



Policy: Maintenance of Effort	Category: Pre-Award, Planning and Budgeting		Number: GP0700
	<input type="checkbox"/> Complete Revision <input type="checkbox"/> Partial Revision <input checked="" type="checkbox"/> New	Supersedes:	Page: Page 1 of 2

Policy Statement

The School District of Philadelphia shall track and maintain effort on all programs for which there are maintenance of effort requirements. District personnel who are responsible for administering externally funded programs should be familiar with any maintenance of effort requirements and shall conduct an annual maintenance of effort test, prior to determinations by the Pennsylvania Department of Education (PDE) or other oversight agencies, to ensure these requirements are met.

Reason for Policy

Maintenance of Effort (MOE) requirements in federal education programs require state education agencies (SEA) - for the District this is PDE - to examine the District's local and state funding level to demonstrate that the spending level of state and local funds has remained relatively constant year over year. Many program statutes dictate that a grantee or subgrantee may receive the federal funds only if it can show that it maintained its nonfederal fiscal effort as required by the statute.

Different programs calculate MOE differently. Requirements for specific programs can be found in the Related Information section of this policy.

There are circumstances that allow for a waiver of the federal MOE requirements. The District must apply for this waiver if there is/are (1) exceptional or uncontrollable circumstances, such as a natural disaster; or (2) a precipitous decline in the financial resources of the District.

Policy Requirements

For ESEA Grants, PDE tests MOE at the District level at the conclusion of each fiscal year (FY). PDE compares the preceding fiscal year's actual state and local funding levels to the second preceding fiscal year's actual state and local funding levels. For example, in order to receive federal funds at the start of FY 2012 (which begins July 2011), PDE will compare FY 2010 to FY 2009. The MOE calculations are dependent on whether the District was compliant with MOE requirements in the previous year. For IDEA Grants, in May, PDE compares the current fiscal year's budget of state and local funding levels to the preceding year's actual state and local funding levels.

After the yearly Financial Close and production of the Annual Financial Report (January), the District will conduct its own MOE calculations to determine the likelihood of MOE noncompliance. Using methodology similar to that used by PDE the District will perform two MOE calculations, one for ESEA and one for IDEA, pertaining to funding for the next fiscal year. The District will also perform two preliminary MOE calculations, one for ESEA and one for IDEA, in May pertaining to funding two years in advance. If the District's calculation indicates that effort will not be maintained, the District will attempt to remedy the potential MOE violation through a combination of one or more actions: adjustments to the current budget, the application for waivers per the grant agreements, or other remedies or solutions agreed to between the District and PDE.

Responsibilities

Grants Program Managers (GPMs) of federal programs with MOE requirements are responsible for developing grant budgets that address all grantor imposed MOE requirements and communicating these requirements with the assigned Grants Budget Analyst (GBA).

Office of Accounting Services and Audit Coordination is responsible for conducting an analysis of District MOE for federal compliance after the yearly Financial Close and the production of the AFR. If it appears that the District will be in violation of MOE requirements, this office will notify the Grants Oversight Committee, the District’s Chief Financial Officer and the Superintendent.

Senior District Management (Including Superintendent, Chief Academic Officer, Chief Financial Officer or similar) are responsible for determining how to address projected MOE violations. This may include changes to the District’s operating budget, funding allocation changes, or submittal of a MOE waiver to PDE. They are also responsible for understanding the impact of all District financial decisions on MOE compliance.

Procedures

- *GP0700.1 Maintenance of Effort Testing*

Definitions

Maintenance of effort (MOE) is a requirement of some grants, federal and nonfederal, requiring the District to maintain certain spending levels of state and local funds from year to year in order to secure the external funding from the grant.

Contacts

- *Office of Accounting Services and Audit Coordination*
- *Office of Grant Development and Compliance*
- *Grant Oversight Committee*

Frequently Asked Questions

Related Information

- *MOE requirements under the Elementary and Secondary Education Act (ESEA)*
- *MOE requirements under the Individuals with Disabilities Education Act (IDEA)*

History

Amended:

- Amended on 4/23/15 to make clarifications and technical edits.

Issue Date: 7/1/2012	Effective Date: 7/1/2015	Approved by: Chief Grant Development and Compliance Officer
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