

# Who or What is MOE?

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**Dr. Harry Repsher, Budget Specialist**

***Georgia Department of Education***

***Divisions for Special Education Services and Supports***

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Kathy Cox, State Superintendent of Schools

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# MAINTENANCE OF EFFORT

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- **WHAT IS “MAINTENANCE OF EFFORT”?**
- **WHAT EFFECT DOES 50% RULE HAVE ON MOE?**
- **SUPPLEMENT NOT SUPPLANT AND MOE**

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# What is MOE?

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- **Federal requirement that SEAs and LEAs maintain a certain level of state and/or local support for special education & related services.**
- **Failure to meet MOE requirements can result in monetary penalties.**

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# What is MOE?

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- **Each Federal program applies the MOE requirement differently – for example IDEA is meet or exceed(100%) the previous year's expenditure whereas Title I is 90% of the previous year.**
- **In determining whether the SEA/LEA has maintained MOE, the State must analyze the state and each LEA's expenditures.**
- **Each Federal program has different consequences for failure to meet MOE – IDEA is repay the difference in local funds, Title I is reduction of next allocation.**

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# IDEA's MOE Requirements

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- **SEAs –IDEA prohibits SEAs from reducing its state financial support for special education below the amount of the preceding fiscal year. (34 CFR §300.163)**
- **LEAs –IDEA requires that LEAs **not reduce** the level of state and/or local expenditures for the education of SWD as it expended in the previous fiscal year. (34 CFR §300.203)**
- **GA requires state and local expenditures.**

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# MOE Example for FY2011 Budget

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## FY 2010 Budget

## FY 2011 Budget

Count for Dec. 07	Expenditures for FY 2008	08 Per Pupil Amt.	Count for Dec. 08	Expenditures for FY2009	09 Per Pupil Amt.	Status
1. 52	\$ 114,520.80	\$2202.32	51	\$ 116,092.82	\$2276.33	Met
OK on the TOTAL and the PER PUPIL BASIS						
2. 246	\$ 613,844.95	\$2495.30	239	<b>\$ 612,308.87</b>	\$2561.96	Met pp
<b>NOT OK on TOTAL</b> but OK on the PER PUPIL BASIS						
3. 567	\$2,618,842.33	\$4618.77	573	<b>\$2,502,095.87</b>	<b>\$4366.66</b>	<b>Not MET</b>
<b>NOT OK on TOTAL or PER PUPIL BASIS</b>						

3. Reduced expenditures by \$116,900 on 2010 with 4 personnel departures  
Keep 2009 expenditures at reported level – lowered amount for 2008.

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Met Expl



# Methods for Lowering MOE

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## **“Exceptions” to MOE (34 CFR §300.204)**

- **The voluntary departure or departure for just cause of special education personnel.**
- **Decrease in enrollment of students w/disabilities.**
- **A “high cost” child moves out of the district, ages out, or no longer needs the program.**
- **The purchase of costly equipment.**

**Previous year exceptions compared to current year**

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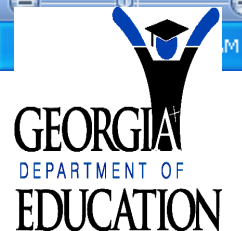
1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education personnel paid from state/local funds;
2. The termination of the obligation of the LEA, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the state educational agency, because the child –
  - i. has left the jurisdiction of the LEA;
  - ii. has reached the age at which the obligation of the LEA to provide a free appropriate public education to the child has terminated;
  - iii. no longer needs such program of special education; or
3. The termination of the obligation of the LEA, consistent with the requirements of IDEA, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the state education agency.

Please provide an explanation for the decrease in expenditures in each of the exceptions checked. Provide the exact amount of difference in salaries and benefits from year to year. If the decrease is the result of a student leaving the district, provide his/her GTID and type of service provided. Account for all the differences in the year in question to the previous year so that it adds up to as much as or more than the difference.

**Example:** Special Education state and local expenditures for FY08 was \$1,785,375 and for FY09 \$1,720,030 for a difference of \$65,345. Per pupil amount was less in FY09. MOE is not met based on these two tests.

1. FY08 retired director salary/benefits totaled	\$132,500		
FY09 replacement	\$100,000		
		\$32,500	difference
FY08 retired teacher earned	\$96,350		\$32,500
FY09 replacement	\$62,500		\$33,850
		\$33,850	difference
			\$66,350

\$66,350 is greater than \$65,345, therefore, MOE is met and the FY2011 grant can be processed.





# MOE & Effect of “50% Rule”

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## The “50%” rule (34 CFR §300.205 (a))

- If an LEA receives an increase in its *IDEA flow-through, Section 611 allocation from one fiscal year to the next, the LEA may reduce its MOE obligations by 50% of the increased amount if it also “Meets requirements” on their annual determinations.*
- “Freed-up” regular funds must be used to carry out activities that could be supported with *ESEA funds (34 CFR §300.205(b).*

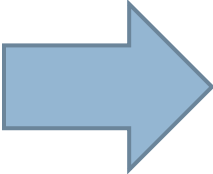
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# Demonstration of IDEA's 50% rule

**FY 2009 Budget**  
**IDEA Flow-through, Section 611**  
  
Initial allocation = \$500,000



**FY 2009 Budget**  
**State/LEA Sp. Ed. Expenditures**  
  
State/local MOE = \$1,500,000

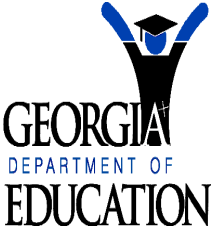
**FY 2010**  
**IDEA & ARRA**  
**Flow-through**  
**Allocation**  
  
Initial = \$1,000,000

50% of \$500,000 increase is \$250,000. The LEA has the option of reducing its state/local MOE by \$250,000.

**FY 2010**  
**LEA's new level of MOE**  
**until increase state/local**  
**expenditures for Sp. Ed.**  
  
\$1,250,000 MOE

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# May one or more MOE exceptions be utilized?

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- All exceptions may be utilized
- Not an “either/or” decision
- “Freed-up” funds requirement is *only in relation to the 50% rule, not the other exceptions for lowering MOE*

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# 300.205 Adjustment to Local MOE

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- **LEA maintains expenditures for MOE at the reduced level until the LEA increases local/state expenditures for special education.**
- **LEA must ensure that “freed up” local funds will be expended on allowable activities under ESEA.**
- **After 2010, the LEA does not have to continue to “separately” track the freed up amount for ESEA.**

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# Frequently Asked Questions

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## 1. What impact will the end of the ARRA funding have in FY2012?

- Personnel moved to ARRA may need to be transferred back to state QBE, local funding, maybe IDEA or face layoffs.
- Probably will raise local/state special education expenditures. Should be earning FTE on those classroom teachers.

## 2. Must LEAs expend all of the “freed up” funds in FY10 provided through the 50% local reduction of MOE?

- Yes, you must expend it in FY10 to receive the full reduction.

## 3. May an LEA use the 50% rule in FY11?

- You may use the 50% rule in any fiscal year when there is an increase in the IDEA allocation from the previous year. In FY11, all LEAs will have a 50% reduction in their total IDEA allocation without the ARRA IDEA grant, therefore, very unlikely.

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# 300.202(a)(3) Supplement Not Supplant & MOE

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- Federal funds are used to supplement State, Local and other Federal funds; **not to supplant those funds**. This includes GLRS and GNETS programs.
- Requires that federal funds be used to supplement education of SWD, not to substitute for funds or services that would be provided in the absence of federal funding.
- Thus, if I used state/local funds one year on a teacher's salary then used federal funds the next year, a violation in supplanting occurred.

**BUT**

- A 1992 IDEA amendment **removed this “particular cost test”** which had the literal translation of supplanting.

**AND REPLACED NOW BY**

- If the LEA meets or exceeds its level of state/local expenditures for special education and related services from year to year, either in total or per pupil, then IDEA funds are in fact, supplementing those state/local expenditures.
- Thus, the LEA meets its MOE & supplement not supplant requirements.

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- Exceptional Students
- Administration
- Application
- Reports
- Online Help

**Carryover from previous year :** \$107,945.00

**Total Budgeted Funds for this Fiscal Year :** \$1,080,733.00    **Unallocated Funds :** \$107,945.00

**Fiscal Effort** | Set Asides | Other Funds | School Allocations | Eligible Attendance Areas | Data Collection

Print | Save | Sign-Off | Request Revision | Create Amendment

Grade span Grouping

**Maintenance of Fiscal Effort**

Aggregate

**For FY ending June 30, 2008:** 28534551.94    **MOE Status:** Met MOE

**For FY ending June 30, 2007:** 27988863.69

Average Per Pupil Expenditure

**For FY ending June 30, 2008:** 0    **MOE Status:**

**For FY ending June 30, 2007:** 0

**Poverty Determination**

Option used to determine the number of children in from low-income families:

School Lunch     TANF List     Other

# Questions??

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## **IDEA Flow Through, Preschool Grants, Expenditure Reports and Payments**

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**404-656-5553**

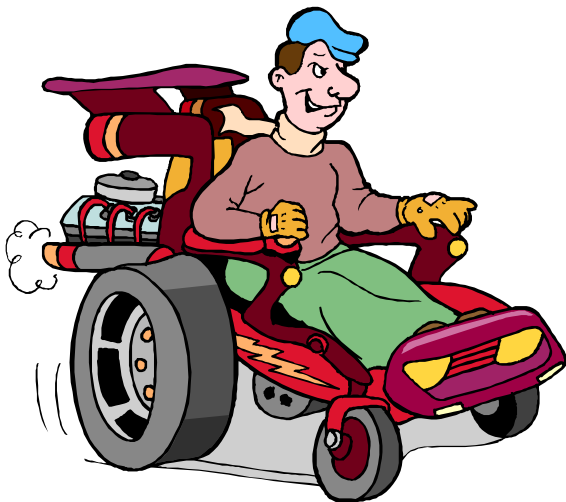
## **IDEA Flow Through, Federal and State Budget Specialist**

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