

## MAINTENANCE OF EFFORT POLICY

The Individuals with Disabilities Education Act (IDEA) requires federal funds be used to pay the excess costs of providing special education and related services to children with disabilities and to supplement and not supplant state and local funds for special education. Additionally, there are regulations related to the Maintenance of Effort (MOE) obligation, which ensures recipients are eligible to receive federal funds and comply with MOE standards. To meet the MOE *compliance standard*, a Local Education Agency (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 that compare 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 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.

### MOE Compliance Standard - SEMA

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

### MOE Eligibility Standard - 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 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 Maintain Effort in Actuals*

- 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.

### Eligibility Standard Tests – SEMB

The eligibility standard tests require a comparison of the LEA Budget for the coming year to a comparison year 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 Maintain Effort in Budget*

- 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.