

IDEA Maintenance of Effort

Individuals with Disabilities Education Act (IDEA)

Office of Grants Management

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General Concept

- Federal funding is intended to supplement and not replace state and local funding.
- States and local education agencies (LEAs) are expected to maintain a constant level of nonfederal funding from year to year.
- The MOE requirements differ depending on the federal program.
 - IDEA has a different standard than ESEA
 - Can be confusing.

What We Have Found

- LEA staff often do not understand, or are not fully aware of MOE requirements
- Lack of communication in the district between
 - Superintendent
 - Special Education Director
 - Business Manager
 - School Board

Serious Consequences

- Failure to fully understand the MOE requirements could result in:
 - Ineligibility for IDEA funding
 - Payment of non federal LEA funds to the Department of Education
 - Special Education Staffing issues
 - Financial Crisis

IDEA Fiscal Areas

Major compliance requirements for IDEA funding:

1. Maintenance of State Financial Support (MFS)-
completed at the state level.
2. LEA - Maintenance of Effort (MOE) Eligibility-
completed at time of application to show the LEA is
budgeting enough funds to make MOE in the
upcoming fiscal year.
3. LEA - Maintenance of Effort (MOE) Compliance-
completed after the fiscal year has ended and based
on actual expenditures.

What is the Maintenance of State Financial Support (MFS) Requirement?

- States are required to **make available** at least the same amount of state financial support from one year to the next for the education of children with disabilities.

Why is MFS Important?

- Local Education Agencies (LEAs) rely on state appropriations as a major source of funds.
- Ensures consistent funding is provided by the state from year to year.
- Allows LEA to more predictably plan their special education programs.

What is Included in State Financial Support?

- Funds appropriated by the state to support special education and related services to children with disabilities.
 - Funds allocated to LEAs by the state education agency
 - Funds provided by other state agencies
 - Such as Schools for the Deaf or Visually Impaired

What is Not Included?

- State financial support does not include funds from:
 - local district revenues
 - private sources

Consequences for Not Meeting MFS

- States that fail to maintain support will have their IDEA Part B Section 611 grant reduced by the same amount that the state failed to meet the requirement.

How is MFS Reported

- States complete and submit an annual application to US Education Department for IDEA funding
- In the application States must report the total amount of state financial support for the two prior fiscal years.

What is IDEA LEA MOE?

- The LEA must maintain at least the same level of state and local expenditures for special education that it did in the appropriate comparison year.

Maintenance of Effort (MOE)








- An LEA meets this standard if they do not reduce the level of expenditures for special education from at least one of the following areas:
 - Local funds only (must have auditable data)
 - The combination of state and local funds
 - Local funds per capita (must have auditable data)
 - The combination of state and local funds per capita

Four Ways to Meet MOE

1. Total Local Expenditures (if auditable data is available)
2. Total State and Local Combined Expenditures
3. Local Expenditures per Capita (if auditable data is available)
4. Combined State and Local Expenditures per Capita

*Only Required to meet one of the tests above, to make MOE.

What is included in MOE?

Yes	No
 Local Expenditures	 State or Local Expenditures for Coordinated Early Intervening Services (CEIS)
 State Expenditures	 IDEA
	 Medicaid Direct Reimbursements
	 Impact Aid
	 Other Federal

*Based on Special Education expenditures **NOT** revenues!

MOE Local Only Options

- Districts that choose to use the local only options are required to maintain **auditable** data. Such as a code in their accounting software to differentiate between state and local expenditures.

Local Only Option

- On June 27, 2015 OSEP released a Q & A regarding the changes in to Maintenance of Effort with Uniform Grant Guidance. Question A-8 states:

“In addition, when demonstrating that they meet the compliance and eligibility standards using any of the four methods, LEAs must be able to provide auditable data regarding their expenditures from the relevant sources in all relevant years.”

<https://www2.ed.gov/policy/speced/guid/idea/memosdcls/osepmemo1510leamoeqa.pdf>

MOE State and Local Options

- If the district cannot provide auditable data to differentiate between state and local expenditures, it will only be allowed to use the state and local combined options.

Subsequent (Comparison) Years Rule

- *Subsequent years rule*
 - If an LEA fails to meet the MOE requirements, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.
 - Failure to meet MOE does not reduce future required MOE expenditures levels

Comparison Year

- To determine required level of effort, must look back to last year in which LEA maintained effort
- But must look back to the last year in which it maintained effort using the same method by which it is establishing compliance.

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014			
2014-2015			
2015-2016			
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014		\$100	
2014-2015			
2015-2016			
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015			
2015-2016			
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015		\$100	
2015-2016			
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016			
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016		\$100	
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016	\$110	\$100	YES
2016-2017			

Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016	\$110	\$100	YES
2016-2017		\$110	

Example 2

Fiscal Year	Local only	State and local	Local only per capita	State and local per capita	Child count
2016	\$500	\$950	\$50	\$95	10
2017					
2018					

Example 2

Fiscal Year	Local only	State and local	Local only per capita	State and local per capita	Child count
2016	\$500	\$950	\$50	\$95	10
2017	\$400 	\$950 	\$40 	\$95 	10
2018					

Example 2

Fiscal Year	Local only	State and local	Local only per capita	State and local per capita	Child count
2016	\$500	\$950	\$50	\$95	10
2017	\$400 	\$950 	\$40 	\$95 	10
2018	\$500 	\$900 	\$50 	\$90 	10

What if my district
doesn't have
enough
expenditures to
meet MOE?

Exceptions to MOE

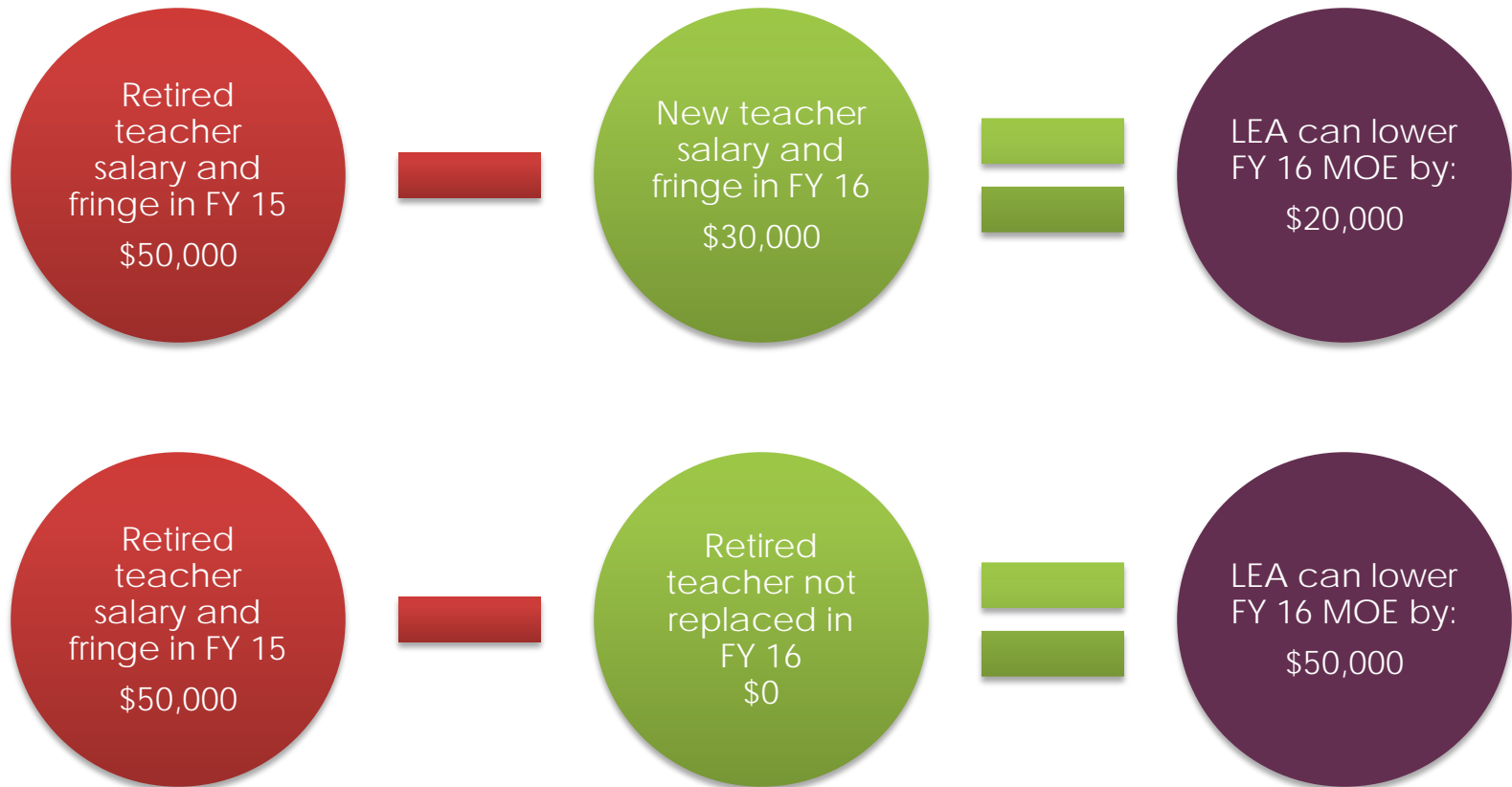
- There are certain circumstances that may allow for a reduction in Maintenance of Effort Expenditures.

**Must be able to show the prior expenditures were paid from state and local funds.

Exception 1

- The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
 - A reduction in force, such as contract non-renewal or staff lay-off, is not an allowable exception.

Exception 1 Example



Exception 2

- A decrease in the enrollment of the number of children with disabilities.
 - Allows LEA to reduce total MOE amount however, still required to meet MOE on per student amount

Exception 2 Example

Example Base Year		
FY 2015 MOE: \$100,000	Child Count: 50	Per Pupil Expenditure: \$2,000



Acceptable		
FY 2016 MOE: \$85,000	Child Count: 40	Per Pupil Expenditure: \$2,125

Unacceptable		
FY 2016 MOE: \$75,000	Child Count: 40	Per Pupil Expenditure: \$1,875

Exception 3

- The termination of obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program, because the child has either:
 - Has left the jurisdiction of the agency;
 - Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - No longer needs the program of special education

Exception 3 Example



Exception 4

- The termination of costly expenditures for long-term purchases.
 - Examples may include the acquisition of equipment or construction of school facilities.

**State law does not allow the use of state and local special education funds for this purpose. Please contact the department if you have questions regarding this exception.

Justification of Exceptions

- Multiple exceptions may apply
- LEA is required to submit detailed information about each exception.
- Must be able to show that allowable exceptions were previously paid for out of local or state funds.
- If exceptions are approved, LEA maintains new reduced MOE expenditure level.
- LEA's that separately track their state and local expenditures may use the local only shortfall, if not, they must use state and local combined shortfall.

Unallowable Exceptions

- Reduction in Revenue
- Reduction in Cooperative Fees
- Cost that was Previously Paid From IDEA funds rather than State and Local
- Cost Saving Measures

Reduced Special Ed Revenue

- A reduction in Special Education revenue is **not** an allowable exception to Maintenance of Effort. If special education revenues are insufficient the district must find the funds from other non federal sources.

Reduced Cooperative Fees

- Unless the district is able to prove a reduction of children with disabilities, reduced cooperative fees are **not** an allowable exception.

Cost Previously Paid from a Different Source

- Any exception to Maintenance of Effort **must have** been paid for with State and/or Local dollars in the previous year.

Cost Savings

The following are examples of cost savings not allowed:

- Switching Health Insurance Programs
- Position Eliminations
- Withdrawal of Shared Programs
- Transportation Contract Savings

****Districts cannot cut costs in Special Education.**

Standards for MOE

- Maintenance of Effort Eligibility
- Maintenance of Effort Compliance

Eligibility Standard

- For the purposes of establishing an LEA's eligibility, the LEA must budget at least the same total or per capita amount from state and/or local funds for special education, as the LEA spent for the that purpose from the same source for the most recent comparison year that information is available.

Maintenance of Effort Eligibility

- MOE Eligibility is completed when LEA's apply for IDEA funds.
- The LEA's first priority should be to budget sufficient state and/or local funds to meet MOE.
- This assures that the LEA intends to comply with the Maintenance of Effort requirement.
- The IDEA Application must show the LEA intends to comply before it can be approved.

Maintenance of Effort Eligibility

- Based on state and/or local funds only
- The LEA will compare the budgeted amounts to the last Comparison Year MOE amounts available.
- Districts who are not in a cooperative will complete the form on the Grants Management System. (Example on following slides)
- Districts in a cooperative will fill out the MOE Consortium Agreement, this will be submitted with the cooperative's application. All member LEAs must meet MOE. (Example on following slides)

Applicant:
Application:
Cycle:

2016-2017 IDEA Part B Application - 00-
Original Application

2016-2017 7/1/2016 - 6/30/2017

Application Sections **IDEA Part B Application**

Printer-Friendly
Click to Return to GMS Access/Select Page
Click to Return to Menu List / Sign Out

Overview	Contact Information	Allocations	Program Information	Submit	Application History	Page Lock Control	Application Print
Comprehensive Plan		Maintenance of Effort		Optional Flexibility Authority			
Maintenance of Effort Eligibility		Maintenance of Effort Exceptions		Maintenance of Effort for Cooperatives			

Maintenance of Effort [Instructions](#)

LEA Maintenance of Effort Requirement (MOE): 34 CFR 300.203

The LEA must not use funds provided under Part B of the IDEA to reduce the level of expenditures for the education of children with disabilities made by the LEA from local, or State and local funds. There are some exceptions to allow for decreases in an LEA's MOE amount from one fiscal year to the next. Any state or local funds used for coordinated early intervening services (CEIS) will not be counted in the LEA's maintenance of effort calculation, as those funds are not used for providing special education and related services.

Determining Eligibility for IDEA Part B Funding

The LEA needs to pass at least **one** of the four MOE tests below to maintain eligibility to receive the next fiscal year's IDEA funding; unless the LEA can demonstrate that one or more of the allowable exceptions described on the Maintenance of Effort Exceptions tab will apply. Review the Comparison Year information and then enter the budgeted amounts for FY 2016-2017 .

The LEA must budget at least the same amount of funds for the education of children with disabilities as the LEA spent in the previous fiscal year from the following sources:

1. Local Funds (must have auditable data)
2. Combined State and Local Funds
3. Local Funds per Capita (must have auditable data)
4. Combined State and Local Funds per Capita

Enter Projected Number of Children with Disabilities for FY 2016-2017 (3-21 Child Count)

* **Restriction:** A LEA that wants the option to use the local funding only methods to calculate MOE must be able to separately track and provide auditable data to clearly distinguish between local and state funds.

Does the LEA separately track state and local funds in the accounting software?

- Yes
- No (If district does not separately track local funds, only complete #2 State and Local Expenditures)

	COMPARISON YEAR	ACTUAL	*BUDGETED FY 2016-2017	DIFFERENCE (Budgeted minus Actual)
1. Local Expenditures	2015	\$ 132,312	\$ <input type="text"/>	\$ -132,312
2. State and Local Expenditures	2015	\$ 132,312	\$ <input type="text"/>	\$ -132,312
3. Local Expenditures per Capita	2015	\$ 6,301	\$ 0	\$ -6,301
4. State and Local Expenditures per Capita	2015	\$ 6,301	\$ 0	\$ -6,301

***Note:** The amounts reported above should be expenditures, not revenues. Do **not** include state or local funds used for CEIS, Federal IDEA, Impact Aid, or Medicaid expenditures in the actual or budgeted amounts.

Compliance Standard for MOE

A final analysis of an LEA's MOE compliance does not occur until after the fiscal year has closed. The standard for determining MOE whether the MOE requirement has actually been met in a fiscal year is that the LEA meets at least one of the four tests through actual expenditures compared to the prior fiscal year.

Non-Compliance with MOE

If an LEA does not pass at least one of these MOE tests, the LEA must provide documentation to the SD Department of Education explaining how one of the allowable exceptions has occurred. If the LEA is unable to establish an allowable exception, non-compliance will be determined and the LEA will be required to pay the amount it fell below the MOE requirement to the South Dakota Department of Education.

**LEA Maintenance of Effort Eligibility and
IDEA Consortium Agreement Between**

Name of Cooperative: _____

Name of Local Education Agency (LEA): _____

The LEA agrees to assign its Federal IDEA Part B, Sections 611 and 619 school year 2016-2017 grant allocations to the Cooperative. In return, the Cooperative will submit a group application on behalf of all the participating Cooperative members to the South Dakota Department of Education for IDEA Part B funding. As the grant applicant, the Cooperative will serve as the project fiscal agent, and coordinate all project services and activities detailed in the group application.

Maintenance of Effort Requirement (MOE): 34 CFR 300.203

The LEA must expend the same amount of local, or state and local funding for special education and related services as it expended in the comparison fiscal year. The LEA must not use funds provided under Part B of the IDEA to reduce the level of expenditures for the education of children with disabilities made by the LEA from local, or state and local funds. There are some exceptions to allow for decreases in an LEA's MOE from one fiscal year to the next.

Any state or local funds used for coordinated early intervening services (CEIS) will not be counted in the LEA's maintenance of effort calculation, as those funds are not used for providing special education and related services.

Determining Eligibility for IDEA Part B Funding

The LEA needs to pass at least one of the four MOE tests below to maintain eligibility to participate in next year's IDEA program. Enter the Actual Comparison Year information from and then enter your LEA's budgeted amounts for FY 2017.

The LEA must budget at least the same amount of funds for the education of children with disabilities as the LEA spent in the previous fiscal year from the following sources:

1. Local Funds (must have auditable data)
2. Combined State and Local Funds
3. Local Funds per Capita (must have auditable data)
4. Combined State and Local Funds per Capita

Enter Projected Number of Children with Disabilities for FY 2017 (3 - 21 Child Count)

*** Restriction: An LEA that wants the option to use the local funding only methods to calculate MOE must be able to separately track and provide auditable data to clearly distinguish between local and state funds.**

Yes

	COMPARISON YEAR	COMPARISON YEAR AMOUNT (see Attachment F)	*BUDGETED FY 2017
1. Local Expenditures (must have auditable data)			
2. State and Local Expenditures			
3. Local Expenditures per Capita (must have auditable data)			
4. State and Local Expenditures per Capita			

No

	COMPARISON YEAR	COMPARISON YEAR AMOUNT (see Attachment F)	*BUDGETED FY 2017
2. State and Local Expenditures			
4. State and Local Expenditures per Capita			

***Note:** Amounts reported above should be expenditures, not revenues. Do not include state or local funds used for CEIS, Federal IDEA, Impact Aid, or Medicaid expenditures in actual or budgeted amounts.

Compliance Standard for MOE

A final analysis of an LEA's MOE compliance does not occur until after the fiscal year has closed. The standard for determining whether the MOE requirement has actually been met in a fiscal year is that the LEA meets at least one of the four tests through actual expenditures compared to the comparison year.

Non-Compliance with MOE

If an LEA does not pass at least one of these MOE tests, the LEA must provide documentation to the SD Department of Education explaining how one of the exceptions allowed has occurred. If the LEA is unable to establish an allowable exception, non-compliance will be determined and the LEA will be required to pay the amount it fell below the MOE requirement to the South Dakota Department of Education.

Maintenance of Effort (MOE)

- *Compliance standard.* Funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the comparison fiscal year.

-34 CFR §300.203

Maintenance of Effort Compliance

- Maintenance of Effort Compliance is completed in the fall after the districts annual financial reports are submitted to DOE and the fiscal year is closed out.
- All LEAs including LEAs in cooperatives are required to complete the MOE requirement.

IDEA Maintenance of Effort Compliance

LEA Name	District Business Official	Date
(Select School District)		

I certify to the best of my knowledge the information provided is accurate and correct.

MOE Compliance Summary						
	FY 2015	FY2014	Last Year MOE Met Amount	MOE Comparison Year	Met MOE	Shortfall
Local Expenditures	-	-	-	0		
State & Local Expenditures	-	-	-	0		
Local per Child Count	-	-	-	0		
State & Local per Child Count	-	-	-	0		

Maintenance of Effort Calculation	
FY 2015 Expenditures	FY 2014 Expenditures
Total SE Expenditures <input type="text"/>	Total SE Expenditures \$ <input type="text" value="-"/>
Local <input type="text"/>	Local \$ <input type="text" value="-"/>
State <input type="text"/>	State \$ <input type="text" value="-"/>
IDEA <input type="text"/>	IDEA \$ <input type="text" value="-"/>
Impact Aid <input type="text"/>	Impact Aid \$ <input type="text" value="-"/>
Other Federal <input type="text"/>	Other Federal \$ <input type="text" value="-"/>
Medicaid Direct <input type="text"/>	Medicaid Direct \$ <input type="text" value="-"/>
FY 2015 Child Count	FY 2014 Child Count
December 2014 Child Count <input type="text" value="0"/>	December 2013 Child Count <input type="text" value="0"/>

Fund Balance Calculation	
FY 2015 Revenues	FY 2014 Revenues
Local <input type="text"/>	Local \$ <input type="text" value="-"/>
State <input type="text"/>	State \$ <input type="text" value="-"/>
IDEA <input type="text"/>	IDEA \$ <input type="text" value="-"/>
Impact Aid <input type="text"/>	Impact Aid \$ <input type="text" value="-"/>
Other Federal <input type="text"/>	Other Federal \$ <input type="text" value="-"/>
Total Revenues \$ <input type="text" value="-"/>	Total Revenues \$ <input type="text" value="-"/>
FY 2015 Interest Transferred Out	FY 2014 Interest Transferred Out
FY 2015 \$ <input type="text" value="-"/>	FY 2014 \$ <input type="text" value="-"/>
FY 2015 Fund Balance	FY 2014 Fund Balance
Local \$ <input type="text" value="-"/>	Local \$ <input type="text" value="-"/>
State \$ <input type="text" value="-"/>	State \$ <input type="text" value="-"/>
Impact Aid \$ <input type="text" value="-"/>	Impact Aid \$ <input type="text" value="-"/>
Total Fund Balance \$ <input type="text" value="-"/>	Total Fund Balance \$ <input type="text" value="-"/>

MOE State & Local Exceptions

MOE Local Exceptions

Failing MOE Compliance Standards

- If the LEA missed all 4 MOE compliance tests, the test most favorable to the LEA will be applied.
- **NOTE:** Local options are only allowed if the district is tracking local expenditures separately.

Failing MOE Compliance Consequence

- The LEA will be required to pay the Department of Education an amount equal to the amount of the shortfall.
- This amount cannot be paid with federal funds.
- The district's MOE level stays at the same level it would've been had it made MOE.

Example

- ✦ 2015 MOE expenditures \$100,000
- ✦ 2016 MOE expenditures \$90,000
 - ✦ Missed MOE by \$10,000 (assuming no exceptions)
 - ✦ Must pay DOE \$10,000 from non federal funds LEA funds.
- ✦ 2017 MOE required expenditure level remains \$100,000 (2015 remains comparison year)

MOE Comparison Differences

- The Eligibility Standard is going to look back at the most current year data is available at the time of application (at least two years prior)
 - Example: FY 2017 Eligibility compares to FY2015 data
- The Compliance Standard will look at the actual expenditures starting in the prior fiscal year.
 - Example: FY 2017 Compliance compares to FY2016 data
- The LEA may need to spend more than the Eligibility Standard to be Compliant.

Maintenance of Effort Recap

- Based on state and local expenditures not revenues
- Done twice a year, Eligibility and Compliance
- Have to spend the same amount or more from the comparison year
- Four tests to meet MOE
- Local Only option must have auditable data
- Only have to meet one test
- There are four allowable exceptions
- Decreased revenue, coop fees, and cost savings are not allowable exceptions

Understand How MOE Works

- Plan ahead before year end close out
 - Shift special education costs from IDEA to local to boost local level to requirement amount.
 - This should be done before closing out the fiscal year.
 - Unused IDEA funds from your annual allocation can be carried forward for one year.

Understand Where Expenses are Coded

- Has the LEA reviewed how expenses are being coded?
 - Avoid practice of we've always done that way.
- How are unplanned expenditures charged?
 - Examine how these will affect MOE.
- Are there certain cost areas that are consistent from year to year?
 - Might want to track them as local funded only
 - Cover variable costs with non local funds

Develop Long Term MOE Plans

- Once an MOE level is established, it must be maintained indefinitely, unless you have allowable exceptions.
- If possible, avoid increasing local expenditures to an unsustainable amount.
 - Make sure annual local revenues are sufficient to maintain future spending.
- Look for possible future allowable exceptions
 - Teacher plans to retire in a couple years. Shift this teacher to local funded only.

Questions?

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