

Legal Authority:**Budget Act MOE Language 2003-04 to 2008-09 states:**

Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 fiscal year.

Budget Act MOE Language 2009-10 to 2011-12 states:

Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 fiscal year or 2006–07, whichever is greater.

MOE/Match Requirements:

- The State allocates categorical program funding for Student Financial Aid administration (SFAA) specifically to supplement and not supplant existing institutional resources to enhance access to postsecondary education for low income and disadvantaged populations.
- Maintenance of Effort (MOE)/match expenditures qualify an institution to receive SFAA categorical funding in each corresponding future fiscal year and as such must be satisfied in each fiscal reporting year.
- MOE/matching expenditures must directly benefit the Student Financial Aid (SFA) program administration
- Refund, Overpayment, and R2T4 liabilities are not considered operational expenses for MOE reporting and should not be included in general fund expenditures identified for purposes of complying with MOE requirements.
- Audit findings and associated audit/reconstruction liabilities are not considered operational expenses for MOE reporting and should not be included in general fund expenditures identified for purposes of complying with MOE requirements.
- Contracted disbursement services (such as HigherOne, or SallieMae) that replace the disbursement functions previously performed by a bursars office, business office, or fiscal services unit may be included in the institution's MOE but are not allowable uses for categorical funding as this could create a supplanting issue.
- Administrative costs of doing business (such as Legal services, segregated duties such as residency determinations and disbursement functions) as well as indirect overhead

assessments or allocated expenses such as, information and technology support, business services, fiscal services, legal services, personnel services etc are not considered allowable uses of categorical funding and may not be included in the MOE/match unless **all** expenditures for such services are charged proportionately to **all** cost centers on campus.

- Salaries and benefits for staff organizationally superior to the FA Director (the institution's designated coordinating official) are not to be included in the MOE/match nor are they allowable uses for SFAA categorical funding.
- Only general fund or "other source" expenditures (including those for staffing and benefits) which are included in the SFA programs operating budget and that are under the oversight and control (subordinates in the case of staff) of the FA Director (designated coordinating official) may be included in the MOE/match.
 - "Other Source" expenditures would likely include federal Pell and Campus Based Administrative Cost Allowances (ACA). Other sources might also include grant funding from outside sources.
- Colleges failing to meet SFAA MOE/match in any fiscal year(s) are subject to a dollar for dollar penalty against the college/district's BFAP 2% funding (unrestricted) in current and future years.
 - Mitigating circumstance appeals will be considered but are at the sole discretion of the Chancellor's Office.

Reporting, Record Retention and Audit:

- **All** expenditures made in direct support of financial aid and in compliance with the MOE/match guidelines **must** be reported on the BFAP Form 3 Annual Report by budget series object codes (1000-6000).
- Form 3 Annual Reports may be subject to review and desk audit by Chancellors office staff. Included in the scope of the audit may be expenditures from General fund, other sources, and categorical funding.
- Record retention requirements for all BFAP-SFAA reports and corresponding back up documentation must be retained for a period of at least 5 years subsequent to close of the fiscal year.