



OFFICE OF FINANCIAL AND ADMINISTRATIVE SERVICES

Special Education Finance

Maintenance of Effort

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Maintenance of Effort (MOE)

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- District/LEA must spend the same total or per capita (per pupil) amount as it spent from those same sources in the most recent year of either:
 - Local funds only; or
 - Combination State and local funds

Some Allowable Exceptions to this rule



MOE Compliance: **CURRENT YEAR**

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The District/LEA must **SPEND** the same amount in the **CURRENT YEAR** as compared to the **PRIOR YEAR** to be eligible for the **CURRENT YEAR** Part B Grant.



MOE Compliance: **NEXT YEAR**

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The District/LEA must **BUDGET** the same amount in the **NEXT YEAR** as compared to the **CURRENT YEAR** to be eligible for the **NEXT YEAR** Part B Grant.



MOE Example 1 (Total MOE)

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Example of District/LEA choosing to meet MOE requirement with Local Only or Combination Local and State Expenditures:

FY10 : \$150,000

FY11: \$140,000 (Less than FY10 ≠ Must Explain Reason)

FY12: \$145,000 (Greater than FY11—MOE okay)

Prior year expenditures may only be less than next year if allowable exceptions are claimed.



MOE Example 2 (Per Capita)

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Example of District/LEA choosing to meet MOE requirement on the Per Capita (per pupil) basis.

<u>YEAR</u>	<u>MOE TOTAL</u>	<u>DEC. 1 CHILD COUNT</u>	<u>MOE PER CHILD</u>	<u>MET MOE</u>
FY10	\$150,000 /	16 =	\$9,375	
FY11	\$140,000 /	14 =	\$10,000	Yes (> \$9,375)
FY12	\$136,000 /	13 =	\$10,462	Yes (> \$10,000)





Allowable Exceptions to MOE

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- 1. Voluntary Departure, by retirement or otherwise, or departure for just cause, of Special Education Staff**
- 2. Termination of a Costly Obligation for a Specific Child**
- 3. Assumption of the Cost by the High Need Fund**
- 4. Termination of a Costly Long-Term Purchase**
- 5. Decrease in Enrollment of Children with Disabilities**



MOE Exception #1:

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Voluntary Departure of Special Education Staff

Examples:

- **Special Education Teacher retired and replacement paid less**
 - **Salary and benefits paid with non-federal funds may be claimed as an exception**
- **Paraprofessional resigned. Position no longer needed for student—no replacement hired**
 - **Salary and benefits paid with non-federal funds may be claimed as an exception**





MOE Exception #2:

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Termination of a Costly Obligation for a Specific Child due to:

- Child has left jurisdiction of the district/LEA;
- Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated: or
- No longer needs the program of special education

Costs associated with that child paid from non-federal funds are an allowable exception.



MOE Exception #3:

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Assumption of Cost by High Need Fund (Federal Reimbursement)

District/LEA may reduce fiscal effort by the amount previously expended from State or Local funds that now qualifies for **Federal** reimbursement through the state operated High Need Fund.



MOE Exception #4:

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Termination of a Costly Long-Term Purchase

Examples:

- Acquisition of equipment
- Construction of school facilities



MOE Exception #5:

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Decrease in Enrollment of Children with Disabilities

District/LEA experiences a significant drop in the number of students with disabilities from one year to the next – LEA may want to consider calculating MOE on a per child basis.



MOE Adjustment

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- **For any fiscal year that a district's allocation exceeds the amount of its prior year's grant, the district may reduce its MOE by 50% of the increase in federal funds.**
- **However, the district must use an amount of local funds equal to the MOE reduction for activities that could be supported with funds under the Elementary and Secondary Education Act (ESEA).**

NOTE: MOE Adjustment may be taken along with any allowable Exceptions.



MOE Adjustment (continued)

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- **MOE and Coordinated Early Intervening Services (CEIS) are interconnected.**

- **SEA must prohibit LEA from taking adjustment:**
 - **If DESE determines that the district is unable to establish and maintain FAPE**

 - OR**

 - **If DESE determines that an LEA is not meeting the requirements of Part B, including meeting targets in the state's performance plan (determination of Needs Assistance, Needs Intervention, or Needs Substantial Intervention).**



What If MOE is Not Met?

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LEA must pay DESE back the amount of MOE not met from either **LOCAL** or **STATE** funds. The MOE is **NOT** re-set to the lower amount; it is maintained at the amount from the previous year.

Example:

FY10 : \$150,000

FY11: \$140,000 (MOE NOT MET – LEA is required to pay DESE \$10,000 from Local or State funds)

FY12: MOE amount the LEA must meet is \$150,000



Calculating MOE

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The District/LEA must complete ePeGS MOE FER page.

This calculation demonstrates the District/LEA meets the MOE requirements by spending at least the same amount each year.



Calculating MOE

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The District/LEA should NOT use the “back- out” method to determine MOE.

The “back-out” method is deducting federal revenues from total special education expenditures to determine MOE.



Calculating MOE

Instead of using the “back-out” method, LEAs should calculate MOE by the following steps:

- **Code all Special Education expenditures to a special education function code**
- **Determine what Special Education expenditures will be paid with federal, state, and local funds**
- **Tag all federal special education expenditures with a project/source code to identify it as a federal special education expenditure**
- **Anything remaining that is not tagged with a project/source code will be the MOE amount**



Calculating MOE

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Include only Special Education expenditures paid from non-federal sources (do not include expenditures paid with revenue codes beginning with "54").

Examples of federal sources (Do NOT include in MOE):

- Federal Part B
- Federal Early Childhood Special Education
- Medicaid
- Federal High Need Fund
- Competitive Improvement Grant
- ARRA



MOE Calculation Assistance

Special Education Only Expenditures	CURRENT YEAR			BUDGETED NEXT YEAR		
	EXPENDITURES PAID FROM FEDERAL FUNDS	EXPENDITURES PAID FROM LOCAL FUNDS	EXPENDITURES PAID FROM STATE FUNDS	EXPENDITURES PAID FROM FEDERAL FUNDS	EXPENDITURES PAID FROM LOCAL FUNDS	EXPENDITURES PAID FROM STATE FUNDS
	DO NOT include amounts in MOE!	Include Amounts in MOE if applicable (see instructions)	Include Amounts in MOE if applicable (see instructions)	DO NOT include amounts in MOE!	Include Amounts in MOE if applicable (see instructions)	Include Amounts in MOE if applicable (see instructions)
Capital Costs (renovation, construction, real estate, etc.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clerical Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coordinated Early Intervening Services (CEIS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coop Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ECSE Reimbursement	\$ -	n/a	\$ -	\$ -	n/a	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extended School Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Guidance Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupational Therapist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operation of Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Paraprofessionals/Teacher Aides	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Physical Therapist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proportionate Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Psychology Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Administrator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Process Coordinator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Speech/Language Pathologist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Substitutes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation (Pupil)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel (Employee)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition, Severely Handicapped	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition to another district	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Maintenance of Effort Options:

1. Total "Local Funds Only" method. The LEA must be able to separate out Local and State Special Education Expenditures in their accounting system to be able to use this method. Use the "Total Local Funds" column if claiming this method.
2. Per Child "Local Funds Only" method. Formula: Total Local Only funds divided by the December 1 child count = Per child rate. DESE compares the "rates" to be sure MOE has been maintained. This method is useful when the LEA has a drop in December 1 child count.
3. Total "Local and State Funds" method. If you are not able to separate "Local and State", enter the total in the State Column. Otherwise, add together the Local and State Totals for MOE if claiming this method.
4. Per Child "Local and State Funds" method. Formula: Total Local and State funds divided by the December 1 child count = Per Child Rate. DESE compares the "rates" to be sure MOE has been maintained.



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Special Education Finance

News and Updates

FY12 Part B Allocations

Information regarding the upcoming deadline for Unexpended ARRA Funds is available on the Department's website.

- ▶ [FAS-11-012](#)

- ▶ [Special Education Finance SELS ListServ](#)

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- **Telephone:** (573) 751-0622

