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LOCAL EDUCATIONAL AGENCY MAINTENANCE OF EFFORT

An Overview of the Final Regulations and Major
Provision

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WHAT IS LEA MOE?

- LEAs must expend at least as much as they did previous year on education of children with disabilities.
- Two standards:
 - Eligibility: Must budget at least as much as they expended in last year for which information available.
 - Compliance must actually expend at least as much as they expended in previous (comparison year)- More on this later.



OVERVIEW

- NPRM Published in September of 2013.
- Purpose of NPRM: To amend the LEA MOE regulations in §300.203 to clarify existing policy and make changes to:
 - The Compliance Standard
 - The Eligibility Standard
 - The Level of Effort Required of an LEA in the Year after it Fails to Maintain Effort (referred to as the Subsequent Years Rule)
 - Consequences for Failure to Maintain Effort



OVERVIEW

(continued)

- Final regulations DO NOT introduce major substantive changes to the regulations.
- But, in response to comments, OSEP did make additional changes and clarifications, that address issues not addressed explicitly previously.
- Cumulative effect is significant.



OVERVIEW

(continued)

- No changes to the LEA MOE exceptions (§300.204) or the LEA MOE Adjustment (§300.205).



CATEGORIES OF CHANGES

1. Structural Changes
2. Four Methods
3. Comparison Year
4. Use of exceptions and adjustment in eligibility standard
5. Subsequent Years Rule
6. Consequences for Failure to Maintain Effort
7. Added Appendix E



STRUCTURAL CHANGES

Regulations reorganized and renumbered the subsections under §300.203 as follows:

- a) Eligibility standard
- b) Compliance standard
- c) Subsequent years
- d) Consequence of failure to maintain effort



FOUR METHODS

- Most common finding
- Not a change
- Made more explicit
- Clarifies that applies to both standards
- Four methods are:
 - local funds only;
 - the combination of State and local funds;
 - local funds only on a per capita basis; or
 - the combination of State and local funds on a per capita basis.



SUBSEQUENT YEARS RULE – What it means

Defines what level of effort an LEA must meet in order to maintain effort in the year after an MOE failure:

- Level of effort that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.



Impact of Method on the Subsequent Years Rule

- To determine required level of effort, must look back to last year in which LEA maintained effort
- But must look back to the last year in which it maintained effort **using the same method by which it is establishing compliance.**



USE OF EXCEPTIONS AND THE ELIGIBILITY STANDARD

- Prior regulations silent on applicability of exceptions and adjustments (§§300.204 and 205)
- Based on comments, decision was made to explicitly allow LEAs to consider the exceptions:
 - to the extent the information is available;
 - exceptions taken in the intervening year; and
 - exceptions that LEAs reasonably expect to take in the fiscal year for which the LEA is budgeting.



MAKING IT CONCRETE

- Next series of slides takes these principles and applies them with real numbers
- We hope this will help illustrate what all of this means and how it works.



Appendix E – Table 4

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016	\$110	\$100	YES
2016-2017		\$110	



Example Data

Fiscal Year	Local only	State and local	Local only per capita	State and local per capita	Child count
2016	\$10,500	\$21,000	\$1,050	\$2,100	10
2017	\$10,400	\$21,600	\$1,300	\$2,700	8
2018	\$10,650	\$21,500	\$1,065	\$2,150	10
2019	\$10,800	\$22,200	\$900	\$1,850	12
2020	\$8,900	\$22,000	\$890	\$2,200	10



Appendix E – Table 6

Fiscal Year	Original Required Level of Effort	Exceptions & Adjustments	Required Level of Effort	Actual Level of Effort
2016	\$500	--	\$500	\$500
2017	\$500	--	\$500	\$400
2018	\$500	\$50	\$450	\$450
2019	\$450	\$10 + \$10	\$430	\$405



Appendix E – Table 9

	Local only	State and local	Local only per capita	State and local per capita	Child Count
Actual 2015	\$500	\$1,000	\$50	\$100	10
Exc. & Adj. taken in 2016	-\$50	-\$50	-\$5	-\$5	
Expected Exc. & Adj. for 2017	-\$25	-\$25	-\$2.50	-\$2.50	
Eligibility standard requirement in 2017	\$425	\$925	\$42.50	\$42.50	



CONSEQUENCES FOR MOE FAILURE

- If LEA fails MOE, SEA **must** repay Federal Government out of Non-Federal Funds (or non-accountable Federal Funds).
- **May** require repayment from LEA out of Non-Federal Funds (or non-accountable Federal Funds).
- This is **not** new: based on GEPA (20 U.S.C. 1234a)
- Clarify by making it explicit in regulations
- Also clarifies how much must be returned



AMOUNT TO BE REPAID FOR LEA MOE FAILURE

...an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

§300.203(d)



Questions and Comments



Follow Up

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