Maintenance of Effort (MOE) for Special Education
Overview and Update:

2018-2019

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Basic Requirements of MOE
Maintenance of Effort (MOE): Basic Requirements

- **Federal requirement** that affects how an LEA budgets and spends their general funds on special education

- Applicable to all LEAs that receive IDEA-B funds, even if indirectly as a member of a special education shared services arrangement (SSA)*

  *N/A to RDSPD (Regional Day School Program for the Deaf) SSA
  *N/A to VI (Visual Impairment) Cooperatives

### Must spend from one year to the next:

- At least the same amount*
- From the general fund (Fund 199/420/437)
- For special education (PIC 23/33)
- Expenditures limited to the following Function Codes:
  
  11, 12, 13, 21, 23, 31, 32, 33, 34, 36, 41, 51, 53 [Does not include Function 93!]

- From the same source:
  
  Local Only funds or a Combination of State and Local funds

*Unless you qualify for Exceptions and/or Adjustment (Voluntary Reduction)
Maintenance of Effort (MOE): Basic Requirements

TEA performs **four tests** on special education expenditures to determine compliance, using:

- **Test 1**: Local Funds only
- **Test 2**: Combination of State & Local Funds
- **Test 3**: Local Funds only Per Capita (per SWD*)
- **Test 4**: Combination of State & Local Funds Per Capita (per SWD*)

*Student with Disabilities

You only need to meet one of the four tests to be in compliance.

However, each specific test is compared to that particular test’s most recent prior fiscal year in which you were MOE compliant with that test.

Subsequent Years and Alternate Methods

Comparison must be made to **most recent prior year** in which the LEA was **compliant** with MOE with **that particular test**

- Compare **Test 1** to **most recent prior year compliant** using **Test 1**
- Compare **Test 2** to **most recent prior year compliant** using **Test 2**
- Compare **Test 3** to **most recent prior year compliant** using **Test 3**
- Compare **Test 4** to **most recent prior year compliant** using **Test 4**

For example:

Last year compliant with Test 1 could be 16-17, while last year compliant with Test 2 could be 13-14.
Allowable Reasons for Decline in Effort
Decline in Effort = Failure to spend at least the same amount

Five Exceptions

Five lawful reasons for a decline in fiscal effort:

1) Departure of Special Education Personnel (salary and benefits)
2) Decrease in Enrollment of Students with Disabilities (that results in decreased expenditures)
3) Termination of Obligation for Exceptionally Costly Program to a Particular Student with Disabilities
4) Termination of Costly Expenditures for Long-Term Purchases (Capital Outlay)
5) Assumption of Cost by High Cost Fund Grant

34 CFR §300.204
Adjustment: Voluntary Reduction

Must meet all three criteria to qualify for Voluntary Reduction

**Eligibility Criteria** for exercising Voluntary Reduction option:

1) Increase in IDEA-B Formula Final Entitlement from the previous grant year, AND

2) Determination Level of “Meets Requirements”, AND

3) Not identified as having significant disproportionality based on race or ethnicity and subject to sanctions (Sanction: LEA required to use 15% of IDEA-B funds on CEIS [Coordinated Early Intervening Services])

❖ If all three criteria are met, the LEA may reduce special education expenditures from the general fund by up to half the amount of their increase in IDEA-B Formula Final entitlement

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Exceptions & Adjustment Summary

<table>
<thead>
<tr>
<th>FIVE EXCEPTIONS</th>
<th>VOLUNTARY REDUCTION (ADJUSTMENT TO LOCAL FISCAL EFFORT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situations mostly beyond your control</td>
<td>Planned reduction; Deliberate decision to decrease expenditures</td>
</tr>
<tr>
<td>Allowable decline in fiscal effort</td>
<td></td>
</tr>
<tr>
<td>Documentation must be submitted to TEA for validation/approval via Exceptions Workbook. Submit within five business days after TEA posts their Preliminary Review of Compliance in GFFC</td>
<td>May use one or all five exceptions in the same year, if applicable; May use both Exceptions and Adjustment in the same year, if applicable</td>
</tr>
</tbody>
</table>

Sets new, lower base level of spending requirement!
Cumulative Exceptions/Adjustment in Intervening Years

If you had some exceptions and/or adjustment, but the amount was not enough to bring you into compliance that year:

• You can use the “unused” exception/adjustment toward a future year, until such time that the amount brings you into compliance
  
  • Think of this “unused” exception/adjustment as a “carry-forward” to be used toward a subsequent year’s decline in fiscal effort
  
  • If you have several years in a row of noncompliance, and have some exceptions/adjustment amounts during each of those noncompliant years that were not enough to bring you into compliance, you can sum the amounts together to be used toward a future year (they keep accumulating until used)

Alternate Methods and Cumulative Exceptions/Adjustment in Intervening Years

• “Cumulative exceptions/adjustment” can only be used toward a failing test

• The “cumulative exceptions/adjustment” amount can be carried forward to use in subsequent years for any failing test, until that particular test passes

• Once a particular test passes, the “cumulative exceptions/adjustment” amount is re-set to zero for that test, but can still be used toward another failing test, until that other test passes as well
Last year compliant with Tests 1 & 3 was 2015-2016.

Last year compliant with Test 2 was 2014-2015.

Last year compliant with Test 4 was 2013-2014.

LEA submitted $124,975 in exceptions, but it wasn’t enough to bring them to compliance.

Can use that amount in the future toward meeting MOE, until the LEA passes the particular test method.

Example of Final Version of IDEA-B LEA MOE Compliance Review, page 2

TEA’s Analysis of FY18 Compliance
TEA’s Analysis of FY18 Compliance

• TEA performs Preliminary analysis of an LEA’s compliance March – April
  • LEAs are given a short timeframe (five business days) to respond with documentation to claim exceptions and/or adjustment if the preliminary results indicate a decline in fiscal effort
  ✓ If Exceptions/Adjustment are approved, a new, lower base level of spending is set
  ✓ If you passed all four tests, or failed a test but have no exceptions/adjustment to claim, no response is required

TEA’s Analysis of Compliance

• TEA posts the Compliance results in GFFC:

The Preliminary analysis for 2017-2018 will be posted ~ April 11, 2019
Exceptions Workbook for Justifying Decline in Effort

Exceptions Workbook

• Submit the 2017-2018 IDEA-B LEA MOE Exceptions Workbook available on TEA’s webpage to claim exceptions and/or Voluntary Reduction, if applicable
  • If you are noncompliant (failed all four tests)
  • If you are compliant because you passed at least one test, but would like to try to pass all four tests (this is optional, but beneficial and recommended)

• Deadline to submit: Five business days from the date TEA posts the Preliminary Review in GFFC

• TEA will review the workbooks and then determine Final results of compliance

• Do not submit the Exceptions Workbook if you passed all four tests

• Do not submit the Exceptions Workbook if you have no exceptions/Voluntary Reduction to claim
IDEA-B LEA MOE Exceptions Workbook

The IDEA-B LEA MOE Exceptions Workbook is used by local educational agencies (LEAs) to report allowable federal statutory exceptions and/or adjustment to fiscal effort for consideration in the final IDEA-B LEA MOE Compliance Review.

LEAs that choose to report allowable federal statutory exceptions and/or adjustment to fiscal effort will have five business days from the date preliminary IDEA-B LEA MOE Compliance Reviews are published in GFFC Reports and Data Collections to submit all of the following:

1. IDEA-B LEA MOE Exceptions Workbook.
2. IDEA-B LEA MOE Certification, signed by the superintendent, and
3. Supporting documentation to justify the amounts reported in the IDEA-B LEA MOE Exceptions Workbook for each of the allowable exceptions.

Refer to the "Instructions" tab of the IDEA-B LEA MOE Exceptions Workbook for more information.

An Updated Exceptions Workbook will be posted in March.

- 2017-2018 IDEA-B LEA MOE Exceptions Workbook (Excel)
- 2017-2018 IDEA-B LEA MOE Exceptions Workbook (PDF)


Exceptions Workbook Completion

Step 1:
Complete the Certification tab first

- When you enter the LEA Name and CDN, that data will auto-populate the headings of all the other tabs in the workbook.
Exceptions Workbook Completion

Step 2: Complete the remaining tabs for applicable exceptions and/or Voluntary Reduction you are claiming

- Each tab provides:
  - A description of the exception type
  - Supporting documentation requirement
    - Example: Voluntary Departure of Special Education Personnel requires (1) Year-to-Date Payroll Journal of Listed Employees, AND (2) Human Resources Personnel Record that supports the basis of departure (such as resignation letter, retirement letter, personnel action form, etc.)
  - Data entry is performed in **orange cells of each tab**

<table>
<thead>
<tr>
<th>Instructions</th>
<th>Certification</th>
<th>Voluntary Departure</th>
<th>Decrease in Enrollment</th>
<th>Exceptionally Costly Program</th>
<th>Long-Term Purchase</th>
<th>High Cost Grant</th>
<th>MCE Voluntary Reduce</th>
</tr>
</thead>
</table>

Exceptions Workbook Completion

Step 3: Gather all applicable **supporting documentation** required for the type of exception(s) you are claiming

- Send only required documentation; Don’t send more than instructed
- Send totals rather than pages and pages of line items from journals or ledgers
  - For example: Payroll journals:
    - Don’t send pages and pages of line items showing each month’s compensation
    - Instead, send annual compensation total for the applicable employee listed in the financial documentation that corresponds to the total amount you list in the Exceptions Workbook
    - Documentation should clearly depict the (a) total amount, (b) year, (c) fund code, and (d) PIC
- Annotate, highlight, or underline the amounts on your supporting documentation that match the amounts claimed on the exceptions tabs
- Place the supporting documentation in the order of the exceptions claimed
- Scan all the supporting documentation into **one pdf document**
Exceptions Workbook Upload into GFFC

**Step 4:** Upload the Certification page to GFFC
- Print the completed Certification tab of the workbook
- Superintendent signs and dates the printed page
- Scan the signed and dated page
- Upload the **pdf** into GFFC to the “IDEA-B LEA MOE Certification” option

In GFFC, select “Upload Response Documents”
Select “IDEA-B LEA MOE Certification”
Select School Year “2017-2018”
Select “Response Document”
Select “Upload Document”

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Exceptions Workbook Upload into GFFC

**Step 5:** Upload the Exceptions Workbook to GFFC
- Upload as an **excel** file (**Do NOT upload as pdf**)
- Upload into GFFC to the “IDEA-B LEA MOE Exceptions Workbook” option

In GFFC, select “Upload Response Documents”
Select “IDEA-B LEA MOE Exceptions Workbook”
Select School Year “2017-2018”
Select “Response Document”
Select “Upload Document”
Exceptions Workbook Upload into GFFC

Step 6: Upload the Supporting Documentation to GFFC

• Upload the pdf that contains all the supporting documentation scanned as one document
• Upload into GFFC to the “IDEA-B LEA MOE Support Documents” option

In GFFC, select “Upload Response Documents”
Select “IDEA-B LEA MOE Support Documents”
Select School Year “2017-2018”
Select “Response Document”
Select “Upload Document”

Resources
Resources

• ESC-20 MOE Resources
  https://www.esc20.net/page/ci_se.FundingResources

• GFFC Reports and Data Collections
  https://tealprod.tea.state.tx.us/

• IDEA-B Regulations (34 CFR §300.203-300.205)
  https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title34/34cfr300_main_02.tpl

• TEA’s IDEA-B MOE webpage

TEA’s Webpage for Calculation Tool and Exceptions Workbook
Questions

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