



OVERVIEW OF THE IDEA PART B MAINTENANCE OF EFFORT (MOE) REQUIREMENT

This webinar will begin at 1:30 p.m.

Background music is playing. If you hear the music, you should be able to participate in the webinar without any difficulty.

If you are not able to hear audio, please do the following:

- Check to see if your speakers are on, plugged in, and the volume is turned up (not muted).
- Click the “Meeting” tab, then click “Manage My Settings” and then click the “Audio Setup Wizard”. Run through the wizard to test your equipment.
- If you can’t hear the audio, please watch the recorded version when your connection/system is working.

February 26, 2013

Missouri Department of Elementary
and Secondary Education

Participating in this Webinar

- Today's webinar will be in "listen-only" mode.
- Note that all upcoming DESE webinars will be listed at <http://dese.mo.gov/webinar/>. Be sure to check this page often, as new presentations are made available. Most programs will also send out information about the events to their mailing lists.
- This webinar is being recorded. To find the recording, visit the webinar Web page and click on the "Webinars - Recorded" button.
- Recordings, presentations, and other documents will be posted to the DESE website approximately three days after the event.



FY13 Due Dates

Title	Services Year	Due Date
FY13 Part B Budget Application	2012-13	July 1, 2012
FY12 ECSE Expenditure Report	2011-12	Sept. 17, 2012
FY12 Part B FER	2011-12	Sept. 30, 2012
Coordinated Early Intervening Services (CEIS) Report	2011-12	Sept. 30, 2012
Public Placement Fund Application	2011-12	Oct. 31, 2012
High Need Fund Application	2011-12	Nov. 30, 2012
Readers for the Blind Application	2012-13	Nov. 30, 2012
Request to Release Prop Share Carryover Funds	2012-13	March 1, 2013
FY13 Part B Budget Application Amendments	2012-13	April 30, 2013

Bookkeeper Training 101

- March 14-15 at the Capitol Plaza Hotel in Jefferson City
- The workshop will provide a general overview of federal requirements and assist attendees in the proper fiscal accountability for federal/state funds as prescribed by law.
- Breakout sessions will address fiscal requirements of specific grant programs.
- Registration deadline is **February 28, 2013.**
- Additional information and the registration form:
<http://dese.mo.gov/fas/documents/fas-2013BookkeeperTraining101.pdf>



Maintenance Of Effort (MOE) (34 CFR §300.203)

Funds provided to a District/LEA under Part B must not be used to reduce the level of expenditures for the education of children with disabilities made by the District/LEA from local funds below the level of those expenditures for the preceding fiscal year.



MOE Compliance: **CURRENT YEAR**

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**

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.



Maintenance of Effort (MOE)

District/LEA is required to spend the same amount in total or per capita (child) basis for students with disabilities as it spent from those same sources in the prior year of either:

Local Funds only



OR

Combination: State and Local Funds



Calculating MOE

Include **ONLY** special education expenditures paid from non-federal sources

Do Not Include Expenditures Paid With:

- Federal Part B
- Federal ECSE
- Medicaid
- Federal High Need Fund
- Federal Grants (e.g. Elementary Achievement / PST Grants)



Calculating MOE

LEAs 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 – State & Local

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



Calculating MOE – Local Only

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



Including ECSE Expenditures/Revenue in MOE

If District/LEA has ECSE expenditures, it may include those expenditures in the MOE amount.

Typically only LEAs using “State & Local” method will have ECSE expenditures to report on MOE grid as these expenditures are reimbursed 100% by state & federal funds.

There are two methods (Method A / Method B) for calculating the amount of ECSE to include in MOE, but once a method is chosen the district must use the same method from year to year.



Including ECSE Expenditures/Revenue in MOE

❑ **Method A – State and Local**

- ❑ Takes into account ECSE expenditures that were incurred during the year just concluded
 - ❑ Include all expenditures coded to ECSE Function Codes (1280 & 2559) in ASBR for year just concluded
 - ❑ Subtract amount of federal funds received for ECSE reimbursement (Revenue Code 5442)
 - ❑ Difference is reported on MOE grid



Including ECSE Expenditures/Revenue in MOE

❑ **Method B – State and Local**

- ❑ Takes into account all ECSE State revenue received during the year just concluded
 - ❑ Total all State revenue received for ECSE reimbursement (Revenue Code 5314)
 - ❑ Total is reported on MOE grid



Separate Tracking



All federal funds MUST be tracked separately from other funding sources.

❑ **EDGAR 74.21(2)**

- Records that identify adequately the source and application of funds for federally-sponsored activities.

❑ **EDGAR 75.702**

- A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.

❑ **MO Financial Accounting Manual**

- Federal funds generally require separate identification and reporting within the LEA's audit report.



Expenditure Source

QUESTION:

How can a District/LEA track State, Federal, and Local expenditures?

ANSWER:

Use Source/Project Codes for each expenditure.



Source/Project Codes

Defined in DESE MO Financial Accounting Manual:

- Pre-Set Codes; or
- District/LEA may use own code

Codes used for:

- Tracking expenditure fund sources
- As a project identifier

Helpful in separate tracking of expenditures:

- Special Education Maintenance of Effort (State/Local)
- Special Education IDEA Part B Expenditures (Federal)



Source/Project Codes

Examples:

- 41 – Federal IDEA Part B Entitlement Funds
- 42 – Federal Competitive Improvement Grant
- 10 – State Special Education Funding
- 01 – Local Funding Sources



Source/Project Code Examples

Special Education Teacher Example:		
Function Code	Object Code	Source of Funds/ Project Code
1221-	6100-	41
(Special Education)-	(Certificated Salaries)-	(Federal Entitlement)

Special Education Contracted Transportation Example:		
Function Code	Object Code	Source of Funds/ Project Code
2500-	6300-	10
(Special Education)-	(Contracted Transportation)-	(State)

Proportionate Share Speech Language Therapist Example:		
Function Code	Object Code	Source of Funds/ Project Code
1224-	6100-	41
(Proportionate Share)-	(Certificated Salaries)-	(Federal Entitlement)

Example of G/L Coding

21

Function Code	Object Code	Source Code	Description	Amount
1221	6100	41	Certificated Salaries	\$10,000
1221	6150	41	Non-Cert Salaries	\$10,000
1221	6200	10	Employee Benefits	\$5,000
1221	6400	01	Materials/Supplies	\$1,000
2500	6300	10	Transp. Purch. Services	<u>\$2,000</u>
			Total Spec Ed Expend.	\$28,000



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 as 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.

MOE Reporting

The District/LEA reports MOE in the Part B Final Expenditure Report (FER).



MOE Example 1—Total Expenditures

Meeting MOE using TOTAL Special Education expenditures

(Local only or Combination State/Local):

Example:

2010-11: \$50,000

2011-12: \$40,000 (Less than 2010-11—Must explain)

2012-13: \$50,000 (Greater than 2011-12—MOE okay)

Current year expenditures may only be less than prior year if allowable exceptions or adjustment can be claimed.



MOE Example 2—Per Child Basis

Formula:

Total MOE / Dec. 1 Count = Per Child Amount

Example:

2010-11 \$50,000 / 14 Child Count = \$3,571

2011-12 \$40,000 / 9 Child Count = \$4,444 (\geq
\$3,571)

2012-13 \$39,000 / 8 Child Count = \$4,875 (\geq
\$4,444)



MOE Budgeted vs. MOE Actual

2012-13 Budgeted MOE reported in the 2011-12 FER

- ❑ Must Budget an amount \geq 2011-12 MOE
- ❑ No upfront approval on projected 2012-13 Exceptions or MOE Adjustment

2012-13 Actual MOE reported in the 2012-13 FER

- ❑ Applicable Exceptions or Adjustment taken



Allowable Exceptions

27

1. Voluntary Departure, by retirement or otherwise, 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:

28

Voluntary Departure of Special Education Staff

- 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:

29

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:

30

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:

31

Termination of a Costly Long-Term Purchase

Examples:

- Acquisition of equipment
- Construction of school facilities



MOE Exception #5:

32

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

IDEA allows LEAs to reduce MOE threshold when allocations increase from one year to next.

This reduction assists LEAs in spending the increase in federal funds.

LEAs identified as “Needs Assistance” are NOT allowed to take the MOE adjustment.

Note: MOE Adjustment may be taken with any allowable MOE exceptions.



MOE Adjustment

MOE Adjustment is calculated by taking 50% of the increase in allocation from prior year to current year Part B allocation.

Example:

Prior Year's Allocation:	\$900,000
Current Year's Allocation:	\$1,000,000
Increase:	\$100,000
Max Available for MOE reduction:	\$50,000



MOE Adjustment Facts

- ❑ The MOE Adjustment DOES NOT decrease Part B Allocation but instead the amount of Local/State Funds that must be spent on students with disabilities (MOE)
- ❑ You DO NOT have to budget or expend the full amount of Part B funds to take advantage of the Adjustment
- ❑ MOE Adjustment must be taken in the year of the increase
- ❑ MOE Adjustment resets the MOE for MOE Adjustment year and future years until District/LEA voluntarily increases



What If MOE is Not Met?

36

LEA must pay DESE back the amount of MOE not met from either **LOCAL** or **STATE** funds. The MOE is **NOT** reset 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



Questions?

37

Contact the Special Education Finance Section:

- **E-mail:** spedfunding@dese.mo.gov
- **Telephone:** (573) 751-0622

