



LEA Maintenance of Effort (MOE)

The Big Picture for State Educational
Agencies (SEAs) and LEAs

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July 9, 2015

Who is in the room?

AGENDA

- Welcome
- About CIFR and IDC
- Overview of Local Education Agency (LEA) MOE
- Wisconsin example
- Q & A

Objectives

- Participants will be informed about the following:
- Basics of Basics of LEA MOE
- Options to meet the MOE requirement
- Allowed exceptions to reduce MOE
- Consequences of MOE noncompliance
- Fiscal and program requirements necessary to determine LEA MOE eligibility and compliance

Center for IDEA Fiscal Reporting (CIFR)

- CIFR was funded in 2014 for five years by the U.S. Department of Education's Office of Special Education Programs (OSEP)
- WestEd is the lead organization, with four partners and a pool of expert consultants

Purpose of CIFR

- Provide technical assistance to state education agencies on their IDEA Part B fiscal data collection and reporting obligations, specifically:
 - State Maintenance of Financial Support (MFS)
 - Local Educational Agency Maintenance of Effort Reduction and Coordinated Early Intervening Services (CEIS)

Key CIFR Areas

- Knowledge development
- Tool and template development
- Technical assistance and dissemination
- External evaluation

Specific CIFR Activities

- Listserv
- Online resource library
- Communities of practice
- Phone interviews
- Collaboration with other TA centers

A Review of What's Coming Next from CIFR

- Three Quick Reference Guides
- LEA MOE Reduction and CEIS Edit Check Tool, in collaboration with IDC
- MFS Toolkit

A Review of What's Coming Next from CIFR

- In Years 2-5, we will be providing individualized (“intensive”) TA to up to 10 states per year
- Application process will begin in Summer/Fall 2015
- We will work with selected states to develop a plan to provide tailored services

IDEA Data Center (IDC)

- IDC was funded in 2013, for five years, by the U.S. Department of Education's Office of Special Education Programs (OSEP)
- Westat is the lead organization, with seven partners and a pool of expert consultants



IDC Mission

- To build capacity within states for collecting, reporting, and analyzing high-quality data
 - Sections 616 and 618 of IDEA
 - Programs for infants, toddlers, and their families (Part C) and programs serving children ages 3 through 21 (Part B)



IDC Targeted & Intensive TA

- Targeted TA – Provide through a state liaison model, using email and telephone, short-term consultation, and regional workshops
- Intensive TA – Address more complex data challenges using a systemic approach



IDC MOE and CEIS Workgroup

- Address key challenges encountered by states in reporting IDEA fiscal data.
- Increase state capacity in reporting high-quality MOE and CEIS data.
- Develop training materials about LEA MOE and CEIS collecting and reporting requirements under IDEA.

IDC MOE and CEIS Workgroup

- Provide training and support to IDC stakeholders to build state capacity for collecting and reporting high-quality LEA MOE and CEIS data.
- Collaborate across TA centers: CIFR and NCSI.



LEA MOE



Maintenance of Effort (MOE): Why?

- To ensure that LEAs do not use federal funds to supplant state/local funding for the education of students with disabilities with federal funds.
- To protect the resources LEAs designate for specially designed instruction and related services.

What is MOE?

- New Regulations released April 28, 2015
- Effective July 1, 2015
- For more information about changes see the CIFR Crosswalk
<http://cifr.wested.org/wp-content/uploads/2015/05/IDEA-MOE-Regs-Crosswalk.pdf>

What is MOE? (cont.)

- Part B funds are not used to reduce the LEA's local expenditures for the education of children w/ disabilities below the level of those expenditures for the comparison fiscal year
- Comparison year is the year in which the LEA last met MOE using the same method of calculation
- No “particular cost” test

Eligibility vs. Compliance

- Eligibility test (i.e., what is budgeted) is used to establish LEA eligibility for Part B funds
- Compliance test (i.e., what is spent) is used to determine compliance with MOE requirements
- 34 CFR §300.203

MOE Eligibility Test

- Local special education budget amounts compared to the actual expenditures of the year the LEA last met MOE using the same calculation
- Determines whether an LEA is “eligible” to receive the IDEA grant

MOE Compliance Test

- Local special education actual expenditures of the current year compared to the actual expenditures of the year the LEA last met MOE using the same calculation
- Determines whether an LEA is in compliance with the MOE requirement

Consequences of Not Meeting MOE

- State must repay the federal government the difference between what the LEA actually spent and what it should have spent to meet the MOE requirement, or the amount of the LEA's Part B grant for that fiscal year, whichever is lower.
- Payback must be made from non-federal funds or funds for which accountability to the federal government is not required.

Consequences of Not Meeting MOE (cont.)

- The state may require the LEA to repay it for the amount the state was required to repay to the federal government for the LEA's MOE shortfall. If the LEA is required to pay back the state, it must use non-federal funds or funds for which accountability to the federal government is not required.

Options for Calculating MOE

- Total local funds
- Total state & local funds
- Per capita local funds
- Per capita state & local funds

Exceptions to MOE

- An LEA may reduce MOE for any of the following reasons:
 - a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
 - b) A decrease in the enrollment of children with disabilities.

34 CFR §300.204

Exceptions to MOE (cont.)

- c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because:**

Exceptions to MOE (cont.)

– the child...

1. Has left the jurisdiction of the agency;
2. Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
3. No longer needs the program of special education.

Exceptions to MOE (cont.)

- d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.**

- e) The assumption of cost by the high cost fund operated by the SEA under §300.704(c).**

Adjustment to MOE in Certain Fiscal Years

For any FY that an LEA receives an increase in Part B Section 611 funds from the prior FY, that LEA may reduce MOE by up to 50% of the increase, if the following conditions are met:

- LEA must use the freed-up state & local funds to carry out ESEA activities during the year in which the reduction takes place
- LEA must receive a determination of “meets requirements” from the SEA for the year of the reduction

Adjustment to MOE in Certain Fiscal Years (cont.)

- LEA must not have had action taken against it by the SEA under IDEA section 616
- LEA must not have had the responsibility for providing FAPE taken away by the SEA
- LEA must not be determined to have significant disproportionality for the year of the reduction



LEA MOE in Wisconsin



Understanding the Purpose of MOE

- Protects the services provided to students with disabilities
 - **Outside of the allowed exceptions, and even in times of economic distress, non-federal funding for students with disabilities may not be lowered or eliminated without penalty**

What data should be examined?

Non-federal spending on special education

- State and local aggregate

\$125,000	Special Education teachers, curriculum, supplies, specialized transportation
(\$15,000)	Medicaid SBS received, tuition payments from other LEAs
\$110,000	The LEA's total non-federal spending on special education

What data should be examined?

- Local funding only aggregate

\$125,000	Special Education teachers, curriculum, supplies, specialized transportation
(\$45,000)	Medicaid SBS, state categorical aid, high cost aid, tuition payments
\$80,000	The LEA's local only non-federal spending on special education

What data should be examined?

- The “per pupil” examinations

\$110,000	State and Local Total
110	Students with Disabilities
\$1,000	State and Local Per Capita Amount
\$80,000	Local Only
110	Students with Disabilities
\$727	Local Only Per Capita Amount

Testing Compliance

Fiscal Year	State and Local Aggregate	State and Local Per Pupil	Local Only Aggregate	Local Only Per Pupil
2013-14	\$112,000	\$950	\$78,000	\$720
2014-15	\$118,000	\$1,100	\$80,000	\$900

Testing Compliance

Fiscal Year	State and Local Aggregate	State and Local Per Pupil	Local Only Aggregate	Local Only Per Pupil
2013-14	\$110,000	\$1,000	\$80,000	\$727
2014-15	\$105,000	\$913	\$78,000	\$678

Failed by	\$5,000	\$5,000	\$2,000	\$5,605
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Determining Allowed Exceptions

- Staff retirements or resignations (voluntary)
- A student with expensive services graduates, leaves the district, or no longer requires the service (per the IEP)
- A vehicle or other capital expenditure had been purchased in the comparison year

Applying Exceptions

- Multiple exceptions may apply
 - **\$75,000 in exceptions may include:**
 - \$40,000 staff retirements
 - \$20,000 special education van purchase
 - \$15,000 tied to individual student who graduates
- If exceptions are approved, LEA maintains the new reduced non-federal expenditure level

Finding out the decrease is not an allowed exception

- Lay-off of special education aides
- Switching employee health insurance programs
- Converting to HRA systems
- Changing OPEB contributions
- Transportation contract savings
 - **IDEA Regulation Comments on §300.204**
 - **OSEP Letter to Brad White (8/1/2003)**

No Allowed Exceptions

- Cash penalty in non-federal funds
- In Wisconsin, we
- Require LEAs to pay the failed by amount
- Ensure penalty amount is coded to general fund accounts, not special education
- Focus on the eligibility testing to ensure future compliance

Wisconsin MOE Penalty Return of Funds

2008-09	\$15,203
2009-10	\$106,477
2010-11	\$98,806
2011-12	\$3,400,501
2012-13	\$147,495
2013-14	\$0

Wisconsin MOE System Example

- LEAs access a web-based “MOE” report that calculates both eligibility (budget to actual comparison) and compliance (actual to actual)
- The web-based report pulls in select data from other fiscal reports the LEA submits for state aid
- Allows the LEA to submit exceptions if failing any of the four tests
- Allows the LEA to run scenarios to determine future compliance

Timeline – FY 2014-15

- State audits are completed in July / August 2015
- Annual LEA financial report due September
- DPI audit reviews run September - March
- State Spec Ed Categorical Aid review in October
- Financial reports are considered final on March 1
 - **Finalized for state NCES data submission**
 - **Used to determine IDEA and ESEA MOE compliance**

MOE Menu Layout

View the Reports

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		Exceptions	
	Status	Report	Status	Report	All	Approved
2014-2015 Open	MOE Met	Elig Report	Missing Data	Compl Report	\$0	Enter Exceptions
2013-2014 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$85,594	\$85,594
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$165,289	\$165,289
2011-2012 Closed	MOE Met	Elig Report	MOE Failed	Compl Report	\$9,025	\$9,025
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$77,193	\$77,193
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$11,258	\$11,258

Current Status

Access to the Exceptions

Exceptions apply to both Eligibility and Compliance

A**Maintenance of Effort for Compliance has been met.**

	Test 1	Test 2	Test 3	Test 4
Difference:	(\$32,727.89)	(\$1,590.51)	(\$102,729.07)	(\$51,379.22)
Per Student:			(\$590.40)	(\$295.28)
MOE Result:	Met with Exceptions	Met with Exceptions	Failed (\$70,001)	Failed (\$18,651)

Compliance ▾ [District Home](#) [Exceptions](#) [Admin Refresh](#)

Approved Exceptions

Approved Staff Change Exceptions	\$24,076.41
Approved Student Leaving Exceptions	\$8,651.73
Total Approved Exceptions	\$32,728.14

F**B****Test 1: Current Year State/Local Actual Compared to Amounts from Last Year Test 1 was Met**

	State/Local Cost	Less Revenue	Actual State/Local
Current Year: 2014	\$1,006,306.87	\$94,027.82	\$912,279.05
Last Year 2013	\$969,542.39	\$24,535.45	\$945,006.94
Met:		<i>Difference:</i>	(\$32,727.89)

C**Test 2: Current Year Local Only Compared to Amounts from Last Year Test 2 was Met**

	Local Only Cost
Current Year: 2014	\$670,555.48
Last Year 2013	\$672,145.99
Met:	<i>Difference:</i> (\$1,590.51)

D**Test 3: Current Year State/Local Actual Per Capita Compared to Per Capita from the Last Year Test 3 was Met**

	Actual State/Local	MOE Child Count	Actual State/Local Per Capita
Current Year: 2014	\$912,279.05	174	\$5,242.98
Last Year 2013	\$945,006.94	162	\$5,833.38
Met:	$($5,833.38 * 174)$ $$1,015,008.12$	<i>Difference:</i>	(\$590.40)
		<i>Aggregate Diff.</i>	(\$102,729.07)

E**Test 4: Current Year Local Only Per Capita Compared to Per Capita from the Last Year Test 4 was Met**

	Local Only Costs	MOE Child Count	Local Only Per Capita
Current Year: 2014	\$670,555.48	174	\$3,853.77
Last Year 2013	\$672,145.99	162	\$4,149.05
Met:	$($4,149.05 * 174)$ $$721,934.70$	<i>Difference:</i>	(\$295.28)
		<i>Aggregate Diff.</i>	(\$51,379.22)

Compliance Report

In this example, the LEA originally failed MOE requirements because of a decrease of expenditures across the board, but later met with exceptions



Status of Overall MOE Compliance

Maintenance of Effort for Compliance has been met.

	Test 1	Test 2	Test 3	Test 4
Difference:	(\$32,727.89)	(\$1,590.51)	(\$102,729.07)	(\$51,379.22)
Per Student:			(\$590.40)	(\$295.28)
MOE Result:	Met with Exceptions	Met with Exceptions	Failed (\$70,001)	Failed (\$18,651)

Status of individual comparisons

Displays a per- capita amount AND aggregate

The aggregate amount is the actual “met” or “failed by” amount

Test 1: Current Year State/Local Actual Compared to Amounts from Last Year Test 1 was Met

	State/Local Cost	Less Revenue	Actual State/Local
Current Year: 2014	<u>\$1,006,306.87</u>	<u>\$94,027.82</u>	\$912,279.05
Last Year Met: 2013	<u>\$969,542.39</u>	<u>\$24,535.45</u>	\$945,006.94
		<i>Difference:</i>	(\$32,727.89)



Financial Details: State/Local Actual 2013-2014

Report total may not match detail total if annual report was changed after determination.

Account #	Account Description	Amount
27E156200100011	Salaries	\$671.00
27E156200212011	Retirement - Employer	\$45.18
27E156200220011	Social Security	\$51.33
27E156600100011	Salaries	\$96,101.00
27E156600212011	Retirement - Employer	\$6,602.12
27E156600218019	Retirement - Trust Contr	\$1,081.26
27E156600220011	Social Security	\$7,084.23
27E156600230011	Life Insurance	\$37.96
27E156600240011	Health Insurance	\$22,456.52
27E156600250011	Other Insurance	\$441.58
27E156600410019	General Supplies	\$613.79
27E158000100011	Salaries	\$374,321.29
27E158000212011	Retirement - Employer	\$25,382.35
27E158000218019	Retirement - Trust Contr	\$2,149.20
27E158000220011	Social Security	\$25,559.98



Test 2: Current Year Local Only Compared to Amounts from Last Year Test 2 was Met

	Local Only Cost
Current Year: 2014	<u>\$670,555.48</u>
Last Year Met: 2013	<u>\$672,145.99</u>
<i>Difference:</i>	(\$1,590.51)

Test 3: Current Year State/Local Actual Per Capita Compared to Per Capita from the Last Year Test 3 was Met

	Actual State/Local	MOE Child Count	Actual State/Local Per Capita
Current Year: 2014	\$912,279.05	<u>174</u>	\$5,242.98
Last Year Met: 2013	\$945,006.94	<u>162</u>	\$5,833.38
	<i>(\$5,833.38 * 174)</i>	<i>Difference:</i>	(\$590.40)
	\$1,015,008.12	<i>Aggregate Diff:</i>	(\$102,729.07)

**Calculation
from Test 1**

Test 4: Current Year Local Only Per Capita Compared to Per Capita from the Last Year Test 4 was Met

	Local Only Costs	MOE Child Count	Local Only Per Capita
Current Year: 2014	\$670,555.48	<u>174</u>	\$3,853.77
Last Year Met: 2013	\$672,145.99	<u>162</u>	\$4,149.05
	<i>(\$4,149.05 * 174)</i>	<i>Difference:</i>	(\$295.28)
	\$721,934.70	<i>Aggregate Diff:</i>	(\$51,379.22)

**Calculation
from Test 2**

Applied Exceptions

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Approved Exceptions

Approved Staff Change Exceptions	<u>\$24,076.41</u>
Approved Student Leaving Exceptions	<u>\$8,651.73</u>
Total Approved Exceptions	\$32,728.14

Transitioning from the 2012-2013 school year to the 2013-2014 school year, did any special education or related services personnel who had previously been funded with local/state dollars voluntarily depart, by retirement or otherwise, or depart due to just cause? (34 CFR §300.204(a)).

If the position was refilled, the LEA should submit the NET difference in salary and fringe between the original employee and the replacement employee.

If applicable, enter Name, Account Number, and amount of salaries and fringe previously locally/state funded. To add additional lines, click on the 'Save' button. When all personnel have been added or if this exception does not apply, click on the 'Next' button.

For a demonstration on completing this page, click [here](#)

First Name:

Last Name:

Salary Account:

 - - -

Salary Amount:

Fringe Account:

 - - -

Fringe Amount:

Reason For Leaving*:

Sample Data

**Note: Layoff of Special Education staff is not a departure due to just cause.
When identifying fringe costs, roll up the 200 000 series when the function is the same.*

Save

Staff Name	Salary Account	Salary Amount	Fringe Account	Fringe Amount	Reason	Action	Status
Rachel Zellmer	27-158000-100-011	\$10,000.00	27-158000-200-011	\$5,000.00	Voluntary Departure	Edit / Delete	Approved
Mary Mack	27-156600-100-011	\$6,500.41	27-156600-100-011	\$2,576.00	Retirement	Edit / Delete	Approved

Eligibility Report

In this example, the LEA failed MOE eligibility and must submit exceptions, change its submitted local budget, or provide DPI with an assurance that compliance will be met

Maintenance of Effort for Eligibility has failed. See details below.

	Test 1	Test 2	Test 3	Test 4
Difference:	(\$4,070.75)	(\$8,976.13)	(\$4,071.00)	(\$8,976.00)
Per Student:			(\$81.42)	(\$179.52)
MOE Result:	Failed (\$4,071)	Failed (\$8,976)	Failed (\$4,071)	Failed (\$8,976)

Eligibility

Scenario Calculator

Replace the values below and click recalculate to calculate maintenance of effort. Click reset to restore the actual values.

Child Count	State/Local Cost	Revenue	Local Only Cost	<input type="button" value="Recalculate"/>	<input type="button" value="Reset"/>
<input type="text" value="50"/>	<input type="text" value="\$268,792.00"/>	<input type="text" value="\$15,000.00"/>	<input type="text" value="\$177,707.00"/>		



LEAs can run a scenario to recalculate the four tests to see if actual expenditures are on target for compliance



Questions?



Questions? Need Help? Contact Us

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The contents of this presentation were developed under grants from the U.S. Department of Education, #H373F140001 and #H373Y130002. However, the contents do not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal Government. Project Officers: Matthew Schneer, Richelle Davis, and Meredith Miceli

