



MAINTENANCE OF EFFORT (MOE) POLICY

SP:M-12

It shall be the policy of this LEA that federal funds will not be used to reduce the level of local funds and/or combined level of local and state funds expended for the education of children with disabilities except as provided in federal laws and regulations.

The SELPA Administrative Unit (AU), as the grantee of federal funds from the State Department of Education, shall distribute all or part of the federal funds received to participating Local Education Agencies (LEA) within the SELPA through a sub-granting process and shall annually conduct and report to the State Education Agency (SEA) the required MOE information. For the purposes of maintenance of effort, the SELPA AU is the recipient of the federal funds from CDE and is, in turn, a grantor of all or part of those funds as sub-grants to participating LEAs. The LEAs within the Antelope Valley (AV) SELPA shall compile and submit budget and expenditure information including SEMA and SEMB reports to the AV SELPA.

MOE Comparison Tests

There are four comparison tests for the MOE obligation in each standard area. An LEA must pass at least one comparison test in both the eligibility and compliance standards to receive federal funds and comply with federal fund requirements. To complete these comparisons, the LEA will use the most recent year in which the LEA passed each comparison test, which may result in a different comparison year for each standard area. The subsequent year tracking worksheet is the best tool to ensure each LEA utilizes the appropriate comparison year for each test. To complete these comparisons, the LEA will utilize forms provided by the Standardized Accounting Code Structure webpage (SACS Web), or on the alternate form provided for Charter LEAs. For the compliance standard the LEA will use the Special Education Maintenance of Effort Actuals (SEMA) forms. For the eligibility standard, the LEA will use the Special Education Maintenance of Effort Budget (SEMB) forms.

Eligibility Standard Tests – Comparison of the LEA Upcoming Grant year Budget to Prior Actual Expenditures (SEMB)

- Each LEA will submit to the SELPA the required MOE documentation each year.
- Budgeted local or state and local expenditures must equal or exceed prior year expenditures for each LEA subject to the federal Subsequent Years rule.
- The SELPA must ensure each LEA meets at least one eligibility comparison test before the allocations of IDEA Part B funds each year.

Section 1 - Each year, LEA's should record any of the exceptions listed below:

- a. These items will reduce the amount required to meet MOE:
 - The voluntary departure, by retirement or otherwise or departure for just cause, of special education or related service personnel.
 - A decrease in the enrollment of children with disabilities

- The termination of the obligation of the agency to provide a program of special education to a particular child with disabilities that is an exceptionally costly program because the child:
 - a) Has left the jurisdiction of the agency
 - b) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - c) No longer needs the program of special education
- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities

Section 2 – LEA’s who received a “meets requirement” compliance determination from CDE and have not been found to be significantly disproportionate for the current year may also reduce their MOE requirement. Under these conditions, the LEA may reduce the level of local or state and local expenditures otherwise required by the LEA MOE requirement by calculating 50 percent of the increase in federal subgrant allocation received for the current fiscal year compared to the prior fiscal year, and reducing their state and local MOE requirement by that amount.

Please note: The LEA must use an amount of local funds equal to the reduction in expenditures to carry out activities that could be supported with funds under the Elementary and Secondary Education Act (ESEA) of 1965. **This amount includes any activities under Title 1, Impact Aid, and other ESEA programs.**

- The amount of funds expended by an LEA for early intervening services under 34 *CFR*, Section 300.226(a) shall count toward the maximum amount of expenditures that the LEA may reduce under this section.

Section 3 – Four MOE Eligibility Standard Test to Maintain Effort

- a. Either local or state and local funding sources are used for comparison at the individual LEA level.
- b. Comparison may be either total amount or a per capita (per child with a disability unless some other basis is permitted by the SEA for determining “per capita”) basis (34 *CFR* Section 300.203)

The four Eligibility Standard are:

1. The combination of state and local funds
2. The combination of state and local funds on a per capita basis
3. Local funds only
4. Local funds only on a per capita basis

Consequences for Failure to Maintain Effort

- If the LEA fails all four of the eligibility standard comparison tests (Budget to Actuals), the LEA shall have until Second Interim to adjust local budgets to demonstrate compliance with MOE requirements. The LEA may run interim reports to demonstrate eligibility compliance. If an LEA is unable to adjust local budgets by this time, the SELPA must adjust the local allocation policy to prevent distribution of federal funds to the LEA.

- Failure of the eligibility standard results in no change to the comparison year. The LEA must calculate its level of effort on the most recent FY in which the MOE test was met and will be required to maintain effort at the comparison year level.

Sanctions

In the event any LEA in the SELPA is subject to financial sanctions related to MOE or other special education funding that result in a withholding of special education funds, that amount will be deducted from the allocation to the penalized LEA.

Compliance Standard Tests – Prior Year Actuals vs. Second Prior Year Actuals or the most recent year LEA met using the method (SEMA)

- Actual local or state and local expenditures must equal or exceed prior year expenditures subject to the federal Subsequent Years rule.
- The SELPA must ensure each LEA meets at least one compliance comparison test using the unaudited actuals data submitted to CDE following the end of the FY.
- The comparison will occur annually.

Section 1 - Each year LEA’s should record any of the exceptions listed below:

These items will reduce the amount required to meet MOE:

- The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related service personnel.
- A decrease in the enrollment of children with disabilities
- The termination of the obligation of the agency to provide a program of special education to a particular child with disabilities that is an exceptionally costly program because the child:
 - a) Has left the jurisdiction of the agency
 - b) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - c) No longer needs the program of special education
- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities

Section 2 – LEA’s who received a “meets requirement” compliance determination from CDE and have not been found to be significantly disproportionate for the current year may also reduce their MOE requirement. Under these conditions, the LEA may reduce the level of local or state and local expenditures otherwise required by the LEA MOE requirement by calculating 50 percent of the increase in federal subgrant allocation received for the current fiscal year compared to the prior fiscal year, and reducing their state and local MOE requirement by that amount.

Please note: The LEA must use an amount of local funds equal to the reduction in expenditures to carry out activities that could be supported with funds under the Elementary and Secondary Education Act (ESEA) of 1965. **This amount includes any activities under Title 1, Impact Aid, and other ESEA programs.**

- The amount of funds expended by an LEA for early intervening services under 34 CFR, Section 300.226(a) shall count toward the maximum amount of expenditures that the LEA may reduce under this section.

Section 3 – Four MOE Compliance Standard Test to Maintain Effort

- a. Either local or state and local funding sources are used for comparison at the individual LEA level.
- b. Comparison may be either total amount or a per capita (per child with a disability unless some other basis is permitted by the SEA for determining “per capita”) basis (34 CFR Section 300.203(c))

The four MOE Compliance Standards are:

1. The combination of state and local funds
2. The combination of state and local funds on a per capita basis
3. Local funds only
4. Local funds only on a per capita basis

Consequences for Failure to Maintain Effort

- If the LEA fails all four compliance comparison tests (Actuals to Actuals) after applying eligible exemptions, the CDE will invoice for the amount the LEA failed to spend from state and local, or local only, funds to maintain its level of effort, which must be paid to CDE by the LEA from its state and/or local funding in the budget year.
- The SELPA AU/RLA will additionally adjust the IDEA apportionment of the LEA that failed the MOE compliance comparison test in an amount equal to the amount the LEA failed to spend from local or state and local funds to maintain its level of effort.
- Failure of the compliance standard results in no change to the comparison year. The LEA must calculate its level of effort on the most recent FY in which the MOE test was met and will be required to maintain effort at the comparison year level.

Sanctions

In the event any LEA in the SELPA is subject to financial sanctions related to MOE or other special education funding that result in a withholding of special education funds, that amount will be deducted from the allocation to the penalized LEA.