



COLLEGE ACCESS CHALLENGE GRANTS MAINTENANCE OF EFFORT



**TECHNICAL ASSISTANCE WEBINAR
APRIL 13, 2012**

**PLEASE DIAL INTO TELECONFERENCE:
Toll Free Number/1-888-843-9985
Participant Code/5704387**

OPE

Office of Postsecondary Education

Agenda



- What is Maintenance of Effort (MOE)?
- Calculating MOE
- Observations from Last Year
- Failure to Meet MOE Requirements
- Requesting a Waiver
- Reviewing Waiver Requests
- Q&A

What is Maintenance of Effort (MOE)?



- According to section 137 of the Higher Education Act of 1965, as amended (HEA), **States must provide financial support for higher education at least at a level equal to the average amount provided over the five preceding State Fiscal Years** for public institutions of higher education, excluding capital expenses and research and development costs, and for financial aid for students attending private institutions of higher education.

Statutory Language



- A State shall provide—
 - (1) for **public** institutions of higher education in such State for any academic year beginning on or after July 1, 2008, an amount which is equal to or greater than the average amount provided for **non-capital and non-direct research and development expenses or costs** by such State to such institutions of higher education during the five most recent preceding academic years for which satisfactory data are available; and
 - (2) for **private** institutions of higher education in such State for any academic year beginning on or after July 1, 2008, an amount which is equal to or greater than the average amount provided for **student financial aid** for paying costs associated with postsecondary education by such State to such institutions during the five most recent preceding academic years for which satisfactory data are available.

Purposes of MOE



- Creates incentive for States to maintain funding for higher education and rewards States that make higher education funding a priority by linking MOE to College Access Challenge Grant (CACG) eligibility
- Discourages States from de-funding higher education and passing additional costs onto students

Calculating MOE



- MOE is calculated using Annual Performance Report (APR) data.
- The Department will compare State support in State Fiscal Year (SFY) 2011 with the average support provided in SFYs 2006-2010.
- **APR data must be certified by the State Budget Officer.**

Observations from Last Year



- State-supported scholarships and financial aid at public institutions
- State support for research grants or construction assistance at private institutions
- State funds provided through programs that no longer exist
- State revenues not available for appropriation for higher education (e.g., gas tax)
- Financial aid to students attending schools in other States
- Financial aid for students at proprietary institutions

State Fiscal Stabilization Funds (SFSF)



- If using SFSF, a State should:
 - Indicate in the APR that SFSF funds were included
 - State the amount of SFSF funds included
 - Certify that those funds were not used for capital expenses or research and development costs
 - Certify that those funds were not previously counted as State support for higher education.
- If used, SFSF must be included in future years to determine the State's preceding five-year average.

Failure to Meet MOE Requirements



- Section 137 of the HEA states that if a State fails to meet MOE requirements, the Secretary must withhold all funds that would be available to the State through the CACG Program.
- The Secretary can waive the MOE requirements if doing so would be equitable due to exceptional or uncontrollable circumstances.

Requesting a Waiver



- **Deadline: May 31**
- **Send a letter to the Department of Education describing the circumstances that prevented the State from meeting MOE.**
- **Include the following data, certified by State Budget Officers, for SFY 2011 and SFYs 2006-2010:**
 - Total State revenues
 - Total State appropriations
 - Total State support for public institutions
 - Total financial aid available to students at private institutions

Reviewing Waiver Requests



- **Exceptional or uncontrollable circumstances**
 - Precipitous or unforeseen decline in resources
 - Natural disaster
- **Equitability of cuts to higher education**
 - Less than or equal to the percentage reduction in overall appropriations compared to the prior five-year average

Significant Effort



- The amount of additional funding for public and/or private institutions that would bring the reductions in State support in line with reductions to the State's overall appropriations

Questions?



- Via telephone – press *1 and the operator will assist you.
- Via WebEx – submit a question using the chat box.