IDEA Part B
LEA Maintenance of Effort

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Supporting Schools and Students to Achieve

SHERRI YBARRA, ED.S., SUPERINTENDENT OF PUBLIC INSTRUCTION

Agenda

- LEA Maintenance of Effort Overview
- Standards for determination
- MOE Test
- Maintenance of Effort Exceptions
- MOE Test with Exceptions
- Maintenance of Effort section update in the IDEA Part B Application
- Accounting for MOE
- MOE Failure and Fiscal monitoring

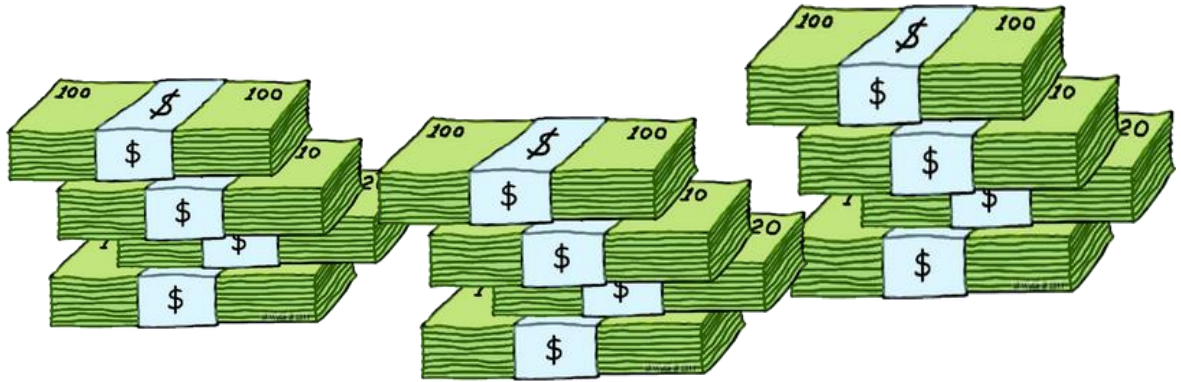
Local Educational Agency (LEA) Maintenance of Effort Overview

LEA Maintenance of Effort Overview

34 CFR §300.203 LEAs Maintenance of Effort

- IDEA Part B Funds must not be used to reduce the state and local level of expenditures for the education of children with disabilities.

- The amount of local, or State and Local Funds expended for the education of children with disabilities, is the amount of funds that establishes the level of expenditures to be maintained from year-to-year and establishes the MOE level.



LEA Maintenance of Effort Overview cont'd

The US Federal government needs to ensure that State and local governments support the education of students with disabilities by maintaining or increasing the level of expenditures from year to year.

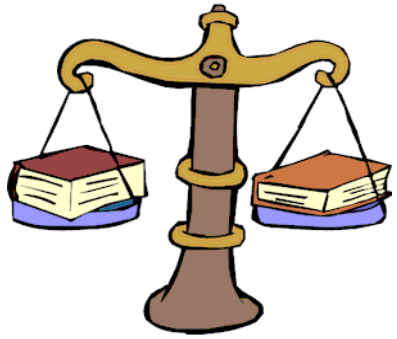
Standards for MOE Determination

Standards for Determining Maintenance of Effort

Title 34 CFR §300.203 (a)

- The federal code establishes the eligibility standard based on the LEA's prior year expenditures.

- The federal code outlines in detail the 4 basic standards used by the Idaho State Department of Education Special Education to determine whether the LEA passed or failed the maintenance of effort test.



Standards for Determining Maintenance of Effort cont'd

The 4 basic criteria for compliance and eligibility:

- Combination of State and Local Funds – total amount
- Combination of State and Local Funds – per capita basis (Child count)
- Local Funds Only – total amount
- Local Funds Only – per capita basis (Child count)

From year to year, the LEA needs to spend at least the same amount as in prior fiscal years.

Maintenance of Effort - Local Funds Only Requirements

An LEA can elect to use the combination of State and Local or Local Funds Only to meet MOE requirement.

If Local Funds is selected, SDE requires the following:

- Audited Financial Statements indicating the source of Local Funds i.e. supplemental levy, etc.
- Accounting processes used to account for local funds
- Previous FY Audited Financial Statements
- Indication that MOE is based on local funds only in the application

Maintenance of Effort - Local Funds Only

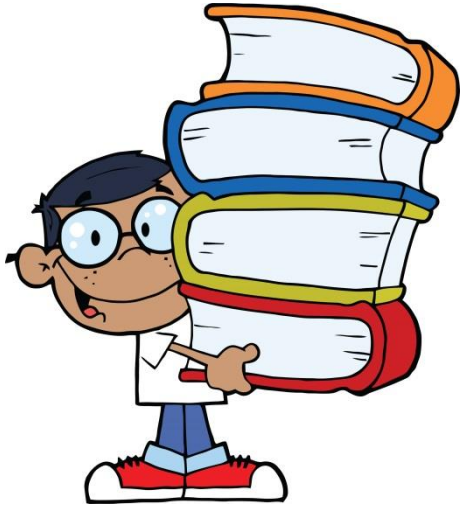
Idaho Financial Accounting Reporting Management System (IFARMS) does not separate expenditures by state and local funds.

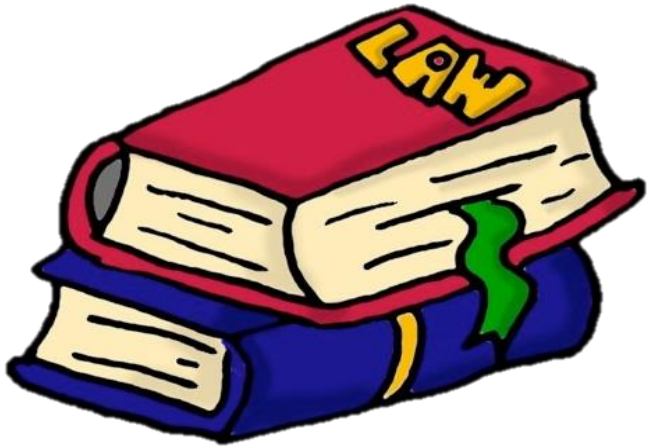
The majority of LEAs in Idaho use the combination of state and local funds for the purpose of meeting the MOE test.

Maintenance of Effort Test

Maintenance of Effort Test

The Special Education Department at the SDE performs the MOE test by comparing expenditures from the most recent year for which information is available to expenditures in the last fiscal year the LEA met the MOE test.





Maintenance of Effort Test - Example

Application year	Annual report	Combined Total for 521, 522, and 616	Other Expenditures	Medicaid reimbursements	Post Annual Report Adjustments	Adjusted total	Reduction amount (if any)	Exceptions under 300.204	Child Count	Per Student Amount
2013-2014	FY 2012					21,008,984			2,589	8,115
2014-2015	FY 2013	21,767,723	-	-	-	21,767,723	-	-	2,676	8,134
2015-2016	FY 2014	21,759,604	16,755	-	-	21,776,359	-	-	2,687	8,104
2016-2017	FY 2015	22,489,689	-	-	-	22,489,689	-	-	2,810	8,003
2017-2018	FY 2016	23,646,291	-	-	-	23,646,291	-	-	2,953	8,008
2018-2019	FY 2017	25,317,454	-	-	-	25,317,454	-	-	3,029	8,358

Maintenance of Effort Compliance Test

Preliminary MOE Compliance 2017-2018- Enter Amounts from Section II

1 Maximum expenditure amount - total	25,317,454	Maximum per student	8,358
2 New MOE threshold after exception		New threshold per student	

Annual report	Combined Total for 521, 522, and 616	Total Other Expenditures	Medicaid reimbursements	Adjusted Total Expenditures	Adjusted Total Expenditures plus exception & reduction for MOE test	Reduction under 300.205	Exceptions under 300.204	Previous yr Child Count	Per Student Amount
FY 2018	26,000,000		-	26,000,000	26,000,000	-	-	3,100	8,387
MOE Test Result	The District MEETS preliminary MOE Compliance based on Maximum Total State and Local expenditures since FY 2012								
	The District MEETS preliminary MOE Compliance PER CAPITA based on Maximum PER CAPITA State and Local expenditures since FY 2012								

Maintenance of Effort Eligibility Test

Preliminary MOE Eligibility 2018-2019- Enter Amounts from Section III

Maximum total expenditure amount	26,000,000	Maximum per student	8,387
New MOE threshold after exception		New threshold per student	

Budget report	Combined Total for 521, 522, and 616	Total Other Budget	Medicaid reimbursements	Adjusted Total Budget	Adjusted Total Budget plus exception & reduction for MOE test	Reduction under 300.205	Exceptions under 300.204	Previous yr Child Count	Per Student Amount
FY 2019	26,100,000		-	26,100,000	26,100,000	-	-	3,150	8,286

MOE Test Result

The District MEETS preliminary MOE Eligibility based on Maximum Total State and Local expenditures since FY 2012

The District DOES NOT MEET preliminary MOE Eligibility PER CAPITA based on Maximum PER CAPITA State and Local expenditures since FY 2012

Maintenance of Effort Test Result

- If neither the total amount spent or budgeted, nor the per-student amount is greater than, or equal to those amounts in the previous year, the LEA is not eligible for a Part B grant.

- In the Federal Register Vol. 80 No. 81 pages 23647-23648, OSEP provided more guidance on the comparison rule. The SDE is required to use FY 2011 as the starting fiscal year for MOE comparison purposes.

Maintenance of Effort Exception

Maintenance of Effort Exception

Title 34 CFR §300.204 Exception to Maintenance of Effort

A LEA may reduce the level of its expenditures (local, or State and local; in total or per capita) below the level of those expenditures for the preceding fiscal year under certain circumstances.

MOE Exception cont'd

- Voluntary departure by retirement or departure for just cause of special education or related services personnel;
- Decrease in the enrollment of children with disabilities;
- Termination of costly expenditures for long-term purchases, such as the purchase of an IEP software program;
- Termination of an exceptionally costly obligation to a particular child with a disability because the child:
  - Has left the jurisdiction of the administrative unit;
  - Has reached the age at which the obligation to provide FAPE to the child is terminated; or
  - No longer needs the program of special education.

MOE Exception Example 1

34 CFR §300.204

- In FY 2016-17, the LEA's MOE Expenditures $500,000
- In FY 2017-18, the LEA lost a teacher with a salary of $60,000/year
- In FY 2017-18, the LEA has $60,000 eligible exception
- If the LEA elects to take the exception, the MOE threshold will be reset at $440,000 ($500,000-$60,000)

MOE Exception Example 2

34 CFR §300.204

- In FY 2016-17, the LEA's MOE Expenditures $500,000
- In FY 2016-17, child count was 100. Per student MOE was $5,000
- In FY 2017-18, child count decreased by 10 and is now 90
- The LEA has $50,000 ($5,000 * 10) eligible exception
- If the LEA elects to take the exception, the MOE threshold will be reset at $450,000 ($500,000-$50,000)

Maintenance of Effort Reduction

Title 34 CFR §300.205 Adjustment to Local Fiscal Efforts

With certain exceptions, for any fiscal year in which an LEA's Part B allocation exceeds the amount the LEA received for the previous year, the LEA may reduce its State and Local support of special education by up to 50 percent of the amount of the increase in its Part B allocation.

MOE Reduction Example

34 CFR §300.205

- The LEA's Part B allocation for 2016-17 was $3,500,000
- The LEA's Part B allocation for 2017-18 was $4,000,000
- Allocation increase is $500,000 and 50% is $250,000
- The LEA may reduce its state and local expenditures for 2017-18 by $250,000
- The $250,000 must be expended for activities and programs allowable under the Elementary and Secondary Education Act (ESEA).

MOE Reduction Requirements

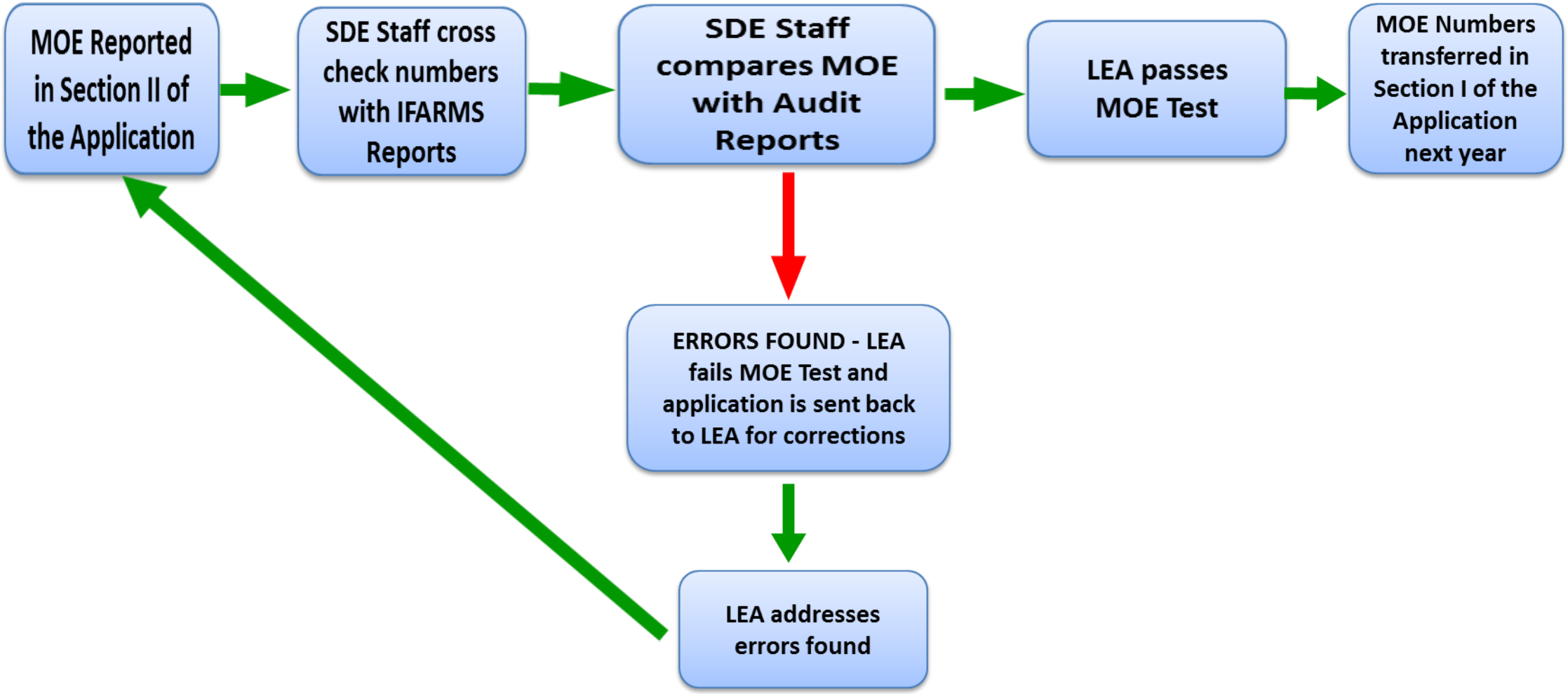
The LEA cannot reduce its State and Local support of special education under 34 CFR §300.205 :

- If action has been taken against the LEA under IDEA Section 616;
- If the LEAs responsibility for providing FAPE has been taken away by the SDE; or
- If the LEA has been found to have significant disproportionality (race and ethnicity) under 34 CFR §300.646

Accounting for Maintenance of Effort

Accounting for IDEA Part B MOE

How do we collect MOE numbers?



Accounting for IDEA Part B MOE cont'd

General Fund Expenditures for FY ended 6/30/2017

Enter your district/LEA's actual General M&O expenditures, from State and Local funds, for FY 2017. These amounts should be the same as the amounts reported on your district/LEA's annual IFARMS report for FY 2017	
IFARMS 100-521: Special Education Program	$0
IFARMS 100-522: Special Education Preschool Program	$0
IFARMS 100-616: Special Education Support Services Program	$0
Combined Total	$0
List below any general fund expenditures for the excess costs of providing Special Education and Related Services not included in one of the function program codes above	
Professional Development	$0
Transportation Costs	$0
Other (Describe below)	$0
Exception Amount (from Expenditure Exception worksheet)	$0
Medicaid Reimbursements not previously accounted for in the above functions/program codes	$0
Adjusted Total	$0
Child Count 11/1/ 2016	573
Average Per Pupil Expenditure FY 2017	$0

Accounting for MOE – Federal Expenditures

Title 34 CFR §300.154 Reimbursements from Federal Funds

- Reimbursements from Federal Funds, including Medicaid, will not be considered "State and Local" funds and cannot be used for the purposes of maintenance of effort provisions.

- SDE recommends you keep your Medicaid expenses and reimbursements separate
  - Do not commingle with other general fund expenses
  - New in FY 2017-2018: School-based Medicaid Services now has its own fund number 260.

Accounting for MOE – State Match

Medicaid State Match OSEP MEMO 15-10

LEAs must include state and local funds spent for the education of children with disabilities regardless of whether it uses those same funds to comply with other matching requirements i.e. Medicaid state match.

- Medicaid expense was $100,000
- Reimbursed portion was 71% or $71,000
- State match was 29% or $29,000
- Any portion of state match used for the education of children with disabilities must be included in the maintenance of effort report
- The balance in your fund 260 after reimbursement will be a good way to capture state match.

MOE Failure and Fiscal Monitoring

MOE Failure

MOE Eligibility Failure Implications

- LEA will be ineligible for IDEA Part B funds in the year for which the budgeted amount did not meet the test.

MOE Compliance Failure Implications

- LEA must return the amount by which it failed to meet MOE to the State.
- Paybacks must be made out of non-Federal funds or funds for which accountability to the Federal government is not required i.e. Maintenance of Effort expenditures or Medicaid match cannot be used for repayment.
- LEAs will be ineligible for IDEA Part B funds until the issue is resolved.

MOE Failure - Consequences

Maintenance of Effort level goes back to the year that LEA met MOE and not the year that it failed the test.

- LEA's MOE level for 2015-16 was $250,000
- LEA's MOE level for 2016-17 was $200,000 with no valid exception
- LEA's MOE level for 2017-18 should be $250,000 or more

Fiscal Monitoring

Fiscal Monitoring Plan

- Idaho State Department of Education Special Education implemented a fiscal monitoring system
- The system uses a risk-based approach for more efficiency
- Maintenance of Effort is a big focus of our fiscal review
- LEAs selected for fiscal monitoring activities in the current school year will be notified.

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