

# IDEA Local Maintenance of Effort (MOE)

Colorado Department of Education  
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## What is MOE?

- Verifies that Federal Funds are used to “Supplement not Supplant” 34CFR§300.202 (a)(3)
- IDEA regulation 34CFR§300.203(a)
- MOE has 2 parts
  - To determine an AU’s (LEA’s) eligibility to receive Federal IDEA funds 34CFR§300.203(b)(1)
  - To determine an AU’s (LEA’s) compliance

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## 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 Ed in the last FY for which data is available to be eligible to receive IDEA funds 34CFR300.203(b)
- On April 6, 2012 Eligibility Certifications were sent to AUs
  - AU will fill in the 2012/2013 budget for state & local special ed, must be at least the amount spent in 2010/2011
  - Must be Signed by the Board President
  - Due to CDE July 1, 2012

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## How is MOE Compliance Calculated?

- CDE Uses ADE expenditures reported for 3130 and 3131
- Object codes that have an offset are deducted (0511-0512, 0561-0562 and 0591-0597)
- The resulting figure is compared to the prior year

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## The Tests

- Test 1:
  - If the total ADE figure for the year being reviewed is less than the total ADE figure from the prior year, the AU fails MOE on the first test
  
- 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 MOE on the second test

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## Allowable Adjustments

- Amounts in Excess
    - If an AU's allocation increases from one year to the next, the AU may reduce its level of expenditures by half of the amount of the increase
      - AU must have a determination of meets requirements for that year
      - AU must use the amount of funds it reduced to carry out activities that could be supported with ESEA funds, regardless if the LEA is using funds under ESEA for these activities
      - AUs expending funds for EIS shall count these funds toward the maximum amount of expenditures that the LEA may reduce its effort
- 34CFR§300.205(a)-(d)
- ARRA funds were an example of this adjustment

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## 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

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## Allowable Exceptions (Continued)

- Decrease in enrollment of students with disabilities (this exception is calculated in Test 2)
- 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 or graduated from the program

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## Allowable Exceptions (Continued)

- Termination of costly expenditures for long-term purchases
  - One time expenditures are not an allowable exception
  - 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 wheel chair 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.

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## 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
- What is the level of MOE that must be maintained after a failure?
  - East Letter of June 16, 2011
  - Boundy Letter of April 4, 2012

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## Lessons Learned

- ADE information used for MOE calculation deducts the offset accounts
- Critical that ADE data is correct
- All State and Local Special Ed expenditures must be coded to grant code 3130 and/or 3131
- High Cost students exception – Need to identify threshold
- Termination of costly, long-term expenditures – Need to be specific that this is not one time expenditures or expenditures which happen all in one year

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## Questions?

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