

# Preparing for Maintenance of Effort

IDEA Fiscal Monitors  
September 2024

# Agenda

- Maintenance of Effort Regulations
- MOE Methods
- What goes into MOE?
- Exceptions & Adjustments
- Completing MOE Spreadsheet
- MOE Not Met
- Q&A

# Maintenance of Effort Regulations

# MOE: Why is it required and what does it mean?

- LEA MOE is required to ensure that LEAs do not replace state/local funding with federal funds
- Maintaining effort means that, in each year for the education of children with disabilities, an LEA:
  - Budgets at least as much as it expended in the most recent year it met LEA MOE
  - Expends at least as much as it expended in the **most recent year it met LEA MOE**

# Why is MOE required?

- Purpose of LEA MOE
  - Help ensure FAPE
  - Ensure sufficient funds to serve students with disabilities
  - Examines use of state and local dollars
- Parallel Requirement of Maintenance of State Financial Support (MFS)
  - Provide steady source of available funds for LEAs to provide FAPE

# Maintenance of Fiscal Effort (MOE) Policy

- Funds provided to an LEA under Part B of the IDEA must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from state and/or local funds below the level of those expenditures for the preceding fiscal year without allowable justification.
- LEAs must expend at least as much as they did the previous year on the education of children with disabilities

# MOE: Two Standards

## •Eligibility/Budget § 300.203(a)):

Must budget at least as much as they expended in last year for which information available

Completed during the initial IDEA grant submission.

## Compliance/Expenditures (§300.203(b)):

Must expend at least as much as they expended in previous (comparison year)

Completed as a revision after the initial IDEA grant has been approved.

# MOE Regulation: 34 CFR §300.203(a)(1)

Eligibility standard. (1) For purposes of establishing the LEA's eligibility for an award for a fiscal year, the SEA must determine that the LEA budgets, for the education of children with disabilities, at least the same amount, from at least one of the four methods, as the LEA spent for that purpose from the same source for the most recent fiscal year for which information is available.



# MOE Regulation: 34 CFR §300.203(b)

Compliance standard. (1) Except as provided in 34 CFR §§300.204 and 300.205, 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, or State and local, funds below the level of those expenditures for the preceding fiscal year.

# Meeting MOE: 4 Methods Budgeted/Expended

MOE may be met in one of four methods

- Total amount of state and local funds
- Total amount of local funds
- Per capita amount of state and local funds
- Per capita amount of local funds

# MOE Methods

To determine required level of effort, LEAs must look back to the last year in which effort was maintained

LEAs must look back to the last year in which effort was maintained using the same method by which compliance was established

LEA can meet MOE in more than one method each year and can meet in a different area than years past.

# CIFR MOE Calculator

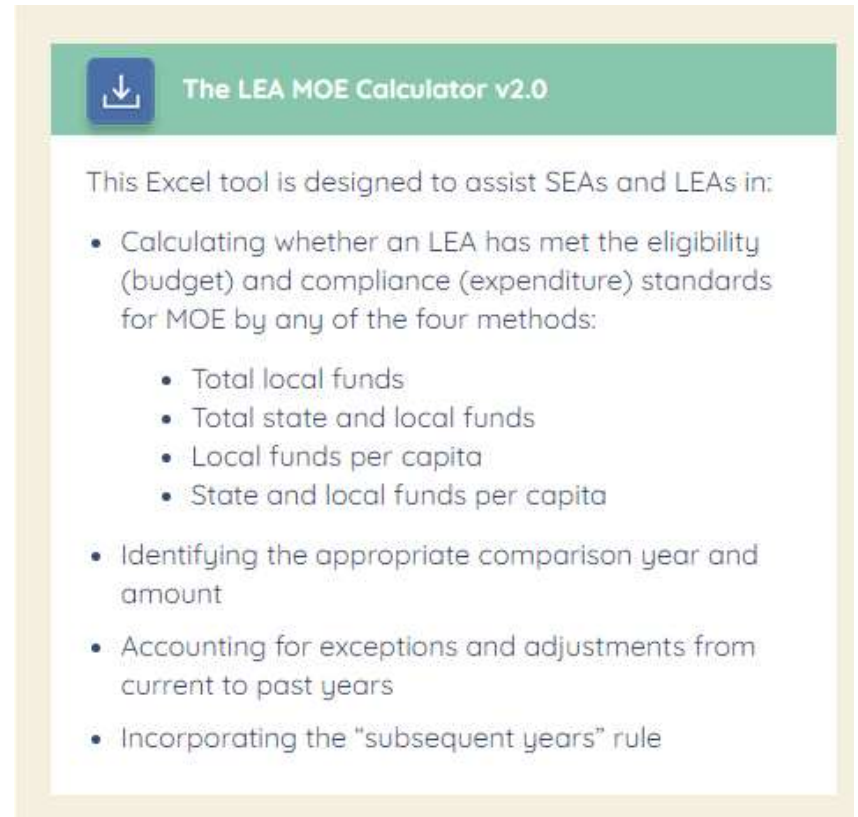
LEA Name		Multi-Year MOE Summary								
Fiscal Year	Standard	Child Count	Local Total Amount	Local Total MOE Result	State and Local Total Amount	State and Local Total MOE Result	Local Per Capita Amount	Local Per Capita MOE Result	State and Local Per Capita Amount	State and Local Per Capita MOE Result
2015-2016	Compliance (Expenditures)	180	\$ 55,740.56	Met as Baseline	\$ 100,138.92	Met as Baseline	\$ 309.67	Met as Baseline	\$ 556.38	Met as Baseline
2016-2017	Compliance (Expenditures)	220	\$ 61,932.28	Met	\$ 106,880.07	Met	\$ 281.51	Did Not Meet	\$ 485.82	Did Not Meet
2017-2018	Compliance (Expenditures)	221	\$ 57,687.19	Did Not Meet	\$ 107,104.41	Met	\$ 261.03	Did Not Meet	\$ 484.64	Did Not Meet
2018-2019	Compliance (Expenditures)	230	\$ 63,451.78	Met	\$ 110,484.62	Met	\$ 275.88	Did Not Meet	\$ 480.37	Did Not Meet
2019-2020	Compliance (Expenditures)	238	\$ 58,591.31	Did Not Meet	\$ 121,937.52	Met	\$ 246.18	Did Not Meet	\$ 512.34	Did Not Meet
2020-2021	Eligibility (Budget)	238	\$ 58,600.00	Did Not Meet	\$ 121,940.00	Met	\$ 246.22	Did Not Meet	\$ 512.35	Did Not Meet


# Accessing the CIFR Calculator

The LEA calculator is located in the 24 IDEA grant under MOE-Expenditures. This will have the last 3 years of data entered by the PSU that has been approved.

For a blank copy to practice with:  
[Link](#)

<https://cifr.wested.org/archive/lea-moe-calculator/>

A screenshot of a web page titled "The LEA MOE Calculator v2.0". The page has a green header with a download icon and the title. Below the header, there is a paragraph stating "This Excel tool is designed to assist SEAs and LEAs in:" followed by a bulleted list of functions. The list includes: calculating eligibility and compliance standards for MOE using four methods (Total local funds, Total state and local funds, Local funds per capita, State and local funds per capita); identifying comparison year and amount; accounting for exceptions and adjustments from current to past years; and incorporating the "subsequent years" rule.

 The LEA MOE Calculator v2.0

This Excel tool is designed to assist SEAs and LEAs in:

- Calculating whether an LEA has met the eligibility (budget) and compliance (expenditure) standards for MOE by any of the four methods:
  - Total local funds
  - Total state and local funds
  - Local funds per capita
  - State and local funds per capita
- Identifying the appropriate comparison year and amount
- Accounting for exceptions and adjustments from current to past years
- Incorporating the "subsequent years" rule

# Subsequent Year Rule

Defines what level of effort an LEA must meet in order to maintain effort in the year after an MOE failure

Level of effort that would have been required in **the absence of that failure**, not the LEA's reduced level of expenditures

# Impact of Subsequent Years Rule

- To determine required level of effort, LEAs must **look back** to the last year in which effort was maintained
- LEAs **must** look back to the last year in which effort was maintained **using the same method by which compliance was established**

# What to include in MOE

- State and local funds expended on EC students.
  - Fund Code
    - 1 State
    - 2 Local

MOE Expenditure reporting in October 2024 will still use the current COA



# Common Purpose Codes utilized by EC

Purpose Code	Description
5210	Children with Disabilities Curricular Services
5230	PreK Children with Disabilities Curricular Services
5240	Speech Language Pathology Services
5250	Audiology Services
5840	Health Services
6200	Support and Development

# Common Object Codes utilized by EC

Object Code	Description
121	Teacher Salary
132	Instructional Support-Advanced/Speech Language (salary)
133	Psychologist salary
142	Teacher Assistant salary
311	Contracted Services
312	Workshops and Allowable Travel
411	Supplies and Materials

# MOE Exceptions and Adjustments

# MOE Exceptions and Adjustments

- Under IDEA, both standards allow reductions to the level of effort:
  - Exceptions (§ 300.204)
  - Adjustments (§ 300.205)
- Under both, reduced level retained moving forward
- When taking any exceptions and/or adjustments, LEAs should be mindful of the possible impact on Excess Cost calculation

# Exceptions – General Information

- It is permissible to take multiple exceptions in one year, if each exception applies in that year.
- An LEA may apply these exceptions to reduce its required MOE level and meet the compliance standard using any of the four methods.

# Exceptions: § 300.204(a)

(a) The **voluntary** departure, by retirement or otherwise, or departure for **just cause**, of special education or related services personnel.

- Reductions in Force does not count
- Reduction in LEA share of benefits do not count
- Position-by-position basis; OR
- Total salary of departing Special Education (SPED) teachers **minus** total salaries of new SPED teachers

# Exceptions: § 300.204(b)

(b) A decrease in the enrollment of children with disabilities (December 1 Child Count).

<b>Exception (b) A decrease in the enrollment of children with disabilities.</b>			
SFY 2023 Child Count		15	
SFY 2022 Child Count		22	
Difference (must be (-) to apply exception)		-7	
Percent Difference		32%	
	<b>Local Total</b>		<b>State and Local Total</b>
SFY 2022 Final Expenditures	\$	45,270.50	\$ 106,730.27
<b>Allowed Reduction</b>	\$	<b>14,404.25</b>	\$ <b>33,959.63</b>

## Exceptions: § 300.204(c)

(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, because 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: § 300.204(c)

No longer needs the program of special education

- Child no longer requires special education OR, new services and placement are less costly
  - in accordance with IEP
  - least Restrictive Environment (LRE)
  - parents are not disputing change in placement

# Exceptions: § 300.204(d)

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

Long term= more than one year

# Exceptions: § 300.204(e)

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

- Includes using federal dollars
  - from the high-cost funds
  - to assume a portion of the LEA's cost
  - for a high-need child

# MOE Adjustments or Flexibility (§300.205)

- If the IDEA allocation increases, the LEA, if it meets certain conditions, may reduce its MOE level up to fifty percent (50%) of the increase in the allocation
- Conditions
  - Providing FAPE
  - Meets requirements (determinations)
  - Has not been identified with a significant disproportionality

# MOE Adjustments or Flexibility (§300.205)

If the LEA meets the conditions, the following must occur:

- The MOE expenditures are reduced by the same amount of the adjustment (or more if exceptions are also taken)
- The LEA submits a letter of explanation for the adjustment and details on how the funds were reallocated to support activities under ESSA.
- The LEA will provide SEA tracking of the funds upon request

# Adjustments Reporting

## Examples of reallocation of funds to ESSA

- 21st Century Schools
  - School Drop-out Prevention
  - Preparing, Training and Recruiting Highly Qualified Teachers and Principals
  - Improving Student Reading Skills
- \* Samples and not an exhaustive list

# MOE Adjustments or Flexibility (§300.205)

- When an LEA takes one or more Exceptions, a letter is required from the Superintendent to NCDPI EC Division Director
- When an LEA takes an Adjustment due to increase in federal funding, a letter is required from the Superintendent to NCDPI EC Division Director
- Templates for both letters are available on the NCDPI Resource tab of the CCIP platform
- The letter(s) will be uploaded to CCIP with the MOE Calculation Form

# Entering Data in the Spreadsheet:

- 2024 IDEA Grant
  - MOE-Expenditures

[-]	<b>IDEA Basic - 611 (PRC 060) - Application</b>
	<a href="#">Introduction</a>
	<a href="#">Maintenance of Effort - Budget</a>
	<a href="#">Private School</a>
	<a href="#">CCEIS</a>
	<a href="#">Narrative</a>
	<a href="#">Required Components</a>
	<a href="#">Public Notice</a>
	<a href="#">Related Documents</a>
[-]	<b>IDEA Basic - 611 (PRC 060) - Budget</b>
	<a href="#">Budget</a>
	<a href="#">Budget Overview Plus/Minus</a>
	<a href="#">Grant Award Notification (GAN)</a>
[-]	<b>IDEA Preschool - 619 (PRC 049) - Application</b>
	<a href="#">Introduction</a>
	<a href="#">Use of Funds</a>
	<a href="#">Related Documents</a>
[-]	<b>IDEA Preschool - 619 (PRC 049) - Budget</b>
	<a href="#">Budget</a>
	<a href="#">Budget Overview Plus/Minus</a>
	<a href="#">Grant Award Notification (GAN)</a>
[-]	<b>CEIS (070) - Budget</b>
	<a href="#">Budget</a>
	<a href="#">Budget Overview Plus/Minus</a>
	<a href="#">Grant Award Notification (GAN)</a>
[-]	<b>Maintenance of Effort - Expenditures</b>
	<a href="#">Maintenance of Effort - Expenditures</a>
	<a href="#">Related Documents</a>



# Where does the information go?

- Tab 14 Year 4 Amounts

- Right side “Compliance Standard-State Fiscal Year 2024- LEA Effort-Final Expenditures”
- Enter the December Child Count number for the MOE Expenditure tab in the 2025 IDEA grant
- Enter the PRC Code if the PRC is an EC PRC (example PRC 032, PRC 063, PRC 029) and the amount of local and / or state expenditures
- For all other expenditures enter the PRC Codes & Purpose Code (example 5210, 5240, 6200) and the amount of local and / or state expenditures
  - PRC 036 5210

# Example:

Child Count	61	LEA Name			
<b>Compliance Standard - State Fiscal Year 2025 - LEA Effort - Final Expenditures</b>					
Object Description	Code	Code 2	SFY 2025 Final Expenditures		
			Local	State	State and Local
PRC 036	5210				
PRC 036	6200				

# Where do Exceptions go?

- Tab 15 Year 4 Exc & Adj

- If you have exceptions, enter the information on the right side “Compliance Standard-Exceptions to MOE ...”
- For Exception a: voluntary departure do not enter the name of the staff member
- Exception b: A decrease in the enrollment of children with disabilities will automatically populate if there was a decrease
- The form will automatically calculate the exceptions to determine if the PSU met MOE utilizes the exceptions. The final MOE expenditures with exceptions can be found on **Tab 4 Multi-Year MOE Summary**

# Exceptions:

LEA Name

Note: This worksheet may contain Personally Identifiable Information (PII), such as staff salary and benefits and student IDs. LEAs should follow appropriate procedures for protecting PII.

Compliance Standard -- Exceptions to MOE as Permitted by 34 CFR §300.204 and Adjustment to MOE as Permitted by 34 CFR §300.205 -- Final Expenditures for State Fiscal Year 2023

Exception (a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel. (Only include salary and benefits paid from state and/or local funds)

**Departing Personnel**

Position Title	Employee Name	Reason for Leaving	Salary	Benefits	Total Expenditures
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
<b>Departing Total</b>			\$ -	\$ -	\$ -

**Replacement Personnel**

Position Title	Employee Name	Reason for Leaving	Salary	Benefits	Total Expenditures
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
<b>Replacement Total</b>			\$ -	\$ -	\$ -
<b>Net Allowed Reduction (Departing - Replacement)</b>					\$ -

Exception (b) A decrease in the enrollment of children with disabilities.

SFY 2023 Child Count	68	
SFY 2022 Child Count	143	
Difference (must be (-) to apply exception)	-75	
Percent Difference	52%	
	<b>Local Total</b>	<b>State and Local Total</b>
SFY 2022 Final Expenditures	\$ 51,479.08	\$ 639,700.83

# Did I meet MOE?

## Tab 4 Multi-Year MOE Summary

- The information automatically populates from the completed expenditure and exceptions tabs
- If at least one of the four methods is green, the LEA has met MOE in the green methods
  - The exception to this is if the LEA does not have any local expenditures, the box will be green but does not mean that MOE was met
- If all boxes are red, the LEA has not met MOE and should contact their assigned Fiscal Consultant

# How do I enter data into the grant (CCIP)?:

- Open the 2025 IDEA grant
- Go to the Maintenance of Effort – Expenditures page
- Enter the Total State & Local Expenditures and the Total Local Expenditures into the table
- The Per Child will automatically calculate
- If the PSU utilized Exceptions to meet MOE, enter the information from Tab 15 into the corresponding boxes
- If the PSU utilized Adjustment, enter the from Tab 15 into the corresponding boxes
- Use the Upload New link to upload the completed MOE spreadsheet
- If the PSU used Exceptions and/or Adjustments, the letter from the Superintendent to Dr. Hudgens can be uploaded using the Upload New link

**Maintenance of Effort - Expenditures**

Enter LEA expenditures for the education of students with disabilities. (34 CFR 203). First Preceding Fiscal Year amount must be equal to OR more than Second Preceding Fiscal Year. If the level of expenditures (local, or State and local) are reduced (MOE Reduction Amount is greater than 0), an exception and/or adjustment must be documented below in section (b) for an eligible reduction allowance. Also, a MOE Justification Form (§300.204/§300.205) and cover letter must be submitted by October 31st from LEA superintendent to DPI Exceptional Children Division director for approval. The amount of expenditure reduction must be equal or less than the total amount of reduction documented on the required justification form.

If LEAs second preceding fiscal year figures are different in the grant from the submitted MOE calculation form, an MOE Change Request must be submitted from the LEA Superintendent to the DPI Exceptional Children Division Director along with copies of the corresponding expenditure reports. If an adjustment is needed for Column II (Funds Spent), attach the corresponding expenditure report and MOE Change Request Form.

\* Selected MOE Method

Attach the MOE Calculation form. If section (b) is completed (reduction allowances), attach justification forms §300.204 and/or §300.205.

**Documents**

Type	Document Template	Document/Link
IDEA MOE Calculation Form /Justification Forms [Upload at least 1 document(s)]	N/A	

Methods for Determining MOE	(I) Funds Spent 2022-2023 First Preceding Fiscal Year Due by October 31st	(II) Funds Spent 2021-2022 Second Preceding Fiscal Year Figures on MOE calculation form must match figures below	MOE Reduction Amount 2022-2023
<input type="text" value="0"/> December Child Count			
Total State and Local Expenditures	* \$ <input type="text" value=""/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
Total Local Expenditures Only	* \$ <input type="text" value=""/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
Per Child State and Local Total Expenditures	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
Per Child Local Total Expenditures Only	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>

**MOE not met**



# **NOT Meeting MOE**

- First Step: Contact assigned Fiscal Consultant
- Fiscal Consultant will review with LEA and offer guidance regarding possible exceptions
- Add any exceptions determined to be available
- Submit grant revision with required documents
- Fiscal Consultant will review and determine if MOE was met.
- If MOE was not met in any method, EC Division will notify the LEA regarding the repayment required

# Consequences for **NOT** Meeting MOE

-If LEA fails to meet MOE, SEA must repay federal government out of non-federal funds

-SEA requires repayment from LEA out of non-federal funds

# Excess Cost

# LEA Excess Cost

- IDEA funds may only be used to pay the excess costs of providing special education and related services for students with disabilities
- Excess costs are costs in excess of the average annual per-pupil expenditure in an LEA during the preceding school year
- LEA must spend at least a minimum average amount on the education of elementary school or secondary school SWD before funds under Part B are used to pay what are then the excess costs of providing special education and related services.
- This is housed at the LEA and reviewed during the Monitoring Process.

# Contacts

Region	Fiscal Monitor
Northeast (1)	Milinda Martina
Southeast (2)	Milinda Martina
North Central (3)	Elizabeth Millen
Sandhills (4)	Elizabeth Millen
Piedmont-Triad (5)	Lisa Blanton
Southwest (6) Traditional Southwest (6) Charters	Adam Parent Lisa Blanton
Northwest (7)	Adam Parent
Western (8)	Adam Parent

# Questions?