

MAINTENANCE OF EFFORT (MOE) REGULATIONS FREQUENTLY ASKED QUESTIONS (FAQ)

FUNDING

What is Maintenance of Effort (MOE)?

Maintenance of Effort (MOE) is the amount of State, local, and county funds spent on special education that must be maintained at the same amount or more each year. Local funds and county funds are combined and considered “local” funds. There are two components to MOE, the eligibility standard and the compliance standard. The eligibility standard indicates a LEA must budget at least the same amount or more for special education as the LEA spent for the most recent fiscal year for which information is available, unless allowable exceptions or adjustments apply, in order to be eligible for the next fiscal year grant award. The compliance standard indicates a LEA must not reduce the level of expenditures for special education below the level of expenditures from the previous fiscal year unless allowable exceptions or adjustments apply. LEAs must meet MOE on at least one of the following four methods: 1) Total State and Local Funds, 2) Per Capita of State and Local Funds, 3) Local Funds Only, or 4) Per Capita of Local Funds Only.

How does State funding for special education appear on the LEA payment transmittal/audit confirmation report?

State funding for special education does not come to the LEA as a separate line item payment in the monthly payment transmittal. LEAs must determine the amount of funding from all State revenue sources that will be expended towards special education. State revenue codes start with a “53” on the monthly payment transmittal/audit confirmation.

How do local and county funding for special education appear on the LEA payment transmittal/audit confirmation report?

Local and county funding for special education do not come to the LEA as a separate line item payment in the monthly payment transmittal. LEAs must determine the amount of funding from local and county sources that will be expended towards special education. Local revenue codes start with a “51” on the monthly payment transmittal/audit confirmation. County revenue codes start with a “52” on the monthly payment transmittal/audit confirmation.

Why does the LEA have to report MOE budgeted amounts in the budget application when it has always been reported in the FER?

The LEA must report MOE budgeted amounts in the budget application to determine compliance with the eligibility standard which establishes eligibility for the upcoming fiscal year grant award. The LEA must meet the MOE eligibility standard prior to receiving the grant award; therefore, budgeting for MOE is part of the budget application so LEA can become eligible to receive the new fiscal year grant award at the beginning of the fiscal year.

CODING

Do expenditures paid with State, local, and county funds have to be identified separately in the general ledger?

Yes. In order to determine the amounts to budget and report for MOE in the budget application and FER, respectively, the LEA must distinguish special education expenditures paid with local, county, and State funds separately in the general ledger by using source codes (1 = local, 2 = county, 3 = State).

K-12 special education expenditures paid with State, local, and county funds must be coded to project code 12210. ECSE expenditures paid with State, local, and county funds must be coded to project code 12810.

Do local revenue sources (Proposition C, City Sales Tax, etc.) need to be distinguished in the general ledger with separate project codes for special education expenditures?

All ECSE and K-12 special education expenditures paid with *any source* of local funds must be coded to source code 1, regardless of the local revenue source. Each local revenue source (Proposition C, City Sales Tax, etc.) does not need to be identified separately when coding expenditures paid with local funds.

Do county revenue sources (State Assessed Railroad and Utility Taxes, Federal Properties, etc.) need to be distinguished in the general ledger with separate project codes for special education expenditures?

All ECSE and K-12 special education expenditures paid with *any source* of county funds must be coded to source code 2, regardless of the county revenue source. Each county revenue source (State Assessed Railroad and Utility Taxes, Federal Properties, etc.) does not need to be identified separately when coding expenditures paid with county funds.

Do State revenue sources (Basic State Aid, Transportation State Aid, etc.) need to be distinguished in the general ledger with separate project codes for special education expenditures?

All ECSE and K-12 special education expenditures paid with *any source* of State funds must be coded to source code 3, regardless of the State revenue source. Each State revenue source (Basic State Aid, Transportation State Aid, etc.) does not need to be identified separately when coding expenditures paid with State funds.

ELIGIBILITY STANDARD

What does the term eligibility standard mean?

The eligibility standard indicates a LEA must budget from non-Federal sources at least the same amount or more for special education as the LEA spent from non-Federal sources for the most recent fiscal year for which information is available, unless allowable exceptions or adjustments apply in order to be eligible for the next fiscal year grant award.

How is the eligibility standard determined?

The eligibility standard is determined during the IDEA Part B budget application process. LEAs must report their estimated MOE amount for the upcoming fiscal year within the budget application. The Total State and Local Funds, Per Capita of State and Local Funds, Local Funds Only, and Per Capita of Local Funds Only budgeted amounts are compared to the Total State and Local Funds, Per Capita of State and Local Funds, Local Funds Only, and Per Capita of Local Funds Only amounts for the most recent fiscal year for which information is available that the LEA met on each method.

With what methods can a LEA meet the eligibility standard?

The LEA must meet the MOE eligibility standard based on at least one of the four methods: 1) Total State and Local Funds, 2) Per Capita of State and Local Funds, 3) Local Funds Only, or 4) Per Capita of Local Funds Only.

What if the LEA fails to meet the eligibility standard?

The LEA will not receive an IDEA Part B grant award for the new fiscal year until the LEA meets the eligibility standard by estimating and budgeting the same amount or more from non-Federal sources for special education as the LEA spent from non-Federal sources for the most recent fiscal year for which information is available.

Why does a LEA have to report adjustments and exceptions in the budget application?

The MOE regulations require DESE to allow the option of taking exceptions and adjustments during the budgeting process.

Can the LEA budget \$0 State funds?

Yes, the LEA may budget \$0 State funds and meet MOE based on Local Funds Only or Per Capita of Local Funds Only if the LEA met MOE in the comparison year on one of these methods. If the LEA budgets \$0 State funds, the LEA must ensure auditable documentation is maintained showing that MOE was met using only local and/or county funds.

However, if the LEA does not receive enough local or county revenue to support the MOE Local Funds Only or Per Capita of Local Funds Only amounts, State funds will need to be expended in order for the LEA to meet MOE on Total State and Local Funds or Per Capita of State and Local Funds.

Can the LEA budget \$0 local and/or county funds?

Yes, the LEA may budget \$0 local and/or county funds and meet MOE based on Total State and Local Funds or Per Capita of State and Local Funds if the LEA met MOE in the comparison year on one of these methods. If the LEA budgets \$0 local and/or county funds, the LEA must ensure auditable documentation is maintained showing that MOE was met using only State funds.

However, if the LEA does not receive enough State revenue to support the MOE Total State and Local Funds or Per Capita of State and Local Funds amounts, local and/or county funds will need to be expended in order for the LEA to meet MOE on Local Funds Only or Per Capita of Local Funds Only amounts.

Does the LEA need to revise the MOE amounts reported in the budget application if the proposed amounts change throughout the year?

No, the LEA does not need to revise the MOE amounts reported in the budget application if the proposed amounts change throughout the year.

Does the LEA need to revise the MOE amounts reported in the current year budget application once the final MOE amount is reported in the current year FER?

No, the LEA does not need to revise the MOE amounts reported in the current year budget once the final MOE amount is reported in the current year FER.

Does the budgeted MOE information pull into the FER?

No, the MOE information on the budget application only determines eligibility for the new fiscal year Federal grant award. The information is not pulled into the FER and will not be compared to MOE reported on the FER at the end of the fiscal year.

COMPLIANCE STANDARD

What does the term compliance standard mean?

The compliance standard indicates a LEA must not reduce the level of expenditures from non-Federal sources for special education below the level of expenditures from non-Federal sources from the previous fiscal year MOE was met unless allowable exceptions or adjustments apply.

How is the compliance standard determined?

The compliance standard is determined during the IDEA Part B FER process. The amount of ECSE and K-12 special education expenditures reported with source codes 1, 2, and 3 and project codes 12810 and 12210 in the Annual Secretary of the Board Report (ASBR) will pull into the MOE grids on the Part B FER. The Total State and Local Funds, Per Capita of State and Local Funds, Local Funds Only, and Per Capita of Local Funds Only amounts in the FER are compared to the Total State and Local Funds, Per Capita of State and Local Funds, Local Funds Only, and Per Capita of Local Funds Only amounts expended the last fiscal year the LEA met on each method.

With what methods can a LEA meet the compliance standard?

The LEA must meet the MOE compliance standard based on one of these four methods: 1) Total State and Local Funds, 2) Per Capita of State and Local Funds, 3) Local Funds Only, or 4) Per Capita of Local Funds Only.

What if the LEA fails to meet the compliance standard?

If the LEA fails to meet the compliance standard, the LEA must pay an amount of non-Federal funds equal to the amount by which the LEA failed to maintain the level of special education expenditures. The amount of the failure is the smallest amount generated by the four methods.

Can the LEA spend \$0 State funds?

Yes, the LEA may spend \$0 State funds and meet MOE based on Local Funds Only or Per Capita of Local Funds Only if the LEA met MOE in the comparison year on one of these methods. If the LEA spends \$0 State funds, the LEA must ensure auditable documentation is maintained showing that MOE was met using only local and/or county funds.

However, if the LEA does not receive enough local or county revenue to support the MOE Local Funds Only or Per Capita of Local Funds Only amounts, State funds will need to be expended in order for the LEA to meet MOE on Total State and Local Funds or Per Capita of State and Local Funds.

Can the LEA spend \$0 local and/or county funds?

Yes, the LEA may spend \$0 local and/or county funds and meet MOE based on Total State and Local Funds or Per Capita of State and Local Funds if the LEA met MOE in the comparison year on one of these methods. If the LEA spends \$0 local and/or county funds, the LEA must ensure auditable documentation is maintained showing that MOE was met using only State funds.

However, if the LEA does not receive enough State revenue to support the MOE Total State and Local Funds or Per Capita of State and Local Funds amounts, local and/or county funds will need to be expended in order for the LEA to meet MOE on Local Funds Only or Per Capita of Local Funds Only amounts.