

DISTRICT ← **6 FEET** → **MOE**

Maintenance of Effort (MOE) Requirements under the IDEA and Unintended Consequences of Decisions during the COVID-19 Pandemic

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Purpose of the Training

Brief MOE Overview

Brief overview of LEA MOE regulatory requirements under IDEA.

COVID-19 and MOE

What you need to know about the COVID-19 Pandemic and MOE.

MOE Resources

Share resources to support LEA MOE implementation and reporting at the local level.



Overview of MOE

Background Information (1)

- Funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.
- Types of IDEA Funds we are talking about today.
 - Section 619 provides funds for special education services to students ages 3 to 5
 - Section 611 provides funds for special education services to students ages 3 to 21



Background Information (2)

- **Eligibility Test**
 - LEA budget compared to prior closed year actual
 - Determines whether an LEA is “eligible” to receive IDEA funds
 - Completed at beginning of SFY
- **Compliance Test**
 - LEA actual expenditures two-year comparison
 - Determines whether an LEA is in final compliance with MOE
 - Completed after final close of state fiscal year



Brief Overview of MOE

- MOE is required to ensure that LEAs do not replace state/local funding with federal funds.
- MOE means that, in each year, an LEA:
 - Budgets at least as much as it expended in the most recent year it met MOE.
 - Expends at least as much as it expended in the most recent year it met MOE.
- This can be calculated in four ways. The LEA only needs to ‘pass’ one of the four calculations to meet MOE compliance.

34 CFR §300.203

Exceptions to MOE

- MOE “exceptions” are federally allowed justifications for why an LEA’s locally funded special education expenditures decreased between comparison years.
- IDEA regulations identify five reasons why an LEA can lower special education costs and still meet the MOE compliance standard.

MOE Exceptions

Voluntary
departure of
special education
personnel

Decrease in
Child Count

Termination of
costly
expenditures

Reduction of a
costly program

“...for any fiscal year for which the allocation received by an LEA under §300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by §300.203(a) by not more than 50 percent of the amount of the excess...”



Adjustment to local fiscal efforts in certain fiscal years

Four Methods to Calc MOE

01

Local only total

02

State and local total

03


Local only per capita

04

State and local per capita

Examples of the Four Methods

State fiscal year	Local only total	Local only per capita	State and local total	State and local per capita	Child Count
2018	\$38,084,620.34	\$5,017.08	\$103,538,947.56	\$13,639.70	7591
2019	\$36,060,904.35	\$4,846.90	\$102,821,566.02	\$13,820.10	7440
2020	\$35,66,380.10	\$4,714.03	\$102,396,731.47	\$13,533.80	7566



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Subsequent Year

34 C.F.R., section 300.203(c)

If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(ii) or (iv) of this section and the LEA is relying on the combination of state and local funds, or the combination of state and local funds on a per capita basis, to meet the requirement of paragraph (a) or (b) of this section, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required under paragraph (b)(2)(ii) or (iv) in the absence of that failure, not the LEA's reduced level of expenditures.

Consequences of Failing to Meet MOE





COVID-19 and MOE

COVID-19 Guidance from Last Spring (1)

Q – What anticipated impacts of COVID-19 can we anticipate for FY20?

A – Executive Orders (EO) 20-19 and 20-41 allow schools to continue reporting all state funded special education staff and contracted costs, including special education transportation costs, using the same UFARS funding string they would have otherwise been reported in, regardless of work performed during a school closure, cancellation or distant learning model. The intent of the executive order is that no person involved in providing education or transportation to Minnesota students with IEPs is harmed during the school closure, cancellation or during a distant learning model. The goal is such that the school closure and distant learning period does not cost the state nor save the state special education funding from what was forecasted this past February.

All EOs along with legislative proposals for SpEd have only been for SFY20.

COVID-19 Guidance from Last Spring (2)

Q – Will an LEA increase its MOE obligation for future years if it uses CARES Act funding to provide special education services?

A – No. Only state and local funds are included when calculating LEA MOE. Because CARES Act funds are federal funds, LEAs may use them to provide special education and related services without increasing their MOE threshold.

Q – May an LEA use CARES Act funds to reduce its MOE spending threshold?

A – No. Because these recovery funds do not represent an increase to an LEA's IDEA allocation, they cannot be used to reduce the LEA's MOE threshold. If future stimulus funds are made available through the IDEA allocation formula, this may be an option.

COVID-19 Guidance from Last Spring (3)

Q – Will there be MOE waivers if an LEA does not spend enough this year to meet its MOE threshold?

A – There have been no waivers or safe harbor flexibilities announced yet by the US Department of Education.

Q – If an LEA spends more this year and raises its MOE threshold, will there be waivers in future years if it does not spend that amount?

A – States do not have authority to waive this requirement.

COVID-19 Guidance from Last Spring (4)

Q – Do you project any decrease in federal special education student aid due to the COVID-19 pandemic?

A – No. Minnesota has already received the federal funding letters for SFY21 and they increased our share the usual amount.

COVID-19 Guidance from Last Spring (1)



COVID-19 Guidance for FY21 (1)

Q – What anticipated impacts of COVID-19 can we anticipate for FY21?

A – Executive Order (EO) 20-82 allow schools to **continue reporting all state funded special education staff using the same UFARS funding string** they would have otherwise been reported in, **regardless of work performed** when a school is operating in **distance learning or hybrid model only**. The intent of the executive order was to allow for flexibility of Special Education staffing use. In that, staff funded with state special education dollars who are assigned to non-special education work can continue to be paid with state special education funds when a school is operating in distance learning or hybrid model.

COVID-19 Guidance for FY21 (2)

Q – How does EO 20-82 affect MOE?

A – Expenditures for special education staff reassigned to other work areas will be tracked separately and not included in each LEAs MOE calculation since these services are not being provided as part of an individualized education plan.

COVID-19 Guidance for FY21 (3)

Q – How will we track salaries and benefits of special education staff reassigned during distance learning or hybrid models?

A – To track these expenditures, MDE has created a new personnel type code (PTC) and a new service code in SEDRA:

- **PTC “21”** – Salaries for Special Education staff reassigned during distant learning or hybrid models (only to be used in FY21). This new PTC will only be allowed under funding codes “A” and “E” with service codes “A” and “U.” Schools will not need to make any changes to staff coding in their UFARS system.
- **Service code “9”** – Fringe Benefits for Special Education staff reassigned during distant learning or hybrid models (only to be used in SFY 21).

COVID-19 Guidance for FY21 (4)

Q – Can we reassign **ADSIS staff** and if we do what are the reporting requirements?

A – ADSIS staff reassigned to other work areas when an LEA is operating either a distant or hybrid learning model is allowed. There is no additional SEDRA coding requirements since ADSIS programming costs are not included in the MOE calculations. Staff still need to keep track of their time spent working in all areas, but time spent working outside their approved ADSIS program is still eligible for funding.

COVID-19 Guidance for FY21 (5)

Q – How should special education staff reassigned during distant learning or hybrid models report their **time and effort**?

A – Staff calendars, time sheets, personal activity reports or similar support, will be required to support how staff were allocated in SEDRA during the year-end reconciliation process for SFY 21.



Be Mindful

Moving special education personnel to help in other areas could directly affect your MOE resulting in:

- Needing to spend more on special education programming in other areas
- Possibly face losing general education revenue

\$562,500.00

FY21 example of salary and benefits of special education paras moved to food service or child care.

FY21 costs will be entered as special education costs but will not count toward MOE.

An equal amount will need to be expended to meet MOE.

Two Big MOE Buckets

Transportation

- Special transportation
- Homeless Transportation

Staffing

- Teachers
- Paraprofessionals
- 1:1 paraprofessionals
- Nursing

Prepare for MOE - Transportation

1. Identify all students that had special transportation and/or homeless transportation for FY19, 20, 21
 - a. FY19-20 - DL addendums should indicate special ed. transportation is no longer needed during distance learning
 - b. FY 19-20 - Homeless logs of decrease of need for transportation
 - c. FY20-21 - Contingency Learning Plans should indicate special ed. transportation is no longer needed during distance learning and/or DL days if in hybrid
 - d. FY 20-21 - Homeless logs of decrease of need for transportation during distance learning and/or DL days if in hybrid

**Note: you may not have a MOE issue for FY20 due to flexibility in use of special education funds.*

Prepare for MOE - Staffing

1. Identify all staffing changes between FY20 & FY21
 - a. FY20-21 - Contingency Learning Plans should indicate:
 - i. special ed. 1:1 para is no longer needed during distance learning and/or distance learning days if in hybrid
 - ii. look for any teacher, paraprofessional, and nursing retirements in FY20 and compare to new hire's salary and benefits for FY21

Resource for preparation: Sample Calculator

<https://cifr.wested.org/resources/lea-moe/>



CONCLUSIONS

1

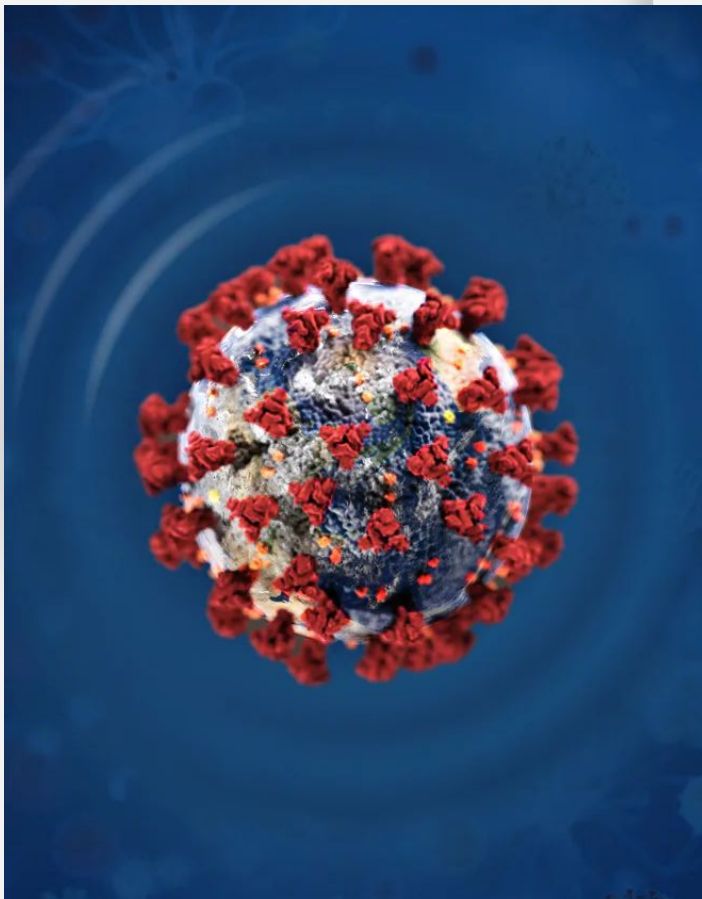
Communication

It is imperative that there is communication between special education and general education administrators and your business office.

2

Stay on top of this

You will need to track and respond to possible MOE issues before the end of FY21



Resources

- [IDEA Part B Use of Funds](#), OSEP June 25, 2020
- [IDEA Part C Use of Funds](#), OSEP June 25, 2020
- [MDE Use of Federal Funds during the COVID-19 Emergency](#)
- MDE Special Education Staff Assigned to Other Work Areas [Letter to Business Managers](#) 08/11/2020