



**COLORADO**  
Department of Education

# IDEA Maintenance of Effort (MOE)

Exceptional Student Services Unit/Grants Fiscal Management Office

May 16, 2016



# What is MOE?

- IDEA regulation - 34CFR§300.203
- Verifies that Federal Funds are used to “Supplement not Supplant” 34CFR§300.202 (a)(3)
- MOE has 2 components
  - To determine an AU’s **eligibility** to receive Federal IDEA funds - 34CFR§300.203(a)
  - To determine an AU’s **compliance** - 34CFR§300.203(b)



# How Does MOE determine IDEA Funding Eligibility?

- The State must determine that an AU has budgeted in the next FY at least the amount it expended in support of Special Education, from at least the same sources in the last FY for which data is available in order for the AU to be eligible to receive IDEA funds - 34CFR300.203(a)
  - Local funds only;
  - The combination of State and local funds;
  - Local funds only on a per capita basis; or
  - The combination of State and local funds on a per capita basis.
- CDE utilizes an Eligibility Certification signed by the Administrative Unit's Board President or BOCES Executive Officer



# NEW! Funding Eligibility Certification

Method	Level of Maintenance	Budgeted Amount	Anticipated Allowable Exceptions	Total Budget (Budget Amt + Anticipated Exceptions if any)
State and Local Expenditures	\$61,283,154	\$	\$	\$
Local Only Expenditures	\$50,417,111	\$	\$	\$
Per Pupil State and Local Expenditures	\$9,720	\$	\$	\$
Per Pupil Local Only Expenditures	\$7,996	\$	\$	\$



# MOE Compliance Test 1

- If the total Pipeline figure for the year being reviewed is less than the total Pipeline figure from the prior year, the AU fails the first test

AU Fails the First Test			
Fiscal Year	Actual Level of Effort	Required Level of Effort	Notes
2013 - 2014	\$100	\$100	AU met MOE requirement
2014 - 2015	\$90	\$100	AU does not meet MOE requirement for Test 1



# MOE Compliance Test 2

- The per pupil funding is determined for each year by taking the total expenditures divided by the December count (both funded pupil and total served is calculated)
- If the per pupil funding for the year being reviewed is less than the per pupil funding of the prior year, the AU fails the second test



# Initial Determination of Failure of Compliance

- **What's next?**
  - CDE Notifies the AU of the potential failure
  - AU works with CDE to determine if:
    - Any allowable adjustments exist
    - Any allowable exceptions apply



# Allowable Adjustments

- **Amounts in Excess**

- If an AU's IDEA Part B allocation increases from one year to the next, the AU may be able to reduce its level of expenditures by half of the amount of the increase
  - AU must have a determination of “meets requirements” for that year from the Exceptional Student Services Unit of CDE
  - AU must use the amount of funds it reduced to carry out activities that could be supported with ESEA funds, regardless if the AU is using funds under ESEA for these activities
  - AUs expending funds for Coordinated Early Intervening Services (CEIS) shall count these funds toward the maximum amount of expenditures that the AU may reduce its effort 34CFR§300.205(a)-(d)



# Allowable Exceptions

- **Voluntary departure or departure for just cause of special education staff**
  - If the employee was replaced, calculate the difference in salary and benefits from the more senior staff to the new staff, this is the amount of the allowable exception
  - If the employee was not replaced, use the entire salary and benefits amount of the employee who left the AU
  - If the reason for departure is a reduction in students, then it is not an allowable exception, reduction in MOE for a drop in student count is calculated in test 2
  - Reduction in Force, furlough days, across the board pay cuts are not allowable reductions for MOE



# Allowable Exceptions

(continued)

- **Decrease in enrollment of students with disabilities**
  - This exception is calculated in compliance Test 2 above utilizing December student counts from each comparison year
- **Termination of high cost obligation to a particular child with a disability because:**
  - The child has moved out of the district
  - The child no longer needs the program
  - The child has aged out of or graduated from the program



# Allowable Exceptions

(continued)

- **Termination of costly expenditures for long-term purchases**
  - One time expenditures are not allowable exceptions
  - Expenditures that occur all in one year are not an allowable exception
  - An allowable example would be if an AU had undertaken the refurbishing of its existing bus fleet with wheelchair lifts, gates and tie-downs. If the AU purchased these items, on a single, multi-year contract, the AU could reduce its MOE by the annual amount of the contract once that contract is completed.



# MOE Failure

- If after researching and submitting to CDE all allowable exceptions, the AU still fails MOE, the shortfall must be paid back to CDE, who then pays back the US Department of Education
- The repayment to CDE must be from non-Federal funds



# Level of MOE to be Maintained

- In a fiscal year following an MOE failure, what is the level of MOE that must be maintained?
  - The AU must maintain the level required in the absence of the failure, not the lower amount created by the failure

## AU Did Not Maintain Effort in 2014-2015

Fiscal Year	Actual Level of Effort	Required Level of Effort	Notes
2014 - 2015	\$100	\$100	AU met MOE requirement
2015 - 2016	\$90	\$100	AU did not maintain effort
2016 - 2017		\$100	Required level of effort is \$100 despite AU's failure in 2015 - 2016



# Level of MOE to be Maintained

(continued)

- AU passes with allowable exceptions**

AU Submits Allowable Exceptions to Maintain Effort			
Fiscal Year	Actual Level of Effort	Required Level of Effort	Notes
2014 - 2015	\$100	\$100	AU met MOE requirement
2015 - 2016	\$90	\$90	AU properly took exceptions and adjustments
2016 - 2017		\$90	Required level of effort is \$90 because AU expended \$90 and met MOE in 2014 - 2015



# How is MOE Compliance Calculated?

- **CDE Uses Pipeline expenditures reported for 3130 and 3131**
- **Two methods are used to calculate and compare submitted data**
  - First calculation method:
    - Expenditures with object codes that have an offset (0511-0512, 0561-0562 and 0591-0597) are deducted from total expenditures
  - Second calculation method:
    - Expenditures with an offset are reduced by the amounts of revenue reported in appropriate revenue source codes (1421-1422, 1321-1322, 1951, 1952, 1954, 1956, 1957, 3951, 3952, 3954, 3956, 4951, 4952, 4954 and 4956)
- **The resulting figures are compared to identify potential coding issues**



# Object Codes with Revenue Offset Codes

Object Code	Offset Source Code
<b>0511</b> Student Transportation WITHIN AU or BOCES	<b>1421</b> Transportation Fees from WITHIN AU or BOCES
<b>0512</b> Student Transportation Purchased From Other AUs or BOCES	<b>1422</b> Transportation Fees From OTHER AUs or BOCES
<b>0561</b> Tuition Paid WITHIN BOCES	<b>1321</b> Tuition From WITHIN AU or BOCES
<b>0562</b> Tuition Paid to OTHER AUs or BOCES	<b>1322</b> Tuition From OTHER AUs or BOCES
<b>0591</b> Services Purchased WITHIN AU or BOCES	<b>1951</b> Services Provided WITHIN AU or BOCES <b>3951</b> Services Provided WITHIN AU or BOCES: State Level Revenue <b>4951</b> Services Provided WITHIN AU or BOCES: Federal Level Revenue
<b>0592</b> Services Purchased From OTHER AUs or BOCES	<b>1952</b> Services Provided OTHER AUs or BOCES: Local Level <b>3952</b> Services Provided OTHER AUs or BOCES: State Level <b>4952</b> Services Provided OTHER AUs or BOCES: Federal Level
<b>0594</b> Purchased Services FROM Districts BY Charter Schools	<b>1954</b> Services Provided Charter School: Local Level <b>3954</b> Services Provided Charter School: State Level <b>4954</b> Services Provided Charter Schools: Federal Level
<b>0596</b> Purchased Services FROM Charter School Food Authority and It's Related Schools	<b>1956</b> Services Provided Charter School Food Authority: Local Level <b>3956</b> Services Provided Charter School Food Authority: State Level <b>4956</b> Services Provided Charter School Food Authority: Federal Level
<b>0597</b> Purchased Services BY Charters Schools: 1% Institute Charter School Fund	<b>1957</b> Services Provided Charter Schools: Institute Charter School Assistance Fund



# Revenue Offset Coding Examples

- Expenditures and revenue offsets balance
  - No potential coding issues identified

<b>District A</b>	
<b>3130</b>	
0591	\$913,434
3951	(\$913,434)
<i>District A Total</i>	<i>\$0.00</i>



# Revenue Offset Coding Examples

(continued)

- **Expenditures exceed revenue offsets**
  - Revenue may not have been fully reported or correctly coded

<b>District B</b>	
<b>3130</b>	
0591	\$1,358,838
1951	(\$118,027)
<i>District B Total</i>	<i>\$1,240,811</i>



# Revenue Offset Coding Examples

(continued)

- **Revenue exceeds expenditures**
  - Expenditures may not have been fully reported or may have been coded to wrong object codes

<b>District C</b>	
<b>3130</b>	
0561	\$40,948
1321	(\$171,432)
<i>District C Total</i>	<b>(\$130,484)</b>



# Revenue Offset Coding Statewide

- **If coded correctly, the expenditures and revenues should balance to \$0 statewide, however...**
  - In FY2013-14, expenditures booked to these object codes were \$8,741,116 greater than revenues booked to the corresponding offset codes for the state as a whole
  - In 2014-15, revenue exceeded expenditures by \$13,646,406



# Timeline 2016

- **2016 - 17 Eligibility Certifications**
  - AU fills in the FY2016-17 budget totals for any or all of the four eligibility method standards
    - Must be at least the same amount as the LEA spent for that purpose from the same source for the most recent fiscal year for which information is available
  - Must be Signed by the Board President for a district or the Executive Officer for a BOCES
- **Eligibility Certifications are due to CDE July 1, 2016**



# MOE Reminders

- Expenditure data reported through Pipeline by the AUs is used for MOE calculations
- Critical that Pipeline data is entered and coded correctly as accounting errors are not an allowable exception
- All State and Local Special Education expenditures must be coded to grant code 3130 or 3131
- Termination of costly, long-term expenditures
  - Need to be specific that these are not one time expenditures or expenditures which occur in a single year



# Questions

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