 state and local expenditures, and to predict whether you will meet the MOE requirements between these two years. Use the guidance below to determine which expenditures to use in the planning tool. Note that you need not submit the planning tool to OSSE, but will instead report your state and local spending levels in the online application through the Enterprise Grants Management System (EGMS).

DYRS may use the MOE planning spreadsheet for planning purposes, to ensure that its expenditures will meet MOE requirements between any consecutive two fiscal years.

To use the MOE planning spreadsheet, within each fiscal year, start with your total DYRS expenditure from all sources, using the publicly-reported figure in your DYRS financial audit. Then, subtract all expenditures from federal and private (i.e. donation or nonprofit grant) funds. Next, subtract state and local expenditures for excluded categories (community services, capital outlay, debt service or supplemental expenses made as a result of a presidentially declared disaster). The remaining amount should be your state and locally-funded expenditures for public education, to be reported online in the EGMS application.

### **Fiscal Year Date Range:**

1. In each tab, enter the date range for the fiscal year. The following chart shows the start dates for each of these fiscal years and how this will apply for DYRS, which uses an October 1 through September 30 fiscal year:

	Submit MOE reports on state and local expenditures for these years:		
Submission Year	Preceding DYRS Fiscal Year	Second Preceding DYRS Fiscal Year	Federal Funds First Available to DYRS
2019	2018 (begins on October 1, 2017)	2017 (begins on October 1, 2016)	October 1, 2019

### **Calculations and Expenditure Categories:**

To calculate the MOE expenditures for each fiscal year, DYRS should take the following steps in each tab:

2. Enter your total DYRS expenditures from all sources, from your fiscal audit. This should match the publicly available information from the audit.
3. Subtract your DYRS total expenditures from federal sources for the FY. Federal expenditures include all federal formula or competitive grants from OSSE or separate federal grants, including health, nutrition, and other federal funds.
4. Subtract all expenditures from private sources for the FY. This includes all spending from nonprofit grants, private fundraising, donations, etc. for the fiscal year.
5. Subtract any DYRS expenditures for excluded categories:
  - Community services;

- Capital outlay;
- Debt service; or
- Supplemental expenses made as a result of a presidentially declared disaster.<sup>2, 3</sup>

Note that the remaining result should be your total state and local expenditure for the required included spending categories:<sup>4</sup>

- Administration;
  - Instruction;
  - Attendance and health services;
  - Operation and maintenance of plant;
  - Fixed charges;
  - Net expenditures to cover deficits for food services and student body activities; and
  - Pupil transportation services provided directly by DYRS (do not include state-funded OSSE bus service or WMATA Kids Ride Free).
6. The spreadsheet will calculate the total state and local expenditures for MOE reporting in the yellow highlighted cell. Report this number in the QuickBase online app.
  7. On the MOE Summary Result tab, enter your total audited enrollment count for all schools for each fiscal year in the highlighted cells. This data can be found here: <https://osse.dc.gov/enrollment>. The MOE summary tab calculates whether DYRS has met ESEA's MOE test by maintaining at least 90 percent of the previous year's state and local spending, either on an aggregate or per-pupil basis (whichever is most favorable to DYRS).

For more details on the MOE requirements under ESEA, please visit the U.S. Department of Education's 2016 and 2008 fiscal guidance, available [here](#). You may also contact your grant manager at [Alison.Losey@dc.gov](mailto:Alison.Losey@dc.gov).

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<sup>2</sup> See <https://www.fema.gov/disasters> for a searchable list of presidentially-declared disasters by year and location.

<sup>3</sup> See [2008 USED ESEA Title I Fiscal Guidance](#). For detailed definitions of each federal funding category, visit USED's Financial Accounting for Local and State School Systems, 2014, at [https://nces.ed.gov/pubs2015/fin\\_acct/chapter6\\_5.asp](https://nces.ed.gov/pubs2015/fin_acct/chapter6_5.asp).

<sup>4</sup> *Ibid.*