



May 01, 2025

Education MOE

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Education MOE

Reference Number: CTAS-723

For education, "maintenance of effort" requirements differ from matching requirements in that the former do not require a minimum amount of local funds in exchange for receipt of state or federal funds, but rather prohibit reductions in local funding from one year to the next. The maintenance of effort test is a supplanting test that ensures local governments do not use state dollars in place of local dollars. This is governed by T.C.A. § 49-2-203 and § 49-3-314.

The MOE is not a one-time pass/fail test. Once the budget has been approved, the only way the MOE can be affected is through budget amendments.

The MOE test is a comparison between the new/next budget and the amended/original budget. This is used to see if MOE has been met for the new/next budget. This is a bottom line total test and does not compare each line item as a means of passing the test. *If the school system receives less than has been budgeted, the county government is not responsible for making up the shortfall.*

There are several possible scenarios that will allow the county to reduce its MOE, which are discussed under School Budget - Maintenance of Effort under the Education topic in this library.

In cases where the MOE is not met in the current budget year, the state has the option of withholding funds until the test is met. During the budget process the school MOE should be reviewed prior to passage of local budget.

Education Maintenance of Effort Tests

Reference Number: CTAS-2469

First Level - Year to Year Revenue Comparison

| | 2018 - 2019 Budget | 2017 - 2018 Amended | 2017 - 2018 Original Budget | 2017 - 2018 Actual Revenue | Budget to Budget Comparison | Budget to Actual Comparison |
|--|--------------------|---------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| Total County Taxes | \$13,814,445 | \$13,552,115 | \$13,552,115 | \$ - | \$262,330 | \$(13,552,115) |
| Total City/Special School District Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Other Local and State Revenue | \$1,115,199 | \$1,115,199 | \$1,115,199 | \$ - | \$ - | \$(1,115,199) |
| Total Revenue | \$14,929,644 | \$14,667,314 | \$14,667,314 | \$ - | \$262,330 | \$(14,667,314) |
| Less Local Revenue Increases for: | | | | | | |
| Capital Outlay | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Adjusted Revenue | \$14,929,644 | \$14,667,314 | \$14,667,314 | \$ - | \$262,330 | \$(14,667,314) |

If the Budget to Budget Comparison is greater than zero, the MOE test passes.

| | 2018 - 2019 Budget | 2017 - 2018 Amended | 2017 - 2018 Original Budget | 2017 - 2018 Actual Revenue | Budget to Budget Comparison | Budget to Actual Comparison |
|--|--------------------|---------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| Total County Taxes | \$16,605,000 | \$16,909,000 | \$16,909,000 | \$ - | \$(304,000) | \$(16,909,000) |
| Total City/Special School District Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Other Local and State Revenue | \$7,000 | \$7,000 | \$7,000 | \$ - | \$ - | \$(7,000) |
| Total Revenue | \$16,612,000 | \$16,916,000 | \$16,916,000 | \$ - | \$(304,000) | \$(16,916,000) |
| Less Local Revenue Increases for: | | | | | | |
| Capital Outlay | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| | | | | | | |
|------------------------|--------------|--------------|----------------|---|-------------|----------------|
| Total Adjusted Revenue | \$16,612,000 | \$16,916,000 | \$16,916,000\$ | - | \$(304,000) | \$(16,916,000) |
|------------------------|--------------|--------------|----------------|---|-------------|----------------|

If the Budget to Budget Comparison is negative, the MOE test fails at First Level.

Source URL: <https://www.ctas.tennessee.edu/eli/education-moe>