



MAINTENANCE OF EFFORT PRE-TEST INSTRUCTIONS

The 2022-23 Maintenance of Effort (MOE) Pre-Test has been released and is due Friday, March 24. **All SELPA members must complete this report**, regardless of whether federal funding is expected in 2022-23. The pre-test is not only a means to evaluate whether federal MOE requirements will be met before the window to adjust spending at the LEA passes, but also an opportunity to analyze overall special education spending from all revenue sources before year-end. In conjunction with completing the pre-test, we recommend that our partners who were required to pass MOE last year review their 2021-22 Actual-to-Actual and Subsequent Year Tracking submissions, which may be viewed in the Fiscal Portal, as these are the basis for the comparison data in 2022-23.

The MOE Pre-Test has two components (Actual and Budget); both reports must be completed. We do not collect excess cost or subsequent year tracking forms for the pre-test.

- **Actual-Actual:** The Actual-Actual is for the current year (2022-23), and must be completed before completing the Actual-Budget. All anticipated Special Education expenses through June 30, 2023, should be accounted for. The Actual-Actual compares expenditures from the current year to the last passing year for each test. If an LEA spends as much or more in the current year, the LEA passes that test, and comparison data re-sets for future years. Should an LEA not pass any of the four tests at year-end, the LEA must forfeit all or a portion of its federal funds.
- **Actual-Budget:** The Actual-Budget is for the budget year (2023-24), and all anticipated Special Education expenses for the 2023-24 school year should be accounted for. The Actual-Budget compares planned expenditures for the budget year to actual expenditures from the last passing year for each test. If an LEA plans to spend as much or more in the budget year, it will pass that test. Passing Actual-Budget testing establishes eligibility for federal funding in the budget year. Comparison year data is unaffected. Once the Actual-Budget template is submitted, remember that any adjustments to the Actual-Actual will require the Actual-Budget to be edited and resubmitted to capture those changes. ***We know that not all LEAs have an approved 2023-24 budget at this point in the year. However, CDE requires data for the Annual Budget Plan submitted by the SELPA, so we must have special education budget figures from each partner now. It is OK if your 2023-24 adopted budget varies from this preliminary special ed budget.***

Completing the MOE Pre-test

1) Special Education Revenues

Revenues are prepopulated by the SELPA and should align with the revenues posted on the website. Please ensure the amounts on the pre-test are correct.

State/Admin & Federal: [2022-23 Funding Details](#)

ERMHS: [2022-23 ERMHS Funding Details](#)

State Reserve Available (if applicable): This is not currently applicable and should be 0.

Prior Year Carry Over/Available Funding: For those LEAs that did not spend their full state funding in 2021-22, the unspent funds will be reflected in this row. This number should match the LEA's 2021-22 unspent funds, which can be found in the prior year's MOE Year-End report. For Learning Recovery, Dispute Prevention, and American Rescue Plan, the remainder of the revenue allocated in 2021-22 will be shown here as Available Funding.

State: These revenues are funded by state sources and will be included in the state/local calculation. For the Actual-Actual revenues, eligible schools will see the [A3 Recovery Funds](#) included in the total for State revenue.

Learning Recovery (LR), Dispute Prevention (DP), and American Rescue Plan (ARP): These revenues will adjust in accordance with your expenditures. Only your current-year expenditures will be included in your MOE calculation.

Federal: These revenues are funded by federal sources and will be excluded from the state/local calculation.

State and Federal Reallocation: Partners with multiple LEAs within our SELPA can reallocate state and/or federal funds. After completing all reports for LEAs in an organization, the option to reallocate funds is available. An approved Board Resolution is required for a partner to reallocate funds amongst LEAs.

State Reserve (Earned): This is not applicable and should be zero.

5000-Admin Fee: Admin fees are deducted from the state allocation before the disbursement of funds. For the sake of the MOE, these are added back into the revenues and included in the expenditures.



2) Special Education Expenditures

Expenditures should reflect an LEA’s 2nd interim budget.

Direct Costs (Object Codes 1000-6999): These are costs related to direct instruction and administration of an LEA’s special education program. They would include the salary and benefits for the special education administrators, teachers, admin support, and aides; books and supplies related to special education; and capital outlay related to special education.

Direct Support: These costs support an LEA’s special education program peripherally but are not coded to special education. They could include a percentage of salaries and benefits for the principal, librarian, school secretary, and school nurse; a portion of maintenance costs for facilities; or a portion of transportation. To include direct support costs, the Direct Support calculation at the bottom of the MOE template must be completed. An LEA may include direct support costs only up to the amount determined by the Direct Support calculation. This amount should be reflected in an LEA’s books if it is included in the MOE. Please ensure that Direct Support costs entered here are not included in “5000-Contracted Services” in the Direct Cost section of the MOE.

Direct Support (optional)							
Actual	Instructional Supervision (Goal 0000, FC 2100-2200)	Library, Media, Technology, and Other Instructional Resources (Goal 0000, FC 2420-2495)	School Administration (Goal 0000, FC 2700)	Pupil Support Services (Goal 0000, FC 3100-3199, 3900)	Plant Maintenance and Operations (Goal 0000, FC 8100-8400)	Facilities Rents and Leases (Goal 0000, FC 8700)	Pupil Transportation (Goal 0000, FC 3600)
Amount of Undistributed Expenditures (Goal 0000)	0	0	0	0	0	0	0
	FTE	FTE	FTE	FTE	CU	CU	Pupils Transported
General Education Factors:	0	0	0	0	0	0	0
Special Education Factors:	0	0	0	0	0	0	0
Total Factors:	0	0	0	0	0	0	0
Spec Ed Direct Support Allocations (%):	0	0	0	0	0	0	0
Transfer to Special Education:	0	0	0	0	0	0	0
Total Direct Support	0						

Indirect costs: These are costs applied to schoolwide general management. The indirect cost rate is determined by CDE and is posted annually on the CDE website: <https://www.cde.ca.gov/fg/ac/ic/>. The indirect cost rate is prepopulated by the SELPA and should be checked by the LEA to ensure accuracy. The template calculates the Allowed Indirect Costs. This calculation applies the indirect cost rate to direct costs to determine the allowable indirect costs. This calculation does not consider that indirect costs may only be applied to up to \$25,000 of any sub-agreement for services. An LEA may claim only up to the Allowed Indirect Costs amount. This amount should be reflected in an LEA’s books if it is included in the MOE.



Indirect Cost Rate (2020-21 Charter approved rate) ⓘ	0	0	0	0	0	0	
Allowable Indirect Costs (calculated, not included in total)	0	0	0	0	0	0	
Indirect Costs ⓘ	0	0	0	0	0	0	0

Local Contribution/Carry Over: When expenses exceed revenues, the MOE report should reflect a Local Contribution. If revenues exceed expenses, the MOE should reflect Carry Over. Carry Over is only allowed with State funds (RS 6500). Revenues will be adjusted with final expenditure reporting at year-end for all other funding streams should there be unspent funds. The highlighted field below indicates whether the LEA has a local contribution or unspent funds. The same field informs the Local Only MOE test.

Total Local Contribution	0	0	20,000	0	0	9,500	29,500
Total Carry Over	62,234	0	0	0	0	0	62,234
							-32,734

3) Checkpoints

The MOE template provides quick checks to ensure the LEA meets allocation plan spending and federal MOE requirements.

Federal Funds Spent	MH Funds Spent	Unspent Funds %	Unspent Funds > 25%	Indirect Costs Allowed?
ERROR	OK	33	Yes	ERROR
MOE Tests	To meet the MCE requirement, only one test must be met.			Not Met

Federal Funds Spent: An error in this field indicates that an LEA still needs to fully spend eligible federal funds. If there is an error in this field, ensure all budgeted expenditures through June 30 have been captured. Final revenue will be adjusted at year-end if not fully expended.

MH Funds Spent: An error in this field indicates that an LEA still needs to fully spend eligible ERMHS funds. If there is an error in this field, ensure all budgeted expenditures through June 30 have been captured. Final revenue will be adjusted at year-end if not fully expended.

Unspent Funds %: If an LEA cannot fully spend revenues, the percentage of unspent funds is provided in this field. LEAs with unspent funds will want to monitor this closely, as unspent funds can have negative funding implications in the following year.



Unspent Funds > 25%: If more than 25% of funding is unspent at year-end, funding in the following year will be reimbursement based. Eligibility for federal revenue in the next year may be impacted. If Unspent Funds are greater than 25%, review expenditures and ensure all budgeted expenses through June 30 have been captured.

Indirect Costs Allowed: An error in this field indicates that indirect costs exceed the allowable indirect costs.

MOE Tests: A “Not Met” value in this field indicates the LEA is not meeting the MOE requirements, and federal funding may be impacted. An LEA must demonstrate that it has spent as much in state and/or local revenues as it did in the applicable comparison year to retain federal revenues.

4) Testing

There are four opportunities to meet the MOE obligation. An LEA only needs to pass one test to meet the obligation, but it is recommended to meet as many as possible to protect the LEA from unforeseen events in subsequent years. Fluctuations in revenue due to ADA/enrollment changes, changes to the state rates, or budget adjustments to the special education program can impact an LEA’s ability to pass every test from year to year. Careful monitoring of the MOE is essential to mitigate the impact of such events.

It is critical that each LEA ensures that the prepopulated Year of Comparison and Comparison Data are accurate. Utilizing the prior year’s [Subsequent Year Tracking](#) form will be helpful in verifying this information.

State/Local: The “Current Year State/Local” data is the total of all expenses minus federal revenues.

State/Local Per Pupil: The “Current Year State/Local Per Pupil” data is calculated by dividing the “Current Year State/Local” data by the Unduplicated Pupil Count (from CALPADS Fall1).

Local Only: The “Current Year Local Only” data is comprised of any expenditures above and beyond special ed revenues.

Local Only Per Pupil: The “Current Year Local Only Per Pupil” data is calculated by dividing the “Current Year Local Only” data by the Unduplicated Pupil Count (from CALPADS Fall1).



State/Local Tests		Local Only Tests	
State/Local Test (including Exemptions)		Local Only Tests (including Exemptions)	
Year of Comparison *	2019-20	Year of Comparison *	2019-20
Comparison Data *	758,315	Comparison Data *	389,909
Allowable Exemptions (from below)	0	Allowable Exemptions (from below)	0
Adjusted Comparison Data	758,315	Adjusted Comparison Data	389,909
Current Year State/Local	838,965	Current Year Local Only	607,266
Variance: Comparison Year to Current Year	80,650	Variance: Comparison Year to Current Year	217,357
If positive Met/If negative, Not Met	Met	If positive Met/If negative, Not Met	Met
State/Local Per Pupil Test (including Exemptions)		Local Only Per Pupil Test (including Exemptions)	
Year of Comparison *	2019-20	Year of Comparison *	2019-20
Comparison Data *	9,248	Comparison Data *	4,755
Pupil Count	82	Pupil Count	82
Adjusted Comparison Data	9,248	Adjusted Comparison Data	4,755
Current Year State/Local per Pupil	8,739	Current Year Local Only per Pupil	6,326
Variance: Comparison Year to Current Year	-509	Variance: Comparison Year to Current Year	1,571
If positive Met/If negative, Not Met	Not Met	If positive Met/If negative, Not Met	Met
* Per Subsequent Year Rule			

5) Exemptions

Federal MOE compliance involves the four tests discussed above, with the obligation to meet at least one. However, because of the nature of the MOE requirements, funding variances, budgeting changes, and unanticipated program changes, LEAs are strongly encouraged to meet as many tests as possible by utilizing eligible exemptions.

These exemptions are outlined on the MOE Pre-Test:

Federal Award Exemption: This is not a commonly used exemption but is automatically calculated within the template. If the LEA had an increase in federal revenues from the prior year, they may utilize up to 50% of that increase to fund general education activities. This exemption may not be used if an LEA has utilized federal revenues for CCEIS expenses. If an LEA is meeting the MOE obligation utilizing the federal award exemption, they will need to submit additional information detailing how the federal funds were utilized. We recommend careful consideration when utilizing this exemption to ensure the LEA meets the requirements.



Eligible staffing changes: 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 lay-off due to budget shortfall).

Reduction in Special Education Unduplicated Pupil Counts: A decrease in enrollment of children with disabilities.

Reduction in services to students: The termination of the obligation to provide a program of special education to a particular child with a disability that is an exceptionally costly program due to a child leaving the jurisdiction of the agency; a child reaching the age at which the obligation of the LEA to provide free appropriate public education has terminated; or a child no longer needed the program of special education.

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

6) If an LEA does not meet the MOE obligation

If the LEA does not meet the MOE obligation, it is recommended to do the following:

Review expenses: Ensure all special education expenses are included. For the pre-test, ensure that all eligible expenditures through June 30 are accounted for in the budget. Comparing the current year MOE to the prior year MOE may provide insight into where changes occurred. Occasionally, an LEA reports incorrect prior year data and will need to make adjustments and/or areas for potential exemptions may be identified.

Review potential exemptions: Reviewing staffing changes and pupil changes (counts and services) may result in eligible exemptions. Even if an LEA does not see a decrease in overall pupil count, it does not mean there are no eligible exemptions within the student population. Changes in NPS/RTC placements, one-time low-incidence purchases, or a change in services on a per-student basis are areas that are often overlooked.

Income reallocation: Organizational partners with multiple LEAs in the SELPA may reallocate special education income among them. Income reallocation can result in a better position vis a vis current year MOE testing and better managing MOE in the future without adding expenditures.

Use of direct support/indirect costs: Not every LEA accounts for direct support or indirect costs in the special education program. If the LEA does not do so, adding these expenses may allow it to meet the MOE obligation. It is important to recognize that adding expenses increases your obligation in subsequent years, so we recommend looking at exemptions first.



Opt out of revenues: As a last resort and to retain the ability to receive federal funding in subsequent years, reducing revenues by foregoing optional revenues (low incidence, ERMHS) would in turn increase the local contribution of the LEA and potentially allow the LEA to meet its MOE obligation.

If there are any questions regarding the MOE Pre-Test, we are happy to work with LEAs to navigate the reporting. This is a valuable glimpse at the results of the year-end MOE testing, and the information is vital to dealing with any potential MOE issues while there is still time.

For any questions or concerns, please contact the Charter SELPA business team:
charterselpabusiness@edcoe.org or (530) 295-2462.

