



# **COLLEGE ACCESS CHALLENGE GRANTS MAINTENANCE OF EFFORT**



**TECHNICAL ASSISTANCE WEBINAR  
APRIL 9, 2013**

**PLEASE DIAL INTO TELECONFERENCE:  
Toll Free Number/1-800-593-8942  
Participant Code/EDUCATION**

**OPE**

Office of Postsecondary Education

# Agenda



- What is Maintenance of Effort (MOE)?
- Determining MOE & Calculating State Support
- Failure to Meet MOE Requirements
- Requesting a Waiver
- Reviewing Waiver Requests
- MOE Resources
- 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

# Determining MOE



- MOE is calculated using Annual Performance Report (APR) data.
- The Department will compare State support in State Fiscal Year (SFY) 2012 with the average support provided in SFYs 2007-2011.
- **APR data must be certified by the State Budget Officer.**

# Calculating State Support



## Include

- State-supported scholarships and financial aid at public institutions
- State funds provided through programs that no longer exist

## Do Not Include

- State-supported research grants or construction assistance at private institutions
- 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
- Federal funds (other than State Fiscal Stabilization Funds)

# 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 are not already counted in the State support for higher education figure.
- If used, SFSF must be included in future years to determine the State's preceding five-year average.
- States do not need to count more SFSF funds than are necessary to meet MOE.

# 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 15**
- 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 2012 and SFYs 2007-2011:
  - Total State revenues
  - Total State appropriations
  - Total State support for public institutions
  - Total financial aid available to students at private institutions

# Requesting Multiple MOE Waivers



- States that request waivers of MOE requirements under more than one of the Department's programs should ensure that data is reported consistently across programs.

# Reviewing Waiver Requests



- **Exceptional or uncontrollable circumstances**
  - Precipitous or unforeseen decline in resources
  - Natural disaster
  - Impact of student choice on financial aid distribution
- **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

# MOE Resources



- Updated guidance for FY 2013
- Webinar presentation (forthcoming)
- State support data for FY 2006-2011
- Waiver determination letters from prior years

[www.ed.gov/programs/cacg](http://www.ed.gov/programs/cacg)

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# Questions?



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