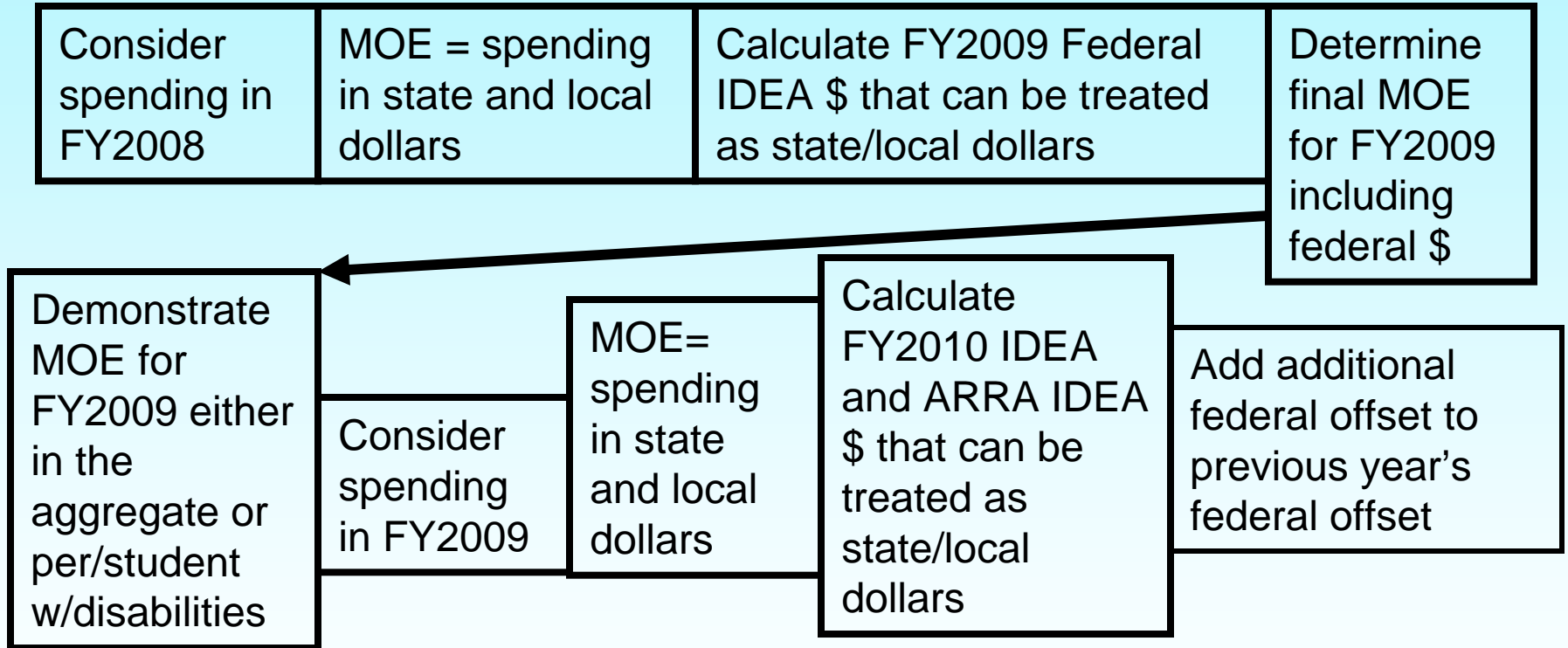


Understanding IDEA and MOE under the ARRA

The basics
of
maintenance of effort
4/09

The basic process



And so on...Also read our advisory on the subject (Advisory 2008-1) at:

<http://www.doe.mass.edu/sped/advisories/?section=admin>

For the purposes of this presentation

- The presentation focuses on how the district shows that it is maintaining its fiscal effort using state and local funds in the area of special education.
- IDEA considers that districts are meeting “non-supplanting” requirements if effort is maintained. Therefore, this presentation focuses on maintenance of effort and does not use the terminology “non-supplanting” --- although it is covered.

How much did the district spend on special education in FY2008?

- \$100,000 in state funds
- \$50,000 in local funds
- \$75,000 in federal funds
- TOTAL = \$225,000
- **Simple Maintenance of Effort** = total spending from state and local funds = \$150,000 Let's call this sMOE.



MOE can be demonstrated in the aggregate or per/student with disabilities

- 150 students w/disabilities (SWD) in FY2008
- So sMOE (simple maintenance of effort)/SWD is $150/\$150,000$ or $\$1,000/\text{SWD}$.



Simple Maintenance of Effort (sMOE) The Next Year

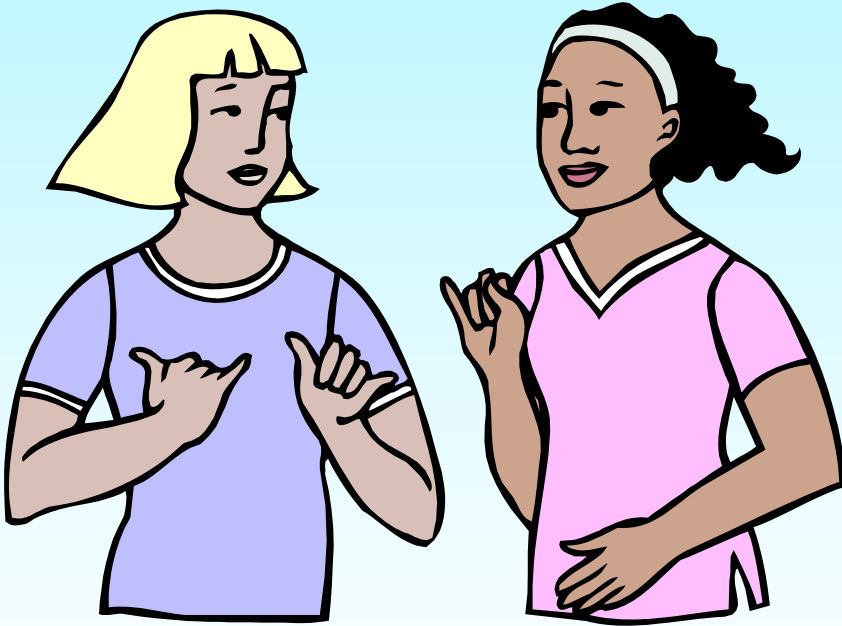


- For FY2009, the district must spend \$150K on special education from **state and local** funds
- Either in the aggregate (\$150K) ...Or
 - per/student w/disabilities (#students x \$1,000).
 - Let's say there are 100 students with IEPs in FY2009.

Simple Maintenance of Effort (sMOE) The Next Year (2)

For FY2009, the district must spend

- either \$150K in state and local funds in the area of special education
- OR \$100K (100 students x \$1,000) in state and local funds on a per/student with disability basis.



How do the federal funds fit in?

- IDEA 2004 allows some of the federal funds to “supplant” state and local funds.
- Why?

Because the Congress had promised to pay 40% of the costs of special education and it realizes it has not yet met that promise.
- So?

So, 50% of **NEW** Federal Dollars **can be treated as state and local funds** until the federal money catches up to the promised level!

How can federal money be treated as state and local money?

- **NEW** federal money only
- **50%** of new money only
- To explain, we need to go back to spending in FY2008.



How much did the district spend on special education in FY2008?

- \$100,000 in state funds
- \$50,000 in local funds
- **\$75,000 in federal funds**
- TOTAL = \$225,000
- **Simple Maintenance of Effort** = total spending from state and local funds = \$150,000



How much federal money did the district get in FY2009?

The district got

- \$90,000 in federal special education money.
- Therefore, **new** money in FY2009 is $\$90,000 - \$75,000 = \mathbf{\$15,000}$
- 50% of $\$15,000 = \mathbf{\$7,500}$



Therefore, in FY2009, \$7,500 of federal money can supplant state and local money

- The sMOE requirement was \$150,000 for FY2009, but it is now offset by \$7,500 that can be treated as state and local. So...
- $\$150,000 - \$7,500 = \$142,500$ -- that is the amount of the MOE that must be funded with state and local money. The remaining \$7,500 can be funded with the offset federal money.
- We can call that combination of state, local, and offset federal money the final Maintenance of Effort, or **fMOE**.



Demonstrate fMOE either in the aggregate or per/ student with a disability (SWD)

Either the district must spend \$150,000, including \$142.5K in state and local dollars and \$7,500 in federal money to maintain effort **in the aggregate** in FY2009 for special education.

OR

The district can demonstrate fMOE by spending \$100,000 using \$7,500 of federal dollars and the remaining amount in state and local dollars (because the SWDs in FY2008 = 150 and in FY2009 = 100, the **per/student** cost is \$1,000/SWD, and $100 \text{ SWDs} \times \$1,000 = \$100,000$) thus the district shows it is spending at least the same amount per/SWD.

Demonstrate fMOE either in the aggregate or per/ student with a disability (SWD) (2)

↑ If the SWD numbers rise, then it will be more likely the district will demonstrate fMOE in the aggregate (as it will be the lower amount)

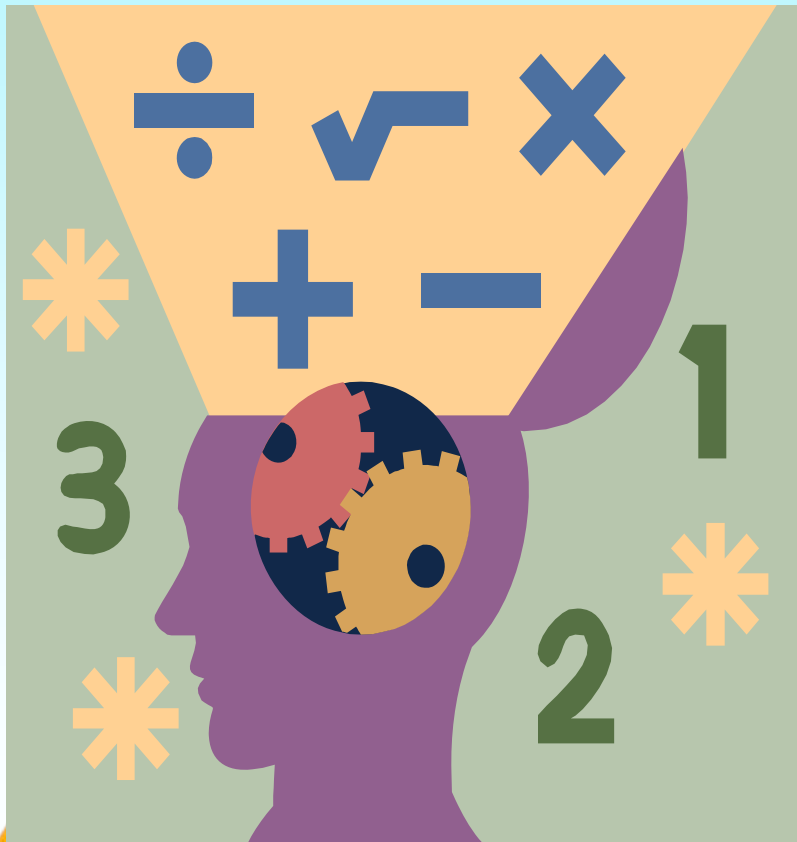
↓ If the SWD numbers decrease, however, the fMOE calculated per student will be less than the aggregate fMOE, and the district is likely to choose this method to demonstrate fMOE.

Can the district spend more than it is required under the fMOE?



- Yes, if our fictional district in FY2009 actually spent \$200,000 in state and local money (regardless of federal offset), then the sMOE required amount would be higher for FY2010, as the district would be required to maintain its effort.

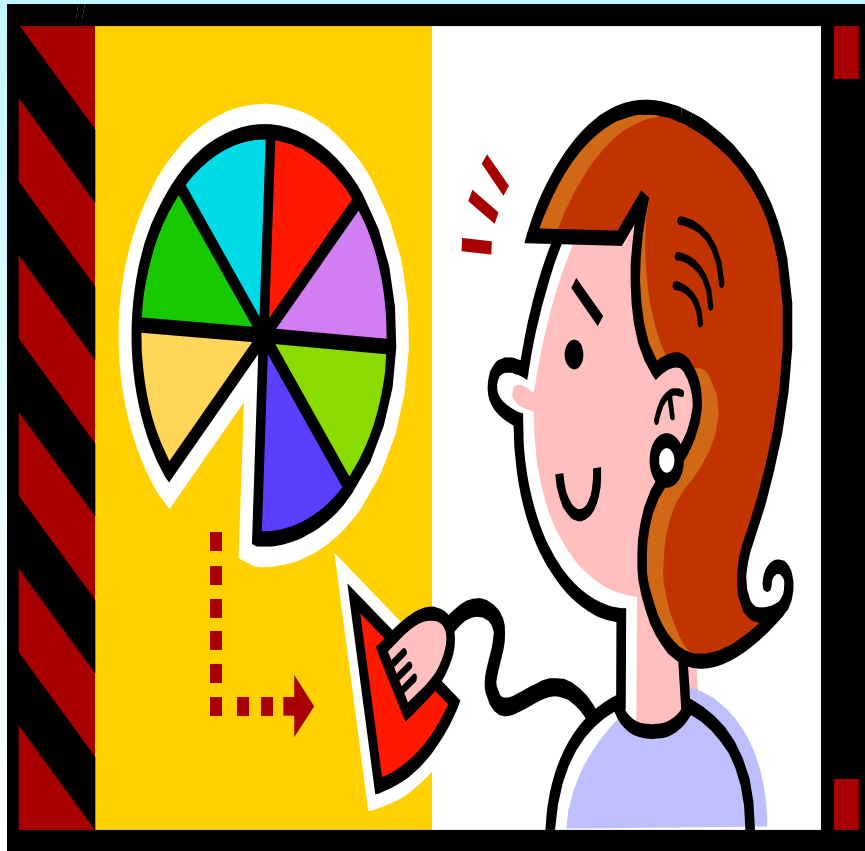
final Maintenance of Effort (fMOE)



- The federal offset is CUMULATIVE (that is, there is an offset that started after IDEA 97 and has accumulated to date).
- The spending each year can change the sMOE.
- sMOE = the prior year's actual state and local spending on special education.
- fMOE = the sMOE amount demonstrated with a combination of the next year's total federal offset and the remainder in state and local funds.



final Maintenance of Effort (fMOE) (more)



- fMOE can be demonstrated by the district by spending either in the
- Aggregate (the whole pie)
- Or per/student with an IEP (#students x an equal amount).
- There is no individual student entitlement implied by these calculations. fMOE is about the “state and local” spending planned for special education.

Find out your district's accumulated federal offset

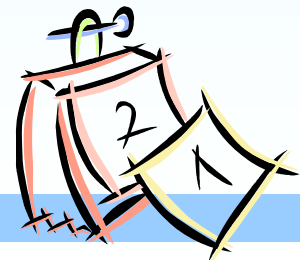
The ESE has calculated it for you up to FY2007:

<http://www.doe.mass.edu/sped/advisories/moe.html>

Check the full ESE advisory because there are other exceptions that this Powerpoint does not address.

<http://www.doe.mass.edu/sped/advisories/?section=admin>

Calculate your federal offsets for FY2008 and FY2009, and add them to the accumulated offset.



What IDEA Money is coming in FY 2010?

- Stimulus money – called American Recovery and Reinvestment Act or ARRA, and
- The expected IDEA entitlement grant will be available to the district.



Remember how our district left FY2009...

- Our fictional district in FY2009 spent
 - \$90,000 in federal money
 - \$100,000 in state money
 - \$50,000 in local money
 - For a total of \$240,000 with a total of \$150,000 in state and local money. So, the sMOE is again \$150,000 in the aggregate.
 - There were 100 students with IEPs in FY2009, so now the per/student sMOE is \$1,500, going into FY2010.
 - AND the federal offset going into FY2010 is \$7,500 (see Slide 11).

Let's take our district into FY2010

ARRA - IDEA money

The district will receive
\$150,000 in ARRA money.

ALL of the ARRA money is
new money.

So, 50% of the new money
or \$75,000 can be added
to the accumulated
offset.

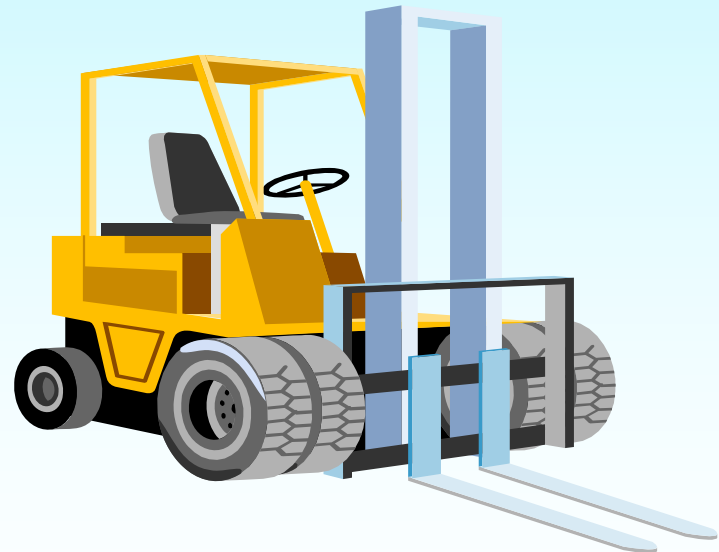
IDEA entitlement

The district will also
receive its regular
entitlement which in
FY2010 is \$95,000, a
small increase from
FY2009 (\$90,000) ---

Only \$5,000 is new money,
so 50% is \$2,500 to be
added to the cumulative
offset.

The federal offset for FY2010

- It was \$7,500 in FY2009.
 - Now add \$75,000 to equal \$82,500 (from ARRA in FY2010)
 - And add \$2,500 (from fund code 240 amount) to equal \$85,000 offset going forward.
 - The fMOE is \$150,000, and includes \$85,000 in federal offset money and \$65,000 in state and local funds to demonstrate fMOE in the aggregate.
 - The district continues to have 100 students in FY2010, so the per/student fMOE and the aggregate fMOE is the same.
- This takes care of the heavy lifting part, now comes the creative part.



For fund code 240



- Use the fund code 240 money for maintenance of a strong special education program.
- Standard reporting is required.
- Plan to spend at least the fMOE for your ongoing special education program.

For the ARRA IDEA funds

- Get together with others
- Think big ideas for improving your special education program
- You will have two fiscal years to use the ARRA IDEA funds (FY2010 and FY11).
- Plan to use at least 50% of the funds for REINVESTMENT in moving forward in special education.
- Plan to report quarterly on the recovery and reinvestment uses of the ARRA IDEA funds.



Compare available spending

- FY2009 our district spent \$240K on special education.
- FY2010 our district could spend
 - \$150,000 ARRA IDEA (saving some for FY11)
 - \$ 95,000 IDEA
 - \$ 65,000 state & local funds (for fMOE)
- For a total \$310K on special education for FY2010.
- AND the district was able to use \$85,000 in state and local money for other education investment and activity - from the accumulated federal offset to the required fMOE. In a way, the ARRA generated new state and local dollars!



Finally



- Plan to keep some ARRA money to use in FY2011.
- Keep good records.
- Think big, but don't start something that can't be finished in two years.
- Make wise use of this unprecedented infusion of funds for special education and for education in general.