



SPECIAL EDUCATION TEAM

Wisconsin Department of Public Instruction

IDEA Maintenance of Effort

INDIVIDUALS WITH DISABILITIES EDUCATION ACT

Maintenance of Effort Guidance

WI Department of Public Instruction
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Madison, WI 53707
<http://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort>

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Overview of IDEA Maintenance of Effort

The term “Maintenance of Effort,” often shortened to “MOE,” refers to the requirement placed upon many federally funded grant programs that the State Education Agency (SEA) and Local Education Agencies (LEA) demonstrate that the level of state and local funding remains relatively constant from year to year. Failure to meet MOE requirements may result in the LEA losing eligibility to receive IDEA entitlement funding and requiring an LEA to repay funds, using a non-federal source, to the SEA, who is required to send funds to the US Department of Education.

The rules regulating MOE differ depending on the federal program requiring the effort. Some grant programs do not require MOE, whereas some grant programs such as the Individuals with Disabilities Education Act (IDEA) have very specific rules documented in its regulations.

Maintenance of Effort under IDEA

TERMINOLOGY

LEA: Local Education Agency

SEA: State Education Agency

Local / State: A combination of local and state funding

Part B of the Individuals with Disabilities Education Act, which addresses IDEA funding allocations to the SEA and LEAs, includes MOE provisions applicable separately at both the state and local levels.

At the state level, IDEA Part B prohibits a state from reducing state financial support for special education below the amount of that support for the preceding fiscal year. This requirement is called “Maintenance of State Financial Support” (34 CFR §300.163). In Wisconsin, this state support includes “special education categorical aids” (including supplemental and high cost aids) as well as special education support provided by the Wisconsin School for the Deaf, Wisconsin Center for the Blind and Visually Impaired, and the Department of Corrections.

Approximately \$300 million is paid out to LEAs each year through Wisconsin’s special education categorical aid programs to help cover the local costs of providing special education and related services for children with disabilities. This is not federal funding, but rather an appropriation made in Wisconsin’s state budget. To meet the IDEA MOE state-level expectation, Wisconsin must continue to fund special education at least at the same level every year.

IDEA MAINTENANCE OF EFFORT

At the local level, IDEA requires that LEAs expend the same amount of local / state funding for special education and related services as it expended in the previous fiscal year (34 CFR §300.203). There are provisions in IDEA to allow for decreases in an LEA’s MOE from one fiscal year to the next.

Allowed Exceptions to Maintaining Effort

Under IDEA, LEAs may reduce local / state financial effort from one fiscal year to the next under certain circumstances. These exceptions are listed in 34 CFR §300.204 and include:

TERMINOLOGY

Ages Out Students with disabilities who have reached 21 without completing high school

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel. (34 CFR §300.204 (a))

EXAMPLE: A special education teacher retires, and the salary and fringe of this long-term and experienced teacher is \$90,000. The LEA replaces this position with a qualified special education teacher at a salary and fringe of \$60,000. The LEA would be allowed to reduce their MOE obligation by \$30,000 (net difference between the experienced teacher salary and new teacher salary).

EXAMPLE: A dually licensed EBD special education teacher voluntary chooses to accept a teaching position in general education. The district determines that there is not a need to replace the EBD teaching position. The exception to MOE would be the full salary and benefits of the teacher that voluntary took the general education position.

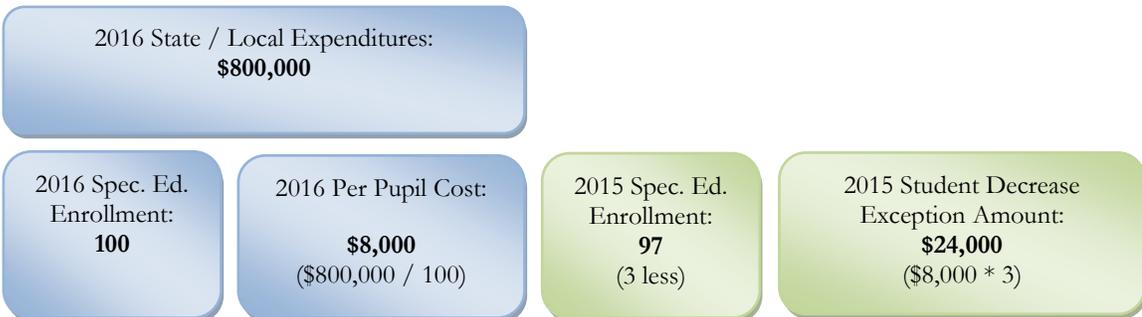
Note

Contract non-renewal or staff lay-off is not an allowable exception under IDEA. “Departure for just cause” refers to the labor language regarding misconduct of an employee, or some other event relevant to the employee, which justifies the immediate termination of the employment contract.

2. A decrease in enrollment of students with disabilities. (34 CFR §300.204 (b))

EXAMPLE: Between fiscal years, the LEA sees a decrease in the number of students with disabilities in which the LEA is financially responsible.

The amount in which the LEA determines as an allowed exception is the state/local per capita of the prior year multiplied by the current year’s decrease in students with disabilities:



IDEA MAINTENANCE OF EFFORT

3. A student with a disability that incurs an exceptionally costly special education program, as determined by the SEA, either leaves the district, ages out (see terminology), graduates, or no longer needs the special education program. (34 CFR §300.204 (c)(1-3))

DPI defines an “exceptionally costly special education program” as a program cost that is greater than the open enrollment transfer rate from the prior fiscal year (<http://dpi.wi.gov/open-enrollment/funding>)

Open Enrollment Amounts:

2015-16:	\$6,639
2014-15:	\$6,635
2013-14:	\$6,485
2012-13:	\$6,335

REJECTED (example): A student received physical therapy and the cost of the physical therapy program for this student was \$3,500 for the year. Prior to the start of the next school year, the IEP team determined that the physical therapy was no longer needed. Because the cost of the physical therapy program is not greater than the open enrollment amount for that year, DPI would not accept this amount as an exception for lowering MOE.

APPROVED (example): A student received physical therapy at a cost of \$3,500 and specialized transportation at a cost of \$8,000 for the year. Prior to the start of the next school year, the student moves to another district. Because the cost of the two programs together is greater than the open enrollment amount for that year, DPI would accept these amounts in aggregate as an exception for lowering MOE.

Note

A student who “open enrolls” to another LEA does not meet the definition of a student who has left the district. The resident LEA is still financially responsible for the education of the student.

4. The termination of costly expenditures for long-term purchases, such as remodeling for special education purposes or the acquisition of a vehicle used for special education transportation. (34 CFR §300.204 (d))

To qualify for this exception, equipment must have a per unit cost of \$5,000 or more. Items such as computers and mobile touchscreen devices would not qualify for this exception as the per unit cost for these items would be less than \$5,000.

For remodeling to qualify, the expenditures needed to be accounted for in Fund 27, project 019.

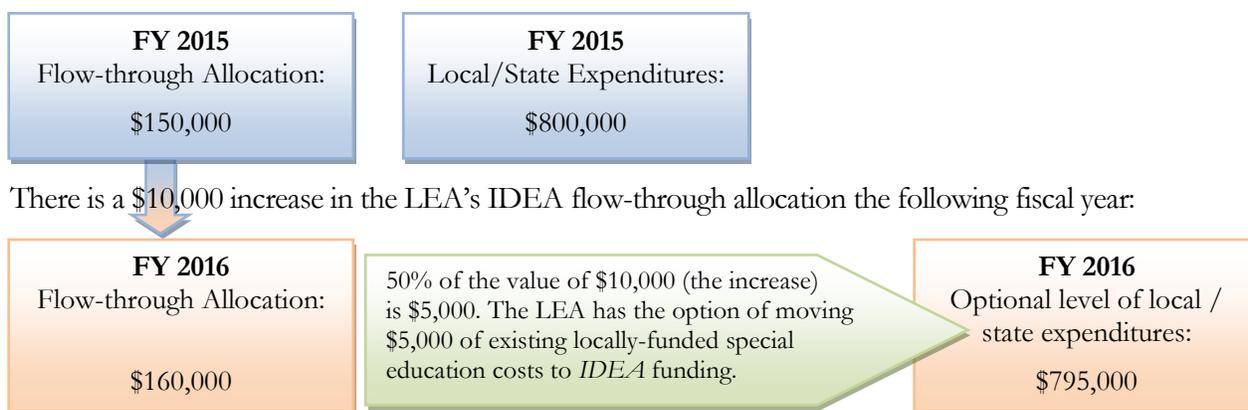
5. The assumption of the student’s program costs by Wisconsin’s special education high cost aid for a student with a disability. (34 CFR §300.204 (e))

MOE’s 50% Rule Exception

IDEA Part B regulations allow for one additional exception to reducing an LEA’s maintenance of effort. This exception is often referred to as the

“50% rule.” In the case of the 50% rule, if an LEA receives an increase in its IDEA flow-through allocation (611 funds) from one fiscal year to the next, the LEA may reduce its MOE obligations by a value of half of the increased amount (34 CFR §300.205 (a)). An increase in the IDEA preschool allocation (619 funds) is not taken into consideration. Local funds “freed up” must be used to carry out activities that could be supported with funds under the Elementary and Secondary Education Act (ESEA) (34 CFR §300.205 (b)).

The following is an example of how the 50% rule is applied. The sample base year includes a \$150,000 flow-through allocation and an LEA’s local / state special education expenditures of \$800,000:



In the example above, if the LEA did reduce local / state expenditures by \$10,000 and met none of the other exceptions allowed under IDEA, the LEA would be required to use the \$5,000 “freed up” on other activities allowed under ESEA. An LEA could use these funds to pay for activities that are currently being funded with other state or local funds or for new activities.

The requirement to expend “freed-up funds” only applies to reductions in MOE due to applying the 50% rule. If maintenance of effort is reduced through any of the other allowable exceptions under 34 CFR §300.204, the LEA is not required to expend an equal amount of funds on other activities.

Note

“Freed-up funds” refers only to reductions in MOE when applying the 50% rule. LEAs may free up funds by applying any of the other allowed exceptions under IDEA, and as long as the LEA is meeting the required MOE amount set the prior fiscal year, the LEA is not required to spend those funds on other activities.

IDEA MAINTENANCE OF EFFORT

LEAs restricted from using the 50% rule There are provisions in IDEA that limit whether an LEA may reduce local effort using the 50% rule. Under the following circumstances, an SEA must prohibit the LEA from using the 50% rule to reduce effort:

- ❖ Under IDEA section 616, the SEA determines that an LEA is not meeting the requirements of Part B of the Act, including meeting targets in the [state's performance plan](#) (SPP). Therefore, if an LEA does not receive an SPP indicator determination of "Meets Requirements," then the LEA cannot use the 50% rule. (34 CFR §300.205 (c)) and (34 CFR §300.608 (a))
- ❖ LEAs that have been identified as having [significant disproportionality](#). (34 CFR §300.646(b)(2))
- ❖ The SEA has taken responsibility for students with disabilities in an LEA because the LEA is unable to establish and maintain programs of FAPE, or the SEA has taken action against the LEA under IDEA section 613(a).

Utilizing MOE Exceptions

Applying IDEA MOE exceptions is not an "either/or" situation. All options may be utilized (if applicable) for the reduction of MOE. For example, an LEA is able to reduce its MOE obligation by \$40,000 due to a staff retirement and \$35,000 for a student who required a personal aide moving out of district, for a total optional MOE reduction amount of \$75,000.

If an LEA has allowable exceptions or chooses to use the 50% rule and reduce its MOE obligations, the LEA will be able to maintain the new reduced expenditure level in subsequent years, until that LEA increases the level of special education expenditures, using state or local funds, on its own.

MOE and Coordinated Early Intervening Services

IDEA contains a provision which permits LEAs to use up to 15 percent of their Part B funds for any fiscal year to implement coordinated early intervening services (CEIS).

CEIS funds are intended for students who have *not* been identified as students with disabilities but who are determined to need additional academic and behavioral supports to succeed in general education.

Although funded with IDEA dollars, coordinated early intervening services are not special education services. Expending IDEA funds for CEIS activities has a direct and substantial impact on an LEA's ability to reduce MOE through the 50% rule.

The following pages present a visual diagram of the relationship between CEIS and MOE.

Note

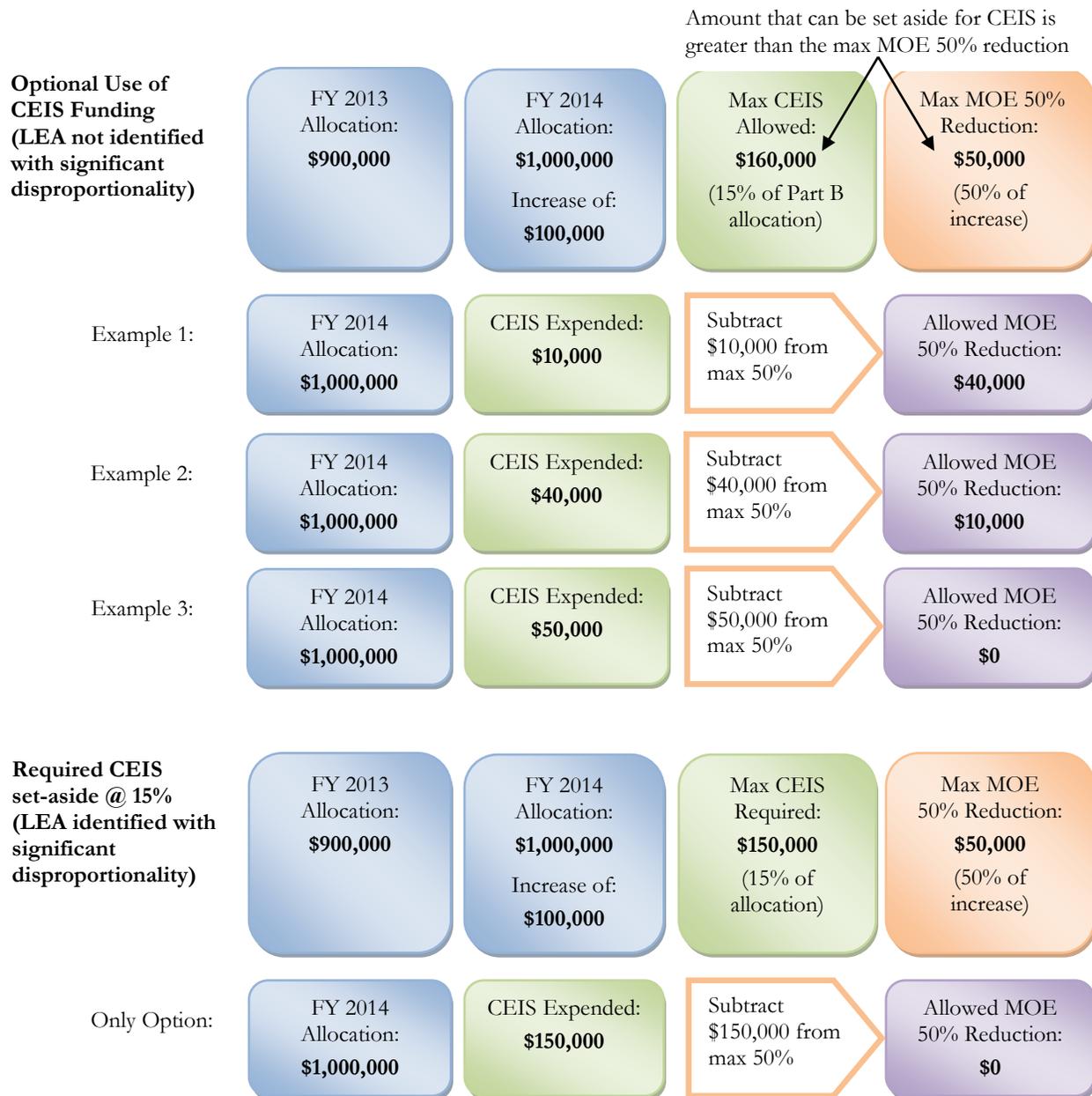
The following examples only apply to reducing MOE with the 50% rule. The other exceptions to reducing MOE as described in 34 CFR §300.204 (such as retirement of staff or students with costly special education programs moving out of the district) are not affected by an LEA's use of CEIS funds.

IDEA MAINTENANCE OF EFFORT

SCENARIO 1: MAX MOE 50% REDUCTION AMOUNT IS LESS THAN THE AMOUNT THAT MAY BE SET ASIDE FOR CEIS

If an LEA decides to expend funds on CEIS and reduce MOE using the 50% rule, there is a cap on the amount allowed for MOE reduction. If the maximum amount an LEA may set aside for CEIS (based on 15% of the LEA’s IDEA allocation) is greater than the amount the LEA could reduce its MOE obligation using the 50% rule, then an LEA expending CEIS funds must deduct the amount expended from the amount that MOE could be reduced using the 50% rule.

The following are examples of MOE reductions using the 50% rule when the maximum amount that may be set aside for CEIS is greater than the maximum amount that may be used to reduce MOE obligations:

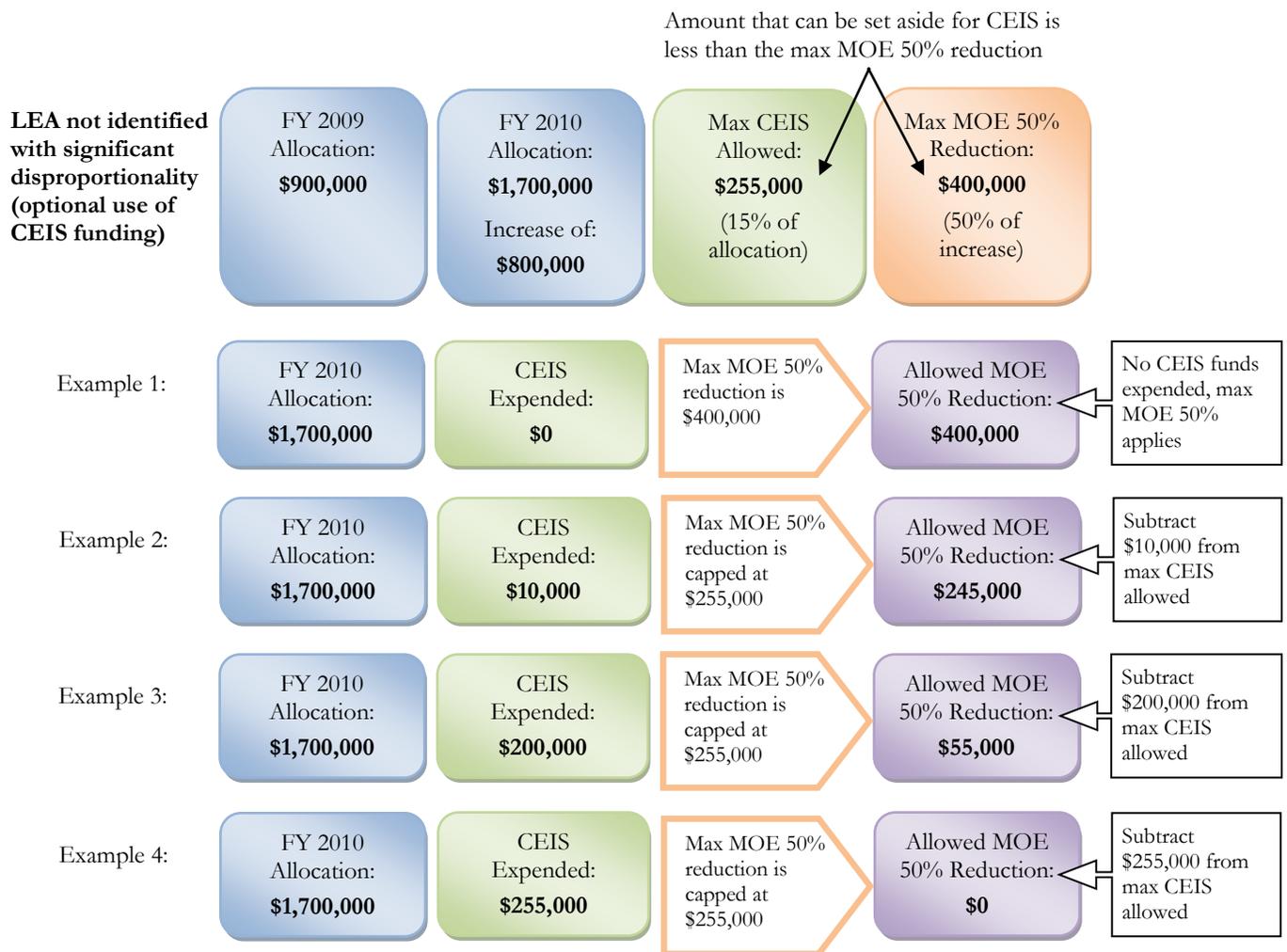


IDEA MAINTENANCE OF EFFORT

SCENARIO 2: MAX MOE 50% REDUCTION AMOUNT IS GREATER THAN THE AMOUNT THAT MAY BE SET ASIDE FOR CEIS

If an LEA decides to expend funds on CEIS and reduce MOE using the 50% rule, there is a cap on the amount allowed for MOE reduction. If the maximum amount an LEA may reduce its MOE obligation using the 50% rule is greater than the maximum amount that may be set aside for CEIS, then a district's MOE reduction is capped at the maximum amount that may be set aside for CEIS minus the actual amount expended on CEIS (34 CFR §300.226 (a)). Expending IDEA funds on CEIS automatically reduces the LEA's maximum MOE reduction to the same value as the maximum amount that may be set aside for CEIS activities (15% of the Part B allocation).

The following are examples of MOE reductions using the 50% rule when the maximum amount that may be set-aside for CEIS is less than the maximum amount MOE may be reduced using the 50% rule:



This second scenario has only occurred once since 2004 due to the awarding of the American Recovery and Reinvestment funds through IDEA.

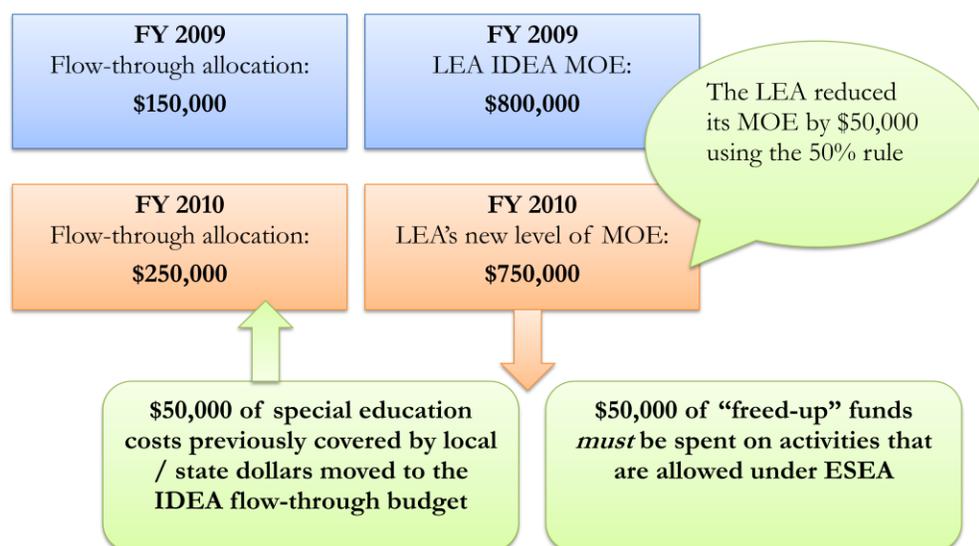
Supplement Not Supplant (S/NS)

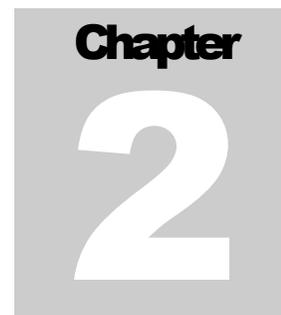
In general, the federal supplement not supplant requirement is intended to ensure that services provided with federal funds are in addition to, and do not replace or supplant, services that students would otherwise receive through local or state funding. In some federal programs, this definition is expanded to include “particular costs” – meaning that if the activity was previously funded with local, state or federal funds (depending on the program requirements), the activity cannot later be funded with federal funds.

Under IDEA’s Coordinated Early Intervening Services regulations, an LEA may not use CEIS funds to pay for something that was previously funded with federal funds, such as Title I. If an LEA was to use CEIS funds to pay for a reading interventionist position that was previously funded through the Title I grant, the LEA would be in violation of the supplement not supplant provision of CEIS.

Prior to 1992, regulations regarding IDEA entitlement funds also contained a “particular cost test” for determining whether supplanting occurred. This requirement meant, for example, that if an LEA spent flow-through funds to pay for an LD teacher’s salary and this salary had previously been charged to local funds, a supplanting violation would occur, even if the total amount of local funds spent on special education was greater or equal to the amount spent the previous year.

The “particular cost test” [was removed from the IDEA regulations](#) (p. 13 footnote) by an amendment published in the Federal Register on August 19, 1992. Therefore, no requirement currently exists related to supplanting special education “particular costs.” This means that as long as an LEA is expending the required amount of local / state funding for special education as determined by maintenance of effort, costs can be moved from local / state funding to federal funding without violating the supplement/not supplant requirements of IDEA. Therefore, if an LEA reduces its MOE through the 50% rule, existing special education costs funded with local / state dollars can be moved to the IDEA grant.





Testing IDEA Maintenance of Effort

An LEA’s special education maintenance of effort – the comparison of special education financial data from one year to the next – is tested four different ways. An LEA only needs to meet one of the four tests to be in compliance. If an LEA fails all four tests, the LEA may report any combination of the allowed exceptions reviewed in Chapter 1 to gain compliance. If the LEA’s reduction in effort was not due to any of the allowed exceptions, the LEA may be at risk for losing access to IDEA entitlement funds or be required to pay back funds to DPI.

The Two MOE Comparisons

TERMINOLOGY	To ensure that LEAs are complying with IDEA’s maintenance of effort requirement, DPI must do an analysis of LEA’s financial and child count data.
LEA: Local Education Agency	Two different comparisons are completed for each fiscal year. The first
DPI: Wisconsin Department of Public Instruction	comparison examines local / state special education budgeted costs to prior
Local / State: A combination of local and state funding	year actual local / state special education expenditures to determine if the LEA
	is eligible to receive the IDEA entitlement grant. The second comparison
	examines two fiscal years’ actual local / state special education expenditures to
	determine if the LEA is in compliance with IDEA MOE requirements. During both of these analyses,
	financial data is tested four different ways.

Local / State Special Education Data

IDEA maintenance of effort compliance is determined through an analysis of LEA budget reports, annual reports, and other data collected by DPI.

LEAs are required to follow the Wisconsin Uniform Financial Accounting Requirements (WUFAR) when submitting reports to DPI. Under this system, LEAs account for all special education costs in “Fund 27.” Costs are further identified by type of cost, department or program, and project codes. Project codes identify the funding source.

TERMINOLOGY
WUFAR: Wisconsin Uniform Financial Accounting Requirements
Fund 27: Special Education segregated funds

Financial Data

Each year, LEAs electronically submit to DPI the PI 1505 Special Education (SE) Annual Report, which is a report on the LEA's previous year's Fund 27 special education expenditures. Included in this report are expenditures identified with detailed project codes, such as "011" (local special education costs eligible for state special education categorical aid), "019" (local special education costs not eligible for categorical aid), "091" (state categorical aid cost reimbursable from CESA), and "092" (state categorical aid cost reimbursable from CCDEB) in Fund 27. The aggregated expenditures (minus certain special education revenue sources, including billable Medicaid payments) and the Fund 10 to Fund 27 transfer are used to determine an LEA's MOE level. The revenue amounts and Fund 10 transfer is pulled from the PI 1505 Annual Report.

Each December, LEAs electronically submit to DPI the PI 1504 Special Education (SE) Budget Report. The PI 1504 SE Budget Report identifies the LEA's Fund 27 (special education) budget for the current fiscal year. The non-grant funded total on this report is then compared to the PI 1505 SE Annual Report total submitted for the previous fiscal year. This is a comparison of the current year's budget to the previous year's actual expenditures to determine if an LEA is maintaining state and locally funded efforts and thus eligible for IDEA grant funding. Prior to this determination, LEAs are eligible for grant funding because the district administrator signs an assurance that MOE requirements will be upheld by the LEA.

The following chart identifies the expenditures and revenues that are used in the MOE tests:

SAFR Expenditure Accounts Used in MOE Testing					
Fund	Type	Function	Source	Project	Account Title
27	E	000000	000	011	State Categorical Aid Aidable Cost
27	E	000000	000	019	State Categorical Aid Non-Aidable Cost
27	E	000000	000	091	State Categorical Aid Cost Reimbursable from CESA
27	E	000000	000	092	State Categorical Aid Cost Reimbursable from CCDEB

SAFR Revenue Accounts Used in MOE Testing					
Fund	Type	Function	Source	Project	Account Title
27	R	000000	246	000	Special Education Tuition - Individual Paid
27	R	000000	247	000	Special Education Tuition - Private Agency Paid
27	R	000000	248	000	Transportation Fees - Individual Paid
27	R	000000	249	000	Transportation Fees - Private Agency Paid
27	R	000000	262	000	Supply Resale
27	R	000000	263	000	Vocational Education Projects
27	R	000000	264	000	Non-Capital Surplus Property Sales
27	R	000000	279	000	Other School Activity Income
27	R	000000	291	000	Gifts, fundraising, contributions and development
27	R	000000	346	000	Non-Open Enrollment Special Education Tuition From Wisconsin LEAs
27	R	000000	347	000	Open Enrollment Special Education Tuition From Wisconsin LEAs
27	R	000000	348	000	Transportation Fees From Other Wisconsin School Districts
27	R	000000	349	000	Payments for Other Services Provided Wisconsin School Districts
27	R	000000	390	000	Other Payments From Wisconsin School Districts
27	R	000000	446	000	Special Education Tuition From Non-Wisconsin School Districts

SAFR Revenue Accounts Used in MOE Testing					
27	R	000000	448	000	Transportation Fees From Non-Wisconsin School Districts
27	R	000000	449	000	Payments for Other Services Provided to Non-Wisconsin School Districts
27	R	000000	490	000	Other Payments From Non-Wisconsin School Districts
27	R	000000	536	000	Payments From CCDEBs for Special Education Services
27	R	000000	538	000	Transportation Fees From CCDEBs
27	R	000000	539	000	Payments for Other Services Provided to CCDEBs
27	R	000000	543	000	Payments From CESAs for Co-Curricular Activities
27	R	000000	546	000	Payments From CESAs for Special Education Services
27	R	000000	548	000	Transportation Fees From CESAs
27	R	000000	549	000	Payments for Other Services Provided to CESAs
27	R	000000	590	000	Other Payments From CESAs
27	R	000000	581	000	Medicaid Transits from CESA
27	R	000000	780	000	Federal Aid Received Through State Agencies Other Than DPI (Medicaid)
27	R	000000	878	000	Long-Term Debt Proceeds - Capital Leases
27	R	000000	961	000	Cash Balance Adjustment
27	R	000000	962	000	Inventory Balance Adjustment
27	R	000000	965	000	Self-Funded Health Benefit Cost Adjustment
27	R	000000	969	000	Other Adjustments
27	R	000000	971	000	Refund of Prior Year Expense
27	R	000000	990	000	Other Miscellaneous Revenues

SAFR Expenditure Account Used for MOE Local Costs Only Test					
27	R	411000	827	000	Transfer to Special Education Fund

Student Data

Note: This information will change for FY 2016-17 under the new open enrollment rules for students with disabilities. The following applies to FY 2015-16 and prior years:

The MOE tests include a comparison of per pupil expenditure costs. The amounts budgeted and expended per pupil use information submitted by the LEA through the Individual Student Enrollment System (ISES) in the October 1 Child Count of students with disabilities.

For purposes of determining per pupil expenditures, the MOE test counts the students in which the LEA is financially responsible. LEAs are familiar with the October 1 Child Count, which reflects the number of students for which the LEA has FAPE responsibility. For these students, the LEA maintains the IEPs and provides services. However, even though the LEA may have FAPE responsibility for a student, it may not necessarily have a financial responsibility for the student. Using data collected through the October 1 Child Count process, DPI determines which LEA has financial responsibility.

There are three agency labels within ISES that DPI uses to determine financial responsibility:

“District Residence” is the resident district of the student (student’s address).

IDEA MAINTENANCE OF EFFORT

“Accountable Agency” is the FAPE district responsible for the IEP.

“Submitting Agency” is the district that is reporting the student information.

Each student has an LEA number in each agency type. The combinations determine ‘counted for October 1 Child Count’ versus ‘counted for MOE Child Count.’ Some students have a “reason out of district” identification, and these students are the students that make difference between the two counts.

The following are the “reason out of district” descriptions:

No Reason	If there is nothing listed for reason out of district, then the LEA listed as the District Residence counts the student for both MOE and October 1 Child Count.
SUBM: Other Submitting Agency is accountable for FAPE	The student attends the district for reasons other than full-time open enrollment, Chapter 220, tuition waiver, or RCC placement. If reason out of district is “SUBM” the student is only counted for the LEA listed as the Submitting Agency.
RES: Other District Residence is accountable for FAPE	The student attends the district for reasons other than full-time open enrollment, Chapter 220, tuition waiver, or RCC placement. If reason out of district is “RES” the student is only counted for the LEA listed as the District Residence.
C220: Chapter 220 Submitting Agency is accountable for FAPE	The student attends the district as a Chapter 220 transfer. If reason out of district is “C220” the student is only counted for the LEA listed as the Submitting Agency.
WAIV: Tuition Waiver Submitting Agency is accountable for FAPE	The student attends the district as a tuition wavier resulting from a change in a student’s district of residence. If reason out of district is “WAIV” the student is only counted for the LEA listed as the Submitting Agency
RCC: Residential Care Center The LEA in which the RCC is located is accountable for FAPE	The student is placed in a residential care center (RCC) and prior to the RCC placement the child resided in a Department of Health Services or Department of Corrections facility. If reason out of district is “RCC” the student is only counted for the LEA listed as the Submitting Agency
OPEN: Full-Time Open Enrollment	If reason out of district is “OPEN,” the LEA listed as the District Residence counts the student for MOE purposes. If reason out of district is “OPEN,” the LEA listed as the Accountable Agency counts the student for October 1 Child Count.

IDEA MAINTENANCE OF EFFORT

The following is an example, using two different districts, demonstrating how the count is determined for both October 1 and MOE purposes. Each line represents a single student.

DISTRICT 4444					
District Residence	Accountable Agency	Submitting Agency	Reason Out of District	October 1 Child Count	MOE Child Count
4444	4444	4444		1	1
4444	4444	4444		1	1
4444	4444	4444		1	1
4444	8888	8888	SUBM		
4444	4444	8888	RES	1	1
4444	8888	8888	C220		
8888	4444	4444	WAIV	1	1
4444	8888	8888	RCC		
4444	8888	8888	OPEN		1
4444	8888	8888	OPEN		1
4444	8888	8888	OPEN		1
8888	4444	4444	OPEN	1	
TOTALS				6	8

For District 4444, there is a two student difference between the October 1 Child Count and the count used MOE purposes. The three students that open enrolled into District 8888 are receiving IEP services from that district, but District 4444 pays for the three students. Below is the exact same data and the resulting counts for District 8888:

DISTRICT 8888					
District Residence	Accountable Agency	Submitting Agency	Reason Out of District	October 1 Child Count	MOE Child Count
8888	8888	8888		1	1
8888	8888	8888		1	1
8888	8888	8888		1	1
4444	8888	8888	SUBM	1	1
4444	4444	8888	RES		
4444	8888	8888	C220	1	1
8888	4444	4444	WAIV		
4444	8888	8888	RCC	1	1
4444	8888	8888	OPEN	1	
4444	8888	8888	OPEN	1	
4444	8888	8888	OPEN	1	
8888	4444	4444	OPEN		1
TOTALS				9	7

MOE Eligibility Determination

To determine whether or not the LEA is eligible to receive the current year's IDEA entitlement grant, a comparison of the financial data submitted through the 1504 SE Budget Report is made against the financial data submitted through the 1505 SE Annual Report. The financial data is compared in four different tests. The four tests determine that:

1. At least the same total combination of local and state funds are budgeted as the last year the LEA expended the most local and state funds on special education activities.
2. At least the same amount of local funds are budgeted as the last year the LEA expended the most local funds on special education activities.
3. At least the same student per capita amount from local and state funds are budgeted as the last year the LEA expended the most local and state funds on special education activities.
4. At least the same student per capita amount from local funds are budgeted as the last year the LEA expended the most local funds on special education activities.

The LEA needs to pass only one of the four tests to ensure eligibility for the IDEA entitlement grant. If an LEA fails all four tests based on the comparison of the current year's budget to qualifying actuals, the LEA has the option of:

- Submitting an amended PI 1504 SE budget report through the School Finance Reporting Portal; or
- Submitting documentation to support MOE exceptions allowed in IDEA (34 CFR §300.204); or
- Providing a written assurance that MOE compliance will be met when a comparison of actual expenditures is completed.

If the financial data is not corrected through the PI 1504 SE budget report or the LEA does not provide to DPI approvable exceptions or a written assurance that MOE compliance will be met, then the LEA is not eligible to receive the IDEA entitlement grant for the year being tested.

LEAs can review the results of the MOE eligibility test and submit eligible exception information through the Special Education web portal. This eligibility test report also provides the LEA with an opportunity to enter numbers into a scenario calculator to determine if compliance will be met through actual costs. Instructions for accessing the MOE eligibility test are included in Chapter 3 of this guidance.

MOE Compliance Determination

A final analysis of an LEA's MOE compliance does not occur until after the fiscal year has closed. A comparison of the PI 1505 SE annual reports from two different fiscal years is completed to determine if the MOE requirement has been met. The expenditure data is compared in four different tests. The four tests determine that:

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

IDEA MAINTENANCE OF EFFORT

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

The LEA needs to pass only one of the four tests to be in compliance with MOE requirements. If an LEA fails all four tests based on the comparison of two fiscal years' expenditures, then the LEA must submit documentation to support MOE exceptions allowed in IDEA (34 CFR §300.204).

If the LEA is not able to establish an allowable exception to the MOE reduction, non-compliance will be determined. The LEA must pay the MOE difference to the Wisconsin Department of Public Instruction who in turn must send the funds back to the US Department of Education. Federal grant dollars may not be used to make this payment.

The following is a simplified example of the reduction of an LEA's MOE and the amount the LEA must repay:

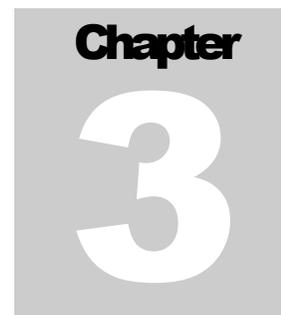
Comparison Year PI 1505 SE (Annual)	FY 2013-14 PI 1505 SE (Annual)	Max MOE 50% Reduction (due to allocation increase)	Difference in fiscal years' MOE
\$1,300,000	\$1,290,000	\$0	\$-10,000

The example uses "Comparison Year" as the base year rather than identifying a fiscal year. This is because the last year the LEA spent the most local and state funds on special education activities may not be the immediate past fiscal year.

This demonstrates an LEA reducing its expenditures by \$10,000 between the comparison fiscal year and fiscal year 2014 (the year being tested). The LEA did not receive an increase in its IDEA flow-through allocation (611 funds), so there is no option for a reduction through the 50% rule.

If the LEA does not qualify for any exceptions allowed under 34 CFR §300.204 or only a portion of the difference can be accounted for through allowed exceptions, then the LEA will be required to repay in the amount of \$10,000. Federal grant dollars cannot be used to make this payment.

LEAs can review the results of the MOE compliance test and submit eligible exception information through the Special Education web portal. Instructions for accessing the MOE compliance test are included in Chapter 4 of this guidance.



Eligibility Report

The MOE Eligibility Report and Exception software was designed so LEAs would be able to access their own expenditure data and take steps to ensure their own eligibility and compliance.

TERMINOLOGY

Special Education Web Portal:
<https://www2.dpi.state.wi.us/seportal>

The MOE Eligibility Report and Exception software is accessed through the Special Education web portal. The eligibility software pulls in the expenditure data that was submitted on the PI 1504 SE Budget. The software also accesses the child count numbers submitted by the LEA through ISES (Individual Student Enrollment System). Using this information, and taking into account any funds that have been budgeted for CEIS, the eligibility software calculates the four MOE tests to determine which have been met.

Accessing the MOE Eligibility Report

The IDEA Maintenance of Effort (MOE) Eligibility Test is accessed through the Special Education Web Portal. All individuals who have access to the LEA’s IDEA entitlement budgets will see “IDEA Maintenance of Effort” in the Applications Table on the Local Performance Plan Main Menu page.

Help	Application
	IDEA Flow-through and Preschool Entitlement Budgets
	IDEA Flow-through and Preschool Entitlement Budgets - Recovery Funds
	Special Education High Cost Claims
	IDEA Maintenance of Effort

When the IDEA Maintenance of Effort hyperlink is selected, the following table will appear:

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Report	Status	Report	
2013-2014 Open	MOE Met	Elig Report	Missing Data	Compl Report	\$13,508
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$6,027
2011-2012 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$100,560
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$25,782
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$65,028

For each year available (beginning with 2009-2010), the table contains MOE eligibility and compliance reports, the year’s corresponding compliance status, and exceptions that have been approved.

HOW DO I KNOW IF WE PASSED MOE ELIGIBILITY?

The “quick” answer is provided in the IDEA Maintenance of Effort table:

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Report	Status	Report	
2013-2014 Open	MOE Failed	Elig Report	Missing Data	Compl Report	Enter Exceptions
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$157,176
2011-2012 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$136,823
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	Enter Exceptions
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$58,662

If the eligibility status reads “Met” it means that the LEA met at least one of the four comparison tests. If the eligibility status reads “Failed,” it means that the LEA has failed all four comparison tests. The LEA will be required to submit additional information on allowed exceptions to maintenance of effort.

A detailed view of the four comparison tests is available in the eligibility report. To view eligibility test results, click on the “Elig Report” hyperlink under the “Report” column for the year in question.

WHAT AM I LOOKING AT?

The MOE Eligibility Report displays the data that is used to determine whether or not an LEA is in compliance with the IDEA maintenance of effort eligibility requirement by budgeting at least the same amount in the current fiscal year as the last fiscal year it expended the most on special education using local/state funds.

LEAs can meet this eligibility requirement by passing one of four tests of funding. The four tests are a year to year comparison of:

1. Local (Projects 019, 091 and 092) & State (Project 011) expenditures, with certain revenue sources (see page 9) subtracted.
2. Local Only (Fund 10 to Fund 27 transfer, account 27R 411000 110 000).
3. The per student capita amount of Local (Projects 019, 091 and 092) & State (Project 011) expenditures.
4. The per student capita amount of Local Only (Fund 10 to Fund 27 transfer, account 27R 411000 110 000).

See Chapter 2 for a complete list of expenditures and revenue accounts and child count information.

Maintenance of Effort for Eligibility has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	\$52,934.54	\$59,785.89	\$66,442.38	\$69,371.00
Per Student:			\$1,748.48	\$1,825.55
MOE Result:	Met	Met	Met	Met

The sentence in the top row states whether the LEA has met the MOE eligibility test based on the four tests. Under each test are an amount and a status. The amount reflects the result of that specific test calculation. A positive amount means the LEA budgeted an increase in expenditures between comparison years; a negative amount reflects a budgeted decrease. The ‘MOE Result’ reflects whether or not the LEA met or failed that particular test. An LEA only needs to meet ONE of the tests to meet MOE eligibility.

WHAT ARE THE TESTS?

Maintenance of Effort for Eligibility has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	\$52,934.54	\$59,785.89	\$66,442.38	\$69,371.00
Per Student:			\$1,748.48	\$1,825.55
MOE Result:	Met	Met	Met	Met

Each test's details are displayed in the report, and identify the comparison year, which may or may not be the previous fiscal year. The "Difference" for each test corresponds with the amount displayed in the top section of the report. Clicking on the hyperlinked amounts will bring up the details of the aggregated total.

Test 1: Current Year State/Local Budgeted Compared to Amounts from Last Year Test 1 was Met				
	State/Local Cost	Less Revenue	Actual State/Local	
Budgeted: 2014	\$356,528.00	\$33,434.00	\$323,094.00	
Last Year Met: 2013	\$304,127.03	\$33,967.57	\$270,159.46	
		<i>Difference:</i>	\$52,934.54	

Account #	Account Description	Amount
27R000000349000	Payments for Other Services Provided Wisconsin School Districts	\$30,934.00
27R000000780000	Fed Aid from State Agencies Other Than DPI (include Medicaid & Medicaid Admin Claiming (MAC) funds)	\$2,500.00
		\$33,434.00

In Test 1 and Test 2, the "Last Year Met" is the previous fiscal year. This means that in FY 2013, the LEA spent equal to or more than it spent in previous years for those tests.

Test 2: Current Year Local Only Budgeted Compared to Amounts from Last Year Test 2 was Met		
	Local Only Cost	
Budgeted: 2014	\$251,486.00	
Last Year Met: 2013	\$191,700.11	
	<i>Difference:</i>	\$59,785.89

Test 3 and Test 4 examine the per capita results. This takes the expenditure totals from Test 1 and Test 2 and creates a per capita amount.

Test 3: Current Year State/Local Budgeted Per Capita Compared to Per Capita from the Last Year Test 3 was Met				
	Actual State/Local	MOE Child Count	Actual State/Local	Per Capita
Budgeted: 2014	\$323,094.00	38		\$8,502.47
Last Year Met: 2013	\$270,159.46	40		\$6,753.99
	(\$6,753.99 * 38)	<i>Difference:</i>		\$1,748.48
	\$256,651.62	<i>Aggregate Diff.</i>		\$66,442.38

Test 4: Current Year Local Only Budgeted Per Capita Compared to Per Capita from the Last Year Test 4 was Met				
	Local Only Costs	MOE Child Count	Local Only Per	Capita
Budgeted: 2014	\$251,486.00	38		\$6,618.05
Last Year Met: 2013	\$191,700.11	40		\$4,792.50
	(\$4,792.50 * 38)	<i>Difference:</i>		\$1,825.55
	\$182,115.00	<i>Aggregate Diff.</i>		\$69,371.00

IDEA MAINTENANCE OF EFFORT

In the next example, the LEA did not meet any of the four tests.

Maintenance of Effort for Eligibility is failing by \$96,284.81. See details below.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$96,284.81)	(\$160,495.64)	(\$177,952.81)	(\$218,213.96)
Per Student:			(\$1,034.61)	(\$1,268.69)
MOE Result:	Failed (\$96,285)	Failed (\$160,496)	Failed (\$177,953)	Failed (\$218,214)

According to the numbers the LEA submitted through the 1504 SE Budget Report, the LEA plans to reduce its expenditures to the point where all four tests fail. The lowest amount is reflected in Test #1 as \$96,284.81. To meet eligibility, the LEA will either need to re-submit the 1504 SE Budget Report with increased amounts or provide DPI with documentation that at least \$96,284.81 was due to one of the allowable exceptions under IDEA:

- ❖ The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- ❖ A student with a disability that incurs an exceptionally costly program, as determined by the SEA, either leaves the district, graduates, ages out, or no longer needs the special education program.
- ❖ The termination of costly expenditures for long-term purchases, such as remodeling for special education or the acquisition of a vehicle used for special education transportation. Equipment must have a per unit cost of \$5,000 to qualify as a costly expenditure.

There are situations in which the 1504 SE Budget Report cannot be revised, but the LEA plans to meet MOE compliance for that year through higher than budgeted expenditures. In this situation, the LEA is to provide a written assurance that compliance will be met when a comparison of actual expenditures is completed. DPI will change the “failed” eligibility status to met after receiving the assurance.

If an adjustment is made to the 1504 SE Budget Report through a resubmission of the data to DPI’s School Financial Services team, the MOE Eligibility report will be updated with the latest figures.

If the financial data is not corrected through the PI 1504 SE budget report or the LEA does not provide to DPI approvable exceptions or a written assurance that MOE compliance will be met, then the LEA is not eligible to receive the IDEA entitlement grant for the year being tested.

Scenario Calculator

The eligibility report is based on budgeted numbers. Throughout the year, LEAs should use the scenario calculator built within this report to determine if actual expenditures are on target for meeting MOE compliance.

Scenario Calculator

Replace the values below and click recalculate to calculate maintenance of effort. Click reset to restore the actual values.

Child Count	State/Local Cost	Revenue	Local Only Cost	
<input type="text" value="172"/>	<input type="text" value="\$2,060,492.33"/>	<input type="text" value="\$231,743.50"/>	<input type="text" value="\$1,200,000.00"/>	<input type="button" value="Recalculate"/> <input type="button" value="Reset"/>

The pre-filled numbers have been pulled from the current year’s LEA budget report submitted to DPI. The user can enter figures different than what was submitted in SE Budget Report and re-calculate the

four tests. This is only a tool, the numbers entered into these fields are not stored anywhere and do not change any data that has been submitted elsewhere.

Changing MOE Eligibility Status from “Failed” to “Met”

If an LEA has failed maintenance of effort, the LEA must submit additional information to gain compliance or the LEA is not eligible to receive the IDEA entitlement grant for the year being tested.

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Report	Status	Report	
2013-2014 Open	MOE Failed	Elig Report	Missing Data	Compl Report	Enter Exceptions
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$157,176
2011-2012 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$136,823
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	Enter Exceptions
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$58,662

If the eligibility status reads “MOE Failed,” the LEA must complete a series of questions regarding allowable exceptions. These questions are accessed by clicking on the hyperlinked words “Enter Exceptions” or the hyperlinked dollar amount if exceptions have already been submitted and approved. The “Elig Report” is a view of the data that went into making the “Met” or “Failed” determination.

Below is a screen shot of this LEA’s eligibility report from 2013-14. The LEA had failed all four tests, and did not see a decrease in students with disabilities enrollment. To meet MOE eligibility, the LEA must provide enough exceptions to meet the lowest failed by test amount. In this example, it would be the amount of decrease in Test 1.

Maintenance of Effort for Eligibility is failing by \$96,284.81. See details below.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$96,284.81)	(\$160,495.64)	(\$177,952.81)	(\$218,213.96)
Per Student:			(\$1,034.61)	(\$1,268.69)
MOE Result:	Failed (\$96,285)	Failed (\$160,496)	Failed (\$177,953)	Failed (\$218,214)

This is the minimum amount the LEA must account for in exceptions OR provide an assurance that actual expenditures will not result in non-compliance.

The MOE exception software includes pages for each of the allowed exceptions (see Chapter 5). An LEA submits exception data where it is applicable. When the exceptions have been approved by DPI, they will appear on the MOE eligibility report.

Maintenance of Effort for Eligibility has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$96,284.81)	(\$160,495.64)	(\$177,952.81)	(\$218,213.96)
Per Student:			(\$1,034.61)	(\$1,268.69)
MOE Result:	Met with Exceptions	Failed (\$60,496)	Failed (\$77,953)	Failed (\$118,214)

Eligibility ▾ District Home Exceptions

Approved Exceptions	
Approved Staff Change Exceptions	\$30,000.00
Approved Student Leaving Exceptions	\$45,000.00
Approved Purchase of Capital Equipment Exceptions	\$25,000.00
Total Approved Exceptions	\$100,000.00

IDEA MAINTENANCE OF EFFORT

Once exceptions are submitted and approved, the status of the test will change to “Met with Exceptions” and the overall compliance status will change from failed to met. This will also change the fiscal year status on the District MOE Summary page. All exceptions submitted and approved during the eligibility testing phase will also apply to the year’s compliance phase.

LEAs are encouraged to submit all applicable exceptions. The tests are always based on the last year the test was met, or the last year the test was met with exceptions. If this LEA had \$219,000 in approved exceptions, then the status of all tests would change to ‘Met with Exceptions.’ However, only one test actually needs to be met to meet eligibility, as displayed above.



Compliance Report

The MOE Compliance Report and Exception software is accessed through the Special Education web portal. The compliance software pulls in the expenditure data that was submitted on the PI 1505 SE Annual reports. The software also accesses the child count numbers submitted by the LEA through ISES (Individual Student Enrollment System). Using this information, and taking into account any increases in the IDEA flow-through allocation and funds that have been expended through the CEIS set-aside (for the 50% rule exception), the compliance software calculates the four MOE tests to determine which have been met.

Accessing the MOE Compliance Report

The IDEA Maintenance of Effort (MOE) Compliance Report is accessed through the Special Education Web Portal. All individuals who have access to the LEA’s IDEA budgets will see “IDEA Maintenance of Effort” in the Applications Table on the Local Performance Plan Main Menu page.

TERMINOLOGY
 Special Education Web Portal:
<https://www2.dpi.state.wi.us/seportal>

Help	Application
	IDEA Flow-through and Preschool Entitlement Budgets
	IDEA Flow-through and Preschool Entitlement Budgets - Recovery Funds
	Special Education High Cost Claims
	IDEA Maintenance of Effort ←

When the IDEA Maintenance of Effort hyperlink is selected, the following table will appear:

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Report	Status	Report	
2013-2014 Open	MOE Met	Elig Report	Missing Data	Compl Report	\$13,508
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$6,027
2011-2012 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$100,560
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$25,782
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$65,028

For each year available (beginning with 2009-2010), the table contains MOE eligibility and compliance reports, the year’s corresponding compliance status, and exceptions that have been approved.

HOW DO I KNOW IF WE PASSED MOE COMPLIANCE?

The “quick” answer is provided in the District MOE Summary table:

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Report	Status	Report	
2013-2014 Open	MOE Met	Elig Report	Missing Data	Compl Report	\$85,594
2012-2013 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$165,289
2011-2012 Closed	MOE Met	Elig Report	MOE Failed	Compl Report	\$9,025
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$77,193
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$11,258

If the compliance status reads “Met” it means that the LEA met at least one of the four comparison tests. If the compliance status reads “Failed,” it means that the LEA has failed all four comparison tests. The LEA will be required to submit additional information on allowed exceptions to maintenance of effort.

A detailed view of the four comparison tests is available in the compliance report. To view compliance test results, click on the “Compl Report” hyperlink under the ‘Report’ column for the year in question.

WHAT AM I LOOKING AT?

The MOE Compliance Report reflects data used to determine whether or not an LEA is in compliance with the IDEA maintenance of effort requirement by expending at least the same amount in the current fiscal year as the last fiscal year it expended the most on special education using local/state funds.

LEAs can meet this compliance requirement by passing one of four tests of expenditures. The four tests are a comparison of:

1. Local (Projects 019, 091 and 092) & State (Project 011) expenditures, with certain revenue sources (see page 9) subtracted.
2. Local Only (Fund 10 to Fund 27 transfer, account 27R 411000 110 000).
3. The per student capita amount of Local (Projects 019, 091 and 092) & State (Project 011) expenditures.
4. The per student capita amount of Local Only (Fund 10 to Fund 27 transfer, account 27R 411000 110 000).

See Chapter 2 for a complete list of expenditures and revenue accounts and child count information.

Maintenance of Effort for Compliance has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	\$79,549.66	\$88,496.90	\$62,422.40	\$77,555.93
Per Student:			\$1,040.37	\$1,292.60
MOE Result:	Met	Met	Met	Met

The sentence in the top row states whether the LEA has met the MOE compliance test based on the four tests. Under each test are an amount and a status. The amount reflects the result of that specific test calculation. A positive amount means the LEA increased expenditures between comparison years; a negative amount reflects a decrease in expenditures. The ‘MOE Result’ reflects whether or not the LEA met or failed that particular test. An LEA only needs to meet ONE of the tests to meet MOE compliance.

WHAT ARE THE TESTS?

Maintenance of Effort for Compliance has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	\$79,549.66	\$88,496.90	\$62,422.40	\$77,555.93
Per Student:			\$1,040.37	\$1,292.60
MOE Result:	Met	Met	Met	Met

Each test’s details are displayed in the report, and identify the comparison year, which may or may not be the previous fiscal year. The “Difference” for each test corresponds with the amount displayed in the top section of the report. Clicking on the hyperlinked amounts will bring up the details of the aggregated total.

Test 1: Current Year State/Local Actual Compared to Amounts from Last Year Test 1 was Met						
	State/Local Cost	Less Revenue	Actual State/Local	Account #	Account Description	Amount
Current Year: 2013	\$370,917.15	\$51,585.92	\$319,331.23	27R000000349000	Payments for Other Services Provided Wisconsin School Districts	\$32,848.04
Last Year Met: 2012	\$343,024.32	\$103,242.75	\$239,781.57	27R000000780000	Fed Aid from State Agencies Other Than DPI (include Medicaid & Medicaid Admin Claiming (MAC) funds)	\$17,434.06
		<i>Difference:</i>	\$79,549.66	27R000000990000	Other Miscellaneous Revenue including Flex Plan Forfeitures	\$1,303.82
						\$51,585.92

In Test 1 and Test 2, the “Last Year Met” is the previous fiscal year. This means that in FY 2012, the LEA spent equal to or more than it spent in previous years for those tests.

Test 2: Current Year Local Only Compared to Amounts from Last Year Test 2 was Met		
	Local Only Cost	
Current Year: 2013	\$241,670.42	
Last Year Met: 2012	\$153,173.52	
	<i>Difference:</i>	\$88,496.90

In Test 3 and Test 4, the per capita tests, the “Last Year Met” goes back to FY 2009. This means that since FY 2009, the LEA actually spent less per student each consecutive year. However, in FY 2013 the LEA spent more than it did per student in FY 2009. In the FY 2014 testing year, the “Last Year Met” for these two tests will change to FY 2013.

Test 3: Current Year State/Local Actual Per Capita Compared to Per Capita from the Last Year Test 3 was Met				
	Actual State/Local	MOE Child Count	Actual State/Local Per Capita	
Current Year: 2013	\$319,331.23	60	\$5,322.19	
Last Year Met: 2009	\$298,358.84	56	\$4,281.81	
	<i>(\$4,281.81 * 60)</i>	<i>Difference:</i>	\$1,040.37	
	\$256,908.83	<i>Aggregate Diff:</i>	\$62,422.40	

Test 4: Current Year Local Only Per Capita Compared to Per Capita from the Last Year Test 4 was Met				
	Local Only Costs	MOE Child Count	Local Only Per Capita	
Current Year: 2013	\$241,670.42	60	\$4,027.84	
Last Year Met: 2009	\$202,433.02	56	\$2,735.24	
	<i>(\$2,735.24 * 60)</i>	<i>Difference:</i>	\$1,292.60	
	\$164,114.49	<i>Aggregate Diff:</i>	\$77,555.93	

IDEA MAINTENANCE OF EFFORT

In the next example, the LEA did not meet any of the four tests.

Maintenance of Effort for Compliance has failed. See details below.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$29,250.11)	(\$371,706.31)	(\$124,171.60)	(\$454,958.57)
Per Student:			(\$574.87)	(\$2,106.29)
MOE Result:	Failed (\$29,250)	Failed (\$371,706)	Failed (\$124,172)	Failed (\$454,959)

According to the numbers the LEA submitted through the 1505 SE Annual Report, the LEA is reducing its expenditures to the point where all four tests fail. The lowest amount is reflected in Test #1 as \$29,250.11. To meet compliance, the LEA will either need to re-submit the 1505 SE Annual Report with corrected expenditures OR provide DPI with documentation that at least \$29,250.11 was due to one of the allowable exceptions under IDEA:

- ❖ The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- ❖ A student with a disability that incurs an exceptionally costly program, as determined by the SEA, either leaves the district, graduates, ages out, or no longer needs the special education program.
- ❖ The termination of costly expenditures for long-term purchases, such as remodeling for special education or the acquisition of a vehicle used for special education transportation. Equipment must have a per unit cost of \$5,000 to qualify as a costly expenditure.

LEAs that do not meet one of the MOE compliance tests will be required to submit data outlining exceptions to maintenance of effort. If exceptions are not approved or not available, DPI is required to pay the U.S. Department of Education an amount equal to the amount of the short-fall in required local fiscal special education effort. The DPI, in turn, will recover that amount from the LEA. The amount cannot be paid with federal funds.

‘Built-In’ Exceptions

Two exceptions available under IDEA, the decrease in enrollment of students with disabilities and the 50% rule, are ones that can be determined using existing data rather than depending on the LEA to identify. This information is displayed in the MOE compliance report, and in the case of the decrease in enrollment of students with disability, the exception amount available (if any) is automatically applied to the tests.

The exception for a student enrollment decrease is always a comparison of the fiscal year being tested and the immediate prior fiscal year.

Exception Details: Decreased Enrollment of Students with Disabilities						
		State/Local Cost	Less Revenue	Actual	MOE Child Count	Per Capita
Current Year:	2013	\$460,634.02	\$11,815.27	\$448,818.75	55	\$8,160.34
Prior Year:	2012	\$527,107.23	\$41,202.00	\$485,905.23	64	\$7,592.27
		Decrease * Per Capita = (9 * \$7,592.27) =			Exception Amt:	\$68,330.43

In this example, the LEA saw a decrease of nine students between the prior year and the current year being tested. To determine the amount of the exception, the decreased number is multiplied by the prior year’s per capita amount. The exception amount is automatically applied to the tests.

IDEA MAINTENANCE OF EFFORT

The MOE Child Count reflects the students for which the LEA is financially responsible for, not necessarily the students for which the LEA has FAPE responsibility. The MOE child count number may not match the LEA’s ISES Child Count number, which reflects FAPE responsibility. The variance between the two numbers occurs with open enrollment. In ISES reporting, LEAs report a student as their student if the student has open enrolled into the district and they become the FAPE agency. However, in the world of expenditures, the attending district bills the resident district for the student’s flat-rate open enrollment tuition plus any additional special education costs incurred by the student. Thus, for purposes of MOE, the resident district counts the open enrolled student because the cost of the student still belongs to the resident district. See Chapter 2 for additional information on child count data.

To assist LEAs in understanding this number, the MOE report provides the MOE Child Count detail. Clicking on the hyperlinked MOE Child Count number will bring up the following information:

Child Count Break Down		MOE Child Count
Resident District = Submitting District:		46
<i>Plus Reason Out of District Students:</i>		
Other Resident (RES):		10
Other Submitting (SUBM):		2
Chapter 220 (C220):		0
Tuition Waiver (WAIV):		0
Residential Care Center (RCC):		0
Base Total for Both Counts:		58
Add Students Open Enrolled Into District:		8
October 1 Child Count Total:		66
Add Students Open Enrolled Out of District:		6
Maintenance of Effort Child Count Total:		64

For this LEA, 46 students were reported as being resident students attending the resident district. These students count towards both Oct. 1 Child Count and MOE.

There were 10 (RES) resident students whose resident district had FAPE responsibility, but a different LEA submitted the student record. These students count towards both Oct. 1 Child Count and MOE.

There were 2 (SUBM) students with a different resident district but this LEA had FAPE and financial responsibility. These students count towards both Oct. 1 Child Count and MOE.

At this point, both the Oct. 1 Child Count and the count for MOE are the same – 58. The open enrolled students make the difference in the final figures.

During this fiscal year, 8 students opened enrolled into the LEA. The LEA takes on FAPE responsibilities, which is reflected in the October 1 Child Count. Take the base total, 58, and add the 8 students who open enrolled into the district to determine the October 1 Child Count – 66.

However, this LEA had 6 of its own students open enroll out and will pay those attending LEAs for any additional costs. This financial obligation is reflected in the MOE Child Count. Take the base total, 58, and add the 6 students who open enrolled out of the district to determine the MOE Child Count – 64.

If there has been a decrease in the enrollment of students with disabilities, the software will apply the exception amount:

Maintenance of Effort for Compliance has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$114,196.21)	(\$13,511.52)	\$31,243.90	\$34,482.40
Per Student:			\$568.07	\$626.95
MOE Result:	Failed (\$45,866)	Met with Exceptions	Met	Met

Compliance ▾ District Home Exceptions

Approved Exceptions	
Exception for Decreased Enrollment of Students with Disabilities (see below)	\$68,330.43
Total Approved Exceptions	\$68,330.43

IDEA MAINTENANCE OF EFFORT

Originally, the LEA failed both Test 1 and Test 2. However, when the decrease in student enrollment exception is applied, the status of Test 2 changed from ‘Failed’ to ‘Met with Exceptions.’

The 50% rule exception is also calculated for LEAs.

Exception Details: 50% Adjustment Calculation (Manually Add Exception)	
2012-2013 Flow-Through Allocation	\$192,143.00
2011-2012 Flow-Through Allocation	\$191,308.00
Flow-Through Difference	\$835.00
Maintenance of Effort Reduction Cap (50%)	\$417.50

In the example above, the LEA saw an increase in its flow-through allocation of \$835. The exception amount would be half of this difference, \$417.50. This exception is not automatically applied to the tests like the decrease in enrollment of students with disabilities exception. To use this exception amount, the LEA must identify how the 50% amount (local funds freed up due to the increase in Federal grant funds) was used to support activities allowed under the Elementary and Secondary Education Act. These would be expenditures recorded in fund 10.

If the LEA did not see an increase in its flow-through allocation, the exception details are still displayed, but the flow-through difference will be a negative amount and 50% rule exception amount will be \$0.

If the LEA has an amount available under the 50% rule, but decides to expend IDEA funds on CEIS, the exception amount available will be less or none.

Exception Details: 50% Adjustment Calculation (Manually Add Exception)	
2012-2013 Flow-Through Allocation	\$81,325.00
2011-2012 Flow-Through Allocation	\$76,290.00
Flow-Through Difference	\$5,035.00
Maintenance of Effort Reduction Cap (50%)	\$2,517.50
Less 2012-2013 CEIS Claimed Minus Carryover Amount	\$4,628.74
Maintenance of Effort Adjustment Cap (FY 2012-2013)	\$0.00

In this example, the LEA has \$2,517 available in exceptions due to an increase in flow-through funds. However, the LEA expended \$4,628 on coordinated early intervening services. This amount is deducted from the 50% exception amount available. Since the CEIS expended amount was greater than the 50% exception amount available, none of the 50% rule exception amount can be applied by the LEA.

Changing MOE Compliance Status from “Failed” to “Met”

If an LEA has failed maintenance of effort, the LEA must submit additional information to gain compliance or return non-federal funds equal to the amount effort was reduced.

Fiscal Year	Eligibility (Actual to Budget)		Compliance (Actual to Actual)		View Exceptions
	Status	Actions	Status	Report	
2013-2014 Open	MOE Met	Elig Report	Missing Data	Compl Report	\$53,504
2012-2013 Closed	MOE Met	Elig Report	MOE Failed	Compl Report	Enter Exceptions
2011-2012 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$145,287
2010-2011 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$256,513
2009-2010 Closed	MOE Met	Elig Report	MOE Met	Compl Report	\$198,412

If the compliance status reads “MOE Failed,” the LEA must complete a series of questions regarding allowable exceptions. These questions are accessed by clicking on the hyperlinked words “Enter

IDEA MAINTENANCE OF EFFORT

Exceptions” or the hyperlinked dollar amount if exceptions have already been submitted and approved. The hyperlinked “Compl Report” is a view of the data that went into making the “Met” or “Failed” determination.

Below is a screen shot of this LEA’s compliance report from 2012-13. The LEA had failed all four tests, and did not see a decrease in students with disabilities enrollment.

To meet MOE compliance, the LEA must provide enough exceptions to meet the lowest failed by test amount. In this example, it would be the amount of decrease in Test 1.

Maintenance of Effort for Compliance is failing by \$29,250.11. See details below.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$29,250.11)	(\$40,143.50)	(\$124,171.91)	(\$107,301.05)
Per Student:			(\$574.87)	(\$496.76)
MOE Result:	Failed (\$29,250)	Failed (\$40,144)	Failed (\$124,172)	Failed (\$107,301)

This is the minimum amount the LEA must account for in exceptions OR pay back with non-federal funds.

The MOE exception software includes pages for each of the allowed exceptions (see Chapter 5). An LEA submits exception data where it is applicable. When the exceptions have been approved by DPI, they will appear on the MOE compliance report. Once exceptions are submitted and approved, the status of the test will change to “Met with Exceptions” and the overall compliance status will change from failed to met. This will also change the fiscal year status on the District MOE Summary page.

Maintenance of Effort for Compliance has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$29,250.11)	(\$40,143.50)	(\$124,171.91)	(\$107,301.05)
Per Student:			(\$574.87)	(\$496.76)
MOE Result:	Met with Exceptions	Failed (\$5,144)	Failed (\$89,172)	Failed (\$72,301)

Compliance ▾ District Home Exceptions

Approved Exceptions	
Approved Staff Change Exceptions	<u>\$35,000.00</u>
Total Approved Exceptions	\$35,000.00

LEAs are encouraged to submit all applicable exceptions. The compliance tests are always based on the last year the test was met, or the last year the test was met with exceptions. If this LEA had \$125,000 in approved exceptions, then the status of all tests would change to ‘Met with Exceptions.’ However, only one test actually needs to be met to meet compliance, as displayed above.

Layout of MOE Exception Software

This is a running tally of exceptions submitted and approved.

MOE Summary	
Eligibility Fail:	\$0.00
Compliance Fail:	\$29,250.11
<hr/>	
For Review:	\$5,327.50
Approved:	\$4,133.03
Denied:	\$0.00
<hr/>	
Eligibility Diff:	\$0.00
Compliance Diff:	\$25,117.08

Exceptions	
Personnel	\$9,460.53
Student Left	\$0.00
Capital	\$0.00
IEP Change	\$0.00
Administrative	\$0.00
50% Rule	\$0.00
Child Count	\$0.00

This is a running tally of all exceptions submitted (not necessarily approved). The LEA can access the other exceptions by clicking on the hyperlinked exceptions titles.

This is the exception description. If it is a federal exception, the regulations will be cited.

Transitioning from the 2011-2012 school year to the 2012-2013 school year, did any special education or related services personnel who had previously been funded with local/state dollars voluntarily depart, by retirement or otherwise, or depart due to just cause? (34 CFR §300.204(a)).

If the position was refilled, the LEA should submit the NET difference in salary and fringe between the original employee and the replacement employee.

If applicable, enter Name, Account Number, and amount of salaries and fringe previously locally/state funded. To add additional lines, click on the 'Save' button. When all personnel have been added or if this exception does not apply, click on the 'Next' button.

For a demonstration on completing this page, click [here](#)

First Name:
Last Name:

Salary Account: - - -
Salary Amount:

Fringe Account: - - -
Fringe Amount:

Reason For Leaving*:

**Note: Layoff of Special Education staff is not a departure due to just cause. When identifying fringe costs, roll up the 200 000 series when the function is the same.*

Staff Name	Salary Account	Salary Amount	Fringe Account	Fringe Amount	Reason	Action	Status
Loretta Lynn	27-158000-110-011	\$4,948.89	27-158000-200-011	\$378.61	Voluntary Departure	Edit / Delete	Submitted
Crystal Gale	27-215000-382-019	\$4,133.03	00-000000-000-000	\$0.00	Voluntary Departure	Edit / Delete	Approved

“Back” goes back to the former screen

When DPI approves the submitted exception, this status will change to “Approved.”

“Next” goes to the next screen. If an exception is not applicable to an LEA, no data is entered and the LEA clicks on “Next” to move to the next exception.

This the lesser amount of the four tests failed, pulled in from the MOE report. There are failed by amounts for both eligibility and compliance. If \$0.00 is listed, then one of the four tests was met in that comparison.

This is the running total of exceptions submitted, approved and denied.

When the amount of approved exceptions equals the ‘Failed By’ amount, MOE has been met. This section identifies what amount still remains before MOE can be met.

Data submission fields. All fields are required. Some exceptions require supporting documentation.

“Saved” expenditures and supporting documentation will appear in the table. Submitted documents can be viewed or deleted by clicking on the hyperlinks under the “View Documentation” or “Delete Documentation” columns.

MOE Exceptions

The software provides an opportunity for LEAs to submit MOE exception data for all of the exceptions allowed under IDEA as well as administrative exceptions that occur because of unique LEA situations. The following pages are screen shots of the MOE exception software and instructions for data submission.

Qualifying FY 2015-16 Questions:

- 1) Between 2014-15 and 2015-16, did any special education staff funded with non-grant dollars retire?
- 2) Between 2014-15 and 2015-16, did any special education staff funded with non-grant dollars voluntarily leave?

A voluntary departure could include a transfer to general education position, or a paid or unpaid medical leave.

DEPARTURE OF SPECIAL EDUCATION PERSONNEL - 34 CFR §300.204(a)

An LEA may reduce its level of maintenance of effort if the reduction is due to special education staff, previously funded with non-grant dollars, who leave special education through such means as transferring employment or retirement. To apply for this exception, the LEA will be required to submit the staff person's name, the reason for leaving, and the expenditures and accounts identifying the costs. Staff previously funded with federal funds (such as IDEA) in the prior year are not allowable exceptions to lowering local / state costs. Staff who have been laid off or who have had contracts reduced due to such situations as LEA budget shortfalls are not allowable exceptions.

The amount of salary and fringe that is submitted for the individual through the exception software depends on whether the individual was replaced or not. If the position was refilled,

the LEA should submit the **net difference** in salary and fringe between the original employee and the replacement employee. If the position is not refilled, for instance, and a study of services determined that there was not a need to replace the position, then the individual's full salary and fringe should be submitted.

The following is a list of possible scenarios that would qualify as exceptions to MOE:

- Did a special education staff person retire at the end of 2014-15?
- Did a special education staff person take a job at another school district at the end of 2014-15?
- Did a special education staff person take a district job in general education at the end of 2014-15?
- Did a special education staff person retire or voluntary depart during 2015-16 (mid-year)?
- Did a special education staff person take a voluntary unpaid leave of absence during 2014-15?

The following page displays a screen shot of the Departure of Special Education Personnel exception page with an explanation of the required actions.

DEPARTURE OF SPECIAL EDUCATION PERSONNEL (34 CFR §300.204(a))

Transitioning from the 2012-2013 school year to the 2013-2014 school year, did any special education or related services personnel who had previously been funded with local/state dollars voluntarily depart, by retirement or otherwise, or depart due to just cause? (34 CFR §300.204(a)).

If the position was refilled, the LEA should submit the NET difference in salary and fringe between the original employee and the replacement employee.

If applicable, enter Name, Account Number, and amount of salaries and fringe previously locally/state funded. To add additional lines, click on the 'Save' button. When all personnel have been added or if this exception does not apply, click on the 'Next' button.

For a demonstration on completing this page, click [here](#)

1 First Name:
2 Last Name:

3 Salary Account: - - -
4 Salary Amount:

5 Fringe Account: - - -
6 Fringe Amount:

7 Reason For Leaving*:

**Note: Layoff of Special Education staff is not a departure due to just cause.
When identifying fringe costs, roll up the 200 000 series when the function is the same.*
8

Staff Name	Salary Account	Salary Amount	Fringe Account	Fringe Amount	Reason	Action	Status
Loretta Lynn	27-158000-110-011	\$4,948.89	27-158000-200-011	\$378.61	Voluntary Departure	Edit / Delete	Submitted

- 1 2 Enter the first name and last name of the special education staff person.
- 3 Enter the salary account using the appropriate WUFAR coding:
Fund - 2 digits **Function** - 6 digits **Object** - 3 digits **Project** - 3 digits
- 4 Enter the individual’s salary amount. Enter only the **net difference** if the employee was replaced.
- 5 Enter the fringe account using the appropriate WUFAR coding. When adding fringe costs, roll up the 200 000 series when the function is the same.
Fund - 2 digits **Function** - 6 digits **Object** - 3 digits **Project** - 3 digits
- 6 Enter the individual’s fringe amount. Enter only the **net difference** if the employee was replaced.
- 7 From the drop down menu, select “Voluntary Departure,” “Retirement,” or “Termination.”
- 8 Click on “Save” to submit the employee’s expenditures.

Note

If the employee was contracted and fringe benefits were not broken out, put the contract account and amount in the salary fields. Enter zeroes in the fringe account section.

When the net fringe difference is negative, enter zeroes in the fringe account section and reduce the salary amount by the reduced fringe. Example: A teacher retires with a \$60,000 salary / \$15,000 fringe. The replacement teacher has a \$30,000 salary / \$20,000 fringe. Identify the net savings as \$25,000 salary / \$0 fringe (\$30,000 - \$5,000).

Qualifying FY 2015-16 Questions:

- 1) Can the LEA identify exceptionally costly special education services provided to a student who left the district, graduated or aged out since the 2014-15 school year?

STUDENT WITH EXCEPTIONAL COSTS LEAVES DISTRICT, GRADUATES OR AGES OUT - 34 CFR §300.204 (c)(1-2)

An LEA may reduce its level of maintenance of effort if the reduction is due to the termination of the LEA’s obligation to provide an exceptionally costly program of special education, as determined by DPI, to a particular student. The reason for ending the services is because the student moved out of the LEA’s jurisdiction, graduated or reached the age of 21 without completing high school. Examples of costs that may be associated with a particular student include such things as a full-time aide, private placement tuition costs, and specialized transportation.

To apply for this exception, the student must have aggregate costs in direct special education services in excess of the open enrollment transfer amount from the prior fiscal year. For 2015-16 eligibility/compliance, the transfer amount is \$6,639. If the direct special education service costs provided to the student are less than this amount, then they do not qualify as exceptions.

Review the students with disabilities who graduated, aged out, or moved away from the district of residence in the last two years (FY 2016 and FY 2015). Did the student have any of the following costs (not charged to a federal grant):

- One-on-one Paraprofessional or Attendant Care Aide (even if just part of the day)
- Specialized Transportation (including parent provided transportation)
- Private or public placement tuition (placement must be made by the IEP team)
- Educational interpreter
- Hearing Impaired or Visually Impaired Teacher (such as one contracted through a CESA)

If the LEA has expenditures that would qualify, the LEA will need the student(s) name and birth date and reason that the expenditures no longer exist – either the student moved out of the LEA’s jurisdiction or graduated / aged out of the program. For each student, the LEA will need to provide the expenditures and accounts identifying the costs as well as a short description of those costs.

The following page displays a screen shot of the **Student With Exceptional Costs Leaves District, Graduates or Ages Out** exception page with an explanation of the required actions.

Note

Having a student leave the district as a result of participating in open enrollment does not constitute “Left District” under this exception. Although the student is receiving services in a different district, the student has not changed residency, and the resident district is still financially responsible for the education services through open enrollment tuition.

STUDENT WITH EXCEPTIONAL COSTS LEAVES DISTRICT OR AGES OUT
 (34 CFR §300.204(c)(1-2))

Transitioning from the 2012-2013 school year to the 2013-2014 school year, did a student with exceptional special education costs leave the LEA’s jurisdiction, graduate, or age out, thus terminating the LEA’s obligation to provide a costly program(s) of special education? (34 CFR §300.204(c)(1) or 34 CFR §300.204(c)(2)).

To qualify for this exception, the student needed to generate more than \$6,458 aggregate in direct special education services.

If applicable, enter the student’s name, date of birth and the local/state expenditures directly related to the student. If more than three expenditures are associated with an individual student, create another record for the same student adding additional expenditures. When all expenditures have been added, click on 'Save'. Click on 'Next' if not applicable or all student expenditures have been added. Click on the 'Back' button to return to the previous screen.

For a demonstration on completing this page, click [here](#)

First Name: **1** Last Name: **2**

Birth Date: **3** Reason For Leaving: **4** Left District Graduated / Aged Out

Account: **5** - - - Amount: **6**

Description: **7**

Account: **8** - - - Amount:

Description:

When identifying fringe costs, roll up the 200 000 series when the function is the same.

Student Name	Account	Amount	Reason	Action	Status
Jewel Diamond	27-256750-300-011	\$8,000.00	Left District	Edit / Delete	Submitted
Birth Date: 6/21/2005 Desc: Specialized Transportation to and from school					

- 1 2** Enter the first and last names of the student who incurred the cost.
- 3** Enter the birth date of the student who incurred the cost.
- 4** From the radio button selection, click either “Left District,” or “Graduated / Aged Out.”
- 5** Enter the first direct student expenditure using the appropriate WUFAR coding. When adding fringe costs, roll up the 200 000 series when the function is the same.

Fund - 2 digits	Function - 6 digits	Object - 3 digits	Project - 3 digits
-----------------	---------------------	-------------------	--------------------
- 6** Enter the amount of the direct student expenditure. To apply for this exception, the student must have aggregate costs in direct special education services in excess of **\$6,335**. If the direct special education costs provided to the student are less than this amount, then they do not qualify.
- 7** Enter a brief description of the expenditure. For example, “full-time aide salary,” “transportation,” or “private placement tuition costs.” Do not provide a description such as “left district” or “graduated” as this does not describe the expenditure.
- 8** Add additional expenditures. A student is not limited to three expenditures; however, a single record is limited. To add additional expenditures for a student, simply “Save” the current record and start a new one, repeating the student’s name, birth date, and reason the cost no longer exists.

Qualifying FY 2015-16 Questions:

- 1) Can the LEA identify specific exceptionally costly special education services provided to a student during the 2014-15 school year who did not require the services during the 2015-16 school year?

STUDENT WITH EXCEPTIONAL COSTS NO LONGER NEEDS SPECIAL EDUCATION PROGRAM - 34 CFR §300.204 (c)(3)

An LEA may reduce its level of maintenance of effort if the reduction is due to the termination of the LEA’s obligation to provide an exceptionally costly program of special education, as determined by DPI, to a particular student due to a service change in the student’s IEP.

To apply for this exception, the direct special education services that are no longer required by the student’s IEP must have aggregate costs in direct special education services in excess of the

open enrollment transfer amount from the prior fiscal year. For 2015-16 eligibility/compliance, the transfer amount is \$6,639. If the direct special education service costs no longer required by the IEP are less than this amount, then they do not qualify as exceptions.

The student’s IEP team determines the services that are needed to provide FAPE to the student based on the needs of the student. Any changes to a student’s IEP must also be driven by the needs of the student, *not* by administrative convenience.

Changes to an IEP may be made by the entire IEP team at an IEP team meeting. The parent and the district may agree not to convene an IEP team meeting for the purpose of making changes and instead may develop a written document to amend or modify the student’s current IEP. This exception to the IEP team meeting requirement does not apply to changes in placement. Changes to a student’s placement must be made through an IEP team meeting.

To ensure that the service is no longer required as per the IEP, an LEA that wishes to use this exception must submit the student’s original IEP, revised IEP and a summary document explaining the change. The entire IEP is not required, on the page(s) that reflect the service that changed between school years.

The most common costs for this exception include changes in student placement.

The following page displays a screen shot of the **Student With Exceptional Costs Change in IEP** exception page with an explanation of the required actions.

STUDENT WITH EXCEPTIONAL COSTS CHANGE IN IEP SERVICES (34 CFR §300.204(c)(3))

Transitioning from the 2009-2010 school year to the 2010-2011 school year, did a student with exceptional special education costs be determined to no longer need the program (s) of special education? (34 CFR §300.204(c)(3)).

To qualify for this exception, at least \$6,796 in special education program costs needed to be removed from the student's IEP.

Click on 'Add New Student' to create a student record.

For a demonstration on completing this page, click [here](#).

Student Name	Account	Amount	Documents	Action
				Add New Student

Click on the "Add New Student" to create a record for this exception.

Enter the student's name, date of birth and the local/state expenditures directly related to the student. For each student, the LEA must provide the following supporting documentation: Original IEP, Revised IEP and IEP Report documenting the change of services. Click on the 'Submit Documents' link in the table row associated with the student. The user will be taken to an 'Upload Documentation' page.

1 First Name:

2 Last Name:

3 Birth Date:

4 Account: - - -

5 Amount:

6 Description:

When identifying fringe costs, roll up the 200 000 series when the function is the same.

7 Save

- 1 Enter the first name of the student who incurred the cost.
- 2 Enter the last name of the student who incurred the cost.
- 3 Enter the birth date of the student who incurred the cost.
- 4 Enter the first direct student expenditure using the appropriate WUFAR coding. When adding fringe costs, roll up the 200 000 series when the function is the same.
Fund - 2 digits **Function** - 6 digits **Object** - 3 digits **Project** - 3 digits
- 5 Enter the amount of the direct student expenditure. If the expenditure, or aggregate of expenditures, for an individual student is less than **\$6,665**, then the costs are not exceptions to lowering MOE.
- 6 Enter a brief description of the expenditure. For example, "full-time aide salary," "transportation," or "private placement tuition costs." Do not provide a description such as "change in IEP" as this does not describe the expenditure.
- 7 Click on the "Save" button to add this student's record and the initial expenditure. The user will then have the option of adding additional student expenditures. When all expenditures for a student have been added, the user will be required to submit the student's original IEP, revised IEP and a summary document describing the change in services.

STUDENT WITH EXCEPTIONAL COSTS CHANGE IN IEP SERVICES (34 CFR §300.204(C)(3))

Add any additional local/state expenditures directly related to this student.

To qualify for this exception, at least \$6,796 in special education program costs needed to be removed from the student's IEP.

For each student, the LEA must provide the following supporting documentation: Original IEP, Revised IEP and a summary of the changes in service. Click on the 'Submit Documents' link in the table row associated with the student. The user will be taken to an 'Upload Documentation' page.

For a demonstration on completing this page, click [here](#).

Student Name: Olin Reynolds Birth Date: 05/20/2005

Account: - - - Amount:

Description:

When identifying fringe costs, roll up the 200 000 series when the function is the same.

Save

Student Name	Account	Amount	Documents	Action	Status
Olin Reynolds	27-436000-300-019	\$18,000.00	Review Documents	Edit / Delete	Submitted
Early Childhood Program purchased from CESA 2					
Add Expenditure					

Back

- 1 Enter any additional expenditures for the student. Click on the 'Save' button to submit expenditures.
- 2 To delete the expenditure, or to delete the student, click on the delete button for each submitted expenditure.
- 3 Click on "Review Documents" to upload the relevant Original IEP and Revised IEP pages and summary document pointing out the change in service
- 4 Click on the "Back" button to move on to the next exception or add additional students.

Student Name: Olin Reynolds Birth Date: 05/20/2005

Document Description:

Find File: Browse...

Click on the 'Browse' button, find file and select the blue arrow to upload Student IEP documentation

Document Description	View Documentation	Delete Documentation
Original IEP - Reynolds FY 10 IEP.pdf	View	Delete
Revised IEP - Reynolds FY 11 IEP.pdf	View	Delete
IEP Change Summary - Summary of Reynolds IEP Changes.pdf	View	Delete

Back

- 1 Select the document type from the drop down menu.
- 2 Depending on the document type selected in Step 1, click 'Browse' to locate document on user's computer.
- 3 Click on the "Up" arrow to upload the document.
- 4 The loaded documents will appear in the table. The document description includes the file type and file name. All three types of documents must be uploaded or the student's expenditures will not be submitted.
- 5 Click on the "Back" button when all three documents have been added.

**Qualifying FY 2015-16
Questions:**

- 1) Did the LEA purchase costly equipment, such as a vehicle, or invest in remodeling coded to fund 27, during the 2014-15 school year using local/state funds?

**PURCHASE OF CAPITAL EXPENDITURE -
34 CFR §300.204 (d)**

An LEA may reduce its level of maintenance of effort if the reduction is due to a purchase of costly equipment or remodeling / construction that was made in the prior year. As an example, an LEA that purchased a bus using local / state funds is not obligated to spend that amount every year after the purchase.

To qualify the cost of equipment as an exception, the equipment must have a per unit cost of \$5,000 or more. Items such as computers, laptops, and SMART boards are not considered costly equipment as they usually have a per unit cost less than \$5,000.

To apply for this exception, the LEA will need the capital expenditure description, the expenditure account, and the amount of the capital item. The LEA will be required to submit supporting documentation of the purchase, such as a copy of the purchase order, identifying where the cost was accounted on the district's ledger.

The following page displays a screen shot of the **Purchase of Capital Equipment in Prior Year** exception page with an explanation of the required actions.

PURCHASE OF CAPITAL EQUIPMENT IN PRIOR YEAR (34 CFR §300.204(d))

If applicable, enter the capital expenditure, with a per unit cost of \$5,000 or more, that was incurred during the period of 2012-2013, using state/local funds. At a minimum, please load the purchase order, invoice and voucher for the capital purchase identified. (34 CFR §300.204(d)).

Click on the 'Save' when all fields have been entered. Click on 'Next' if not applicable or all capital expenditures have been added.

For a demonstration on completing this page, click [here](#).

1 Account: - - - **Equipment Cost:** **2**

3 Description:

Find File: No file chosen **5** 

Click on the 'Browse' button, find the file and select the blue arrow to upload the required documentation.

Equipment Description	Account	Equipment Cost	View Documentation	Delete Documentation	Status
Used Mini-Van	27-256300-500-011	\$18,000.00	View 6	Delete 7 8	Submitted



1 Enter the capital expenditure using the appropriate WUFAR coding.

Fund - 2 Digits / **Function** - 6 Digits
Object - 3 digits / **Project** - 3 digits

2 Enter the amount of the capital expenditure.

3 Enter a brief description of the expenditure. For example, “6-passenger van” or “special education bus.”

4 The purchase order, invoice and voucher must be formatted into one file. Click on the ‘Browse’ button to locate the purchase order / invoice / voucher for the capital expenditure on the user’s computer. This will open a “File Upload” dialog box.

5 Click on the “Up” arrow to upload the document, otherwise the expenditure will not be added. Once the document is loaded, the entire record will appear in the table at the bottom of the page.

6 The document that was uploaded can be viewed by clicking on the “View” hyperlink.

7 There is no edit for this exception’s records. The user must delete the submitted record and resubmit with desired changes. Click on the “Delete” hyperlink to edit the amount entered or submit a different document. The user will be taken a delete record page where the user must click on the red delete button.

8 The status of the submitted entry will remain “Submitted” until DPI has either “Approved” or “Denied.”

ADMINISTRATIVE EXCEPTIONS

The software provides an opportunity for LEAs to submit MOE exception data for all of the exceptions allowed under IDEA. However, there are situations in which additional exceptions must be added due to financial coding errors. Prior to FY 2013-14, administrative exceptions were added for LEAs that received a Medicaid Administrative Claiming reimbursement or a School-Based Services Cost Settlement from a prior year. In FY 2014, LEAs were instructed to code these payments to Fund 10 rather than Fund 27.

The following is a screen shot of the **Administrative Exception** on page with an explanation of the required actions.

ADMINISTRATIVE EXCEPTION SCREEN SHOT

All Administrative Exceptions are entered by DPI.

Account: - - - **Cost:**

Description:

Find File: No file chosen

Click 'Choose File' to select the required document. Click save to complete the upload.

Description	Account	Cost	Actions	Status
Late Medicaid Revenue	27-000000-000-780	\$50,588.00	View Delete Edit Approved	
Passed Under Previous Rules, Making FY 13 Last Year Met	27-000000-000-000	\$160,991.53	View Delete Edit Approved	

All exceptions on this page are entered by DPI staff. Additional exceptions that may appear on this page is when the LEA demonstrates that a child count error caused the MOE non-compliance, or if the LEA demonstrates that some other financial coding error occurred at the district and cannot be corrected through the submitted financial reports.

This is a screen shot from the FY 2013 MOE compliance process when LEAs still coded Medicaid MAC and Cost Settlements to Fund 27. In addition, most LEAs will see an entry made in this year with the description “Passed Under Previous Rules, making FY 2013 Last Year Met.” This was added so going into FY 2014, LEAs would have all four tests looking at FY 2013 as the last year met.

Qualifying Questions:

- 1) Did the LEA have an increase in its flow-through grant during the last two years?
- 2) Did the LEA not qualify for other exceptions under IDEA in the amount of MOE missed?

50% RULE 34 CFR §300.205

If an LEA receives an increase in its IDEA flow-through allocation (611 funds) from one fiscal year to the next, the LEA may reduce its MOE obligations by a value of half of the increased amount (34 CFR §300.205 (a)). If the LEA chooses to apply this exception, it has “freed up” local funds under the 50% rule. An LEA is not allowed to reduce its district’s budget by the amount that was freed up through this exception but must use the freed-up local funds to support any activities that could be supported with funds under the Elementary and Secondary Education Act (ESEA) (34 CFR §300.205 (b)). “Freed up” funds are accounted for in the general fund (Fund 10).

The types of activities that may be funded with the funds freed up due to the 50% rule are broad. Freed-up funds may be used to support staff salaries, operational costs, administrative costs, instructional materials, professional development, capital expenditures, etc. An LEA does not need to be eligible for ESEA grant funding to use the 50% rule freed-up funds for these activities.

If an LEA chooses to use the 50% rule exception, it must submit the accounts and expenditures documenting how the freed-up funds were used. The software is designed to track the amount the LEA submits through the other IDEA MOE exceptions and draw those amounts off the missed MOE amount first. On the last screen of the software, the LEA is provided information on how much it was eligible to reduce MOE through the 50% rule, how much in exception expenditures had been submitted through the software, and the amount of freed-up fund expenditures the LEA must submit before MOE can be met.

The following page displays a screen shot of the **50% Rule** exception page with an explanation of the required actions.

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50% RULE (34 CFR §300.205)

Pulled in from the MOE Compliance report, this is the lesser of Test #1 or Test #2

This is the amount of expenditures the LEA has submitted through the other exceptions

MOE Failed By: \$211,099.50

Submitted: \$134,900.00

Approved: \$0.00

The LEA may reduce the level of expenditures otherwise required under IDEA's maintenance of effort requirement by not more than 50 percent of the amount the LEA's flow-through allocation increased from one fiscal year to the next. (34 CFR §300.205(a)). This is

This is the max amount the LEA is allowed to reduce MOE through the 50% Rule

This is the amount of "freed-up fund" expenditures that must be reported on this page. This number is the 50% max amount less the submitted exceptions amount.

The LEA was allowed to reduce local effort by \$134,357.50 during the 2009-2010 school year. Based on information submitted, the LEA needs to report an amount of \$76,199.50 on local expenditures used to carry out activities that could be supported with funds under the ESEA.

Enter all eligible expenditures during the period of July 1, 2009 through June 30, 2010, that would qualify under these conditions. The expenditures must meet the amount that is required for reporting. Click on the 'Save' button when all fields have been entered. When all expenditures have been added, click on the 'Next' button

Do NOT enter exceptions here unless all other exceptions have been entered and you have not met MOE.

1 Expenditure FY: 2010 Account: **2** [] - [] - [] - []

3 Amount: []

4 Detailed Description: []

5

Expenditure FY	Function	Amount	Action	Status
		\$0.00		

- 1** The freed-up funds must be spent in the fiscal year they are freed up. The software auto fills this field with the allowed year. The user should verify that the expenditures submitted were incurred during the allowed year.
- 2** Enter the expenditure account using the appropriate WUFAR coding. The fund should be fund 10.
Fund - 2 digits **Function** - 6 digits **Object** - 3 digits **Project** - 3 digits
- 3** Enter the amount of the expenditure.
- 4** Enter in a brief description of the expenditure.
- 5** Click on the "Save" button to submit the expenditure.

Note

Do not submit more in "freed-up fund" expenditures than required. This information will be reported to the Office of Special Education Programs. Amounts that are submitted above what is required will need to be revised prior to this data submission.

MOE Exception Software Results

MEETING MOE COMPLIANCE

After the LEA has submitted expenditure information through the MOE exception software, DPI will review the submissions and either approve or disapprove the individual expenditure entries. After the review, an LEA may have submitted expenditures that qualify or expenditures that do not. For instance, if an LEA submitted expenditures under the “Departure of Special Education Staff” exception but some of the reported staff were previously funded with federal grant dollars and some were previously funded with local dollars, only the salary and fringe of the locally funded staff will be approved. The expenditure amounts for the federally funded staff will be disapproved.

If the exceptions approved by DPI match the amount the LEA failed MOE, then the LEA’s MOE status will change from “Failed” to “Met” on the MOE report table. In addition, the MOE Eligibility and Compliance reports will be updated to display the approved exceptions.

Maintenance of Effort for Compliance has been met.				
	Test 1	Test 2	Test 3	Test 4
Difference:	(\$293,128.15)	(\$302,641.08)	(\$183,364.13)	(\$265,853.77)
Per Student:			(\$2,865.06)	(\$4,153.97)
MOE Result:	Met with Exceptions	Met with Exceptions	Met with Exceptions	Met with Exceptions

Compliance ▾ District Home Exceptions

Approved Exceptions	
Approved Staff Change Exceptions	\$14,999.07
Approved Student Leaving Exceptions	\$65,574.13
Approved Change in Student IEP Exceptions	\$52,234.33
Approved Administrative Exceptions	\$74,807.01
Exception for Decreased Enrollment of Students with Disabilities (see below)	\$147,641.20
Total Approved Exceptions	\$355,255.74

The LEA can click on any of the hyperlinked amounts to be taken to that exception’s submitted information.

FAILING MOE COMPLIANCE

LEAs that do not meet the MOE compliance test will be required to submit data outlying exceptions to maintenance of effort. If exceptions are not approved or not available, DPI is required to pay the U.S. Department of Education an amount equal to the amount of the short-fall in required local fiscal special education effort. The DPI, in turn, will recover that amount from the LEA. The amount cannot be paid with federal funds that require accountability to the federal government. Because accountability to the federal government is not required for certain Impact Aid funds (section 8002, Payments for property; 8003(b) (1), Basic support; and section 8003(b)(2), Heavily impacted school districts), these federal funds may be used to repay the state for failing to meet the MOE requirement. [Letter to Copenhaver, Patricia J. Guard, Acting Director, Office of Special Education Programs, January 24, 2008, 50 IDELR 286]

Maintenance of Effort Regulations

This guide cites regulations in several sections. The Special Education team encourages school district staff to become familiar with the fiscal requirements in IDEA's regulations to better understand the policies and procedures that are developed by DPI.

Federal Register / Vol. 71, No. 156 / Monday, August 14, 2006 / Rules and Regulations

§ 300.203 Maintenance of effort.

(a) *General.* 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.

(b) *Standard.* (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:

- (i) Local funds only.
- (ii) The combination of State and local funds.

(2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.

(3) The SEA may not consider any 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 in determining an LEA's compliance with the requirement in paragraph (a) of this section.

(Approved by the Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(a)(2)(A))

§ 300.204 Exception to maintenance of effort.

Notwithstanding the restriction in § 300.203(a), an LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to any of the following:

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

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

(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, as determined by the SEA, 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.

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

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

(Approved by the Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(a)(2)(B))

§ 300.205 Adjustment to local fiscal efforts in certain fiscal years.

(a) *Amounts in excess.* Notwithstanding § 300.202(a)(2) and (b) and § 300.203(a), and except as provided in paragraph (d) of this section and § 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203(a) by not more than 50 percent of the amount of that excess.

(b) *Use of amounts to carry out activities under ESEA.* If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

(c) *State prohibition.* Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of

FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) *Special rule.* The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum

amount of expenditures that the LEA may reduce under paragraph (a) of this section.

(Approved by the Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(a)(2)(C))

§ 300.608 State enforcement.

(a) If an SEA determines that an LEA is not meeting the requirements of Part B of the Act, including the targets in the State's performance plan, the SEA must prohibit the LEA from reducing the LEA's maintenance of effort under § 300.203 for any fiscal year.

(b) Nothing in this subpart shall be construed to restrict a State from utilizing any other authority available to it to monitor and enforce the requirements of Part B of the Act.

(Authority: 20 U.S.C. 1416(f); 20 U.S.C. 1412(a)(11))

§ 300.646 Disproportionality.

(a) *General.* Each State that receives assistance under Part B of the Act, and the Secretary of the Interior, must provide for the collection and examination of data to determine if significant disproportionality based on race and ethnicity is occurring in the State and the LEAs of the State with respect to—

(1) The identification of children as children with disabilities, including the identification of children as children with disabilities in accordance with a particular impairment described in section 602(3) of the Act;

(2) The placement in particular educational settings of these children; and

(3) The incidence, duration, and type of disciplinary actions, including suspensions and expulsions.

(b) *Review and revision of policies, practices, and procedures.* In the case of a determination of significant disproportionality with respect to the identification of children as children with disabilities, or the placement in particular educational settings of these children, in accordance with paragraph (a) of this section, the State or the Secretary of the Interior must—

(1) Provide for the review and, if appropriate revision of the policies, procedures, and practices used in the identification or placement to ensure that the policies, procedures, and practices comply with the requirements of the Act.

(2) Require any LEA identified under paragraph (a) of this section to reserve the maximum amount of funds under section 613(f) of the Act to provide comprehensive coordinated early intervening services to serve children in the LEA, particularly, but not exclusively, children in those groups that were significantly overidentified under paragraph (a) of this section; and

(3) Require the LEA to publicly report on the revision of policies, practices, and procedures described under paragraph (b)(1) of this section.

(Authority: 20 U.S.C. 1418(d))

Exception to Maintenance of Effort (§ 300.204)

Comment: One commenter recommended expanding the exceptions to the maintenance of effort requirements in § 300.204(a) to include negotiated reductions in staff salaries or benefits so that LEAs are not penalized for being proactive in reducing costs. Another commenter recommended revising § 300.204 to allow LEAs to apply for a waiver of the maintenance of effort requirements in cases of fiscal emergencies.

Discussion: Section 300.204(a) through (d) reflects the language in section 613(a)(2)(B) of the Act and clarifies the conditions under which LEAs may reduce the level of expenditures below the level of expenditures for the preceding year. Nothing in the Act permits an exception for negotiated reductions in staff salaries or benefits or financial emergencies. Accordingly, to expand the exceptions to the maintenance of effort requirements, as recommended by the commenters, would be beyond the authority of the Department.

Changes: None.

Frequently Asked Questions

The following pages contain a collection of questions DPI has received on IDEA maintenance of effort provisions. This chapter is updated as questions are received or clarifications are required. The answers are either based on the IDEA regulations in 34 CFR §300.203, §300.204 and §300.205 or DPI policy and procedures.

1. *What is IDEA's maintenance of effort requirement for LEAs?*

IDEA prohibits an LEA from using IDEA funds to reduce the level of local expenditures for special education services below the level for the preceding fiscal year.

2. *How does DPI ensure LEAs meet the MOE requirement?*

Annually, prior to approval of its IDEA budgets, each LEA is required to provide DPI with an assurance it meets the MOE requirement. Later in the fiscal year, DPI conducts an eligibility test using data from each LEA's Special Education Annual Report (PI-1505 SE) and Special Education Budget Report (PI-1504 SE). After the end of the fiscal year, DPI tests whether LEAs actually complied with the MOE requirement based on actual expenditures during the fiscal year.

3. *What is the MOE eligibility test?*

In accordance with IDEA, DPI runs four tests of local special education fiscal effort. Each test compares special education expenditures in the last year the test was met to amounts budgeted for special education in the current year. The tests compare (i) total state and local funds combined; (ii) total local funds only (iii); per capita state and local funds combined; (iv) per capita local funds only. An LEA meets the MOE test for IDEA eligibility if it meets just one of the four tests. An MOE Eligibility Report is prepared for each LEA. It can be accessed through the Special Education Web Portal.

4. *What are the provisions permitting reduction of required MOE?*

An LEA may reduce its required MOE if the reduction in expenditures is attributable to:

- ❖ The voluntary departure or departure for just cause of special education or related services personnel;
- ❖ A decrease in enrollment of students with disabilities;
- ❖ A student moves out of the LEA's jurisdiction, graduates, ages out, or no longer needs the high cost special education program.

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- ❖ The end of costly expenditures for long-term purchases, such as a special education bus or construction of school facilities.
- ❖ The assumption of cost by the high cost special education categorical aid program.
- ❖ An increase in the IDEA allocation from the previous year (the “50%” rule).

When reducing its required local effort, an LEA must continue to provide a free appropriate public education to each student with a disability, including special education and related services based upon the student’s unique needs, as reflected in the IEP. Please note there is a requirement to expend funds freed up through the 50% rule during the fiscal year. There is no requirement to expend funds freed up through the other exceptions.

5. *What documentation does DPI require to demonstrate an LEA meets the MOE eligibility requirement through one of the exceptions?*

Supporting documentation is submitted through the IDEA Maintenance of Effort web-based eligibility and compliance software. Each exception requires different documentation, but at a minimum the LEA must provide DPI with expenditure amounts and accounts. For some exceptions, such as capital purchases, the LEA will be required to submit supporting purchasing documentation.

6. *Where do LEAs report a reduction in required MOE?*

LEAs must reflect this reduction in the PI-1504 SE Budget Report. The reduction in required MOE must also be reflected in the PI-1505 SE Annual Report submitted during the next fiscal year. The LEA’s IDEA entitlement grant may include the special education costs that have been shifted from local dollars to the federal grant.

7. *What action will DPI take if the LEA has not complied with the MOE requirement after the end of the fiscal year?*

After the end of the fiscal year, DPI tests whether an LEA has complied with the MOE requirement by comparing data from the Special Education annual reports from the immediate past year and the prior year.

If an LEA did not comply with the MOE requirement, DPI is required to pay the U.S. Department of Education an amount equal to the amount of the short-fall in required local fiscal special education effort. The DPI, in turn, will recover that amount from the LEA. The amount cannot be paid with federal funds.

8. *When reducing local MOE, may LEAs use more than one of the options available for MOE reduction?*

Yes. LEAs may use all of the applicable options to reduce required MOE. These include:

- ❖ The voluntary departure or departure for just cause of special education or related services personnel;
- ❖ A decrease in enrollment of students with disabilities;
- ❖ A student moves out of the LEA’s jurisdiction, ages out, or no longer needs the high cost special education program.

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- ❖ The end of costly expenditures for long-term purchases, such as a special education bus or construction of school facilities.
- ❖ An increase in the IDEA allocation from the previous year (the “50%” rule).

Applying IDEA MOE exceptions is not an “either/or” situation. All options may be utilized (if applicable) for the reduction of MOE. For example, an LEA is able to reduce its MOE obligation by \$40,000 due to a staff retirement and \$35,000 for a student who required a personal aide moving out of district, for a total optional MOE reduction amount of \$75,000.

If an LEA has allowable exceptions or chooses to use the 50% rule and reduce its MOE obligations, the LEA will be able to maintain the new reduced MOE amount in subsequent years, until that LEA increases the level of special education expenditures, using state or local funds, on its own.

9. *What is the 50% rule?*

This provision permits an eligible LEA that receives an increase in its IDEA flow-through allocation from one fiscal year to the next to reduce its MOE obligation by an amount equal to up to half of the increased amount (50% rule). The locally funded special education costs may be moved to the IDEA grant, freeing up local dollars.

10. *Doesn't the “supplement not supplant” requirement prevent the use of IDEA funds for costs that were supported with local dollars during the previous year?*

An LEA may use IDEA funds for a special education cost funded in the previous year with local funds without violating the supplement not supplant requirement, as long as the LEA maintains its total local effort consistent with the MOE requirement.

11. *Which LEAs may reduce MOE with the 50% rule?*

All LEAs may use the 50% rule, except those given IDEA determinations by DPI of “needs assistance,” “needs intervention,” or “needs substantial intervention,” or designated as having “significant disproportionality.” While some LEAs have been designated as having disproportionate representation, only LEAs currently designated as having “significant disproportionality,” i.e., required to use 15% of their entitlement for coordinated early intervening services, are not eligible to use the 50% rule.

Also, if DPI has taken responsibility for providing FAPE to students with disabilities in an LEA because the LEA is unable to establish and maintain programs of FAPE, or DPI has taken action against the LEA under IDEA section 616, the LEA is not eligible to use the 50% rule to reduce required MOE.

12. *Does reducing required MOE using the 50% rule mean an LEA is reducing special education services?*

No. When an LEA reduces MOE using the 50% rule, it shifts special education expenditures from local and state funds to either regular IDEA or IDEA ARRA funds, freeing up local and state funds for other uses. The LEA must still provide a free appropriate public education (FAPE) to each student with a disability, including the provision of all services required by the student’s IEP in the least restrictive environment.

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13. *How does reducing required MOE by shifting special education costs from local funds to IDEA impact the LEA's state special education categorical aid?*

State special education categorical aid is paid as a percentage of eligible costs. This aid is paid in the next year. Eligible costs include salaries and fringe benefits for special education teachers, special education paraprofessionals, speech and language pathologists, physical therapists, occupational therapists, special education administrators, school psychologists, school social workers, school counselors and school nurses, as well as special transportation expenses. Costs paid with IDEA are not eligible for state special education categorical aid. Therefore, if an LEA shifts eligible costs from local funds to IDEA, the amount of eligible costs decreases, and the LEA's state special education categorical aid will decrease.

14. *What effect will using the 50% rule and other provisions for reducing required MOE have on MOE for future years?*

If an LEA uses the flexibility available through the 50% rule or other provisions to reduce its MOE obligation, the LEA will be able to maintain the new reduced MOE amount in subsequent years, until the LEA increases the level of special education expenditures, using state or local funds, on its own.

15. *Will a reduction in the amount required for MOE affect an LEA's IDEA allocation in subsequent years?*

No. A reduction in the amount required for MOE will not affect the LEA's IDEA allocation in subsequent years.

16. *What effect does the voluntary expenditure of funds for CEIS have on reducing required MOE using the 50% rule?*

When an LEA's maximum MOE reduction is less than the amount that may be set aside for CEIS, the maximum MOE reduction is reduced by the amount expended for CEIS. For example, if an LEA has a \$100,000 increase in its allocation and expends no funds on CEIS, it may reduce its MOE by up to \$50,000. ($100,000 \times .50 = 50,000$) However, if this LEA expends \$40,000 on CEIS, it must subtract this amount from the permitted reduction in MOE. Therefore, the LEA may only reduce its required MOE by \$10,000 ($100,000 \times .50 = 50,000 - 40,000 = 10,000$).

However, if the maximum MOE reduction permitted is greater than the amount that may be set aside for CEIS, the MOE reduction is capped at the maximum amount that may be set aside for CEIS minus the amount expended on CEIS [34 CFR §300.226 (a)]. Expending IDEA funds on CEIS automatically reduces the LEA's maximum MOE reduction to the same amount as the maximum that may be set aside for CEIS (15% of the Part B allocation). For example, if an LEA has an \$800,000 increase in IDEA funds to a total of \$1,700,000, it may reduce MOE by \$400,000 if it expends no funds on CEIS. If it expends \$10,000 on CEIS, the maximum MOE reduction permitted is \$245,000. ($1,700,000 \times 15\% = 255,000 - 10,000 = 245,000$).

17. *If an LEA (with significant disproportionality) failed to use the required 15% of IDEA funds for CEIS in the past year, does the expenditure affect the LEA's calculation of its required MOE for the current year?*

No. The calculation of the CEIS set-aside is not affected. However, the LEA must expend the amount it failed to expend on CEIS in the prior year and the set-aside for the current year. The expenditure of the CEIS funds the LEA failed to expend in the prior year does not enter into the LEA's calculation of its required MOE for the current year.

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18. *How does receipt of Medicaid funds affect an LEA's MOE calculations?*

Medicaid revenue from student specific billing is deducted from the current year Fund 27 local expenditures. If the LEA received Medicaid revenue for Medicaid Administrative Claiming (MAC) or a cost settlement, this revenue is to be coded to Fund 10 and will not impact the MOE calculation. This coding changed in FY 2014.

19. *How do expenditures for students attending the LEA under the full-time open enrollment law affect the MOE calculations?*

Special education expenditures for students attending the LEA under the full-time open enrollment law are not counted as local fiscal effort. Funds received from other LEAs for providing special education services to these students are deducted from local fiscal effort.

20. *What is the impact on local MOE if an LEA stops contracting for CESA special education services and provides the services directly?*

If an LEA stops contracting for services from a CESA with local funds and provides the services itself, there is no impact on local fiscal effort, as long as the LEA continues to expend the same amount of local funds on the services. However, if the cost of providing the service is less than the cost of contracting with the CESA, and MOE is not met, the LEA may submit the cost difference as an exception only if it is due to a change in the student's required IEP services and the cost of the services is less than the open enrollment flat-rate tuition amount set for that fiscal year.

21. *What should the LEA do if accounting adjustments made after the close of the fiscal year would affect the MOE calculations?*

The MOE reports pull information submitted through the PI 1504 SE Budget and PI 1505 SE Annual reports. When adjustments are made to these reports, then the MOE reports will reflect the changes.

If an LEA did not comply with the MOE requirement, DPI is required to pay the U.S. Department of Education an amount equal to the amount of the short-fall in required local fiscal special education effort. DPI, in turn, will recover that amount from the LEA. The amount cannot be paid with federal funds.

22. *If an LEA has a \$3,000 short-fall in local fiscal effort and DPI recovers this amount from the LEA, is the LEA's required local fiscal effort reduced by \$3,000 for the next fiscal year?*

No. The Office of Special Education Programs, U.S. Department of Education addressed this issue in a letter to Kathleen Boundy of the Center for Law and Education in a letter dated April 4, 2012. The letter states that the level of effort an LEA must meet in the year after it fails to maintain effort is the level of effort that it should have met in the prior year and not the LEA's actual expenditures. In other words, each year's LEA maintenance of effort obligation is based on the amount that was expended the last year the LEA maintained effort. The letter may be viewed at <http://www.dpi.wi.gov/sped/pdf/moe-osep-interpretation-rescinded.pdf>.

23. For what purposes can funds freed up with the 50% rule be used?

The IDEA regulations state the freed-up funds must be used to carry out activities that could be supported under the Elementary and Secondary Education Act (ESEA), regardless of whether the LEA is using funds under the ESEA for those activities. According to the Office of Special Education Programs (OSEP), U.S. Department of Education, this includes any activities allowed under Title I, Impact Aid, and other ESEA programs.

During a technical assistance webinar, OSEP indicated it is not aware of any specific activities that may not be funded. Their advice is based on the latitude LEAs have in expending ESEA Impact Aid. According to information from the Office of Elementary and Secondary Education, U.S. Department of Education, Impact Aid is

...considered general aid to the recipient school districts; these districts may use the funds in whatever manner they choose in accordance with their local and State requirements. Most recipients use these funds for current expenditures, but recipients may use the funds for other purposes such as capital expenditures....

School districts use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs. [“About Impact Aid”, <http://www.ed.gov//print/about/offices/list/oese/impactaid/whatisia.html>]

Based on guidance from U.S. Department of Education, DPI believes funds freed up using the 50% rule may be used in any manner LEAs choose, consistent with their local policies and state requirements.

24. Does an LEA have to be eligible for Title I or Impact Aid in order to use the freed-up local funds on these activities?

No. The LEA does not have to be eligible for Title programs or Impact Aid in order to use the freed-up local funds on activities that are allowed under these programs.

25. May local funds freed up under the 50% rule be used to retain staff slated for layoff or contract reduction?

LEAs that move locally-funded special education costs to federal dollars under the 50% rule may use freed-up local funds to retain non-special education staff slated for layoff or contract reduction.

26. Must the LEA already be using ESEA funds to support the activity that freed-up local funds will support?

No. The LEA does not have to be currently using ESEA funds for the activity that will be funded with freed-up local funds.

27. May freed-up funds be used for expenses previously paid by ESEA funds?

Yes. Freed-up funds may be expended for any activity that can be supported with ESEA funds.

28. Must LEAs expend funds freed up through the 50% rule in the same year?

Yes. Local funds freed up using the 50% rule must be expended in the fiscal year of the increased IDEA funding. LEAs may not reduce local effort in prior or subsequent fiscal years based on the increase in the IDEA award for the current fiscal year.

29. *Are freed-up funds budgeted in Fund 27?*

Fund 27 is for special education expenditures. Normally, freed-up funds will not be used for special education expenses; therefore, they will not be budgeted in Fund 27.

30. *May freed-up funds be used to support special education costs?*

An LEA could use freed-up funds on special education; however, this, in turn, would not reduce an LEA's MOE. The MOE is based on an LEA's aggregated local special education costs budgeted to Fund 27.

31. *If the LEA has over claimed categorical aid for a nurse, psychologist, social worker or guidance counselor and later must make financial statement adjustments, what is the impact on future maintenance of effort if the overage is allocated to Fund 27 Project 019 rather than Fund 10?*

The special education costs of nurses, psychologists, social workers and guidance counselors should be allocated to Fund 27. Those special education costs, not covered by categorical aid or a federal IDEA grant, should be coded to Project 019. However, the non-special education costs of nurses, psychologists, social workers and guidance counselors should be allocated to Fund 10. Special education expenditures coded to Project 019 are used in the determining the level of special education maintenance of effort. Non-special education activities allocated to Fund 10 are not included in special education maintenance of effort.

32. *When reporting the departure of special education staff, if the staff person is replaced, does the LEA submit the difference between the retired teacher salary and benefits and the new replacement teacher salary and benefits?*

Yes. If the position is replaced, the LEA should enter the net difference between the previous salary and fringe amount and the new salary and fringe amount. If the position is not replaced, the entire salary and fringe amount of the departed staff person may be submitted.

33. *Under the "Departure of Special Education Staff" exception, how does an LEA enter the salary expense for a CESA contract employee? In this example, the LEA had a contract with CESA for pupil services including school psychologist and special education director. The CESA staff person ended up on an extended unpaid leave, so the LEA's actual expenses were approximately \$7,500 less than originally budgeted.*

This would be considered a voluntary departure, as the individual voluntarily took an unpaid medical leave. The LEA should enter the amount into the "Salary" account line, with a purchased service object number. Because this exception also requires a fringe account and expenditure amount, the LEA should enter zeros to complete these fields.

34. *The LEA had a Speech/Language teacher leave voluntarily. The LEA replaced the teacher with two part-time staff. How does the LEA account for this as an exception?*

If there is a difference between the two part-time staffs' salary and fringe and the original full-time position, the LEA should enter the net difference between the full-time salary and fringe and the combined part-time staff salary and fringe.

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35. *The LEA shared a teacher through a cooperative and the other district was the fiscal agent. The teacher voluntarily left and the LEA did not replace the position and eliminated the arrangement. How does the LEA report the loss under the “Departure of Special Education Staff” exception since it asks for salary and benefits, but the payment was an object 382 payment to another school district?*

The LEA should enter the contracted amount into the “Salary” account line, with a purchased service object number. Because this exception also requires a fringe account and expenditure amount, the LEA should enter zeros to complete these fields.

36. *The LEA’s special education director took a new job in January and was replaced temporarily with a person from CESA until the LEA could hire a permanent replacement the following July. What portion of the salary and fringe can the LEA enter as an exception?*

The LEA should submit the net difference between the salary and fringe amount that would have been paid to the special education director between January and June against the amount that was paid to CESA for the contracted special education director services.

37. *The LEA has staff who chose to no longer receive health and dental insurance, resulting in cost reductions; or, through contract negotiations it is determined that LEA staff will pay a portion of health care insurance that was previously covered by the LEA, again, resulting in significant cost reductions. Is this an MOE exception?*

Based on the IDEA regulations and the statute, and after consulting with the Office of Special Education Programs, the answer to the question is no. There is no exception for this situation. Therefore, when cost savings result from reductions in staff salaries or benefits, a local educational agency must still maintain at least the same level of special education fiscal effort as the previous year.

This scenario was raised in 2006 by a commenter when the United States Department of Education published its proposed IDEA regulations for public comment. The commenter suggested changing the proposed regulations to include a provision creating an exception for negotiated reductions in staff salaries or benefits. The U.S. Department of Education rejected the suggestion stating, “Nothing in the Act permits an exception for negotiated reductions in staff salaries or benefits...” (71 Fed. Reg. 46624, August 14, 2006)

38. *In this situation, a student moves to another district’s residence area but continues to attend the original LEA under open enrollment. The LEA’s expenditures remain the same; however, the district now receives revenue from the other district under open enrollment which reduces the LEA expenditures. Would this be an exception?*

Yes. This situation is accounted for in the student per capita MOE tests #3 and #4 as well as the automatically applied “Student Leaving Exceptions.” The LEA providing the services would have counted the student in its child count number in the first year of the MOE compliance test and would have seen a drop in the child count number when the student moved to another district. The LEA does not need to enter any additional information to have had this exception applied.

39. *If the LEA purchased a vehicle with flow-through funds, can this count this as an exception?*

No. To be eligible as a MOE exception, the expenditure had to be made with local or state funds, coded to a project 011 or 019.

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40. *For the exception "Purchase of Capital in Prior Year" can the LEA count the purchase of laptops, at a cost of \$1,500 each, as capital equipment?*

No. For purposes of this exception, the capital purchase must have a per unit cost of more than \$5,000.

41. *What project number should the LEA use to account for the freed up funds expenditures?*

The MOE exception software allows the LEA the flexibility to enter in account numbers (rather than choosing from a drop down menu), so the LEA should use the same code that appears in the LEA's financial records. During an audit or fiscal monitoring, the LEA will find it easier to produce supporting documentation if the reported MOE expenditure accounts match the LEA's actual records.

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