**IDEA Local Educational Agency Maintenance of Effort**

**What is Local Educational Agency (LEA) Maintenance of Effort (MOE)?**

The local maintenance of effort (MOE) requirement in the federal Individuals with Disabilities Education Act (IDEA) obligates any local educational agency (LEA) receiving IDEA Part B Section 611 (DESE Fund Code 0240) and 619 funds (DESE Fund Code 0262) to budget and spend at least the same amount of local and/or state funds for the education of children with disabilities on a year-to-year basis. The required MOE levels are referred to, as the “eligibility standard” (budget reported in the IDEA Consolidated Grant Application) and the “compliance standard” (spending reported on the End of Year Report).

**Two LEA MOE Standards**

**Eligibility Standard – MOE levels for budgeting (Collected in the IDEA Consolidated Grant Application)**

For purposes of establishing the LEA's eligibility for a fiscal year, the LEA must budget for the education of children with disabilities, at least the same amount of funds as the LEA spent in the most recent fiscal year for which information is available. The LEA may demonstrate MOE eligibility through either of these two calculations: (1) the combination of State and local funds in the aggregate; or (2) the combination of State and local funds on a per capita basis. See [34 CFR §300.203(a)(1)](https://www.ecfr.gov/cgi-bin/text-idx?SID=0f615a8afeb13b7611e70cc5a3cd302b&mc=true&node=se34.2.300_1203&rgn=div8). Using the budgeted amounts to meet MOE that the LEA reports on the IDEA Consolidated Application DESE will determine the LEA’s eligibility for IDEA funding. It is important that the LEA demonstrates compliance with the eligibility standard and if not, indicates on the grant application the reason for not meeting the eligibility standard. (See **“Exceptions to Meeting MOE”** and **“Consequences for Failure to Meet MOE”)**

**Compliance Standard – MOE levels for spending (Collected in the End of Year Financial Report)**

The compliance standard prohibits an LEA from reducing the level of expenditures for the education of eligible children with disabilities made by the LEA from state and local funds by measuring against the last year the district met MOE. In other words, an LEA must maintain (or increase) the amount of state and local funds it spends for the education of children with disabilities when compared to last year it met MOE (for most, the preceding fiscal year). [34 CFR §300.203(b)](https://www.ecfr.gov/cgi-bin/text-idx?SID=0f615a8afeb13b7611e70cc5a3cd302b&mc=true&node=se34.2.300_1203&rgn=div8)

**Ways to Meet MOE**

For both standards, the law gives LEAs four options to demonstrate they have met either MOE standard where feasible:

1. Total amount of local funds**\***,
2. Total amount of State and local funds in the aggregate,
3. Per capita (e.g., per child with disability) amount of local funds**\***, or
4. Per capita amount of State and local funds.

*\* Please note that in Massachusetts LEAs can use only methods: 2. Total amount of state and local funds in the aggregate and 4. Per capita amount of state and local funds. In Massachusetts, we cannot separate out Chapter 70state aid and funding from the local tax base because Chapter 70 goes into a community’s General Fund and therefore loses its identity as State funds when appropriated to the school department. The only true State funds are Circuit Breaker funds, and these amounts are included in the State and local funding amount reported in the LEA’s IDEA Consolidated Application.*

**Exceptions to Meeting MOE**

In limited circumstances, an LEA can meet the compliance or eligible standard even if the LEA does not maintain the level of expenditures from year to year. IDEA allows an LEA claim and exception and reduce its MOE for budgeting (eligibility) or expenditures (compliance) if the LEA in one of more of the following situations that have resulted in decreased expenditures in a given year:

* Departure of special education/related services staff, for just cause
* Decrease in enrollment of children with disabilities
* Termination of costly program for a particular child with a disability
* Termination of costly long-term expenditure

An LEA may reduce its budget for the education of children with disabilities if it anticipates an allowable exception in the coming school year, e.g., the expected retirement of a staff member who will not be replaced or who will be replaced by staff at a lower salary. The LEA should maintain records to support all allowable exceptions.

**Adjustments to MOE**

IDEA also allows an LEA to reduce its MOE obligation if it has received an increase in IDEA Part B 611 funds (DESE Fund Code 0240) from one year to the next. If the LEA receives increase in its Fund Code 240 allocation, the LEA may reduce its MOE obligation by up to 50% of that year over year increase. See [34 CFR §300.205(a)](https://www.ecfr.gov/cgi-bin/text-idx?SID=0f615a8afeb13b7611e70cc5a3cd302b&mc=true&node=se34.2.300_1205&rgn=div8). For example, if the LEA’s Fund Code 0240 allocation in one year is $100 more than is was in the prior year, the LEAs can reduce its MOE obligation (State and local funds) by $50.

To adjust the MOE obligation an LEA must meet the following conditions:

* Ensure that they provided FAPE for children with disabilities;
* Have a Special Education Determination Level of “Meets Requirements”;
* Not have action taken against them by DESE under the IDEA Public Reporting Requirement; and
* Not have been identified as having significant disproportionality in special education

*Please note that this* *adjustment does not apply to IDEA Part B 619 funds (DESE Fund Code 0262).*

LEAs may also *voluntarily* use up to 15% of IDEA Part B DESE Fund Codes 0240 and 0262 to provide coordinated early intervening services (CEIS). If an LEA chooses to take advantage of both provisions of using funds for CEIS and reducing its MOE obligation by up to 50% of its IDEA Part B DESE Fund Code 240 funding increase, the combined total of Part B funds used under both provisions cannot exceed the lesser of the maximum dollar amounts available for either CEIS (15% of IDEA Part B DESE Fund Codes 0240 and 0262) or MOE reduction (50% of the increase in IDEA Part B DESE Fund Codes 0240).

For example:

|  |  |
| --- | --- |
| Prior Year's Fund Code 0240 Allocation (611 funds) | $900,000 |
| Current Year's Fund Code 0240 Allocation (611 funds) | $1,000,000 |
| Current Year's Fund Code 0262 Allocation (619 funds) | $80,000 |
| Maximum Available for MOE Reduction ((current 0240 funds – prior 0240 funds) x 50%) | $50,000 |
| Maximum Available for CEIS ((current 0240 funds + current 0262 funds) x 15 %) | $162,000 |
| Maximum combined amount available for voluntary CEIS set-aside funds and LEA MOE reduction | $50,000 |

In the example above, the LEA could claim an adjustment for MOE if it allocates less than $50,000 for CEIS. In that case the adjustment will equal the difference between the maximum adjustment minus the CEIS reservation For instance, the LEA could choose to set aside $10,000 for voluntary CEIS and reduce its MOE by $40,000; or it could set aside $162,000 for voluntary CEIS and reduce its MOE by $0.

**Consequences for Failure to Meet MOE**

**Eligibility Standard**

An LEA is not eligible to receive IDEA Part B funds until it has met the MOE eligibility (i.e., budget) standard. The LEA will be contacted by DESE to resolve MOE eligibility non-compliance based on review of the LEAs’ IDEA consolidated application.

**Compliance Standard**

If DESE determines following a review of EOY reports that an LEA has failed to meet its MOE compliance (i.e., expenditure) standard and there are not acceptable reasons to allow reduction of MOE as described above, the LEA must repay either the difference between what the LEA actually spent and what it should have spent to meet the MOE requirement, or the amount of the LEA’s Part B subgrant for that fiscal year, whichever is less. Repayment must be made using nonfederal funds (i.e., State or local funds).

**Resources**

**Federal Guidance**

* [34 CFR §300.203](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=80f643b8f9b0a3d747cf4ea88e2e6bf7&ty=HTML&h=L&mc=true&n=pt34.2.300&r=PART)
* [34 CFR §300.204](https://www.ecfr.gov/cgi-bin/text-idx?SID=80f643b8f9b0a3d747cf4ea88e2e6bf7&mc=true&node=se34.2.300_1204&rgn=div8)
* [34 CFR §300.205](https://www.ecfr.gov/cgi-bin/text-idx?SID=80f643b8f9b0a3d747cf4ea88e2e6bf7&mc=true&node=se34.2.300_1205&rgn=div8)
* [Appendix D to Part 300—Maintenance of Effort and Early Intervening Services](https://www.ecfr.gov/cgi-bin/text-idx?SID=0f615a8afeb13b7611e70cc5a3cd302b&mc=true&node=ap34.2.300_1818.d&rgn=div9)
* [Appendix E to Part 300—Local Educational Agency Maintenance of Effort Calculation Examples](https://www.ecfr.gov/cgi-bin/text-idx?SID=0f615a8afeb13b7611e70cc5a3cd302b&mc=true&node=ap34.2.300_1818.e&rgn=div9)

**Center for IDEA Fiscal Reporting (CIFR) and IDEA Data Center (IDC)**

* [LEA MOE Calculator](https://cifr.wested.org/resources/lea-moe/calculator/)
* [LEA MOE Organizer](https://cifr.wested.org/resources/lea-moe/organizer/)
* [Quick Reference Guide on IDEA Local Educational Agency (LEA) Maintenance of Effort (MOE)](https://cifr.wested.org/wp-content/uploads/2015/12/CIFR-LEA-MOE-QRG.pdf)
* [Decision Tree for Determining Eligibility to Reduce Maintenance of Effort (MOE)](https://ideadata.org/sites/default/files/media/documents/2017-09/moe-ceis_decisiontree_formoe_reduction_v.pdf)