



HUMBOLDT DEL NORTE
SELPA
Special Education Local Plan Area

HUMBOLDT | DEL NORTE SELPA
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Maintenance of Effort (MOE) Policy

Participating Humboldt – Del Norte Local Education Agencies (LEAs) Arcata School District, Big Lagoon Union School District, Blue Lake Union School District, Bridgeville School District, Cuddeback Union School District, Cutten School District, Del Norte County Office of Education, Del Norte Unified School Districts, Eureka City Schools, Ferndale Unified School District, Fieldbrook School District, Fortuna Elementary School District, Fortuna Union High School District, Freshwater School District, Garfield School District, Humboldt County Office of Education, Hydesville School District, Jacoby Creek School District, Klamath-Trinity Joint Unified School District, Kneeland School District, Loleta Union School District, Maple Creek School District, Mattole Unified School District, McKinleyville Union School District, Northern Humboldt Union High School District, Northern United – Humboldt Charter, Orick School District, Pacific Union School District, Pacific View Charter 2.0 Peninsula Union School District, Rio Dell School District, Scotia Union School District, South Bay Union School District, Southern Humboldt Unified School District, Trinidad Union School District

Maintenance of Effort Policy

The Individuals with Disabilities Education Act (IDEA) requires federal funds be used to pay only the excess costs of providing special education and related services to students with disabilities, and requires the funds be used to supplement and not supplant state and local funds for special education. There are regulations related to the Maintenance of Effort (MOE) obligation, which ensure grant recipients are eligible to receive federal funds and comply with MOE standards.

The SELPA Administrative Unit, 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. The LEAs within the SELPA shall compile and submit budget and expenditure information, including required reports to the SELPA.

To meet the MOE *compliance standard*, an LEA must maintain appropriate levels of expenditures in the current fiscal year (FY). To meet the MOE *eligibility standard*, the LEA must budget sufficient expenditures for the coming FY. The California Department of Education (CDE) monitors MOE compliance and eligibility via end-of-year forms comparing actual and budgeted expenditures to comparison year data required under the Subsequent Years rule. (IDEA Part B funding—Title 34, Code of Federal Regulations Sections (CFR §) 300.203(a), 300.204(b), 300.204(c), and 300.205)

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 use of 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. The subsequent year tracking worksheet is the best tool to ensure each LEA utilizes the appropriate comparison year for each standard test. To complete these comparisons, the LEA will utilize forms provided by the Standardized Account Code Structure webpage (SACS Web), or on the alternate form provided for Charter LEAs. For the compliance standard, the LEA will use the SEMA forms. For the eligibility standard, the LEA will use the SEMB forms.

MOE Compliance Standard Tests - SEMA

- State and Local Comparisons
 - Total Expenditure
 - Per Capita Expenditure
- Local Only Comparisons
 - Total Expenditure
 - Per Capita Expenditure

MOE Eligibility Standard Tests - SEMB

- State and Local Comparisons
 - Total Expenditure
 - Per Capita Expenditure
- Local Only Comparisons
 - Total Expenditure
 - Per Capita Expenditure

Compliance Standard Tests – SEMA

The compliance standard tests require a comparison of the LEA Actuals for the FY to a comparison year's actual expenditure using SEMA. Actual state and local, or local only expenditures must equal or exceed comparison year expenditures for each LEA, 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.

Consequences for failure to meet the MOE obligation in Actuals

- If the LEA fails four compliance comparison tests (Actuals to Actuals) after applying eligible exemptions, the CDE will invoice the LEA for the amount the LEA failed to spend from state and local, or local only funds to maintain its level of effort. This amount must be paid to CDE by the LEA from its state and/or local funding in the budget year.
- 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.

Eligibility Standard Tests – SEMB

The eligibility standard tests require a comparison of the LEA Budget for the coming year to a comparison year's Actuals expenditure using SEMB. Budgeted state and local, or local only expenditures must equal or exceed comparison 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.

Consequences for failure to meet the MOE obligation in Budget

- If the LEA fails all four of the eligibility standard comparison tests (Budget to Actuals), after applying eligible exemptions, 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 may adjust the local allocation policy to avoid expenditure of federal funds by the LEA until compliance with the MOE obligation can be demonstrated.

- 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.

MOE Exemptions

The federal requirement to meet MOE allows for a few exemptions that can reduce the prior year base. The basis of these exemptions is that services to students were not reduced, even if expenditures were. The exemptions are as follows:

- 1) The voluntary departure, or departure for just cause, of special education or related services personnel who are replaced by qualified, lower salaried staff.
- 2) A decrease in the enrollment of students with disabilities; the agency is no longer obliged to provide one or more exceptionally costly special education programs to a student(s) because they:
 - i) Have left the jurisdiction of the agency;
 - ii) Have reached the age at which the agency is no longer required to provide free appropriate public education (FAPE) to the student(s); or
 - iii) No longer need the program of special education.
- 3) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of facilities

Additionally, if an LEA has an increase in federal funds from the prior year to the current year, up to 50% of the increased revenue can be used to reduce the prior year base. If this option is applied to the test, the amount used to pass MOE must be tracked in the unrestricted funds (general education program) for allowable ESEA expenditures.

SELPA Administrative Unit/Responsible Local Agency (AU/RLA) Responsibility

As an intermediary, the SELPA AU/RLA is responsible for collecting the LEA's reports from SACS Web or the alternative form. The completed forms will be provided by the SELPA AU/RLA to CDE. Additionally, the SELPA AU/RLA will review each LEA's compliance and eligibility tests, and may provide guidance, suggestions, and other advice as appropriate.

LEA Responsibility

The LEA should monitor and update compliance and eligibility to use federal IDEA funds and should only submit expenditures when the appropriate standards are met. LEAs will receive a Grant Award Notification for Federal Mental Health dollars under Resource Code 3327 and must monitor their eligibility and compliance with the MOE obligation to utilize these funds.