

Maintenance of Fiscal Effort (MOE) Compliance Standard (Expenditures)

Federal Regulations

The regulations for the MOE compliance standard are at 34 CFR §§300.203(b)-(d), 300.204, and 300.205. Other IDEA requirements that may apply include §§300.12, 300.28, 300.209, 300.227, 300.228, 300.608, Appendices D and E, and 2 CFR §200.441.

34 CFR 300.203(b)(2) provides an overview of the compliance standard:

“An LEA meets this [compliance] standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:

- (i) Local funds only; (ii) The combination of State and local funds; (iii) Local funds only on a per capita basis; or (iv) The combination of State and local funds on a per capita basis.”

Items needed to get started:

1. 2019 – 2020 State and Local expenditure reports
2. MOE Calculation Form (may be found in the NCDPI Resources tab of the NC CCIP system)
3. Funds Spent 2018 – 2019 MOE from the table on the Maintenance of Effort – Expenditure tab of the IDEA grant in the NC CCIP system

Utilize the chart below when generating the State and Local expenditure reports for MOE

Budget Codes to include on the MOE Calculation Form – State and Local Funds	What not to include on the MOE Calculation Form
PRC 032 with all Purpose codes	Federal Funds
PRC 029 with all Purpose codes	Cost recovery/fee for service funds receive through Medicaid
PRC 063 with all Purpose codes	Transportation Cost not supported by Transportation as a related service on IEPs
Other PRCS with Purpose code 5210	
Other PRCS with Purpose code 5220	
Other PRCS with Purpose code 5230	
Other PRCS with Purpose code 5240	
Other PRCS with Purpose code 5250	
Other PRCS with Purpose code 6201 (6200)	
Other PRCS with Purpose code 6202 (6200)	
Other PRCS with Purpose code 6203 (6200)	
Other PRCS with Purpose code 6204 (6200)	
Other PRCS with Purpose code 6205 (6200)	
*Special Transportation Funds code 655_	

*Additional instructions for “special transportation”:

Enter an amount for Special Transportation Funds ONLY if your PSU uses a 4th digit of the purpose code to distinguish transportation costs for special needs children. The appropriate 4th digit must be entered in the designated green shaded cell.

Completing the MOE Calculation Form

Overview

The top portion of the MOE Calculation Form must match the expenditures reported for Fiscal Year 2018-2019 in the IDEA grant. This information can be located on the MOE Expenditure Tab in the IDEA grant. When data is entered into the green cell, the form will automatically calculate the totals. Remember to enter the December Child Count that was included on the previous year's MOE calculation form. (If the data for Fiscal Year 2018-2019 is incorrect, see **Submitting Correction Requests** at the end of this document.)

Utilizing the information on the gathered MOE expenditure reports, enter the data for 2019 – 2020 on the bottom of the Calculation Form. Use the December Child Count in the table on the MOE Expenditure page of the IDEA grant. When completed, transfer the Total State and Local Expenditures and the Total Local Expenditures Only to the table in the IDEA Grant on the MOE – Expenditures tab. The Per Child expenditures will be automatically calculated. The third column on the table will indicate if the expenditures entered are a reduction in MOE.

Instructions

- Enter data in green shaded cells only
- Separate expenditures by state and local funds
- Enter expenditure data only for the purpose codes indicated
- Enter the federal December 2018 and December 2019 child counts

Selecting the MOE Method

After completing the table, select the MOE Method from the dropdown list. The PSU can meet MOE in one of four areas:

- Total State and Local Expenditures
- Total Local Expenditures Only
- Per Child State and Local Total Expenditures
- Per Child Local Total Expenditures

To determine required level of effort, PSUs must look back to the last year in which effort was maintained. PSUs must look back to the last year in which effort was maintained using the same method by which compliance was established.

Important note: meeting MOE based on the table is not the final determination. The Fiscal Monitor assigned to the region will compare the completed table and the selected method with the data maintained by DPI. If the PSU did not maintain effort with the selected method, the Fiscal Monitor will return the grant with notes.

To be in compliance, one MOE calculation from the previous year must be equal to or greater than one MOE calculation from the second previous year. The appropriate MOE calculation form must be submitted in the IDEA Grant by October 31st annually. If the designated MOE method includes a reduction allowance, a § 300.204 or § 300.205 justification form must also be completed and submitted in the grant with the calculation form. Maintain records for audit purposes.

Exceptions § 300.204(a-e)

There are five allowable exceptions by which a PSU may reduce its level of expenditures below the level for the most recent year in which fiscal effort was maintained.

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
 - a. Layoffs or Reductions in Force do not count
 - b. Reduction in LEA share of benefits do not count
 - c. Calculations can be:
 - i. Position by position basis; or
 - ii. Total salary of departing Special Education teachers minus total salaries of new Special Education teachers
2. A decrease in the enrollment of children with disabilities (December 1 Child Count)
3. The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, 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.
 - i. Student no longer requires special education; or
 - ii. New services and placements are less costly in accordance with IEP, Least Restrictive Environment (LRE) and parents are not disputing change in placement.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities. Long term= more than one year
5. The assumption of cost by the high cost fund operated by the SEA under §300.704(c) includes high cost funds financed through federal IDEA funds

If the PSU takes exceptions, the 300.204 tab of the MOE Calculation Form must be completed. The PSU must also upload into the grant a letter from the superintendent to State Exceptional Children Division Director.

MOE Adjustments or Flexibility (§300.205)

If the IDEA allocation increases, the LEA, if it meets certain conditions, may reduce its MOE level up to fifty percent (50%) of the increase in federal IDEA funding for the fiscal year. Funds reserved for Coordinated Early Intervening Services (CEIS) count toward the amount that may be reduced.

See § 300.205(d) and Appendix D to Part 300 for more information regarding this flexibility provision.

Conditions

- Providing FAPE
- Meets requirements (based on testing accountability data)
- Has not been identified with a significant disproportionality

If the PSU takes adjustments, the 300.205 tab of the MOE Calculation Form must be completed. The PSU must also upload into the grant a letter from the superintendent to State Exceptional Children Division Director.

Consequences for Not meeting MOE

1. If a PSU fails to meet MOE, State Education Agency (SEA) must repay federal government out of non-federal funds.
2. The SEA requires repayment from the PSU out of non-federal funds

Submitting Correction Requests

If the 2018-2019 data on the MOE Expenditure Table in the NC CCIP grant system is incorrect, submit the following to the fiscal monitor assigned to your region.

1. MOE Calculation form submitted for 2018-2019
2. Corrected MOE Calculation form for 2018-2019
3. Expenditure reports for 2018-2019 which support the MOE expenditure change requested

The fiscal monitor will:

1. Review the change request and match the data to the expenditure reports
2. Determine if the change impacts the PSUs MOE status for 2018-2019
3. Notify the EC Director/Coordinator of the results of the review and any change in MOE status
4. Submit the change request to the grant administrators

Fiscal Monitors

Regions 3 & 4	Lori Peterson	Lori.peterson@dpi.nc.gov 984.236.2596
Regions 1, 5 & 6	Elizabeth Millen	Elizabeth.millen@dpi.nc.gov 984.236.2603
Regions 2, 7 & 8	Adam Parent	Adam.parent@dpi.nc.gov 984.236.2637

The Fiscal Monitors will be offering MOE Technical Assistance Sessions on the following dates:

Monday, October 5th	1:30 – 2:30
Wednesday, October 7th	9:30 – 10:30
Monday, October 12th	1:30 – 2:30
Wednesday, October 14th	9:30 – 10:30
Wednesday, October 28th	9:30 – 10:30