



Washington Office of Superintendent of
PUBLIC INSTRUCTION

*IDEA, Part B
Local Educational Agency (LEA)
Maintenance of Effort (MOE)
Guidance Handbook*

2023

IDEA, PART B LOCAL EDUCATIONAL AGENCY MAINTENANCE OF EFFORT GUIDANCE HANDBOOK

2023

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INTRODUCTION

For a Local Educational Agency (LEA) to be eligible to receive Individuals with Disabilities Education Act Part B (IDEA-B) grant funds, the LEA must meet the federal fiscal requirement known as LEA maintenance of effort (MOE). The MOE requirement obligates any LEA receiving IDEA-B funds to budget and spend at least the same amount of local—or state and local—funds for the education of students with disabilities (SWDs) on a year-to-year basis. [34 CFR 300.203](#)

This handbook provides LEAs with guidance on the process of complying with the IDEA-Part B MOE requirement.

Purpose of MOE

The MOE requirement helps ensure sufficient non-federal funding is available for SWDs. When awarding grant funds for education purposes, the U.S. Department of Education does not intend for LEAs to use federal funds as the primary means of providing services to SWDs. The LEA agrees, when accepting IDEA-B funds, that the grant will be used to supplement and not to supplant state and/or local funds.

What are the Requirements?

The IDEA establishes eligibility and compliance standards to demonstrate that an LEA has met the MOE requirement. LEAs must budget (eligibility standard) and expend (compliance standard) at least the same amount of state and/or local funding for special education and related services from year to year. Federal funds may not be used to meet the MOE requirement. [34 CFR §300.154\(g\)\(2\)](#)

If an LEA meets MOE, it also meets the supplement, not supplant requirement. [34 CFR §300.202\(a\)\(3\)](#)

Eligibility Standard [34 CFR §300.203\(a\)](#)

LEAs must meet the eligibility standard to receive an IDEA-B subgrant for the upcoming fiscal year. The Office of Superintendent of Public Instruction (OSPI) must determine that the LEA has budgeted for the education of SWDs at least the same amount of local, or state and local funds, as it actually spent for the education of SWDs during the most recent fiscal year for which information is available.

LEAs submit projected Program 21 expenditures and projected SWD enrollment on page 2 of the current school year's Form Package 267. If LEAs do not meet the eligibility standard, LEAs will be notified via iGrants. Communication between OSPI and the LEA will provide opportunity to collaborate options to meet the eligibility requirement.

Compliance Standard [34 CFR §300.203\(b\)](#)

The compliance standard prohibits LEAs from reducing the level of expenditures for the education of SWDs made from local, or state and local funds below the level of those expenditures for the preceding fiscal year. LEAs must maintain (or increase) the amount of local, or state and local funds it spends for the education of SWDs when compared to the preceding fiscal year.

The MOE calculator is prepopulated with LEAs' Resource to Program reports found in the F-196 submitted to OSPI. If LEAs do not meet the compliance standard, LEAs are notified by letter from OSPI. LEAs are given the opportunity to submit allowable exceptions. If the LEA did not provide documentation of allowable exceptions to eliminate the supplant amount, options to resolve this matter may include, but are not limited to:

- An opportunity for an appeal, in writing, to State Superintendent Chris Reykdal or his designee,
- Provide authorization, in writing, to OSPI to reduce the LEA's Revenue 4121 state special education allocation, or
- Reimbursement from non-federal funds by sending a warrant in the amount of failure to OSPI.

Allowable Expense [34 CFR §300.204](#)

An LEA may reduce the level of its expenditures (local, or state and local) in total or per capita below the level of the preceding fiscal year under certain circumstances:

- a. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel,
- b. A decrease in enrollment of SWDs,
- c. The termination of the obligation of an LEA, consistent with this part, to provide a program of special education to a particular SWD that is an exceptionally costly program, as determined by OSPI,
- d. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment, and
- e. The assumption of cost by the high-cost fund operated by the SEA under [34 CFR §300.704\(c\)](#) (i.e., Safety Net).

Other Adjustments [34 CFR §300.205](#)

An LEA may reduce its MOE obligation by up to 50 percent of the amount of the increase in its Part B Section 611 allocation if it meets certain conditions.

For example, in 2017–18 IDEA allocation is \$10,000. In 2018–19 IDEA allocation is \$20,000. A reduction to MOE of \$5,000 may be allowable. $((20,000 - 10,000) \times .5)$

The LEA must not have been identified as having significant disproportionality and have no outstanding reports due to OSPI to take advantage of this reduction. [34 CFR §300.205\(c\)](#)

If an LEA chooses to **voluntarily** use up to 15 percent of IDEA-B Sections 611 and 619 funds to provide coordinated early intervening services (CEIS) the amount of funds expended by an LEA for CEIS under [34 CFR §300.226](#) shall count toward the maximum amount of expenditures that the LEA may reduce under [34 CFR §300.205](#). See [MOE Reduction Eligibility Worksheet](#)

If OSPI determines that an LEA is unable to establish and maintain programs of Free Appropriate Public Education (FAPE) that meet the requirements of section 613(a) of the IDEA and this part or OSPI has taken action against the LEA under section 616 of the IDEA and subpart F of these regulations, OSPI must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year. [34 CFR §300.205 \(c\)](#)

Four Methods to Demonstrate that MOE is Met (Eligibility & Compliance)

1. Total amount of local funds.
2. Total amount of state and local funds.
3. Per capita amount of local funds. The total number of students is found on the official OSPI Special Education Child Count. This count occurs on November 1 and includes SWDs ages 3–21 and can be found by logging on to the [EDS sign in](#).
4. Per capita amount of state and local funds. The total number of students is found on the official Special Education November Child Count and can be found on the EDS site by logging on to the [EDS sign in](#). This count occurs on November 1 and includes SWDs ages 3–21.

Any one of these four methods can be used to meet MOE. For the eligibility standard, the amount an LEA budgets for the education of SWDs in a given fiscal year (budget year) is compared to the amount spent in the most recent fiscal year for which information is available and in which the LEA met the MOE requirement (comparison year), using the same method for both the comparison year and the budget year. [Center for IDEA Fiscal Reporting \(CIFR\)](#)

For example, LEA met MOE in 2016–17 and data are not available for 2017–18. When calculating MOE eligibility for the 2018–19 school year, the comparison year would be 2016–17.

Similarly, for the compliance standard, the amount an LEA spends for the education of SWDs in the given fiscal year is compared to the amount spent in the most recent fiscal year in which the LEA met MOE, using the same method for both the comparison year and the current year.

For example, LEA met MOE compliance in 2016–17 and did not meet MOE compliance in 2017–18. The comparison year for compliance would be 2016–17.

OSPI uses the LEA MOE calculator to determine if LEAs have met the MOE requirements. The LEA MOE calculator is on the [Special Education Funding webpage](#). Scroll down to Tools & Templates and click on the [LEA MOE calculator link](#). See [the LEA MOE calculator instructions](#) for detailed instructions.

Subsequent Years Rule 34 CFR §300.203(c)

Subsequent years rule refers to the level of effort an LEA must meet **in the year after the LEA fails to maintain effort**. 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 in the absence of that failure, not the LEA's reduced level of expenditures. **The comparison year is the last year the LEA met MOE.**

For example, LEA met MOE compliance in 2016–17 and did not meet compliance in 2017–18. To determine 2018–19 MOE compliance the 2016–17 year is used because that is the most recent year the LEA met MOE compliance

Consequences for not meeting MOE

An LEA is not eligible to receive IDEA-B funds until it has met the MOE eligibility standard, which means the LEA must budget at least as much or more than the most recent year it met MOE compliance.

If an LEA does not meet the MOE eligibility standard, OSPI will notify the LEA through iGrants and will work with the LEA. Allowable exceptions can be applied to MOE eligibility if applicable. After working with the LEA and eligibility is still not met, OSPI will follow the steps described under [34 CFR §300.221](#):

- (a) Notify the LEA or state agency of that determination; and
- (b) Provide the LEA or state agency with reasonable notice and an opportunity for a hearing. (Authority: 20 U.S.C. 1413(c))

If an LEA does not meet the MOE compliance standard, which means the LEA spent at least as much or more than the most recent year it met MOE compliance. OSPI must return the amount by which the LEA failed to meet the requirement, or the amount of the LEA's IDEA-B subgrant in that fiscal year, whichever is lower, to the U.S. Department of Education. OSPI will collect the amount from the LEA using non-federal funds.

OSPI will follow the following steps to notify the LEA:

- (a) Notification Letter
- (b) Instruction to Submit Allowable Exceptions
- (c) MOE calculator
- (d) Final Notification of Results Letter

Can LEAs meet the compliance and/or eligibility standards using local funds only if it spent zero local dollars in the comparison year?

An LEA, including an LEA that has not spent any local funds for the education of SWDs since the MOE requirement was enacted in 1997, may use any of the four methods to meet the compliance and eligibility standards.

Therefore, an LEA that has spent \$0 in local funds for the education of SWDs may meet the compliance and eligibility standards by continuing to budget and spend \$0 in local funds for the education of SWDs. [Non-Regulatory Guidance Question #A-8](#)

How does taking the exceptions in CFR 34 CFR §300.204 and/or the adjustment in 34 CFR §300.205 affect the required amount of expenditures that an LEA must make in a subsequent year?

If an LEA properly takes the exceptions or the adjustment to reduce the level of local, or state and local expenditures otherwise required in a fiscal year, the LEA **would be required in subsequent fiscal years to maintain effort at the reduced level**—except to the extent that the LEA increases the actual level of expenditures above the required level of expenditures for that fiscal year. In addition, the LEA's actual level of expenditures in a preceding fiscal year, and not the reduced level of expenditures that the LEA could have spent had it taken all of the exceptions and the adjustment permitted, is the level of expenditures required of the LEA in a future fiscal year (which may be affected by the Subsequent Years rule).

For example, 2016–17 MOE compliance is met with expenditures of \$150,000. In 2017–18 expenditures are 100,000 and the LEA has met MOE compliance with exceptions. In determining 2018–19 MOE compliance the threshold to meet is \$100,000.

Additional Information:

[Center for IDEA Fiscal Reporting \(CIFR\)](#)

[CIFR Local Educational Agency Maintenance of Effort: Mechanics of the Revised Regulations](#)

[\(Video\)](#) (scroll down to the heading Local Educational Agency Maintenance of Effort: Mechanics of the Revised Regulations and click on the link)

[U.S. Department of Education MOE Q&A](#)

Questions?

Email: [OSPI Special Education](#)

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Download this material in PDF at [OSPI Special Education Funding website](#). This material is available in alternative format upon request. Contact the Resource Center at 888-595-3276, TTY 360-664-3631. Please refer to this document number for quicker service: MOE-2023.



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