

# **IDEA Maintenance of Effort – Overview and Basics**

**requirement under the  
Individuals with Disabilities Education Act**

Federal Funding Conference  
February 2024



WISCONSIN DEPARTMENT OF  
**Public Instruction**  
Jill K. Underly, PhD, State Superintendent

# Acronyms

**FAPE** - Free Appropriate Public Education

**IEP** - Individualized Education Program

**SEA** - State Education Agency

- ❖ Wisconsin Department of Public Instruction

**LEA** - Local Education Agency

- ❖ Defined by state statute as the agency responsible for FAPE
  - Wisconsin Public School Districts
  - Wisconsin Independent Charter Schools
  - Wisconsin Dept of Corrections, Dept of Health Services

**Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.**

### **Preschool (PS)**

Provides funds for special education services to students ages 3 to 5.

### **Flow-through (FT)**

Provides funds for special education services to students ages 3 to 21.

## **Types of IDEA Formula Grants**

## Definition

M

O

E

- ❖ Requirement that a certain level of state and local funding is maintained from year to year.
- ❖ Different rules depending on the federal program.
- ❖ Analysis of program expenditures not funded by grants.

# IDEA MOE Regulations

IDEA requires that a State must not reduce the amount of State financial support for special education and related services below the amount of that support for the preceding fiscal year.

(34 CFR §300.163(a))



# Maintenance of State Financial Support

Wisconsin must 'make available' the same amount of funding for special education each year:

- ❖ State Special Education Categorical Aid
- ❖ Special Education High Cost Program
- ❖ State School Aids
- ❖ Special Education Transition Incentive Grant
- ❖ Special Education Transition Readiness Investment Grant
- ❖ Department of Corrections Special Education Staff

# IDEA MOE Regulations

IDEA requires that LEAs budget and expend the same amount of local funding for special education and related services as it expended in the previous fiscal year.

(34 CFR §300.203)



# Special Education Accounting

To demonstrate compliance, an LEA must use the DPI-assigned accounting structure to identify special education expenditures and what type of funds were used to pay for the expenditures.





**Fund 27**

Contains all costs related to special education

**Project 011**

Expenditures eligible for state special education categorical aid reimbursement

**Project 019**

Expenditures not eligible for state aid

**Project 34X**

Expenditures reimbursed with federal IDEA formula dollars

Only project 011 and 019 tagged expenditures are used for MOE compliance

# Four Possible Ways to Pass MOE

To meet compliance, an LEA must demonstrate that it is spending the same or more than it did in prior year.

An LEA's financial data is examined through four different calculation methods.

The LEA only needs to 'pass' one of the four comparison tests to meet the MOE compliance requirement.

# Test 1: State & Local

At least the same total combination of state and local funds were expended as the last year the LEA expended the most state and local funds on special education activities.

Current Year – **FAILED!**

\$100,000 E  
coded to 011 & 019

–

\$10,000 R  
coded to 780

=

**\$90,000**  
State & Local Costs

Prior Year

\$110,000 E  
coded to 011 & 019

–

\$15,000 R  
coded to 780

=

\$95,000  
State & Local Costs

# Test 2: Local Only

At least the same amount of local funds were expended as the last year the LEA expended the most local funds on special education activities.

Current Year – **FAILED!**

Fund 10 to Fund 27 Transfer  
27R 110 411000

=

\$99,000  
Local Only Costs

Prior Year

Fund 10 to Fund 27 Transfer  
27R 110 411000

=

\$100,000  
Local Only Costs

# Test 3: State & Local Per Capita

At least the same student per capita amount from state and local funds were expended as the last year the LEA expended the most state and local funds on special education activities.

Current Year - **FAILED!**

$$\begin{array}{l} \$100,000 \\ \text{State \& Local Costs} \end{array} + \begin{array}{l} 106 \\ \text{October 1 Child Count} \end{array} = \begin{array}{l} \$943 \\ \text{Per Capita} \end{array}$$

Prior Year

$$\begin{array}{l} \$95,000 \\ \text{State \& Local Costs} \end{array} + \begin{array}{l} 100 \\ \text{October 1 Child Count} \end{array} = \begin{array}{l} \$950 \\ \text{Per Capita} \end{array}$$

# Test 4: Local Only Per Capita

At least the same student per capita amount from local funds were expended as the last year the LEA expended the most local and state funds on special education activities.

Current Year - **FAILED!**

$$\begin{array}{|c|} \hline \$99,000 \\ \hline \text{Local Only Costs} \\ \hline \end{array} + \begin{array}{|c|} \hline 100 \\ \hline \text{October 1 Child Count} \\ \hline \end{array} = \begin{array}{|c|} \hline \$990 \\ \hline \text{Per Capita} \\ \hline \end{array}$$

Prior Year

$$\begin{array}{|c|} \hline \$100,000 \\ \hline \text{Local Only Costs} \\ \hline \end{array} + \begin{array}{|c|} \hline 100 \\ \hline \text{October 1 Child Count} \\ \hline \end{array} = \begin{array}{|c|} \hline \$1,000 \\ \hline \text{Per Capita} \\ \hline \end{array}$$

# MOE Exceptions

MOE “exceptions” are federally allowed justifications for why an LEA’s locally funded special education expenditures decreased between comparison years.

IDEA regulations identify five reasons why an LEA can lower special education costs and still meet the MOE compliance standard.



# Exceptions for Lowering Costs

- ❖ Voluntary departure or departure for just cause of special education personnel.
- ❖ Decrease in enrollment of students with disabilities.
- ❖ A student with exceptional special education costs moves out of the district, ages out, or no longer needs the program.
- ❖ The purchase of costly capital, such as a special education vehicle, is paid out.
- ❖ The assumption of the student's program costs by Wisconsin's special education high cost aid for a student with a disability.



# Voluntary Departure of Staff

Must be a position that is accounted for in Fund 27 and not charged to the IDEA formula grants.

As an allowed exception, the individual must leave the special education position voluntarily or for just cause (fired).

- ❖ Involuntary departure includes lay-offs or contract non-renewals.

If the position was replaced, the allowed exception amount is the net difference between the individuals' salary packages.

# Staff Departure Examples

A special education teacher retires, and the salary and benefits of this long-term and experienced teacher is \$80,000.

The LEA replaces this position with a qualified special education teacher at a salary and benefit of \$60,000.

The LEA would be allowed to reduce their MOE obligation by \$20,000 (net difference between the experienced teacher salary and new teacher salary).

# Staff Departure Examples

A dually-licensed early childhood special education teacher voluntarily chooses to accept a teaching position in general education. Her early childhood salary package was \$55,000.

Based on decreasing enrollment in the early childhood age group, the LEA determines there is not a need to replace the early childhood teaching position.

The LEA would be allowed to reduce their local cost MOE obligation by \$55,000.

# Staff Departure Examples

An EBD teacher goes on paid paternity leave for a semester in 2022-2023. The LEA covers the teacher's classes with a long-term substitute teacher. The total cost of the teacher and long-term substitute is \$70,000.

In 2023-2023, the EBD teacher's salary is once again at \$60,000 for the full year.

The LEA would be allowed to reduce their MOE obligation by \$10,000 (net difference between the teacher on leave + substitute costs and the teacher return to normal schedule).

# Staff Departure Examples

In 2022-2023, the LEA employed 15 special education paraprofessionals at the high school.

Based on decreasing enrollment in the high school, the LEA decides to discontinue the contracts for two paraprofessionals in 2023-2024, for a savings of \$35,000.

The LEA would be **not** be allowed to reduce their local cost MOE obligation by \$35,000. The LEA would need to reinvest the \$35,000 back into its special education program.

# Staff Departure Examples

In 2022-2023, due to a very bad flu season, the LEA had a significant increase in substitute special education staff needs, resulting in a spike of \$20,000 in function 159200, project 011 (special ed subs).

In 2023-2024, sick leave steadied out and the sub costs returned to pre-pandemic amounts.

The LEA would be **not** be allowed to reduce their local cost MOE obligation by \$20,000 due to the decrease in substitute teacher needs. In the future, the LEA should consider moving volatile expenses like subs (teachers and paras) to IDEA funding.

# Staff Departure Examples

## SITUATION A

LEA contracts with CESA for a Special Education Director at \$60,000 for fiscal year 2022-2023.

The CESA employee voluntarily leaves and is replaced with a new Special Education Director in FY 2023-2024.

The contract price goes down to \$45,000 as the new hire cost CESA less.

**Qualifies as an Exception**

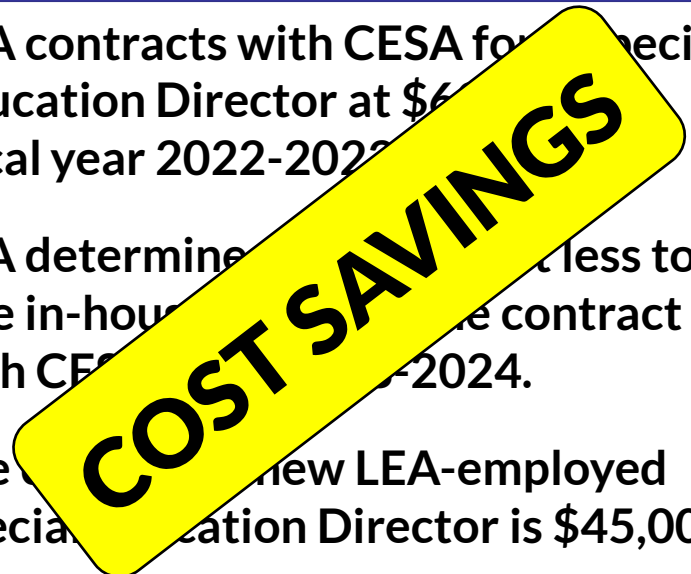
## SITUATION B

LEA contracts with CESA for a Special Education Director at \$60,000 for fiscal year 2022-2023.

LEA determines it is less to hire in-house and ends the contract with CESA for FY 2023-2024.

The new LEA-employed Special Education Director is \$45,000.

**Does NOT Qualify as an Exception**



# Student Enrollment Decrease

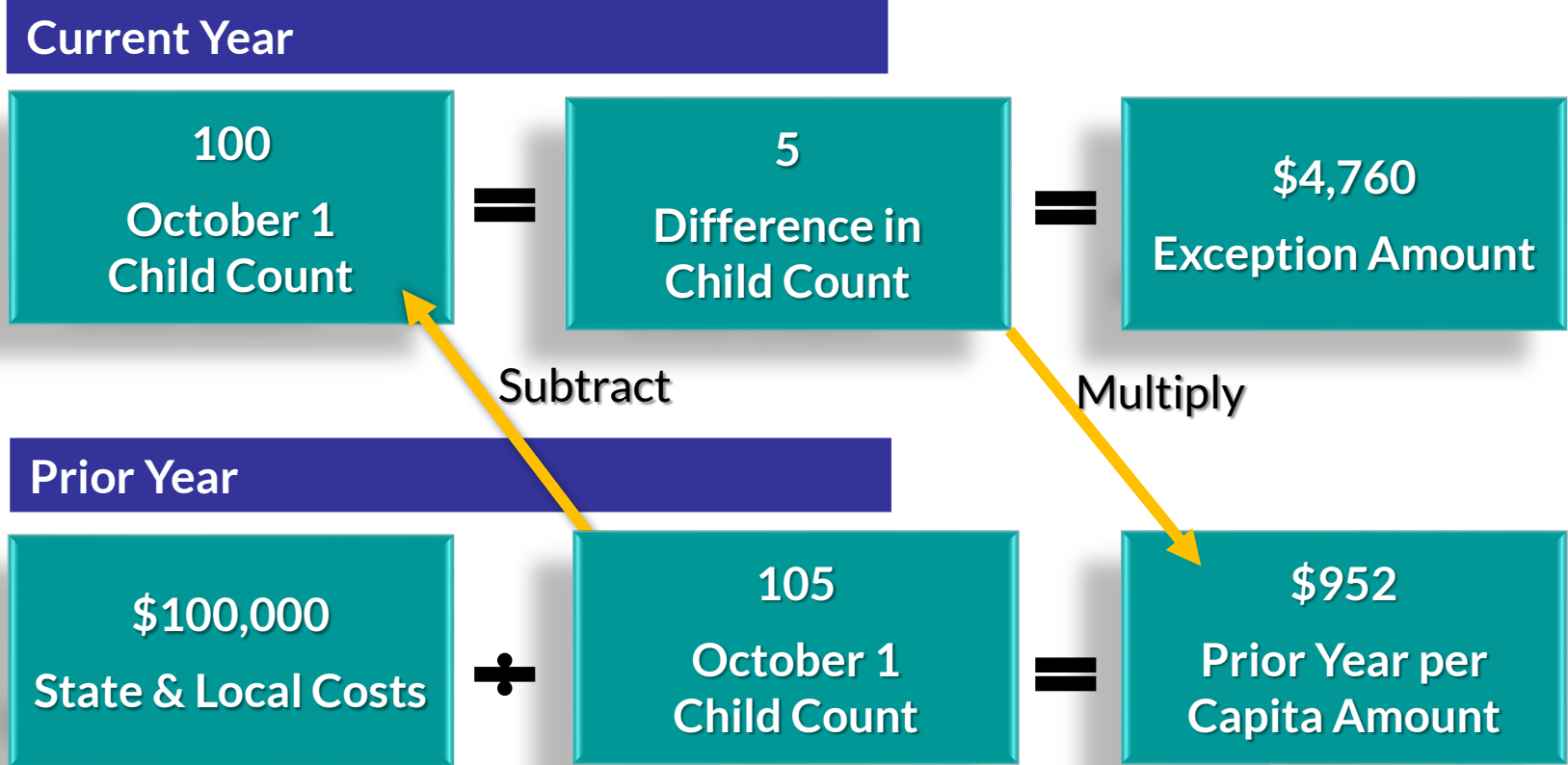
Between fiscal years, the LEA sees a decrease in the number of students with IEPs in which the LEA is financially responsible (this is also the FAPE agency).

A state and local funded student per capita is determined each year. A decrease in students with IEPs creates an aggregate amount that can be used to lower local costs.

This exception is automatically calculated for the LEA based on the LEA's October 1 Child Count submitted to DPI.



# Student Decrease Example



# Costly Special Education Program

A student with a disability who had especially costly special education services leaves the LEA, ages out, graduates, or no longer needs the costly service.

Expenditure examples: Specialized transportation costs, placement tuition costs, educational interpreter, hearing impairment or visual impairment teacher.

Note: A resident student who open enrolls to another LEA qualifies as “left the LEA.”

# Costly Student Examples

\$8,161 – [basic open enrollment transfer amount](#).

A student received specialized instruction through a CESA program at a cost of \$8,000 and specialized transportation at a cost of \$2,000 for that year.

Prior to the start of the next school year, the student moves.

Because the cost of the two programs together is greater than the open enrollment amount for that year, the full \$10,000 is the allowed exception amount for lowering MOE.

# Costly Student Examples

\$ 8,161– basic open enrollment transfer amount.

A student received physical therapy at a cost of \$1,500, occupational therapy at a cost of \$750, and speech and language at a cost of \$1,000.

The student graduates at the end of the year.

Because the aggregate cost of the three services is less than the open enrollment amount for that year, these costs would **not** qualify as exception amounts.

# Costly Student Examples

A student was placed in a private educational program by the IEP team and the cost of the tuition was \$35,000.

Prior to the start of the next school year, the IEP team determines the student no longer needs to attend the private educational program and will return to the public school.

Even though the student has not left the LEA, the program changed per the IEP and the full tuition cost of \$35,000 would be the allowed exception.

# Costly Student Examples

A student graduated who had an educational interpreter.

Prior to the start of the next school year, the LEA determined that the educational interpreter was no longer needed and did not renew the individual's contract.

- ❖ Not voluntary – so this is not a Departure of Special Education staff exception.

The full cost of the educational interpreter would be submitted as a costly student exception.

# Special Education Capital

The purchase of special education capital equipment or the cost of remodeling or construction for the special education program paid for with non-grant funds.

Example: The cost of a special education vehicle purchased in one year and coded to project 011 (special education categorical aid) is an exception in the following year.

To qualify as an exception, the capital equipment must have a per unit cost of \$5,000 or more.

# Special Education High Cost Aid

The High Cost Aid program was established through IDEA regulations.

Any revenue received from the High Cost Aid program impacts the LEA's transfer amount at the end of the year.

IDEA specifically addresses High Cost Aid as a revenue that should not impact MOE compliance.

This exception is automatically applied for the LEA.



# Utilizing MOE Exceptions

Multiple exceptions may apply:

## **\$75,000 in exceptions:**

\$20,000 students with disabilities enrollment decrease

\$40,000 in staff retirement costs

\$15,000 tied to an individual student who graduates

The aggregate amount is used for all four MOE comparison tests.

# MOE Exceptions in Action

Allowed Exception Amount: \$35,000

Prior Year

Current Year

Failed Amount

Test Status

\$200,000  
State & Local  
Costs

\$150,000  
State & Local  
Costs

\$50,000

**FAILED**

approved,  
short \$15,000

then the lower amount  
becomes the new threshold.

\$100,000  
Local Only Costs

\$75,000  
Local Only Costs

\$25,000

the new  
old is **MET**  
(with exceptions)

IDEA  
Regulation  
Comments on  
§300.204

OSEP Letter  
to White

Specifically states  
that savings due  
to the negotiated  
reduction in staff  
benefits did not  
qualify as an  
exception.

## COST SAVINGS:

The following are not allowed as exceptions

Decrease in costs due to:

- Employee contributions to WRS
- Switching health insurance programs
- Changing the OPEB contribution
- Converting to HRA systems
- Position eliminations
- Withdrawal from shared programs
- Transportation contract savings

# Self Insurance - Not An Exception

Current Year  
Budget

Estimated  
cost of  
self-insurance  
premiums paid  
throughout  
the year  
=  
\$200,000

End of Year  
Actuals

Final premium  
costs for the year  
are significantly  
lower than  
budgeted  
=  
\$155,000

Failed Amount

\$45,000

Test Status

**FAILED**

When dealing with  
self-insurance, the  
LEA must have a  
plan to handle  
significant variances  
from budget  
estimates to finals.

# The 50% Adjustment Rule

IDEA allows for an “adjustment” in an LEA’s local special education expenditure obligation based on the amount the LEA receives in IDEA flow-through formula funds each year.

If the LEA sees an increase in its flow-through funds, half of the value of the increase represents the amount the LEA can lower its local special education spending.

# 50% Rule Adjustment

Prior Year Flow-through Allocation

\$400,000

Current Year Flow-through Allocation

\$500,000

Flow-through Allocation Difference

\$100,000

50% of the Difference

\$50,000

Prior Year State & Local Costs

\$900,000

Current Year State & Local Costs

\$880,000

State & Local Difference in Costs

(\$20,000)

Test Status

**MET**  
with adjustment



# Adjustment Eligibility

LEAs cannot take advantage of the 50% Rule Adjustment in any given fiscal year if:

- ❖ The LEA has been found by DPI to be significantly racially disproportionate.
- ❖ The LEA is not meeting requirements under IDEA.
  - ❖ State Performance Plan Indicator Determinations

# Adjustment Availability

The full adjustment difference is available if the LEA has not also claimed CEIS set-aside funds. Any amount claimed through CEIS lowers the adjustment amount available. The claiming of Title I Schoolwide set-aside funds has no impact.

Adjustment Amount	CEIS Claimed	Adjustment Amount Available
\$50,000	\$0	\$50,000
\$50,000	\$25,000	\$25,000
\$50,000	\$50,000	\$0



# **How DPI uses existing data to monitor MOE Eligibility & Compliance**

## MOE Eligibility Test

- The LEA's fund 27 (special education) budget amounts compared to a prior year's actual fund 27 expenditures.
- Determines whether an LEA is "eligible" to receive the IDEA formula grant.

## MOE Compliance Test

- The LEA's fund 27 actual current year expenditures compared to a prior year's actual fund 27 expenditures.
- Determines whether an LEA is in final compliance with the MOE requirement.

## Fiscal Data - Eligibility

WISEdata Finance  
Real-time financial data pushed from the LEA's financial system to DPI

- LEAs provide data on all Fund 27 (special education) planned expenses, including locally funded and grant funded expenses.
- WISEgrants' IDEA MOE Eligibility report pulls the appropriate budget accounts from WISEdata Finance to calculate all four comparison tests (budget to prior year actuals).
- Financial data is used in LEA's MOE calculation to determine IDEA grant eligibility and future compliance.

# Fiscal Data - Compliance

## WISEdata Finance

Real-time financial data pushed from the LEA's financial system to DPI, beginning with FY 2021-2022

- LEAs provide data on all Fund 27 (special education) expenses, including locally funded and grant funded expenses.
- WISEgrants' IDEA MOE Compliance report pulls the appropriate actuals from WISEdata Finance to calculate all four comparison tests (fiscal year to prior fiscal year).
- Financial data is used to determine LEA's state special education categorical aid *and* IDEA MOE compliance.

# Child Count Data

WISEdash

Data is pushed regularly to WISEdata by the LEA's Student Information System

- October 1 Child Count
  - Students with active IEPs or Services Plans (private school) on October 1 of each year.
- Used to determine a “student per capita” expenditure amount for purposes of MOE.
- Used to determine amount for “decrease in students with disabilities” exception.

# Child Count Data

WISEdash

Data is pushed regularly to WISEdata by the LEA's Student Information System

- Count that appears in WISEgrants IDEA MOE reports will reflect the LEA's October 1 WISEdash Snapshot number or the count reported on a [data errata letter](#).
- LEAs that see a significant decrease in their October 1 count will need to provide an additional verification within WISEgrants.
  - This is to ensure that the considerable exception amount that is generated due to a decrease in students with disabilities is an accurate reflection of the LEA's situation.

# Web-based IDEA MOE Reports

- ❖ Accessed through the WISEgrants web portal.
  - Any user who has access to the IDEA formula budgets (flow-through / preschool) automatically has access to the MOE reports.
- ❖ Pulls financial data from WISEdata Finance and WISEdash October 1 Child Count.
- ❖ Calculates the four MOE tests.
- ❖ Allows the LEA to submit exceptions to pass failed tests.
- ❖ Allows the LEA to run scenarios to determine future compliance.

# When an LEA fails all four tests...

Maintenance of Effort for Eligibility is failing by \$14,595.89

	State & Local <i>(Project 011 &amp; 019)</i>	Local Only <i>(Fund 10 to 27 Transfer)</i>	State & Local Student per Capita <i>(Oct. 1 Child Count)</i>	Local Only Student Per Capita <i>(Oct. 1 Child Count)</i>
Comparison Difference	(\$61,569.28)	(\$14,595.89)	(\$117,634.20)	(\$58,020.60)
	Failed (\$61,569.28)	Failed (\$14,595.89)	Failed (\$117,634.20)	Failed (\$58,020.60)

## Failing MOE Eligibility (budget compared to actuals):

- ❖ Submit allowed exception information.
- ❖ Update the LEA's Fund 27 budgeted local amounts.
- ❖ Written assurance with projected actual expenditures.



Maintenance of Effort for Compliance is failing by \$677.20

	State & Local <i>(Project 011 &amp; 019)</i>	Local Only <i>(Fund 10 to 27 Transfer)</i>	State & Local Student per Capita <i>(Oct. 1 Child Count)</i>	Local Only Student Per Capita <i>(Oct. 1 Child Count)</i>
Comparison Difference	(\$37,206.90)	(\$48,264.80)	(\$18,942.04)	(\$43,161.18)
	Failed (\$18,942.06)	Failed (\$29,999.96)	Failed (\$677.20)	Failed (\$24,896.34)

## Failing MOE Compliance (actuals compared to actuals):

- ❖ Move costs from IDEA formula grant to local accounts
  - ❖ This may entail returning IDEA claimed funds and reclassifying costs from a project 341 to either 011 or 019 project code.
- ❖ Submit allowed exception information.
- ❖ **Cash penalty, using local funds, in the amount failed by less any approved exceptions (using lowest failed by amount).**

# Additional Technical Assistance

**IDEA Maintenance of Effort DPI Technical Assistance Page**

<https://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort>

**Rachel LOVES talking about IDEA maintenance of effort, book a virtual meeting!**

<http://bit.ly/Call-Rachel>



# DPI - Special Education IDEA Fiscal

## IDEA MOE Compliance

Fund 27 WISEdata Finance Reconciliati...

30 minutes



Flow-through / Preschool Application ...

30 minutes

Free



IDEA MOE Compliance

30 minutes

Free



IDEA Allowable Costs / Coding

30 minutes

Free



IDEA Voluntary CEIS or Title I Schoolwi...

30 minutes

Free



Miscellaneous IDEA Fiscal Issues

30 minutes

Free



IDEA Formula - Claim Adjustment Assi...

30 minutes

Free



Equitable Services - Proportionate Sha...

30 minutes

Free



WISEgrants or Other General Questions

30 minutes

Free



## March 08 with Rachel Zellmer

< > March 2024

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23

Select staff (optional)

Rachel Zellmer

9:00 am

9:30 am

10:00 am

10:30 am

1:00 pm

1:30 pm

2:00 pm

2:30 pm

3:00 pm