



## What is the Maintenance of Effort

The Maintenance of Effort (MOE) is a requirement of Part B of the Individuals with Disabilities Education Act (IDEA). In sum, an LEA must expend (except in specified situations) as much or more for the education of children with disabilities from either local funds only or combined state and local funds. This test must be met on either an aggregate or a per capita basis. All pertinent education code data is presented in [20 U.S.C. 1413 – Local Educational Agency Eligibility](#), [34 CFR 300.203 – Maintenance of Effort](#), and [CAL Edu. Code §56205](#).

### Definition

As a federal requirement to receive federal funds, each charter LEA must spend yearly (from state and local sources) at least what was spent in the previous year (with allowable exceptions). Additionally, each charter LEA must budget (state and local sources) for the next year at least what was spent in the current year (with allowable exceptions).

### Who is responsible to pass?

Each LEA receiving federal funds must pass MOE for both the current and budget years. The SELPA must also pass both tests. Specifically, for 2017-18, the two comparison tests are 2017-18 Actuals to Actuals and 2018-19 Budget to Actuals.

While costs may be reduced to a special education budget (or expenditures) in a given year (see MOE Exemptions, below), care must be taken to ensure that the LEA will still meet the maintenance of effort requirement.

### What happens if an LEA does not meet the MOE requirement?

If the LEA does not meet the MOE actual year requirement, it will be billed by the State for the repayment of federal funds equal to the amount by which it reduced state and local spending. If an LEA does not meet the MOE budget year requirement, it will not be eligible for federal special education funding in the coming year. The Charter SELPA works closely with each LEA to ensure there are no issues with passing and a key component of this is the MOE Pre-test in the spring, which is used to identify any possible issues prior to year-end close.

### MOE Exemptions

The federal requirement to meet MOE allows for a few exemptions that can reduce the prior year base. The basis of these exemptions is that services to students were not reduced, even if expenditures were. The exemptions are as follows:

- 1) The voluntary departure, or departure for just cause, of special education or related services personnel who are replaced by qualified, lower salaried staff.
- 2) A decrease in the enrollment of students with disabilities; the agency is no longer obliged to provide one or more exceptionally costly special education programs to a student(s) because they:
  - i) Have left the jurisdiction of the agency



SELPA Fiscal Team  
[charterselpabusiness@edcoe.org](mailto:charterselpabusiness@edcoe.org)

[charterselpa.org/fiscal](http://charterselpa.org/fiscal)  
530-295-4519

- ii) Have reached the age at which the agency is no longer required to provide free appropriate public education (FAPE) to the student(s)
  - iii) No longer need the program of special education
- 3) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of facilities

Additionally, if an LEA has an increase in federal funds from the prior year to the current year, up to 50% of the increased revenue can be used to reduce the prior year base. If this option is applied to the test, the amount used to pass MOE must be tracked in the unrestricted funds (general education program) for allowable ESEA expenditures.

### Application of Exemptions

As part of the year-end documentation, EDCOE will include a document that calculates the prior year expenditures and local contribution to the current year expenditures and local contribution. The calculation for budget data is also compared to prior year. Should the test indicate “not passing,” exemptions should be added to the test document and the exemption detail template be completed.