

FEDERAL MAINTENANCE OF EFFORT REQUIREMENT

POLICY

The North Santa Cruz County Special Education Local Plan Area ("SELPA") shall meet Maintenance of Effort (MOE) regulations requiring the federal funds be used only 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 (ref: Title 34 Code of Federal Regulations CFR Section 300.231-300.233).

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 North Santa Cruz County SELPA shall compile and submit budget and expenditure information including SEMA and SEMB reports to the SELPA.

The two required comparison tests are as follows:

- I. **First Comparison** – Grant year Budget to Prior Actual Expenditures (SEMB)
 - LEA will submit to the SELPA the required MOE documentation by each year by date due per CDE's Timely and Complete Reporting periods.
 - Budgeted local or state and local expenditures must equal or exceed prior year expenditures for each LEA and for the SELPA, as a whole.
 - Comparison is made before the allocations of Part B funds are made to the LEAs

- A. **Section 1** - Each year LEAs should record any of the exceptions listed below (34 CFR Section 300.204).
 1. These items will reduce the amount required to meet MOE:
 - a. The voluntary departure , by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff layoff due to budget shortfall) who are replaced by qualified, lower-salaried staff
 - b. A decrease in the enrollment of children with disabilities
 - c. 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; OR
 2. Has reached the age at which the obligation of the agency to provide a free appropriate public education (FAPE) to the child has terminated; OR
 3. No longer needs the program of special education.

- d. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (must have per unit cost of \$5,000 or more)

B. Section 2 – “50 Percent Rule”

LEAs who have a “meets requirements” compliance determination under IDEA, Section 613(a) and not found to be *Significantly Disproportionate* for the current year are eligible to use this option to reduce their MOE requirement by:

1. Calculating 50 percent of the increase in federal funding received that year over the prior year as “local funds” (34 CFR Section 300.233)

C. Section 3 –

Part A – Combined State and Local Expenditures

This comparison method determines if the LEA met the MOE requirement based on combined state and local expenditures.

Part B – Local Expenditures Only

This comparison method determines if the LEA met the MOE requirement based on local only expenditures.

1. Either local or state and local funding sources are used for comparison at the SELPA level, as well as for each individual LEA.
2. When the capability exists to isolate “local only” funding sources the comparison may be made using only “local” resources.
3. Comparison may be either total amount or a per capita (per child with a disability unless some other basis is permitted by the SEA for determining “per capita”) basis (34 CFR Section 300.231(c))

If the SELPA as a whole passes Comparison 1, the SELPA as a whole, is eligible to receive Part B funding.

If the SELPA still fails Comparison 1, the SELPA, as a whole, and all of its participating members will be ineligible to receive Part B funding until budgetary revisions are made to enable the SELPA, as a whole to meet MOE requirements.

If the SELPA, as a whole, passes Comparison 1, but one or more individual LEA sub-grant recipients fail Comparison 1, they shall have until P-1 certification occurs to comply with MOE requirements. If an LEA has not rectified the problem by the date that P-1 certification is made, the LEA’s proportionate share of the federal funds shall be re-distributed, on a proportionate share basis to those LEA sub-grant recipients that complied with the MOE requirements at Comparison 1, but only to the extent that they don’t reduce state and local or “local only” expenditures to the point that they create MOE problems for the LEA

Second Comparison – Prior Year Actuals vs. Second Prior Year Actuals (SEMA)

- Actual local or state and local expenditures must equal or exceed prior year expenditures
 - Comparison is made after unaudited actuals data is submitted to CDE on September 15th.
- D. Section 1 - Each year LEAs should record any of the exceptions listed below (34 CFR Section 300.204).
2. These items will reduce the amount required to meet MOE:
 - e. The voluntary departure , by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff layoff due to budget shortfall) who are replaced by qualified, lower-salaried staff
 - f. A decrease in the enrollment of children with disabilities
 - g. 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:
 4. Has left the jurisdiction of the agency; OR
 5. Has reached the age at which the obligation of the agency to provide a free appropriate public education (FAPE) to the child has terminated; OR
 6. No longer needs the program of special education.
 - h. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (must have per unit cost of \$5,000 or more)
- A. Section 2 – “50 Percent Rule”
LEAs who have a “meets requirements” compliance determination under IDEA, Section 613(a) and not found to be *Significantly Disproportionate* for the current year are eligible to use this option to reduce their MOE requirement by:
1. Calculating 50 percent of the increase in federal funding received that year over the prior year as “local funds” (34 CFR Section 300.233)
- B. Section 3 –
- Part A – Combined State and Local Expenditures
This comparison method determines if the LEA met the MOE requirement based on combined state and local expenditures.
- Part B – Local Expenditures Only
This comparison method determines if the LEA met the MOE requirement based on local only expenditures.

1. Either local or state and local funding sources are used for comparison at the SELPA level, as well as for each individual LEA.
2. When the capability exists to isolate “local only” funding sources the comparison may be made using only “local” resources.
3. Comparison may be either total amount or a per capita (per child with a disability unless some other basis is permitted by the SEA for determining “per capita”) basis (34 CFR Section 300.231(c))

If the SELPA, as a whole, still fails Comparison 2 after applying the exceptions, the SELPA will be billed by the State for the amount the SELPA, collectively, failed to spend from local or state and local funds to maintain its level of effort. The SELPA AU will then bill the individual LEA sub-grant recipients that failed MOE Comparison Test 2 for the amount the LEA(s) failed to spend from local or state and local funds to maintain its level of effort.

If the SELPA, as a whole, passes Comparison 2, but one or more individual LEA sub-grant recipients fail to spend from local or state and local funds to maintain their level of effort, the SELPA AU will bill them for the amount that the LEA failed to spend from local or state and local funds to maintain their level of effort. The amount must be paid to CDE by the LEA from its State and local funding in the budget year.

For the purposes of Maintenance of Effort, the SELPA AU is the recipient of the federal funds from CDE and is, in turn, a grantor of all, or part, of those funds as sub-grants to participating LEAs. The SELPA AU is not a sub-grant recipient and, therefore, is not required to meet MOE requirements.