



IDEA Part-B

MOE Compliance

The Regulations

- **300.203 Maintenance of effort.**
 - **Compliance standard**
- - (1) Except as provided in §§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 funds below the level of those expenditures for the preceding fiscal year.
 - (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§300.204 and 300.205:
 - (i) Local funds only;
 - (ii) The combination of State and local funds;
 - (iii) Local funds only on a per capita basis; or
 - (iv) The combination of State and local funds on a per capita basis.
 - (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section.

The Regulations

Cont.

- **300.203 Maintenance of effort.**
 - Compliance standard cont.
- [\(c\)](#) Subsequent years.
- [\(1\)](#) If, in the fiscal year beginning on July 1, 2013 or July 1, 2014, an LEA fails to meet the requirements of §300.203 in effect at that time, 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.
- [\(2\)](#) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(i) or (iii) of this section and the LEA is relying on local funds only, or local funds only on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, 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 under paragraph (b)(2)(i) or (iii) in the absence of that failure, not the LEA's reduced level of expenditures.
- [\(3\)](#) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(ii) or (iv) of this section and the LEA is relying on the combination of State and local funds, or the combination of State and local funds on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, 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 under paragraph (b)(2)(ii) or (iv) in the absence of that failure, not the LEA's reduced level of expenditures.

The Regulations

Cont.

- **300.203 Maintenance of effort.**
 - **Compliance standard cont.**

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[\(d\)](#) Consequence of failure to maintain effort. If an LEA fails to maintain its level of expenditures for the education of children with disabilities in accordance with paragraph (b) of this section, the SEA is liable in a recovery action under section 452 of the General Education Provisions Act (20 U.S.C. 1234a) to return to the Department, using non-Federal funds, an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

- [80 FR 23666, Apr. 28, 2015]



What is
included:


II. State or Local Expenditures for Special Education
Programs for Students With Disabilities

Fund Sources: 1000-2999, 6000-7499, 4275, and 4285 (excludes Fund Source 6965)

Function: 1000-6999 and 9140
(Program 4712)

1000-6999 (Programs
2200-2499 & 2900-2999)

Object Codes: 001-499, 620-929, and 950-969



Years included in
the calculation
started with 2...

The background features two large, curved, overlapping bands of color. One band is a light blue-grey, and the other is a light green. They curve from the top right towards the bottom left, creating a sense of movement and depth.

...then the years got more complicated

Subsequent Year Rule

- The subsequent year rule says each of the benchmark years for each of the four tests does not change until MOE is met with that test. Then going forward that year for which MOE was met becomes the new benchmark year until MOE is met again with that particular test.

Subsequent Year Rule

Before -

The only page

I. Child Count of Students With Disabilities (Excludes Gifted Students)

Year	Ages 3-21	Child Count Date
FY 13	237	Oct 1, 2012
FY 14	250	Oct 1, 2013

Now -

Page 1

I. Child Count of Students With Disabilities (Excludes Gifted Students)

Year	Ages 3-21	Child Count Date
FY 16	258	Oct 1, 2015
FY 21	275	Oct 1, 2020
FY 22	289	Oct 1, 2021

Page 2

I. Child Count of Students With Disabilities (Excludes Gifted Students)

Year	Ages 3-21	Child Count Date
FY 12	228	Oct 1, 2011
FY 13	237	Oct 1, 2012
FY 22	289	Oct 1, 2021

Subsequent Year Rule example

With the FY2021 financials MOE was met on Local only total & State and Local total. (Page 1 has two “YES’s”)

MOE was **not** met on Local only per capita **or** State and Local per capita. (Page 2 has two “NO’s”)

As a result, the FY2022 financials will compare the FY2022 Local only to FY2021 Local only total. The FY2022 State and Local total will also be compared to the FY2021 State and Local total.

The FY2022 financials will compare the FY2022 Local only per capita to the same year the FY2021 test used for the Local only per capita test.

The FY2022 financials will also compare the FY2022 State and Local per capita to the same year the FY2021 test used for the State and Local per capita test.

Subsequent Year Rule

Another example

With the FY2021 financials MOE was met on Local only total.

MOE was **not** met on State and Local total, not on Local only per capita, nor on State and Local per capita.

As a result, the FY2022 financials will compare the FY2022 Local only to FY2021 Local only total.

The FY2022 financials will compare the FY2022 State and Local total to the same year the FY2021 used for the State and Local total test.

The FY2022 financials will compare the FY2022 Local only per capita to the same year the FY2021 used for the Local only per capita test.

The FY2022 financials will also compare the FY2022 State and Local per capita to the same year the FY2021 used for the State and Local per capita test.

The Tests

Local Only Total
State and Local Total
Local Only Per Capita
State and Local Per Capita

Local Only Total Expenditures Example

- Local only expenditures for the benchmark year total 75,000.00
- Local only expenditures for FY2022 total 65,000.00
- MOE Met on Total Expenditure? NO
- Or
- Local only expenditures for the benchmark year total 75,000.00
- Local only expenditures for FY2022 total 175,000.00
- MOE Met on Total Expenditure? Yes

Local Only Total Expenditures Example

- Local only expenditures for the benchmark year total 75,000.00
- Local only expenditures for FY2022 total 75,000.00
- MOE Met on Total Expenditure? Yes
- This is managing MOE

State & Local Total Expenditures Example

- State and Local expenditures for the benchmark year total 400,000.00
- State and Local expenditures for FY2022 total 399,999.99
- MOE Met on Total Expenditure? NO
- Or
- State and Local expenditures for the benchmark year total 400,000.00
- State and Local expenditures for FY2022 total 675,000.00
- MOE Met on Total Expenditure? Yes
- This is not managing MOE

Local Only Per Capita Expenditures Example

- Local only expenditures for the benchmark year total 75,000.00
- Child Count for benchmark year 75
- $75,000.00 / 75 = 1,000.00$ per student
- Local only expenditures for FY22 total 75,000.00
- Child Count for FY22 80
- $75,000.00 / 80 = 937.50$ per student
- MOE Met on Per Capita Expenditures? NO

State & Local Per Capita Expenditures Example

- State and Local expenditures for the benchmark year total 400,000.00
- Child Count for benchmark year = 75
- $400,000.00 / 75 = 5,333.33$ per student
- Local only expenditures for FY22 total 333,000.00
- Child Count for FY22 = 62
- $333,000.00 / 62 = 5,370.97$ per student
- MOE Met on Per Capita Expenditures? YES

State & Local Per Capita Expenditures Example cont.

- If your child count has decreased and you are not meeting, you can do some quick math to determine what your total expenses need to be to meet on per capita.
- Example:
 - Benchmark year per capita amount is 2,000.00. (X)
 - Current year child count is 125. (Y)
 - Multiply X by Y to get total expenses required to meet on per capita
 - 2,000 times 125 equals 250,000.00

Maintain the level of Expenditures

- Managing the expenditures, keeping expenditures level, will not cause the amount required in future years to unnecessarily increase.
- If possible, keep local and state expenditures level as a baseline.
- Use federal funds for expenditures beyond that baseline.

Excess Costs Requirement

- Use federal funds for expenditures beyond that baseline.
- This idea is inline with the Excess Costs requirement, sort of.
- Do not stress over excess costs.
- Brady Vaughn: email bvaughn@alsde.edu, phone (334)694-4627

What if?

Not meeting and child count has increased

- Are there any significant variances between year?
- What caused those differences?
- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but I had all these extra 3210 and 3220 funds, so I used them.”
- When the 3210 allocations increase, LEAs are allowed to reduce non-federal spending by half of the increase
- This is referred to as “Flexibility”.

Flexibility

- When the 3210 allocation increases from the prior year LEAs are allowed to reduce non-federal spending by half of the increase.
- Example: FY2021 allocation was 100,000.00. The FY2022 allocation was 120,000.00. The LEA may reduce non-federal spending by 10,000.00.
- The idea is that there are more federal funds to put toward special education, thus non-federal funds are freed up and can be put toward general education expenses allowable under ESEA.
- The freed-up funds must be tracked. Add special use code 0064 to general education expenses to track those freed-up funds.
- LEAs must be in the MEETS REQUIREMENTS category on the LEA Determinations list to be allowed to reduce non-federal spending.

Flexibility cont.

- Add the special use code to expensed paid with local funds. This way the flexibility will apply to both local only & state and local tests.
- The flexibility amount on the previous slide is 10,000.00. So, if the amount required to met MOE on local only, without flexibility, is 40,000.00, with flexibility the amount is reduced to 30,000.00. As for the state and local, if the amount required is 110,000.00, without flexibility, the amount with flexibility is lowered to 100,000.00.
- Flexibility will be shown in section IV of the MOE report.

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but we were awarded an IDEA High Cost Fund grant. I had been using state funds for those expenses.”
- When an IDEA High Cost Fund grant is awarded, the LEA is allowed an exception for the first year. Contact Brady, or his replacement, at the state department.
- This exceptions applies to the first year of a High Cost Fund grant for the student. If another High Cost Fund grant is awarded for another student years later the exception is available again.

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but we had a teacher retire. That teacher had been here for 38 years. The teacher who replaced that retired teacher has just started teaching and the salary is much lower.”
- This is also an allowable exception.
- The difference between the retired teacher's salary & benefits and the new teacher's salary & benefits is the amount by which non-federal spending can be reduced.
- Contact Brady or his replacement.

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but we had a teacher retire. That teacher was not replaced.”
- This is also an allowable exception.
- The total amount of that teacher's salary and benefits is the amount by which non-federal spending can be reduced.
- Contact Brady or his replacement.

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but we had a teacher removed for Just Cause. The teacher who replaced that teacher who was removed has a lower salary.”
- This is also an allowable exception.
- The difference between the removed teacher's salary & benefits and the new teacher's salary & benefits is the amount by which non-federal spending can be reduced.
- Contact Brady or his replacement.

Budget Cuts

- A teacher being non-renewed due to reduced funding is not an allowable exception.
- This is one reason managing MOE is stressed.

What if?

Not meeting and child count has increased

- Has everything that is special education been coded to special education? (But if it's not special education do not code to special education.)
- The answer is “Yes, but we had an exceptionally costly student who is longer in our district. ”
- This is also an allowable exception.
- The district must be able to identify expenses tied directly to that student, i.e., a state funded High Needs award.
- The total of those expensed tied to that student is the amount by which non-federal spending can be reduced.
- Contact Brady or his replacement.

What if?

Not meeting and child count has decreased

- All the previous scenarios are possible when the child count has decreased.
- However, a decrease in child count is also an exception.
- Very similar to the per capita test, but still not exactly the same.
- Contact Brady or his replacement.

Decrease in Child Count Exception

Local Only				Benchmark year child count (A)	112.00	
				FY2022 child count (B)	(98.00)	
				difference (C)	14.00	
				percentage change (D)	12.50%	
				previous year's total local expenses (N)	85,000.00	
				Exception Amount [N times D] (Z)	10,625.00	
				Adjusted Benchmark Amount [N - Z]	74,375.00	
State/Local				Benchmark year child count (A)	106.00	
				FY2022 child count (B)	(98.00)	
				difference (C)	8.00	
				percentage change (D)	7.55%	
				previous year's total state/local expenses (X)	500,000.00	
				Exception Amount [X times D] (Y)	37,750.00	
				Adjusted Benchmark Amount [X - Y]	462,250.00	

What if nothing works?

- Try to meet on local by reducing special education expenses covered with state funds and increasing special education expenses covered with local funds.
- Simultaneously increase general education expenses covered with state funds and decrease general education expenses covered with local funds; this will keep overall expenses the same.

What if nothing works?

cont.

			<u>EXPENDITURES</u>			
			<u>FY 2019</u>	<u>FY 2021</u>	<u>FY 2022 EXPENDITURES</u>	
			LOCAL	STATE/LOCAL	LOCAL	STATE/LOCAL
A. Expenditures from State and Local Funds						
Program Code 4712			\$5,000.00	\$25,000.00	\$5,000.00	\$20,000.00
Program Codes 2200-2399			\$155,000.00	\$500,000.00	\$150,000.00	\$450,000.00
Program Codes 2400-2499			\$130,000.00	\$450,000.00	\$125,000.00	\$375,000.00
Program Codes 2900-2999			\$10,000.00	\$100,000.00	\$10,000.00	\$75,000.00
MAINTENANCE OF EFFORT						
			LOCAL	STATE/LOCAL	LOCAL	STATE/LOCAL
A. Total Local or State/Local Expenditures			\$300,000.00	\$1,075,000.00	\$290,000.00	\$920,000.00

- Local is short 10,000.00.

What if nothing works? cont.

- Perhaps there is a special education teacher in the 2400 program code paid with state funds.
- Post an entry to reclass 10,000.00, of those expenses to local funds.
- Also post an entry to reclass 10,000.00, of general expenses covered by local funds to state funds.

		EXPENDITURES			
		FY 2019	FY 2021	FY 2022 EXPENDITURES	
		LOCAL	STATE/LOCAL	LOCAL	STATE/LOCAL
A. Expenditures from State and Local Funds					
Program Code 4712		\$5,000.00	\$25,000.00	\$5,000.00	\$20,000.00
Program Codes 2200-2399		\$155,000.00	\$500,000.00	\$150,000.00	\$450,000.00
Program Codes 2400-2499		\$130,000.00	\$450,000.00	\$135,000.00	\$375,000.00
Program Codes 2900-2999		\$10,000.00	\$100,000.00	\$10,000.00	\$75,000.00
MAINTENANCE OF EFFORT					
		LOCAL	STATE/LOCAL	LOCAL	STATE/LOCAL
A. Total Local or State/Local Expenditures		\$300,000.00	\$1,075,000.00	\$300,000.00	\$920,000.00

Where should the YES be?

- In general, when the child count has increased a YES on page one is preferred over page two. Page two shows the per capita tests. If an LEA is meeting with the per capita tests when their child counts has increased non-federal spending on special education has likely increased more than necessary.
- Could federal funds be used instead, keeping non-federal spending lower?

Where should the YES be?

- The opposite is true when the child count has decreased.
- In general, if the child count has decreased a YES on page two is preferred over page one. When there are fewer students the per student amount can be kept level while total expenditures are reduced.
- Could federal funds be used instead, keeping non-federal spending lower?

Additional Awards From State Funds

- Will a state funded High Needs Student award affect my MOE?
- Yes
- These awards are specifically for a student or group of students.
- When this student or students leave the district or no longer needs the services you may apply for an exception. (This is mentioned on slide 30.)

Still nothing works.

- When MOE cannot be met funds must be returned to the federal department of education.
- The refund must be paid with non-federal funds.
- The amount of the refund will be the amount by which MOE was not meet or the total of the IDEA allocation whichever is lower.
- Example: MOE is short 5,000.00, refund required is 5,000.00.