

# Maintenance of Effort

*Special Programs and Data  
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September 2021*

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## Agenda

- Maintenance of Effort Regulations
- MOE Methods
- CIFR MOE Calculator
- Exceptions & Adjustments
- MOE Expenditures in IDEA Grant
- MOE Not Met

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# Maintenance of Effort (MOE) & MOE Regulations

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

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

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## Why Require MOE?

- Purpose of PSU 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 PSUs to provide FAPE

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## Maintenance of Fiscal Effort (MOE)

- Funds provided to a PSU 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 PSU from state and/or local funds below the level of those expenditures for the preceding fiscal year without allowable justification.
- PSUs must expend at least as much as they did the previous year on the education of children with disabilities

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## Overview of the PSU MOE Regulations

- 34 CFR §300.203 Maintenance of effort
  - (a) Eligibility Standard
  - (b) Compliance Standard
- 34 CFR §300.204 Exception to maintenance of effort
- 34 CFR §300.205 Adjustment to local fiscal efforts in certain fiscal years
- 34 CFR §300.203 Maintenance of effort
  - (c) Subsequent years
  - (d) Consequences of failure to maintain effort

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## Maintenance of Effort (MOE)

- Two Standards:
  - Eligibility/Budget (§ 300.203(a)): Must budget at least as much as they expended in last year for which information available
  - Compliance/Expenditures (§ 300.203(b)): Must actually expend at least as much as they expended in previous (comparison year)
    - This will be our focus today

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## 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.

## MOE Comparison/Subsequent Year

- Comparison Year: refers to the fiscal year that a PSU uses to determine the amount of local, or state and local, funds it must budget or spend, in order to meet both the PSU MOE eligibility and compliance standards.
- The comparison year differs for each standard, and may be affected by the Subsequent Years rule.

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## MOE Comparison/Subsequent Year

- Comparison Year Eligibility Standard
  - Regardless of the method used to meet the eligibility standard, reference the most recent fiscal year for which information is available.
  - If the PSU had an MOE failure, the SEA would be required to identify the correct comparison year in order to determine whether the PSU has met the eligibility standard
  - Utilizing the Subsequent Years rule, the SEA would determine the most recent fiscal year in which the PSU met MOE and for which it has information available

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## MOE Comparison/Subsequent Year

- Comparison Year Compliance Standard
  - Identify the amount of funds the PSU expended in the most recent fiscal year in which the PSU met the compliance standard using the same method.
  - “The preceding fiscal year,” the last fiscal year in which the PSU met MOE, regardless of whether the PSU is seeking to establish compliance based on local funds only, or based on state and local funds
  - Using one particular method, the PSU must be able to identify the amount of funds that the PSU expended in the most recent fiscal year in which the PSU met the compliance standard using that same method

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## MOE Comparison/Subsequent Year

- Subsequent Year Rule: 34 CFR §300.203 (c)
  - **Maintenance of Effort Subsequent Years:**  
Describes the Subsequent Years rule as it relates to LEA MOE and the four methods for calculating LEA MOE so that the SEA can determine how to provide TA to LEAs that must maintain effort under 34 CFR §300.203.
  - “...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.”

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## MOE Comparison/Subsequent Year

### Subsequent Years Rule

- To determine required level of effort, PSUs must look back to the last year in which effort was maintained
- Defines what level of effort a PSU 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 PSU's reduced level of expenditures

## MOE Comparison/Subsequent Year

### Subsequent Years Rule

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



## Subsequent Years Rule

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2015-2016	\$1000	\$1000	YES
2016-2017	\$900	\$1000	NO
2017-2018	\$900	\$1000	NO
2018-2019	\$1100	\$1000	YES
2019-2020	\$1000	\$1100	NO
2020-2021		\$1100	

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## Maintenance of Effort Methods

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## MOE Methods

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**
- PSU can meet MOE in more than one method each year

# CIFR: MOE Calculator

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# CIFR: MOE Calculator

LEA Name		Sample LEA		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	\$ 556.33	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

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## CIFR: MOE Calculator

- PSUs will continue to gather the MOE expenditure data as in previous years
- PSUs should continue to keep copies of the expenditure reports utilized in calculating MOE
- EC Division will provide each PSU with the MOE Calculator form containing the historical data
- The historical data has been reported to OSEP and cannot be changed without authorization
- PSUs will enter the 2020-2021 Expenditure (compliance) data on the CIFR MOE Calculator and upload the form to NCCCIP

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## Accessing the LEA MOE Calculator v2.0

- Link in chat:
- <https://cifr.wested.org/archive/lea-moe-calculator/>
- Click the name to download the form



### 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

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## CIFR: MOE Calculator

### Getting Started (Tab 2)

- Enter the LEA Name
- Enter the LEA Number
- Compliance standard: For each method, list the last fiscal year prior to state fiscal year 2021 in which the LEA met the LEA MOE compliance standard and the final expenditures and child count for that year.
  - This information will be on the historical data Multi-Year MOE Summary (Tab 4) of the spreadsheet when you receive it from DPI.

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## CIFR: MOE Calculator

### Tab 2 Continued

- Enter some essential information for SFY 2020
  - This information will be in the historical data spreadsheet
    - Projected (eligibility standard – budget)
    - Final (for compliance standard – expenditures)
  - Enter the Total Local
  - Enter the Total State & Local
  - Enter the Child Count

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## CIFR: MOE Calculator

### Intervening Years (Tab 3a)

- The years when MOE was last met in each method are prepopulated on this tab
- Using the historical data spreadsheet, enter any Exceptions or Adjustments used to meet MOE in these years.

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## CIFR: MOE Calculator

### High Cost Fund (Tab 3b)

- In NC this is Risk Pool Funds
  - As you complete each year, choose “yes” from the dropdown. Unless there is a year, NCDPI doesn’t have Risk Pool as a High Cost Fund

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## CIFR: MOE Calculator Entering 2020-2021 Expenditure Data

Go to Tab 5. Year 1 Amounts

- Scroll to right side table “Compliance Standard Fiscal Year 2020-2021”
- Enter December Child Count number at the top
  - This must match the number on the MOE Expenditure page of the grant
- Enter the local and state expenditures in the appropriate columns

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## CIFR: MOE Calculator Entering 2020-2021 Expenditure Data

Go to Tab 4. Multi-Year MOE Summary

- The top row has the historical data prepopulated from Tab 2. These are the last years MOE Expenditures were met and the comparison years/totals for this year
- If the PSU met MOE in at least one method, that method can be selected for the 2020-2021.
- If the PSU met in more than one, any of the met method may be selected for 2020-2021

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## MOE Exceptions and Adjustments

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## 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, PSUs should be mindful of the possible impact on Excess Cost calculation

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## 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

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## Exceptions: § 300.204(b)

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

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## 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.

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## 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

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## Exceptions: § 300.204(c) Examples

An LEA sends a child with a disability to a private residential facility. The cost of this program is \$169,000.

- Student no longer needs program as he graduated with a regular diploma last year.
- The LEA can reduce its MOE by \$169,000 in the current SFY.

An LEA sent a child with a disability to an in-state residential facility. The cost of this program was \$80,000.

- IEP team determines residential facility services are no longer needed and changes the child's placement.
- Under the new placement, the LEA provides services to the child for \$30,000.
- The LEA can reduce its MOE by \$50,000 (\$80,000 – \$30,000).

## 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

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## Exceptions – General Information

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

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## MOE Adjustments or Flexibility (§300.205)

- If the IDEA allocation increases, the PSU, 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

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## MOE Adjustments or Flexibility (§300.205)

If the PSU 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 PSU submits a letter of explanation for the adjustment and details on how the funds were reallocated to support activities under ESSA.
- The PSU will provide SEA tracking of the funds upon request

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## MOE Exceptions and Adjustments

- When a PSU takes one or more Exceptions, a letter is required from the Superintendent to NCDPI EC Division Director
- When a PSU 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

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## CIFR: MOE Calculator

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## CIFR: MOE Calculator Entering Exceptions and Adjustments

Go to Tab 6. Year 1 Exc & Adj

### “Compliance Standard- Exceptions to MOE”

**Do not enter any Personally Identifiable Information. Use student ID numbers and only position titles not employee names.**

Table is broken down by the exception

- Enter any data for voluntary departure (a)
  - Includes the departing personnel & the replacement personnel
- Decrease in child count is automatically calculated (b)
- Enter any data for termination of obligation to a particular student (c)
- Enter any data for termination of costly expenditure long-term purchases (d)
- Enter any data for assumption of cost by SEA (e)

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## CIFR: MOE Calculator Entering Exceptions and Adjustments

Adjustment to Maintenance of Effort as  
Permitted by §300.205

- Enter the adjustment taken = the 50% of the increase of federal funding received

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## CIFR: MOE Calculator

- Return to tab 4. Multi-Year MOE Summary
- Determine the method the PSU will use to meet MOE for the 2020-2021 Expenditures
- If the selected method was met utilizing Exceptions or Adjustments, the letter from the superintendent to the Exceptional Children Division Director is required to be uploaded to the grant

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## MOE Expenditures in IDEA Grant

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## Entering Data into IDEA Grant

- On the Sections page of the IDEA grant, click Maintenance of Effort – Expenditures
  - Located near the bottom of the Sections page.
  - Do not enter the expenditure data in the MOE – Budget page

The screenshot shows a sidebar menu with the following items:

- [Related Documents](#)
- Maintenance of Effort - Expenditures**
  - [Maintenance of Effort - Expenditures](#)
  - [Related Documents](#)
- Assurances**
  - [Program Budget and Fiscal Audit Assurances](#)
  - [Debarment Assurance](#)

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## Entering Data into IDEA Grant

- The MOE Expenditure page will open on October 1, 2021, for all PSUs with approved IDEA grants.

☐ NCDPI is requesting Maintenance of Effort - Expenditures (when box is unchecked, form is disabled - NCDPI will check the box when they are ready for LEAs to complete this form)

- PSUs with grants approved after October 1, will be opened on a weekly basis.
- When the box is checked, the PSU can enter MOE data

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## Entering Data into IDEA Grant

- Enter the Funds Spent 2020-2021 in column I

Methods for Determining MOE		(I) Funds Spent 2020-2021 First Preceding Fiscal Year Due by October 31st
<input type="text" value="22"/>	December Child Count	
Total State and Local Expenditures		* \$ <input type="text"/>
Total Local Expenditures Only		* \$ <input type="text"/>
Per Child State and Local Total Expenditures		\$ <input type="text" value="0.00"/>
Per Child Local Total Expenditures Only		\$ <input type="text" value="0.00"/>

- The system will calculate the Per Child Expenditures

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## Entering Data into IDEA Grant

- Select the MOE Method from the dropdown

If LEAs second preceding fiscal year figures are different in the grant from the reports. If an adjustment is needed for Column II (Funds Spent), attach the co

\* Selected MOE Method

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## Entering Data into IDEA Grant

- Enter any Exception(s) in the appropriate box(es).
- The data entered must match the data in the CIFR Calculator

(b) Reduction Allowances - check all that apply

☐ 34 CFR §300.204 Exception:

\* 300.204 Exception Options - must select at least one checkbox, if using this reduction allowance

☐ Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel;  
\$  \* Exception Amount

\* Reason for Departure

☐ Decrease in the enrollment of children with disabilities;  
\$  \* Exception Amount

☐ Termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities;  
\$  \* Exception Amount

☐ Termination of an exceptionally costly obligation to a particular child with a disability because the child: (check all that apply)  
\$  \* Exception Amount

\* Termination Options - must select at least one checkbox, if using this exception

☐ Has left jurisdiction;  
☐ Has reached the age at which the obligation to provide a free appropriate public education (FAPE) to the child is terminated; or  
☐ No longer needs the program of special education.

☐ Assumption of cost by a high cost fund operated by the State Education Agency under 34 CFR 300.704( c).  
\$  \* Exception Amount

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## Entering Data into IDEA Grant

- If taking the 34 CFR 300.205 Adjustment, enter the Adjustment Amount in the box.

☐ 34 CFR §300.205 Adjustment

Total LEA Part B allocation under section 611 for current grant fiscal year exceeds the amount the LEA received for the previous fiscal year (ESEA) activities:  
Receives increase in total IDEA section 611 funds since the previous fiscal year;  
"Meets Requirements" under IDEA section 616 determinations;  
Has not had action taken against it by the state education agency under IDEA section 616;  
Has not had responsibility for providing a free appropriate public education (FAPE) taken from it by the state education agency;  
Has not been found by the state education agency to have significant disproportionality under 34 CFR §300.646; AND  
If elects permissive use of coordinated early intervening services (CEIS) under CFR §300.226, pursuant to this adjustment:  
- CEIS amount the LEA intends to use is less any amount reduced for the maintenance of fiscal effort and  
- CEIS and reduction total amounts together do not exceed the lesser of the total amount available for the reduction (maximum amount available for the reduction) or the amount of the adjustment.

\$  \* Adjustment Amount:

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## Entering Data into IDEA Grant

- Upload the completed CIFR MOE Calculator
- If exceptions and/or allowances have been taken, upload the letter(s) from the Superintendent
- Change grant status to “Revision Completed”

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## MOE Not Met

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## MOE Not Met

- First Step: Contact assigned Fiscal Consultant
  - Fiscal Consultant will review with PSU 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 PSU regarding the repayment required

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## Special Programs and Data Contacts

- Regions 2, 4, 7 & 8
  - Adam Parent
  - [Adam.Parent@dpi.nc.gov](mailto:Adam.Parent@dpi.nc.gov)
  - 984.236.2637
- Regions 1, 3, 5 & 6
  - Elizabeth Millen
  - [Elizabeth.Millen@dpi.nc.gov](mailto:Elizabeth.Millen@dpi.nc.gov)
  - 984.236.2603

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