

## MAINTENANCE OF EFFORT REQUIREMENT

Under the IDEA Maintenance of Effort (MOE) requirement (34 CFR §300.203), funds provided to LEAs under Part B must not be used to reduce the level of expenditures for the education of children with disabilities made by LEAs from local funds below the level of those expenditures for the preceding fiscal year.

Therefore, LEAs must demonstrate they have spent at least the same amount for the education of children with disabilities from state and/or local funds in the current year as they have in the preceding fiscal year unless an adjustment or exception applies in order to be in compliance with the MOE requirement. LEAs are required to report all special education expenditures paid with state and/or local funds in MOE each year.

## BUDGETING FOR MAINTENANCE OF EFFORT

LEAs can meet MOE by one of the following methods:

- Total Local Funds Only
- Per Child/Per Capita Local Funds Only
- Total Combination of State and Local Funds
- Per Child/Per Capita Combination of State and Local Funds

During the budgeting process at the beginning of the year, LEAs should determine what funding sources will be used to fund the Special Education program (federal, state, and local) and then decide how much of state and/or local funding will be used to meet MOE.

Local funding sources may include:

Description	Revenue Code
Current Taxes	5111
Proposition C	5113
City Sales Tax	5117
Food Service Program	5150-5164
Other – From Local Sources	5190
Tuition from other LEAs	5810

State funding sources may include:

Description	Revenue Code
Basic Formula – State Monies	5311
Transportation State Aid	5312
Early Childhood Special Education – State	5314
Public Placement Fund	5369
High Need Fund - State	5381

Under the proposed clarifications to IDEA MOE regulations, LEAs must report special education expenditures paid with state funds and special education expenditures paid with local funds separately. Therefore, in order to be able to report MOE accurately in 2014-15 and beyond, LEAs must track special education expenditures paid from state, local, and federal sources separately.

## TRACKING EXPENDITURES SEPARATELY

According to the MO Accounting Manual (<http://dese.mo.gov/financial-admin-services/school-finance/mo-financial-accounting-manual>), the account code structure is designed to standardize account coding across all LEAs.

Fund	Function	Object	Project
111	1221	6100	41

In order to track special education expenditures paid from state, local, and federal sources separately, LEAs should use a project/source code in their account code structure.

### **TRACKING EXPENDITURES WITH A PROJECT/SOURCE CODE**

Assign a project/source code to each funding source as shown below. LEAS may choose their own project/source codes.

Method	Description	Example
<b>FEDERAL</b> Project/Source Code	A code is designated as a special education <b>federal</b> expenditure and is attached to the end of the accounting code structure.	Function-Object-Source  1221-6100- <b>41</b>

<b>STATE</b> Project/Source Code	A code is designated as a special education <b>state</b> expenditure and is attached to the end of the accounting code structure.	Function-Object-Source  1221-6100-00
<b>LOCAL</b> Project/Source Code	A code is designated as a special education <b>local</b> expenditure and is attached to the end of the accounting code structure.	Function-Object-Source  1221-6100-01

GENERAL LEDGER									
MONTH: 01/2014 FISCAL YEAR: 2014									
FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance
***FUNCTION CODE 1221: SPECIAL EDUCATION SERVICES***									
01	1221	6111	105	41	SE CERTIFIED SALARY	176,229	19,581	117,486	58,743
01	1221	6151	105	00	SE SALARY NONCERT	148,835	16,537	99,223	49,612
01	1221	6211	300	41	SE TEACHER RETIREMENT	110,946	12,327	73,964	36,982
01	1221	6221	300	00	SE NON TEACHER RETIREMENT	12,467	1,385	8,311	4,156
01	1221	6231	105	41	SE SOCIAL SECURITY	11,576	1,286	7,717	3,859
01	1221	6241	300	00	SE MEDICARE	11,474	1,275	7,649	3,825
01	1221	6251	105	41	SE MEDICAL INSURANCE	121,177	10,098	60,589	60,589
01	1221	6311	105	01	SE PROFESSIONAL DEVELOPMENT	10,539	25	6,897	3,642
01	1221	6321	105	41	SE CONTRACT THERAPY SERVICES	127,825	3,814	99,419	28,406
01	1221	6331	300	00	SE EMPL TRAVEL REIMBURSEMENT	1,100	10	743	357
01	1221	6341	105	41	SE EMPL ITINERANT TRAVEL	5,642	78	4,201	1,441
01	1221	6411	105	00	SE GENERAL CLASSROOM SUPPLIES	11,000	1,256	9,461	1,539
01	1221	6421	300	00	SE IEP SUPPLIES	15,657	284	3,698	11,959
01	1221	6511	105	01	SE EQUIPMENT	5,243	-	1,694	3,549
<b>SUBTOTAL</b>						<b>769,710</b>	<b>67,957</b>	<b>501,053</b>	<b>268,657</b>

## MAINTENANCE OF EFFORT COMPLIANCE

### Meeting MOE Compliance on State and Local Combination

- The LEA must **SPEND** the same amount or more of State and Local in **CURRENT YEAR** either in total or per child as compared to State and Local **PRECEDING FISCAL YEAR** total or per child to be in compliance.

*FY15 State and Local Sped Expenditures (total and/or per child) ≥ FY14 State and Local Sped Expenditures (total and/or per child)*

### Meeting MOE Compliance on Local Only

- The LEA must **SPEND** the same amount or more of Local in **CURRENT YEAR** either in total or per child as compared to **THE LAST FISCAL YEAR THE LEA MET MOE COMPLIANCE BASED ON LOCAL FUNDS ONLY** either in total or per child to be in compliance.

*FY15 Local Only Sped Expenditures (total or per child) ≥ Last FY Met MOE on Local Only (total or per child)*

## MAINTENANCE OF EFFORT ELIGIBILITY

### Meeting MOE Eligibility on State and Local

- The LEA must **BUDGET** the same amount or more of State and Local either in total or per child for the **UPCOMING YEAR** as they **EXPENDED** in State and Local in total or per child in the **MOST RECENT FISCAL YEAR FOR WHICH DATA ARE AVAILABLE** to be in compliance.

*FY16 Budgeted State and Local Sped Expenditures ≥ FY14 Expended State and Local Sped Expenditures*

### Meeting MOE Eligibility on Local Only

- The LEA must **BUDGET** the same amount of Local either in total or per child for the **UPCOMING YEAR** as they **EXPENDED** in Local in total or per child in the **LAST FISCAL YEAR FOR WHICH DATA ARE AVAILABLE AND MET THE MOE COMPLIANCE REQUIREMENT BASED ON LOCAL FUNDS ONLY** to be in compliance.

*FY16 Budgeted Local Sped Expenditures ≥ Last FY for which data are available and Met MOE Compliance on Local Only Sped Expenditures*

## CALCULATING MAINTENANCE OF EFFORT

All Special Education expenditures within these function codes paid with non-federal funds must be included in MOE.

Description	Function Code	Reported in ePeGs
Special Education and Related Services	1221	1221
Proportionate Share Services ( <b>supplemental only</b> )	1224	1224
Tuition, Special Education Program Within the State	1931	1931
Tuition, Special Education Program Outside of the State and Private Schools	1932	1931
Professional Development	2210-2219	2200

Contracted Disabled K-12 Transportation Services	2553	2500
District Operated Disabled K-12 Transportation Services	2554	2500
Facility Acquisition and Construction	Under 4000	4000
Early Childhood Special Education (ECSE) Transportation	2559	2559
All other ECSE Services	1281	1281

Do NOT include expenditures paid with any federal funds such as:

- Federal Part B Entitlement
- Federal Proportionate Share
- Federal ECSE
- Medicaid
- Federal High Need Fund
- Federal Grants

**INCLUDING EARLY CHILDHOOD SPECIAL EDUCATION (ECSE) EXPENDITURES IN MOE**

Current year ECSE expenditures must be included in MOE. To determine which ECSE expenditures to include in MOE, LEAs must be tracking the federal ECSE revenue received in the current year and either:

- 1) Recode a current year ECSE expenditure to a federal account within three days of receiving the federal revenue  
- Or -
- 2) Expend the federal revenue on a current year ECSE expenditure within three days.

**Recoding ECSE Expenditures:**

Step 1:

Incur ECSE expenditure and code to non-federal/general account in general ledger

Step 2:

Receive federal funds in monthly school payment

Step 3:

Journal Voucher/Recode as federal ECSE expenditure ("42") within 3 business days

GENERAL LEDGER										
MONTH: 01/2014 FISCAL YEAR: 2014										
FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance	
***FUNCTION CODE 1281: ECSE SERVICES***										
01	1281	6122	105	00	ECSE CERTIFIED SALARY	# 32,813	3,646	25,521	7,292	
CR	1281	6122	105	00	ECSE CERTIFIED SALARY	32,813	(3,645)	21,875	10,938	
01	1281	6122	105	42	ECSE CERTIFIED SALARY*	1 3,646	# 3,646	3,646	-	
01	1281	6152	105	00	ECSE SALARY NONCERT	23,147	3 2,572	18,003	5,144	
CR	1281	6152	105	00	ECSE SALARY NONCERT	23,147	(2,572)	15,431	7,716	
01	1281	6152	105	00	ECSE SALARY NONCERT*	23,147	2,000	23,000	147	
01	1281	6152	105	42	ECSE SALARY NONCERT*	572	572	572	-	
01	1281	6252	105	00	ECSE TEACHER RETIREMENT	11,364	1,263	8,839	2,525	
01	1281	6322	105	00	ECSE PURCHASED SERVICES	7,915	1,258	4,763	3,152	
01	1281	6422	105	00	ECSE SUPPLIES	6,379	360	3,347	3,032	
01	1281	6522	105	00	ECSE EQUIPMENT	4,681	-	4,028	653	
*RECORDED FROM CORR						<b>SUBTOTAL</b>	<b>90,517</b>	<b>12,744</b>	<b>73,716</b>	<b>16,801</b>

**Expending ECSE Federal Funds Within Three Days:**

Step 1:

Receive federal funds in monthly school payment

Step 2:

Incur and code ECSE expenditure to federal account ("42") within 3 business

GENERAL LEDGER										
MONTH: 01/2014										
FISCAL YEAR:										
2014										
FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance	
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01	1281	6152	105	42	ECSE SALARY NONCERT*	572	572	572	-	
01	1281	6252	105	00	ECSE TEACHER RETIREMENT	11,364	1,263	8,839	2,525	
01	1281	6322	105	00	ECSE PURCHASED SERVICES	7,915	1,258	4,763	3,152	
01	1281	6422	105	00	ECSE SUPPLIES	6,379	360	3,347	3,032	
01	1281	6522	105	42	ECSE EQUIPMENT	2,500	2,500	2,500	-	
01	1281	6522	105	00	ECSE EQUIPMENT	4,681	-	4,028	653	
*RECORDED FROM CORR						<b>SUBTOTAL</b>	<b>93,017</b>	<b>15,244</b>	<b>76,216</b>	<b>16,801</b>

**CALCULATING ECSE EXPENDITURES IN MOE**

LEAs must take the following steps to determine amount of ECSE expenditures to include in MOE:

1. Pull from general ledger all ECSE expenditures (function codes 1281/2559) for the year just concluded that have been coded as NON-federal (“00”).
2. Calculate total by function/object code of ECSE expenditures paid with NON-federal funds for the year just concluded and enter into the MOE grid.

*MOE 1281 State and Local = \$69,498*

**CALCULATING K-12 EXPENDITURES IN MOE**

LEAs must calculate MOE using the following method:

1. Anything tagged with a federal code will NOT be included in MOE.
2. Anything tagged with a state code will be included toward the state and local combination amount.
3. Anything tagged with a local code will be included toward the state and local combination amount AND will also be pulled out separately for the local only amount.

Example of General Ledger Coding for K-12 Special Education Expenditures:

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MONTH: 01/2014 FISCAL YEAR: 2014									
FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance
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01	1221	6511	105	01	SE EQUIPMENT	5,243	-	1,694	3,549
<b>SUBTOTAL</b>						<b>769,710</b>	<b>67,957</b>	<b>501,053</b>	<b>268,657</b>

*MOE 1221 State and Local = \$137,676*

*MOE 1221 Local Only = \$8,591*

## MAINTENANCE OF EFFORT EXAMPLES

Amount to run Special Education Program in 2013-14: **\$500,000**

IDEA Part B (611) Allocation in 2013-14: \$150,000

MOE from State and Local Combination in 2013-14: \$350,000

### MOE COMPLIANCE REPORTED IN THE FER

Year	State	Local	MOE Total	MOE Local Method Test
2013-2014	?	?	\$350,000	Combo
2014-2015	\$325,000	\$25,000	\$350,000	Combo/Local (sets local threshold)
2015-2016	\$315,000	\$30,000	\$345,000	Local
2016-2017	\$342,000	\$15,000	\$357,000	Combo
2017-2018	\$310,000	\$35,000	\$345,000	Local
2018-2019	\$330,000	\$35,000	\$365,000	Combo/Local
2019-2020	\$340,000	\$26,000	\$366,000	Combo

### MOE ELIGIBILITY REPORTED IN THE BUDGET APPLICATION

Budget Year	Compliance State & Local	Compliance Local Only	Eligibility State & Local	Eligibility Local Only
2013-2014	\$350,000 Met	NA	_____	_____
2014-2015	\$350,000 Met	\$25,000 Threshold	_____	_____

2015-2016	\$345,000 NOT Met	\$30,000 Met	\$350,000 (13-14)	_____
2016-2017	\$347,000 Met	\$15,000 NOT Met	\$350,000 (14-15)	\$25,000 (14-15)
2017-2018	\$345,000 NOT Met	\$35,000 Met	\$350,000 (14-15 since 15-16 was NOT Met)	\$30,000 (15-16)
2018-2019	\$345,000 Met	\$35,000 Met	\$347,000 (16-17)	\$30,000 (15-16 since was NOT Met in 16-17)
2019-2020	\$346,000	\$26,000 NOT Met	\$347,000 (16-17 since 17-18 was NOT Met)	\$35,000 (16-17)

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