

Kentucky Department of Education ESSA LEA Maintenance of Effort Calculation

As a condition for receiving its full allocation in any fiscal year, for covered programs under the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized and amended by the [Every Student Succeeds Act \(ESSA\) of 2015](#), a local educational agency (LEA) must maintain its own state and local fiscal effort in accordance with [Section 8521](#), ESEA. This requirement is known as maintenance of effort (MOE).

[Section 8521](#), ESEA, states that a local educational agency may receive funds under a covered program for any fiscal year only if the State educational agency finds that either the combined fiscal effort per student or the aggregate expenditures of the agency and the State with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

In other words, an LEA must maintain a minimum of 90% of its expenditures for public education from state and local funds from one year to the next, to receive funds under a covered program. If the percentage of state and local funds expended in the year under determination is less than 90% of what was expended in the prior fiscal year, the LEA's ESSA allocations for the upcoming fiscal year will be reduced in the exact proportion by which the LEA did not meet the MOE requirement.

As used in [Section 8101\(11\)](#), ESEA, the term "covered program" means each of the following:

- Title I, Part A, Improving Basic Programs Operated by Local Educational Agencies
- Title I, Part D, Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk
- Title II, Part A, Supporting Effective Instruction
- Title III, Part A, English Language Acquisition, Language Enhancement, And Academic Achievement
- Title IV, Part A, Student Support and Academic Enrichment
- Title IV, Part B, 21st Century Community Learning Centers
- Title V, Part B, Subpart 2, Rural Education

In determining MOE compliance for local education agencies (LEA) per [Section 8521](#) of the Elementary and Secondary Education Act of 1965, KDE uses audited annual financial data of LEA expenditures from state and local funds for free public education. These include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. The following is excluded from the MOE calculation: expenditures for community services, capital outlay, debt service or supplemental expenses made as a result of a presidentially declared disaster and expenditures made from funds provided by the federal government.

The Division of District Support generates the MOE data based on the audited Annual Financial Report for combined fiscal effort per student and combined aggregate expenditures for the Division of Budgets and Financial Management to calculate the LEA MOE.

Per section [8521\(b\)\(1\)](#), ESEA, if an LEA fails to meet MOE the state education agency shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) of this section by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency), if such local educational agency has also failed to meet such requirement (as determined using the measure most favorable to the local agency) for 1 or more of the 5 immediately preceding fiscal years.

[Section 8521\(c\)](#), ESEA, allows the U.S. Department of Education to waive the statutory penalty of the MOE requirement if an LEA's failure to maintain effort resulted from one or both of the following:

- Exceptional or uncontrollable circumstances, such as a natural disaster or a change in the organizational structure of the LEA
- A precipitous decline in the financial resources of the LEA