

## Background

The Individuals with Disabilities Education Act (IDEA) requirements at 34 CFR §300.203 for local educational agency maintenance of effort (LEA MOE) obligate any LEA receiving an IDEA Part B subgrant from the state educational agency (SEA) to budget and spend at least the same amount of local — or state and local — funds for the education of children with disabilities on a year-to-year basis. The required LEA MOE levels for budgeting and spending are referred to, respectively, as the “eligibility standard” and the “compliance standard.” States are responsible for determining whether LEAs meet the LEA MOE eligibility and compliance standards. More information can be found in the Quick

The Center for IDEA Fiscal Reporting helps states improve their capacity to report special education fiscal data. The center is a partnership among WestEd, American Institutes for Research (AIR), Technical Assistance for Excellence in Special Education (TAESE) at Utah State University, and Westat.

The contents of this document were developed under a grant from the U.S. Department of Education, #H373F140001. However, these contents do not necessarily represent the policy of the U.S. Department of Education, and you should not assume endorsement by the Federal Government. Project Officer: Daniel Schreier.

October 2018  
Updated October 2021

This practice guide is designed to help states develop these high-level written procedures. Specifically, the guide provides guiding questions, sample language, and related resources for states to consider when developing their written procedures. The guide may also be helpful in evaluating whether existing state procedures address the recommended content and guiding questions. If you have questions or need help when developing or reviewing your state's written procedures, please reach out to CIFR ([info@wested.org](mailto:info@wested.org))

Please note that this resource focuses on the broad principles that guide a state's implementation of the LEA MOE requirements and is not intended to replace a step-by-step internal process

- 4: Four Methods for Calculating LEA MOE
- 5: LEA MOE Eligibility Standard
- 6: LEA MOE Compliance Standard
- 7: Allowable LEA MOE Exceptions
- 8:

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If the state has intermediate units (e.g., educational service agencies) that function as LEAs for the purpose of IDEA, how do these procedures apply to those intermediate units?

#### Sample Language

Reader note: LEA is used throughout this practice guide to refer to all applicable entities listed in this section.

LEAs that are responsible for providing a free appropriate public education (FAPE) to children with disabilities under IDEA may be eligible to receive IDEA subgrants and must comply with LEA MOE requirements. In [state], the term LEA is defined as including:

Traditional school districts (see 34 CFR §300.28).

Educational service agencies (ESAs) that serve as LEAs and are responsible for providing FAPE to children with disabilities (see 34 CFR §300.12).

Charter school LEAs operating as independent LEAs (see 34 CFR §300.209(c)).

Department of Corrections, which operates as an LEA (see 34 CFR §300.228).

OR

The LEA MOE eligibility and compliance standards apply to all eligible LEAs in the state, including charter school LEAs. Charter school LEAs are defined in state regulation at [state citation]. Under IDEA, charter schools that are not LEAs under state law are not eligible for an IDEA subgrant (34 CFR §300.209). [SEA] allocates subgrants to charter school LEAs in the same manner that it allocates subgrants to other LEAs in the state.

Each eligible LEA that receives an IDEA Part B subgrant is responsible for complying with the LEA MOE eligibility and compliance standards.

Reader note: Each state should have procedures for reviewing LEA applications for IDEA Part B subgrants and determining whether each LEA is eligible.

#### Related Resources

IDEA Regulations (current full text of these regulations can be found at <https://www.ecfr.gov/>): 34 CFR §§300.7, 300.12, 300.28, and 300.209(c)

Dear Colleague Letter to States on Funding Charter Schools, Office of Special Education and Rehabilitative Services (OSERS)

Letter to Hokenson (2013), OSEP

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### 3: State Responsibilities and Timelines for Implementing LEA MOE Requirements

This component lays out the timeline of state activities for implementing the LEA MOE requirements in three timelines: Eligibility Standard, Compliance Standard, and ~~EDS~~ Metadata and Process System (MAPS) Data Reporting.

#### Guiding Questions

What is the state's fiscal year?

What is the timeline for activities related to monitoring the eligibility standard (34 CFR §300.203(a))?

What is the timeline for activities related to monitoring the compliance standard (34 CFR §300.203(b))?

What is the timeline for MAPS data reporting?



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Date(s)	Activity	Responsible sta /o ce
By July 1	Notify all LEA superintendents, special education directors, and business managers that materials are available for calculating the LEA MOE compliance standard for the fiscal year that just ended. Inform them that the deadline for submission of LEA MOE compliance standard calculations is October 31.	Special Education Director
From July1 — October31	Provide individual technical assistance to LEA sta upon request and review LEA compliance submissions as they are submitted. Information used in the review process should include the calculation method used, comparison year and comparison amount, and any exceptions or adjustments as necessary. If the LEA is using exceptions or adjustments,	

EDFactsMetadata and Process System (EAPS) Data Reporting

Table 4: [State's] annual timeline and activities for EMAPS data reporting

Date(s)	Activity	Responsible sta /o ce
March	Download and review the updated EMAPS User Guide: IDEA Part B MOE Reduction and CEIS for any changes to the data collection, le format, or business rules.	IDEA Part B Data Manager
From March — April	Compile necessary LEA MOE data for the reference school year, which is the previous school year. Data for each LEA include IDEA Part B 611 and 619 allocations, LEA determination, LEA MOE adjustment amount, signi cant disproportionality identi cation, voluntary/required CEIS amount, whether the LEA met the LEA MOE compliance standard, repayment amounts, and state repayment dates so the state can report whether money was returned. Enter required data into the IDEA Data Center (IDC)/CIFR 618 Data Pre-submission Edit Check Tool — Part B MOE and CEIS to ensure data are complete and accurate. Review any data warnings and follow up with SEA and LEA sta as necessary to explain or correct data.	Special Education Finance Division and IDEA Part B Data Manager
By April 20	Populate the EMAPS submission template with data from the IDC/ CIFR618 Data Pre-submission Edit Check Tool — Part B MOE and CEIS and submit data le. Include any expla1 (h)-1.2 ( 2g (en-US)/MCID 638 >>BDC /T1_2 1 T(e)-1233 (o)-10.9 (o)-6.535r	



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Local funds only on a per capita basis.

Combination of state and local funds on a per capita basis.

Because the application is due annually in June, LEAs report the per capita estimate for the local only and local and state methods using the count of children with disabilities from the prior school year (e.g., December 2015 child count for the 2016-17 budget).

#### Compliance Standard

The [SEA] fiscal accounting system allows for the separation of expenditures by local funds and state funds. Final, audited expenditures using local funds are indicated by a fund code ending in -25 and state funds are indicated by a fund code ending in -50. These codes are detailed in the state's uniform chart of accounts used by all LEAs. Using these codes, the [SEA] completes the compliance standard calculation on behalf of LEAs for each of the four calculation methods annually.

OR

Using the statewide fiscal accounting system, the [SEA office/division] calculates the state and local combined expenditures (total and per capita) for the compliance standard on behalf of each LEA annually. The fiscal accounting system is unable to distinguish local from state funds. If an LEA can distinguish local from state funds to calculate its level of effort for the compliance standard, the LEA must submit its calculations and method for separating funds to the [SEA office/division] for approval.

When an LEA submits a local only calculation for the compliance standard, the SEA reviews the method for the calculation and ensures that appropriate funds were included in and excluded from the calculation. The SEA works with the internal state auditors to ensure that auditable data are used.

Reader note: If the state has an accepted method for distinguishing state and local funds for the local only calculations,

Table 5: Budget lines, state fund codes, and local fund codes included in LEA MOE calculations

Category	Budget line	State fund code	Local fund code
Special education instruction	10500	10550	10525
Tuition (to other LEAs, counties, private schools)	30200-30400	30250, 30350, 30450	30225, 30325, 30425
Special education transportation	40500	40550	NA
Related services	50500	50550	50525
Contracted services	60500	60550	60525
Special education equipment	7500	7550	7525

<sup>1</sup>Local, or state and local, funds for the categories listed in table 5 that are used to meet matching requirements

LEA MOE: Mechanics of the Revised Regulations, CFR

Issuance of Guidance on the Final Local Educational Agency Maintenance of Effort Regulations under Part B of the IDEA (OSERS Non-Regulatory Guidance) — Sections B&E

Letter to a Chief State School Officer (2014), OSEP

Letter to Anonymous (2010), OSEP

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## 5: LEA MOE Eligibility Standard

This component details the SEA's procedures for determining that an LEA has met the LEA MOE eligibility standard specified by 34 CFR §300.203(a).

## Intervening Years

When there are years between the comparison year (i.e., the last time an LEA met the LEA MOE compliance standard using a specific method) and the current year, the SEA must allow the LEA to take allowable exceptions and adjustments for the intervening years. See Component 7 for more details.

## Data Collection

The SEA collects data from all LEAs that receive IDEA Part B subgrants, including the Department of Corrections LEA and all charter schools operating as independent LEAs.

Data for determining whether the LEA met the eligibility standard are collected through the annual LEA applications for IDEA Part B funds. From April 16 through June 14, the SEA receives LEA IDEA applications for IDEA Part B funds.

The application includes budget data for all four calculation methods (34 CFR §§300.203(a)(1)):

- Local funds only.
- Combination of state and local funds.
- Local funds only on a per capita basis.
- Combination of state and local funds on a per capita basis.

The application includes projected budgets for the next fiscal year from each LEA, including data on, and documentation for, projected exceptions.

## Determination of Whether Each LEA Met the Eligibility Standard

The [SEA office/division] completes reviews of the annual applications for IDEA Part B funds by June 30 and notifies LEAs on July 1 on whether they met the eligibility standard. The [SEA office/division] reviews historical data to determine the most recent year for which the LEA met the LEA MOE eligibility standard by each method submitted.

When reviewing the LEA applications, the [SEA office/division] compares budget line items with those from the prior year to check for consistency and to determine whether LEAs are eligible to receive an IDEA subgrant. [SEA office/division] determines whether an LEA met the eligibility standard by comparing each LEA's projected budget with the amount spent in the last fiscal year that the LEA met the LEA MOE compliance standard for each method. The [SEA office/division] follows up with LEAs that submitted incomplete documentation, inconsistent line items, or total budgets that do not meet the eligibility standard.

### Ineligibility Notification

Under 34 CFR §300.221, if an LEA is determined to not have met the eligibility standard, the SEA must provide the LEA with reasonable notice and an opportunity for a hearing. LEAs that are determined to not have met the eligibility standard may submit a revised budget or corrected documentation by July 15. The SEA reviews all revised and corrected submissions by July 31. If an LEA continues to be determined ineligible after revisions and corrections, it may request



For each of the four calculation methods (34 CFR §§300.203(b)(2)), how does the SEA determine the comparison year for the compliance standard when the last year met by that method is not the preceding fiscal year?

When does the SEA complete reviews of compliance with LEA MOE?

What is the SEA process when an LEA does not meet the compliance standard?

Where and for how long are final decisions regarding the LEA MOE compliance standard documented and stored?

### Sample Language

#### Overview

On an annual basis, the SEA determines whether each LEA met the LEA MOE compliance standard by comparing the LEA's final audited expenditures for the current state fiscal year with the amount expended in the last year that the LEA met LEA MOE (i.e., comparison year) for each calculation method. Because an LEA may meet LEA MOE in different years with different methods, there may be more than one comparison year.

#### Subsequent Years Rule

The SEA applies the subsequent years rule (34 CFR §300.203(c)) to determine the LEA MOE amount for the compliance standard that must be met by the LEA for that method. This rule states that the level of expenditures required of the LEA for the fiscal year subsequent to the year of a 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 for the compliance standard is the last fiscal year in which the LEA met the LEA MOE compliance standard for a specific method.

The [SEA office/division] uses historical expenditure data and LEA MOE compliance decisions to determine the most recent year(s) for which the LEA met LEA MOE by each method.

### Determination of Whether Each LEA Met the Compliance Standard

The [SEA office/division] reviews the submitted expenditure data, including comparing expenditure line items with those from the prior year to check for consistency. The [SEA office/division] follows up with LEAs on any

## 7: Allowable LEA MOE Exceptions

This component describes the SEA's procedures for managing LEAs' allowable exceptions to LEA MOE under 34 CFR §300.204 within the context of the eligibility and compliance standards of 34 CFR §300.203.

### Guiding Questions

- What documentation does the SEA require from LEAs for each exception?
- Are there procedures for validation/verification of the documentation?
- What is the SEA's method for calculating the Exception (B) amount due to a decrease in enrollment of children with disabilities?
- What is the SEA's definition of an "exceptionally costly program" for Exception (C)?
- What are the SEA's definitions of "costly expenditures" and "long-term" for Exception (D)?
- Does the SEA operate a high cost fund under 300.704(c) for Exception (E)?
- What is the SEA's process for calculating per capita exceptions?
- What is the SEA's process for approving/denying allowable exceptions?
- How does the SEA ensure that, when there are years between the last time an LEA met LEA MOE using a specific calculation method and the current year, the LEA is allowed to take allowable exceptions for the intervening years?
- Where and for how long are annual exceptions and supporting documentation stored?

### Sample Language

#### LEA MOE Exceptions (34 CFR §300.204)

An LEA may reduce its level of expenditures of local only or state and local funds below the level of those expenditures for the preceding fiscal year for any of the following reasons:

- (A) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- (B) A decrease in the enrollment of children with disabilities.
- (C) The termination of the obligation of the agency, consistent with [IDEA Part B], to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child has left the jurisdiction of the agency; has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or no longer needs the program of special education.
- (D) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
- (E) The assumption of cost by the high cost fund operated by the SEA under 34 CFR §300.704(c).

Allowable ex



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Exception B: Decrease in Enrollment (34 CFR §300.204(b))

How to calculate the total methods' exception amount: Determine the percentage change in enrollment by subtracting the December 1 child count of IDEA Part B eligible children ages 3 through 21 for the current year from the prior year December 1 count, and then dividing by the prior year December 1 child count. To obtain the

Exception D: Termination of Costly Expenditures for Long-Term Purchases (34 CFR §300.204(d))

Definition: "Costly Expenditure" is an expenditure over \$150,000 that is approved by the state. "Long-Term" is defined as any period of time for an expenditure that occurs over at least two fiscal years, such as acquisition costs for specialized equipment or construction costs for a specialized facility improvement.

OR

Definition: "Costly Expenditure" is a per-unit expenditure equal to or greater than \$150,000 that was approved by the state. "Long-Term Purchase" is defined as tangible property or capital improvement with a useful life of more than one year, such as equipment or construction of school facilities.

Reader note: Replace the above language with state's own definitions.

How to calculate the total methods' exception amount: The amount expended for the long-term costly expenditure in the last fiscal year is the exception amount. Note that if payments are made over a period of years, the exception amount is not the full amount of the purchase. Rather, it is the payment made in the last fiscal year.

Documentation required: The LEA must provide a description of the costly expenditure and the rationale for counting the expenditure as a part of LEA MOE (i.e., how the expenditure supports the education of children with disabilities and how it was paid from local or state funds). Documentation must include all applicable expenditures (invoices), by year (if payments made over multiple years), and the pre-approval letter provided by the SEA.

Documentation required for anticipated exceptions: As above, the LEA must provide a description, a rationale for counting the expenditure as a part of LEA MOE, and the cost estimate and projected date for the termination of the expenditure.

Exception E: SEA High Cost Fund (34 CFR §300.204(e))

Definition: For-23tgS.7 (o)13.4 (3)-16.6 (4 C)-7.3 (F)-14.2 (R §)7.6 (3)-8.3 (0)-13 (0)-1.6 4ID 1353 Rgh-10.6 6 (r)1.u.92



The [SEA Special Education Director] provides the statewide IDEA Part B grant award to the SEA federal grants manager. The SEA federal grants manager calculates Part B subgrant amounts for Section 611 and Section 619 for each LEA, obtains approval from the SEA's [Directors of Finance and of Special Education], and notifies LEAs of their subgrant amount. Subgrant amounts can also be found in the SEA special education database under [location of electronic le].

#### Calculation of Change from Prior Year's Subgrant

When the SEA posts the allocation for the forthcoming year to the online grants management system, the change from the current year's allocation is automatically calculated and displayed in the system.

OR

The SEA federal grants manager adds a tab to the LEA allocation spreadsheet that compares the forthcoming year's LEA allocations to the current year's.

#### Eligibility for an Adjustment to LEA MOE (34 CFR §300.205)

An LEA must receive a determination of "Meets Requirements" in order to use an LEA MOE adjustment to reduce its required level of expenditures. The [Special Education Accountability Division] is responsible for making annual determinations by May 31 of each year for each LEA.

The [Special Education Fiscal Division] obtains the annual determination(s) from the [Special Education Accountability Division].

An LEA identified as having significant disproportionality based on race and ethnicity may not reduce its required level of expenditures with an LEA MOE adjustment because it must reserve 15 percent of its IDEA Part B Section 611 and Section 619 subgrant amounts for comprehensive CEIS. The [Special Education Accountability Division] is responsible for determining by April 30 of each year whether each LEA has significant disproportionality.

The [Special Education Fiscal Division] obtains a list of LEAs identified with significant disproportionality from the [Special Education Accountability Division].

#### Informing an LEA about Eligibility for an LEA MOE Adjustment (34 CFR §300.205)

When the SEA provides each LEA the amount of its IDEA Part B Section 611 allocation for the following year, it includes a notice if the LEA is eligible to use the LEA MOE adjustment to decrease its required level of expenditures. The notification





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## Guiding Questions

Repayment to the U.S. Department of Education

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## 10: State LEA MOE Data Reporting Procedures

This component outlines the SEA's procedures for MAPS data reporting pursuant to 34 CFR §300.640 and 34 CFR §§76.720 and 76.722. See also MAPS Data Reporting timeline in Component 3.

### Guiding Questions

Who in the SEA is responsible for reporting data to MAPS?

Where are the required LEA MOE data elements stored at the SEA, when are the data collected, when are the data analyzed for reporting or decision-making, and who is responsible for collecting/generating each?

Who is responsible for reviewing and validating each individual data element and its interaction (e.g., LEA determination and LEA MOE adjustment) prior to submission?

What is the process for generating the MAPS submission file?

What is the process for reviewing MAPS data quality warnings, OSEP data quality reports, and OSEP year-to-year change reports, and providing data notes or resubmitted data?

### Sample Language

The [SEA Fiscal Manager] collects the LEA MOE-specific data elements (adjustment amount, compliance determination, repayment amount and date) and CEIS amount from the online grants management system and provides these data elements to the [IDEA Part B Data Manager]. SEA offices/states responsible for the IDEA Part B allocations lia7 Mhert



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# Conclusion

This practice guide provides recommended content for states to consider when developing written procedures that

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