Learning Objectives

- Determine data elements needed to complete the MOE sections of the BS6016 schedule in the 2019-2020 Special Education Consolidated Grant application
  - MOE Eligibility Standard
  - MOE Voluntary Reduction
- Learn how to estimate FY19 MOE compliance
What is MOE?

A federal requirement that affects how an LEA budgets and spends their State and/or Local funds (general funds) on special education.

Does it apply to my LEA?

Applicable to all LEAs that receive IDEA-B funds, even if indirectly as a member of a special education SSA.*

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

MOE – Simplified Definition

Basically, spend at least the same amount* every year from the general fund for special education.

*Unless you qualify for Exceptions and/or Adjustment (Voluntary Reduction)

Otherwise, you will have a “decline in fiscal effort” and will be noncompliant with MOE.

Two MOE Standards: Compliance and Eligibility

- Compliance Standard looks at actual final expenditures, so analysis performed by TEA after-the-fact when final expenditure data are available
  - Compares final special education expenditures from the general fund
  - Comparison between review year and most recent prior year compliant with MOE
  - TEA performs preliminary compliance review March-April; Final review April - June
    - 2017-2018 Preliminary Review performed April 2019
  - Results of Preliminary and Final analyses posted in GFFC
Two MOE Standards: Compliance and Eligibility

- **Eligibility** Standard looks at budget for new grant year
  - LEA must assure TEA they will comply with MOE in the new grant year **before** TEA can award IDEA-B funds to the LEA
  - Therefore, the LEA submits **general fund** budget data into the Special Education Consolidated Grant application, BS6016 Fiscal Compliance Schedule

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BS6016: MOE Eligibility Standard

To assure TEA that you will be compliant with MOE in 2019-2020, you must provide the following data to TEA:

1. **Expenditure data** from the general fund for the most recent prior year compliant with MOE in which you have final expenditure data available (cannot be 2018-2019)
2. **Budget** for 2019-2020 for special education expenditures from the general fund
3. **Exceptions/adjustment** you anticipate will justify decreased spending in 2019-2020 from the general fund, if applicable

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BS6016: MOE Eligibility Standard

1. **Expenditure data** from the general fund for the **most recent prior year compliant with MOE** in which you have **final expenditure data**
   - When submitting the 2019-2020 Special Education Consolidated Grant application during the summer of 2019, you will not have final expenditures from 2018-2019
   - Therefore, the most recent prior year compliant with MOE will be prior to 2018-2019
   - Obtain last compliant year expenditures data from the MOE Compliance Review performed by TEA for 2017-2018
ELIGIBILITY STANDARD for 2019-2020

Prior Year Expenditures:
Last year MOE compliant AND Final data available
Compared to
2019-2020 Budget

Report on 2019-2020 Special Education Consolidated Grant Application, BS6016 Schedule

Use 2017-2018 “IDEA-B LEA MOE Compliance Review” report in GFFC to determine last year compliant with MOE


BS6016: MOE Eligibility Standard – Prior Year Expenditures

• Access GFFC Reports and Data Collections (TEAL system)

GFFC Reports and Data Collections
Grants and Federal Fiscal Compliance Reports

• Use drop down to locate: IDEA-B LEA MOE Compliance Review for School Year 2017-2018

Report Title: IDEA-B LEA MOE Compliance Review
Actual Year: 2017-18

• Use TEA’s Final MOE Compliance Review for 2017-2018
  • Access data on page 2 to find expenditure data for last compliant year

• Determine if you want to use expenditures from a combination of State and Local funds (Test 2) or Local Only funds (Test 1) for your assurance to TEA of complying with MOE in 2019-2020
BS6016: MOE Eligibility Standard – Prior Year Expenditures

- As of the date of this presentation, TEA has only posted their Preliminary Review for 2017-2018 MOE Compliance.
- If the 2017-2018 Final MOE Compliance Review is not posted by the time you are submitting your grant application, use data from the 2017-2018 Preliminary Compliance Review.
- Ensure you use expenditures from the last compliant year, unless you submitted the 2017-2018 Exceptions Workbook to TEA for a 17-18 decline in effort and you feel certain the exceptions/adjustment will be accepted.
- No need to submit an amendment to revise the expenditures amount once the Final Compliance Review is posted in GFFC, unless:
  - Your LEA is selected for random validation and the amount does not match the final MOE Compliance Review amount.
BS6016: MOE Eligibility Standard: Prior Year Expenditures

- In this example, the LEA chooses to use Test 2 (combination of State and Local funds), so will enter $4,746,490 as the expenditure data on Line 1 of the BS6016 Schedule.

BS6016: MOE Eligibility Standard: 2019-2020 Budget

2) Budget data

- On Line 2, enter the 2019-2020 budget for special education expenditures from the general fund.
- The budgeted amount on Line 2 must be at least the same amount as the expenditures on Line 1, unless you anticipate qualifying for exceptions/adjustment in 2019-2020.

5 Exceptions

Lawful reasons for decline in fiscal effort:

1. Departure of Special Education personnel (salary and benefits):
   - Voluntary Departure (Retired or Resigned) or Terminated for Just Cause or Deceased

2. Decreased enrollment of students with disabilities that results in decreased spending

3. Termination of obligation to provide costly special education program to a particular student who:
   - Left the LEA; Aged out; or No longer needs the program

4. Termination of Costly Expenditures (Capital Outlay)
   - (N/A to Charter Schools due to method of coding Capital Assets)

5. Assumption of Cost by High Cost Fund (Fund 226)

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Expenditures from General Fund: PIC 23/33

34 CFR §300.204

$300,204

For these exceptions, typically the difference in what was previously spent, compared to the decreased spending during the year being analyzed, is the amount of the exception the LEA may assert for the decline in effort (Exception for #3 where the first $9,759 does not count).
3) Exceptions/Adjustment, if applicable

• If Line 2 Budget is less than Line 1 Expenditures, indicate in Line 3 the exception/adjustment you anticipate claiming in 2019-2020

• Enter the projected amount of the exception/adjustment in the cell titled "Budgeted Reduction Amount"

• The sum of Line 3 "Budgeted Reduction Amount" and Line 2 Budget must equal or exceed the amount of the expenditures entered in Line 1

3) Exceptions/Adjustment, if applicable, continued

• The exceptions/adjustment you notate in Line 3 for 2019-2020 are projections only (for purpose of Eligibility Standard)

• TEA's approval of allowable exceptions/adjustment for 2019-2020 occurs during Compliance Review (spring of 2021 for 2019-2020 MOE)

4) Fund Source

• In Line 4, indicate if you are using a combination of State and Local funds, or Local Funds only for expenditures and budget data

• Be consistent: Line 1 and Line 2 must reflect the same Fund Source

• Local Only Prior Year Expenditures and Budget based on Local Only Funds, or

• State & Local Prior Year Expenditures and Budget based on State & Local funds
BS6016: MOE Eligibility Standard Considerations

• Expenditures and budget data are for special education expenses from the general fund (not from IDEA-B funds)

• If your 2019-2020 budget is not final when submitting the 2019-2020 Special Education Consolidated Grant application:
  • Submit preliminary budget data
  • If the budget changes, do not submit an amendment
  • Just keep documentation of the final budget amount locally and ensure that your LEA will still be compliant with MOE in 2019-2020

BS6016: MOE Eligibility Standard Considerations

• The purpose of the Eligibility Standard is to ensure eligibility to receive IDEA-B funds in the new grant year, by assuring TEA you will be compliant with MOE in 2019-2020
  • However, you are simply comparing 2019-2020 budget to expenditures from 2017-2018 or earlier
  • For the Compliance Standard, your 2019-2020 actual expenditures will be compared not only to the last compliant year known at the time you submit your 2019-2020 grant application, but also to final 2018-2019 expenditures

• Don’t confuse the Eligibility Standard with the Compliance Standard!

BS6016 Schedule – MOE Voluntary Reduction

BS6016 schedule associated with the Special Education Consolidated Grant application
Voluntary Reduction
(Adjustment to Local Fiscal Effort)

An LEA may deliberately reduce their special education expenditures from the general fund if they choose to do so and meet the eligibility criteria to exercise this option.

Voluntary Reduction is OPTIONAL!

Must meet all three criterion to be eligible for Voluntary Reduction:
1) Increase in IDEA-B Formula Final Entitlement from the previous grant year to the current grant year
2) Special Education Determination Status of "Meets Requirements"
   • For 18-19 MOE, review 2016-2017 TAPR
   • For 19-20 MOE, review 2017-2018 TAPR
3) Not identified as having significant disproportionality based on race or ethnicity (TEA will notify you)

If all three criterion are met, you may deliberately reduce spending for special education from the general fund by up to half the amount of the increase in IDEA-B entitlement.

However, that amount of "Freed Up" funds must be spent on Title I type activities and must be documented.

Simplistic Example for Taking Voluntary Reduction in FY19

| 2018-2019 IDEA-B Final Formula Entitlement | $500,000 |
| 2019-2020 IDEA-B Final Formula Entitlement | $550,000 |
| Increase in IDEA-B Entitlement | $50,000 |
| 50% of Increase ("Freed Up" Funds) | $25,000 |
| 2018-2019 Expenditures for special education from the general fund | $100,000 |
| 2019-2020 Expenditures for special education from the general fund may lawfully be reduced to this lower amount | $75,000* |

*Provided that:
1. The LEA also met the other 2 criterion for Voluntary Reduction:
   • Meets Requirements; and
   • Not identified with significant disproportionality based on race and ethnicity
2. The LEA chooses to exercise the option to deliberately reduce their special education expenditures with State and/or Local funds and spends the "Freed Up" funds on Title I type activities
3. If the LEA also reserves a portion of their 2019-2020 IDEA-B Entitlement for CSE (Coordinated Early Intervening Services), they may not use the entire amount of the "Freed Up" funds to reduce special education expenditures with State and/or Local funds for MOE purposes.
2019-2020 BS6016 Schedule: MOE Voluntary Reduction

• You must inform TEA whether you are choosing to participate in the option of Voluntary Reduction

• Inform TEA of your decision by completing Line 5, MOE Voluntary Reduction section of the BS6016

In Line 5 of the BS6016, choose one of three options:

1) I am **not eligible** for Voluntary Reduction in 2019-2020 (don't meet all three eligibility criteria)

2) I am **eligible** for Voluntary Reduction in 2019-2020, but **shall not** exercise the option

3) I am **eligible** for Voluntary Reduction in 2019-2020 and **choose to** exercise the option
   • If this option is chosen, you must also indicate the dollar amount of the Voluntary Reduction

One of the eligibility criterion for MOE Voluntary Reduction is based on whether you have an increase in IDEA-B Formula Entitlement

For 2019-2020 Voluntary Reduction:

• Must compare 2018-2019 IDEA-B Final Formula entitlement to 2019-2020 IDEA-B Final Formula entitlement

• Since you only have initial (planning amount) 2019-2020 IDEA-B Formula entitlement when completing the Special Education Consolidated Grant application, you won’t know if you will meet this criterion
2019-2020 BS6016 Schedule: MOE Voluntary Reduction

- Recommendation:
  - Indicate that you do not qualify for 2019-2020 MOE Voluntary Reduction
  - Later, when final entitlements are released (Dec 2019/Jan 2020), compare 18-19 final entitlement to 19-20 final entitlement and determine whether you qualify
    - If you qualify, submit an amendment to change your selection from “do not qualify” to “qualify but choose not to” or “qualify and choose to exercise the option”
    - Remember, an increase in IDEA-B Final Formula entitlement is only one of three criteria necessary to qualify for MOE Voluntary Reduction

2019-2020 BS6016 Schedule: Eligibility Standard & MOE Voluntary Reduction

- If you are a member of a special education shared services arrangement (SSA), your Fiscal Agent completes the BS6016 Schedule on your behalf
- The Fiscal Agent enters LEA-specific data into the BS6016 for each member
- Each member will need to inform their Fiscal Agent of their LEA-specific data applicable to the BS6016

Estimate FY19 MOE Compliance

Pro-active task
Estimation of FY19 MOE Compliance

• The BS6016 Schedule, Lines 1-4, is applicable to the Eligibility Standard of MOE
  • Determining eligibility to receive 2019-2020 IDEA-B funds by assuring TEA you will be compliant with MOE in FY20 by budgeting enough general funds for special education expenditures
  • Now, we will focus on the Compliance Standard of MOE
    • Estimating FY19 compliance based on 2018-2019 special education expenditures from the general fund

Four Test Methods for Compliance

Special Education Expenditures based on:
  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*)

*SWD = Student with Disabilities

Subsequent Years Rule

Meeting MOE is not simply spending the same amount you spent the previous year. You must spent the same amount you spent in the most recent prior year that was compliant with MOE.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPENDITURES FOR SPECIAL EDUCATION FROM GENERAL FUND</th>
<th>COMPLIANCE STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16 (2015-2016)</td>
<td>$100,000</td>
<td>Met MOE</td>
</tr>
<tr>
<td>FY17 (2016-2017)</td>
<td>$90,000*</td>
<td>Failed MOE</td>
</tr>
<tr>
<td>FY18 (2017-2018)</td>
<td>$90,000*</td>
<td>Failed MOE</td>
</tr>
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*LEA didn’t qualify for exceptions and/or adjustment

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</tr>
</tbody>
</table>
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 15-16, while last year compliant with Test 2 could be 14-15

Estimation of FY19 MOE Compliance

- The purpose of estimating FY19 compliance prior to the end of the fiscal year is to help you determine if you need to make adjustments before the fiscal year end close, in order to be compliant with MOE
- You will not be able to determine actual compliance until after you have all the data necessary

Estimation of FY19 MOE Compliance

- At this point in time, you do not have all the data and resources needed to fully determine FY19 compliance
  - Fiscal year 2019 is not over, so no final expenditures
  - The first Near-Final Summary of Finances for 2018-2019 is not posted yet, so can’t determine local only expenditures (applicable to ISDs only)
  - TEA has not released their 2018-2019 MOE Calculation Tool
- Recommendation: Project FY19 compliance based on only one test:
  - Test 2 expenditures from the combination of state and local funds
- Use TEA’s 2017-2018 MOE Calculation Tool, but keep in mind that you will only be using certain sections, since you really need the 2018-2019 Calculation Tool to perform an analysis of FY19
Page 1 of MOE Calculation Tool
IDEA-B LEA MOE tab

The only data entry performed on Page 1 of the Calculation Tool: “LEA Name”, “CDN”, and “Compliance Review Year” at top of page 1:

“Special Education Student Count – Compliance Review School Year” near the bottom of page 1:
Leave blank

Page 2 of MOE Calculation Tool
IDEA-B LEA MOE tab
For purposes of FY19 estimated compliance, limit data entry to expenditures for State and Local (Test 2) ("Original Required Level of Effort" column) Do not enter data for Tests 1, 3, or 4

Leave the remaining cells blank.

Note: Until the Final 2017-2018 MOE Compliance Review is posted in GFFC, you will need to use the 2017-2018 Preliminary MOE Review (dated 4/17/19). Once the Final 2017-2018 MOE Compliance Review is posted, use that version for your Test 2 expenditures amount.

Page 3 of Calculation Tool

IDEA-B LEA MOE tab

Enter Year-to-Date FY19 expenditures, from the general fund, in the orange cells, according to Function Code and PIC, based on your local records.
ISDs that are members of a Special Education SSA

You will need to ask your Fiscal Agent for their Year-to-Date 2018-2019 Fund 437 expenditures spent on your behalf.

Charter Schools leave this row blank.
ISDs that are not members of a Special Education SSA leave this row blank.

SHARS Reimbursement Expended in Special Education in FY19

Some LEAs participate in SHARS Reimbursement (Revenue Code 5931). If so, and if any of the reimbursement amount is used for subsequent (additional) special education expenditures in 2018-2019, that amount must be subtracted from total special education expenditures from the general fund for MOE purposes.

- If your LEA isn’t participating in SHARS Reimbursement in FY19, leave this row on the MOE Calculation Tool blank.
- If your LEA is participating in SHARS but is not spending any portion of the SHARS reimbursement amount for subsequent special education expenditures in 2018-2019, leave this row on the MOE Calculation Tool blank.
- If your LEA is participating in SHARS and is using some or all of the reimbursement for subsequent special education expenditures in 2018-2019, enter the estimated dollar amount on this SHARS Reimbursement row.

Summary of Finances (SOF) Data Applicable to ISDS ONLY

This section of the ISD MOE Calculation Tool is used to impute the amount of expenditures from Local Only funds for Tests 1 and 3.
Since the first Near-Final version of the 2018-2019 Summary of Finances (SOF) is not available yet, leave this section of the spreadsheet blank.
[During the estimation of FY19 MOE compliance, we are only looking at Test 2 Combination of State and Local, not Test 1 Local Only.]
Page 1 of MOE Calculation Tool:
Review Compliance Results
IDEA-B LEA MOE tab

If Test 2 fails:
- Take actions prior to end of fiscal/year to try to pass Test 2
- Keep monitoring throughout the year with updated 2018-2019 expenditure data
- When the 2017-2018 Final Compliance Review is released in GFFC, perform the analysis with the results of Test 2 on page 2 of the Final MOE Compliance Review
- Determine if you have any exceptions/adjustment to bring you into compliance

Alternative Estimation of FY19 Compliance
ESC-20 Simple Spreadsheet
Alternative Spreadsheet for Estimating FY19 Compliance

Posted on ESC-20 Special Education Funding & Compliance webpage:
https://www.esc20.net/page/ci_se.FundingResources

Located under the toggle titled “Maintenance of Effort (MOE)”
Then select the tab titled “May 2019”

Activity: Estimation of FY19 MOE

Access the 2017-2018 IDEA-B LEA MOE Calculation Tool from TEA’s webpage
Use sample data for the activity

Activity: Estimation of FY19 MOE Compliance

• Download the 2017-2018 IDEA-B LEA MOE Calculation Tool from TEA’s webpage:

• Use the sample data to complete the workbook

• Repeat the activity using the ESC-20 Template for Estimation of FY19 MOE Compliance located on the ESC-20 Special Education Funding & Compliance webpage: https://www.esc20.net/page/ci_se.FundingResources
Sample Data for Activity

Activity: Results of FY19 MOE Estimation using Sample Data

- Grand total of 2018-2019 expenditures = $510,000
- Test 2 expenditures from 2017-2018 MOE Compliance Review = $565,957
- Decline in effort = $55,957

[Sample data listed Function 93 amount of $50,000 in list of expenditures. Function 93 is never used in MOE analysis.]
MOE Resources

• TEA IDEA-B LEA Maintenance of Effort webpage:

• ESC-20 Special Education Funding & Compliance webpage:
  https://www.esc20.net/page/ci_se.FundingResources
  • Select toggle titled “Maintenance of Effort (MOE)”

Questions

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