

## Special Education Maintenance of Effort (MOE)

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## Definitions and Reports

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### MOE — What Is It?

"Except as provided in §§300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year."

[ 34 CFR §300.203 (a) ] 4

### MOE — What Is It?

- LEAs must spend . . . at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:
  - Local funds only
  - The combination of State and local funds

[ § 300.203 (b) (1) ]

- Note: In Texas, local and state funds are all in Fund 199.

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### What Are Direct Services?

- TAC 89.1125 defines allowable expenditures
- 55% includes all allowable expenditures
- State special education funds may only be used for
  - Personnel, special materials, supplies and equipment
    - Directly related to the development and implementation of the IEPs
    - Not ordinarily purchased for the regular classroom

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### What Is the “55% Rule”?

- District must spend at least 55% of State Special Education Block Grant amount in direct special education services
  - State spending requirement
  - Is not the same thing as the federal MOE requirement

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### “55% Rule” versus MOE

#### Scenario #1:

- FY09-10: LEA receives \$100,000 in state special education dollars. They spend \$65,000 in Fund 199, PIC 23, direct services.  
**Result:** Meets 55% Rule.
- FY10-11: LEA receives \$100,000 in state special education dollars. They spend \$55,000 in Fund 199, PIC 23, direct services.  
**Result:** Meets 55% Rule, but not MOE.

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### “55% Rule” versus MOE?

#### Scenario #2

- FY09-10: LEA receives \$100,000 in state special education dollars. They spend \$55,000 in Fund 199, PIC 23, direct services  
**Result:** Meets 55% Rule
- FY10-11: LEA receives \$120,000 in state special education dollars. They spend \$60,000 in Fund 199, PIC 23, direct services  
**Result:** Meets MOE, but not 55% (at least \$66,000 required for 55%)

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## What Are the Parts of MOE Calculation?

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## Data Sources for MOE

- Fund 199, PIC 23, Functions 11, 12, 13, 21, 23, 31, 32, 33, 34, 36, 41, 51, 53
- SSA expenditures on behalf of member LEAs, found on the 033 record submitted by SSA
- IDEA-B Formula maximum entitlement, including Coordinated Early Intervening Services (CEIS) expenses, if any
- Child count, IDEA eligible, from fall PEIMS submission of 163 records
- ECI set-aside from Summary of Finances
- Allocated funding reports

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## Is It Only Fund 199?

### 161-198 . . . Locally Defined Classification

- Used, at the option of the school district, to further classify specific revenues and related expenditures
- For PEIMS reporting these accounts are converted to Fund 199

*(Financial Accountability System Resource Guide, 1.4.2)*

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## What Is PIC?

- **Program Intent Code.** Codes used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students
- **PIC 23 Special Education.** Costs incurred to evaluate, place and provide educational and/or other services to students who have Individual Educational Plans (IEP) approved by Admission, Review and Dismissal (ARD) committees
- **PIC 99 Undistributed.** Charges not readily distributed to program intent codes are classified here. May be used for costs not clearly attributable to a specific program intent

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## Where To Find PIC in Coding

Program Intent							
Fund	Function	Object	Subject	Organization	Fiscal Year	Program Intent	Service Code
XXX	XX	XXXX	XX	XXXX	X	XX	XXX

### Example:

199 - 11 - 6411 . 00 - 101 - 7 23 - XXX

OR

199 - 11 - 6411 . 00 - 101 - 7 23 - XXX

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## MOE Voluntary Reduction (50% of IDEA-B Increase)

- *Can Increase in Federal Entitlement Be Used To Help with MOE?*
- Adjustment to local fiscal efforts apply in certain fiscal years (MOE reduction)
- "Amounts in excess.... for any fiscal year for which the allocation received by an LEA under §300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by §300.203(a) by not more than 50 percent of the amount of that excess." [§300.205 (a)]

**But...**

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## Criteria for MOE Reduction

- Districts are eligible to reduce their MOE by 50% of the increase only if they:
  - Meet the state targets for all five of the SPP compliance indicators (9, 10, 11, 12, and 13)  
**and**
  - Have a Determination level of "Meets Requirements"  
**and**
  - Are not identified as having significant disproportionality

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## State Enforcement

"If an SEA determines that an LEA is not meeting the requirements of Part B of the Act, including the targets in the State's performance plan, the SEA must prohibit the LEA from reducing the LEAs maintenance of effort under §300.203 for any fiscal year."

[§ 300.608 (a)]

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## Coordinated Early Intervening Services and MOE Reduction

### Coordinated Early Intervening Services may impact MOE...

"An LEA may not use more than 15 percent of the amount the LEA receives under Part B of the Act for any fiscal year, ... to develop and implement coordinated, early intervening services, ... for students ... who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment."

[ §300.226 (e) ]

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## What Does That Mean?

- If using up to 15% of the entitlement for CEIS, it will reduce amount of federal entitlement increase applied toward MOE
- How much? Up to all of it.
- See IDEA-B regs Appendix D for examples of how CEIS impacts MOE  
<http://ritter.tea.state.tx.us/special.ed/rules/pdf/idea06fr.pdf>

[ § 300.205 (d) and §300.226 (e) ]

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## Sample LEA Example

- Year 1 \$283,504 IDEA-B Entitlement
- Year 2 \$295,365 IDEA-B Entitlement
- Increase of \$11,861
- 50% of increase = \$5,930.50 for MOE  
(Treated as state/local for MOE calculation)  
– Unless ...
- 15% of entitlement = \$44,304.75

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## Child Count

- Includes eligible students, ages 3 through 21, who:
  - meet the requirements of 19 TAC §89.1040 (Disabling Conditions) and 19 TAC §89.1050 (ARD Committee)
  - are enrolled and receiving special education and related services through an IEP or individualized services plan as of the PEIMS snapshot date
  - have on file a current individualized education program or individualized services plan and
  - have on file a current full and individual evaluation
- Students with disabilities who graduate under 19 TAC §89.1070(c) and return to school may not be counted on the IDEA Part B child count  
*[ Pursuant to 34 CFR §300.102(e)(3) ]*

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## What Is ECI Set-Aside?



- Found on the District's Summary of Finances  
[http://www.tea.state.tx.us/school\\_finance/funding/sofweb7.html](http://www.tea.state.tx.us/school_finance/funding/sofweb7.html)
- Shown as negative number
- Adjustment taken "off the top" or "set aside" at state level

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## How Is MOE Calculated?

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## MOE Template from TEA

- TEA Financial Audits has developed MOE template for IDEA-B funds
- Available at following link:  
<http://www.tea.state.tx.us/index4.aspx?id=4073>

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Line No.	Function Code	Function Description	2010-2011	2011-2012	YTD
1	100000	100000			
2	100000	100000			
3	100000	100000			
4	100000	100000			
5	100000	100000			
6	100000	100000			
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100	100000	100000			

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## Edit + PRF3D022

- *New Edit+ report available in mid-year PEIMS found in the Edit+ Turnaround Reports*

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## Edit + PRF3D022



PEIMS EDIT+ REPORTS DATA REVIEW  
 Special Education Maintenance of Effort (MOE)  
 2021 - 2022 mid-year collection  
 Attached

Thursday 12/29/2022 10:34AM  
 Page 1 of 1

Please W  
 District:

1. Special Education Actual Expenditures for 2020-2021	11,844,092.29
2. Special Education Actual Expenditures for 2020-2021	12,173,468.50
3. Actual Expenditures Difference (Line 2 - Line 1)	329,376.21
4. Prior Year Count of Students Receiving Special Education Services	4,377
5. Prior Year Per Capita Special Education Actual Expenditures (Line 1 / Line 4)	2,685.33
6. Current Year Count of Students Receiving Special Education Services	1,643
7. Current Year Per Capita Special Education Actual Expenditures (Line 2 / Line 6)	7,348.12
8. Per Capita Actual Expenditures Difference (Line 7 - Line 5)	-4,662.81
9. Change in Special Education MOE Based on Per Capita Calculation (Line 8 * Line 6)	-216,279.75
10. LEA's Special Education MOE Change Amount (The Lesser of Line 9 or Line 3)	0.00



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### **MOE Exceptions**

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#### **Allowable Exceptions to MOE**

- §300.204 *Exception to maintenance of effort*

"Notwithstanding the restriction in § 300.203(a), an LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to any of the following:"

- The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel
- A decrease in the enrollment of children with disabilities
- 

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- 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—
  - (1) Has left the jurisdiction of the agency
  - (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
  - (3) No longer needs the program of special education

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- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities
- 

- The assumption of cost by the high cost fund operated by the SEA under § 300.704(c)
- 

- Districts may take advantage of these MOE exceptions, even if they do not meet the targets on SPP compliance indicators (9, 10, 11, 12, and 13)
- However, district may reduce MOE based solely on amount of reduction for exception, NOT by 50%

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#### **Records for Documentation**

- See new documents from TEA
- Posted at the following link:  
<http://www.tea.state.tx.us/index4.aspx?id=4073>

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*The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.*

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*Does this exception apply if we reduce staff by reassigning outside of the special education program? In other words, if the teacher is still in the district, just no longer in the special education program, does it count under this exception?*

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#### **Special Education Staff Records To Keep Each Year**

- List of special education staff assigned to and paid from special education funds
- List of special education staff who leave



- Changes in special education staff in the middle of the year
- Staff schedules, time and effort documentation, and job descriptions or other record of assigned job duties

45  **Special Education Staff Records To Keep Each Year**

- Documentation of appropriate certification or licensure, including emergency and temporary permits
- Rationale for not replacing leaving staff,
  - Reduction in the # of special education students
  - High cost student leaves

46  **Exception B: Decrease in Special Education Enrollment**

- Reduction in # of special education students will not be accepted as exception if district actually earned more state special education block grant funds in second year
  - Year 1 \$200,000, 525 students
  - Year 2 \$240,000, 498 students
- Only eligible IDEA-B student counts were used in letters mailed in 2010

47  **Special Ed Student Enrollment Records To Keep Each Year**

- Edit+ PRF5D010 Special Education Child/Counts by Funding Type
- Roster of the students in the Edit+ report. Could be Edit+ PRF5D027 Special Education Roster by Grade or list from your district software
- Notes about high cost students or any other special circumstances that could impact MOE

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*The termination of the obligation of the agency... to provide a program of special education to a particular child with a disability that is an exceptionally costly program,... because the child—*

*(1) Has left the jurisdiction of the agency;*

*(2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or*

*(3) No longer needs the program of special education.*

49  **High Cost Records To Keep Each Year**

- List of high cost students who leave during or at end of the year, or who do not return to school in fall, and the documentation proving this list
- Copies of student ARDs/IEPs documenting requirement of services
- POs and other records proving high cost expenses, such as special equipment
- Costs of related services to an individual student, which may also require payroll or contracted services costs, logs or other documentation of services provided, etc.

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*The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.*

51  **Long-term Purchase Records To Keep Each Year**

- POs and other records proving long-term purchases, and records to show payment

- took more than one year
- LEA policies or guidelines on capitalization of equipment
- TEA may ask you to explain how item(s) purchased is/are directly attributable to and necessary for provision of special education services

52  **Exception E: High Cost Fund**

*The assumption of cost by the high cost fund operated by the SEA under § 300.704(c).*

What does this mean?

*Any expenditure formerly classified under Fund 199, but subsequently charged to Fund 226 as approved in the HCF grant, may be used to account for a decline in effort.*

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**How Do We Avoid an MOE Problem?**

57  **Times To Check MOE**

When you:

- 
- Propose a new budget
- Prepare to close a fiscal year
- 
- Review the real figures for the prior fiscal year after the mid-year PEIMS collection

58  **Next Steps**

- When fiscal agent closes books for year, member districts should be provided with amount that will be reported on 033 record
- When mid-year collection is submitted, fiscal agent should give copy of Edit+ PRFBD001 to each member district
- After mid-year submission, each LEA should run MOE figures as pre-look at MOE status before TEA letters are mailed

59  **Next Steps**

- Fiscal agent should provide amount of the maximum IDEA-B Formula entitlement to SSA members
- Documentation system should be developed for any potential MOE issue
  - Should be collected at that time since letters will be months later coming from TEA
  - Should be collected in such a way to answer directly one or more of allowable reasons for reduction of MOE

60  **Next Steps**

- Foster strong working relationship among special education director, PEIMS coordinator, and business manager
- Establish who keeps what records and makes what decisions
- Make sure all know what affects MOE

- 
- Make sure new business managers understand MOE implications before they change bookkeeping and/or coding procedures

61  **MOE for Charter Schools**

Maintenance of Effort (MOE) for charters

- Calculated in same manner as ISDs with two exceptions:
  - Charter schools include net asset codes 199 and 420 (whereas school districts include fund code 199 only)
  - Charter schools do not report a 033 record

62  **How Do We Avoid MOE Problem?**

- Give Special Education staff access to budget and expenditure information to assist in catching errors—at budgeting and during the fiscal year
- 
- Give Special Education staff access to PEIMS reports prior to final submission deadlines
- 
- These sharing practices are important for all special populations, not just special education

63  **What If We Had Bad Data?**

- *Bad data, bad data, bad data!*
  - *Staff or expenses miscoded in budgets*
- *May claim inaccurate data as reason for decline in effort*
  - *May result in additional monitoring for inaccurate data*
  - *Requires significant documentation, including statement from independent auditor*
  - *Requires plan to avoid future problems*

64  **MOE: What We Have (and Haven't) Learned**

- Districts can be in a grey area—where total expenditures increase or remain the same and expenditures per pupil decline, or visa versa
- 
- SSVI and Medicaid Administrative Claiming (MAC) are NOT coded to the general fund (199)
- 
- SHARS should be coded to the general fund (199)

65  **MOE: What We Have (and Haven't) Learned**

- Bad data in 033 record
  - 033 record is hand entered data, not extracted
  - Errors in entering wrong fiscal year or amount
  - LEAs being left off
  -
- Mismatch between child count year and expenditure year on 033 records
- 
- Share with member districts

66  **MOE: Where Do We Go from Here?**

*Where Do We Go from Here?*

- Devise a record keeping system and systematically keep anything that might possibly apply to MOE
- 
- Let everyone know where those records are filed
- 

67  **General Records To Collect**

- Independent audit reports
- 
- Spending trends analysis
- 
- Spreadsheets run to track MOE
- 
- Copies of Edit+ reports
- 
- Maximum entitlements
- 
- Any board policies that impact MOE (capitalization, voluntary retirements/resignations, etc.)

68  **Contact information**

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