



Maintenance of Effort Requirements in Title I and IDEA

Maintenance of Effort (MOE)

Most federal education statutes require that states and school districts maintain state and/or local funding effort from year to year. State and local education agencies have to demonstrate, prior to receiving any federal education dollars, that they 'maintained effort' with state and local resources. These "maintenance of effort" (MOE) provisions are intended to ensure education funding is cut as little as possible in tough economic times and that federal funding does not take the place of other money that should be coming from the state and local coffers.

The District-Level MOE Requirement under IDEA

Under IDEA, both states and districts must maintain 100% fiscal effort for special education and related services from year with a few exceptions, such as the retirement of highly skilled personnel or the graduation or exit of a high-cost student. An SEA may seek an MOE waiver to reduce state funding for special education and related services because of "exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in State financial resources." Districts do not have this option. Consequently, LEAs must maintain the same level of funding each year for special education and related services regardless of how much funding they receive from the state or federal government during the fiscal year. Current IDEA law asserts that when a district fails to maintain effort in a given fiscal year, the district must repay the amount by which the district fell short. AASA rejects penalizing districts for their failure to compensate for shortfalls passed down to them by federal and state governments. AASA believes that more flexibility must be given to districts, so that they can reduce their level of special education funding during these tough economic circumstances without penalty.

District-Level MOE Requirement in Title I

Under ESEA, districts are required to maintain their fiscal effort for Title I at 90%. Poorer districts receive a larger share of their operating budget from state revenues, and absent MoE requirements, states would be free to significantly reduce their expenditure beyond the current 10%. Local school districts would be left on the hook to cover the state reductions. MoE should not force local school districts, particularly low-wealth districts, to compensate for reductions in state effort. The 90% threshold in current law represents a common-sense approach to maintenance of effort: it ensures that state and local agencies remain invested in key education programs while providing enough 'wiggle room' to respond to changing fiscal realities. Over the four years of the nation's greatest recession, no state pursued a waiver from ESEA Title I. Over the same time period, just over 400 school districts (combined, over four years), pursued a waiver. The extremely limited pursuit of ESEA Title I MoE waivers is indicative that the 90% threshold is both manageable and practical.

The Student Success Act, HR.5, would eliminate both state and local MOE requirements in Title I. Current Title I MOE requirements are low enough to provide the vast majority of districts with the flexibility needed to adjust to changing economic circumstances.

Talking Points

- The sequester will only increase the problems districts face in maintaining 100% MOE for IDEA. Districts must be allowed to reduce the IDEA MOE requirement to 90% if they are facing exceptional financial circumstances or be allowed to apply for a waiver to the state to reduce on a one-year basis as long as they do not cut funding for special education students disproportionately.

- Urge your Representative to oppose the elimination of MoE as written in HR 5. Support an amendment to the Student Success Act that would reinstate current MOE provisions in Title I and ensure states meet their financial obligation to provide districts with adequate funding for education.