



IDEA Maintenance of Effort: Eligibility for FY2021

ESS Program Management
essprogmgmt@azed.gov

What is Local Education Agency Maintenance of Effort?

The local Maintenance of Effort (MOE) requirement obligates any local education agency (LEA) receiving IDEA Part B funds 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 MOE levels for budgeting and spending are referred to, respectively, as the “eligibility standard” and the “compliance standard.”

Why is LEA MOE important?



The intent behind the LEA MOE requirement is to help ensure that the LEA is expending at least a certain level of non-federal funds for the education of students with disabilities.

What are the consequences for failing to meet the MOE Standards?

- An LEA is not eligible to receive IDEA Part B funds until it has met the MOE eligibility (i.e., budget) standard.
- If an LEA fails to meet its MOE compliance (i.e., expenditure) standard, the Arizona Department of Education must repay the U.S. Department of Education.
 - The ADE requires the LEAs who fail to meet the compliance standard to reimburse any funds remitted to the federal government on the LEA's behalf.

Arizona's Federal Fiscal Audit Finding

- The Arizona Department of Education received a finding from the Office of Special Education Programs (OSEP) in which it was determined that the department was not allowing adequate input for testing methodologies for testing Maintenance of Effort, specifically local only funds.
- ESS evaluated all aspects of Maintenance of Effort and also determined that certain values for exceptions and/or reductions specifically for local-only funds were not storing values year-over-year correctly. This was fixed but required all testing to be recalculated from 2012 to the current fiscal year.



State of Arizona
Department of Education
Exceptional Student Services

Memorandum

Date: May 2, 2018

To: Public/Local Education Agencies

From: Exceptional Student Services – Program Management Unit

Subject: Maintenance of Effort Testing Has Begun

The purpose of IDEA Maintenance of Effort Compliance (MOE) Testing is to ensure that local education agencies (LEAs) are not supplanting state and local funds with IDEA federal funds in accordance with 34 C.F.R. §300.203(b). Therefore, any LEA that has received federal funds for IDEA must complete Maintenance of Effort Testing.

To accurately test for MOE expenditures, the Arizona Department of Education (ADE) requires LEAs to log in to the MOE application that is located in ADEConnect. If you need access to the application, please contact the ADEConnect Entity Administrator within your LEA.

After logging into the application in ADEConnect, LEAs can then indicate whether they wish to identify local special education expenditures from the total amount that is extracted from the annual financial report submitted by the LEA to ADE School Finance. Users will be prompted to indicate any local special education funds expended as an option. If you choose "yes," you will be required to upload documentation that reflects the amount of local special education expenditures.

Maintenance of Effort is comprised of four fiscal tests for maintaining expenditures over time:

- State and Local Total Special Education (SPED) Expenditures;
- Local-Only Total SPED Expenditures;
- State and Local Per-Pupil SPED Expenditures; and
- Local-Only Per-Pupil SPED Expenditures

Any LEA that does not provide local-only expenditures will not have local-only tests calculated and processed.

LEAs will be able to review their MOE information and indicate local fund expenditures beginning May 2, 2018. **The application will stop accepting submissions from LEAs by close of business on May 15, 2018.**

LEAs are categorized into different statuses for Maintenance of Effort:

- Passing MOE by passing all four tests (considered passing);
- Passing MOE by passing at least one or more tests (considered passing); or
- Failing MOE by not passing any tests (considered failing).

1535 W. Jefferson St., Bin #24, Phoenix, AZ 85007 • (602) 542-4013
<http://www.azed.gov/special-education/>

When is MOE calculated in Arizona?

- Arizona breaks down the testing into two separate testing windows using data gathered by School Finance.
 - The compliance standard is tested in March using the Annual Financial Report (AFR) submitted to School Finance by October 15 using data from the prior fiscal year.
 - The eligibility standard is tested in July using the Adopted Budget submitted to School Finance by July 15 of the upcoming fiscal year.

Example

Compliance – FY19 AFR was submitted by October 15, 2019, and the compliance standard was tested in March 1- April 10, 2020.

Eligibility – FY21 Adopted budget will be submitted by July 15, 2020, and the eligibility standard will be tested July 16 – August 15, 2020.

Where does ADE/ESS get the data?

- For the Eligibility standard, the Exceptional Student Services (ESS) team looks at the data from the specific cell on the Adopted Budget for the upcoming fiscal year, typically found on page 2 of the Budget.

SPECIAL EDUCATION PROGRAMS BY TYPE			
	Program 200 Prior Year 2019	Program 200 Budget Year 2020	
+			
1. Total All Disability Classifications	113,715	114,438	1.
2. Gifted Education	0		2.
3. ELL Incremental Costs	0		3.
4. ELL Compensatory Instruction	0		4.
5. Remedial Education	0		5.
6. Vocational and Technical Ed.	0		6.
7. Career Education	0		7.
8. Total (lines 1-7)	113,715	114,438	8.

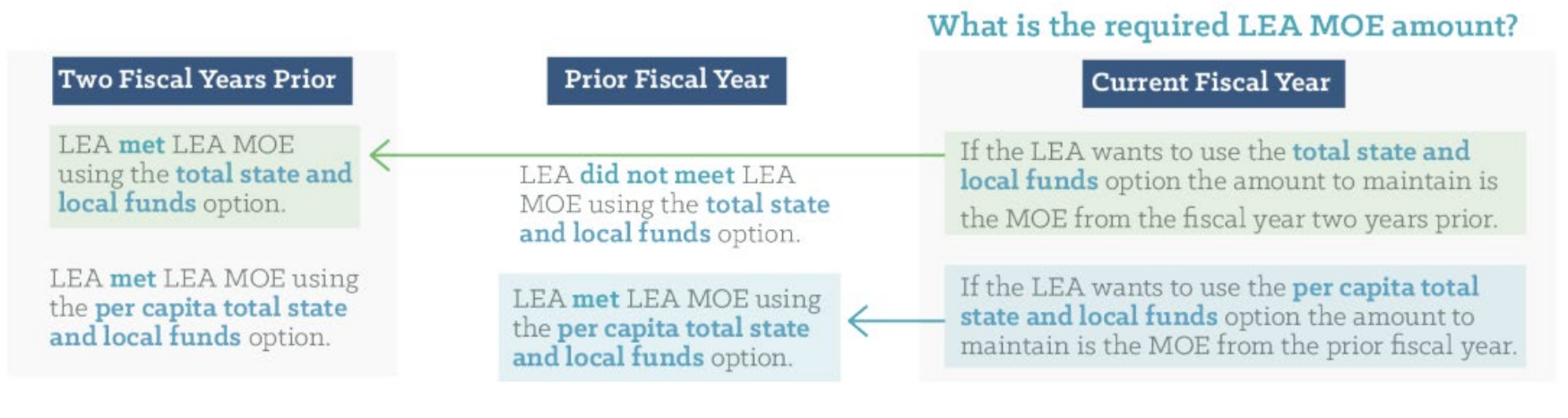
- For the Eligibility standard, the data in the cell for Total All Disability Classifications for Program 200 Budget Year 2020 will be your testing year data that we compare to your LEA's comparison year data.

How is MOE calculated in Arizona?

- For both standards, LEAs have four options to demonstrate they have met the MOE requirement:
 - Method 1 – Total amount of local funds
 - Method 2 – Total amount of state and local funds
 - Method 3 – Per capita (i.e., per child with a disability) amount of local funds
 - Method 4 – Per capita amount of state and local funds
- For the eligibility standard, the amount an LEA budgets for the education of children with disabilities (upcoming budget year) is compared to the amount the LEA spent in the last year in which the LEA met the MOE requirement for each of the methods (comparison year).
- For the compliance standard, the amount an LEA spent in the testing year (prior year AFR) is compared to the amount the LEA spent in the last year in which the LEA met the MOE requirement for each of the methods (comparison year).
- Remember, an LEA only needs to meet the standard for ONE of the methods to pass the MOE test.

Why are there two different comparison years?

Exhibit 1. Examples of the required LEA MOE amounts for different MOE options.



- The LEA only needs to pass **ONE** of the methods to meet the MOE standard. That is why there are some LEAs that have different comparison years for each of the methods. The comparison year is locked in when an LEA meets the standard for a given method during the Compliance testing window.
- In the compliance example on this page, the Method 2 comparison year would be 2 fiscal years prior and the Method 4 comparison year would be the prior fiscal year.

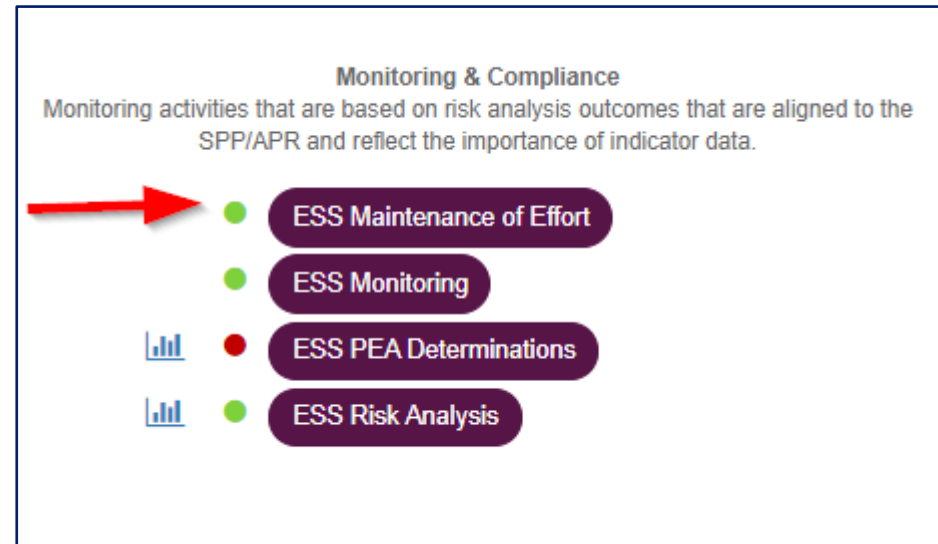
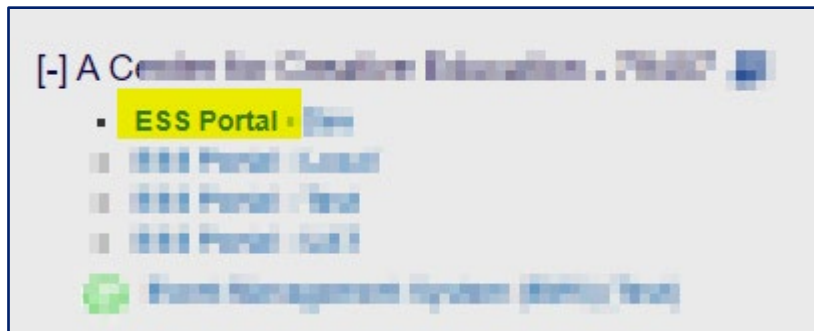
How does ADE/ESS determine which comparison year is used?

Comparison years are established when your LEA meets the MOE Compliance standard each spring. In the example below, the LEA met the standard for Method 4 – locking in a new funding threshold to budget against for the next eligibility test \$6,587.66 per pupil. However, the Method 2 comparison year target remains the 2018 value of \$142,546.00.

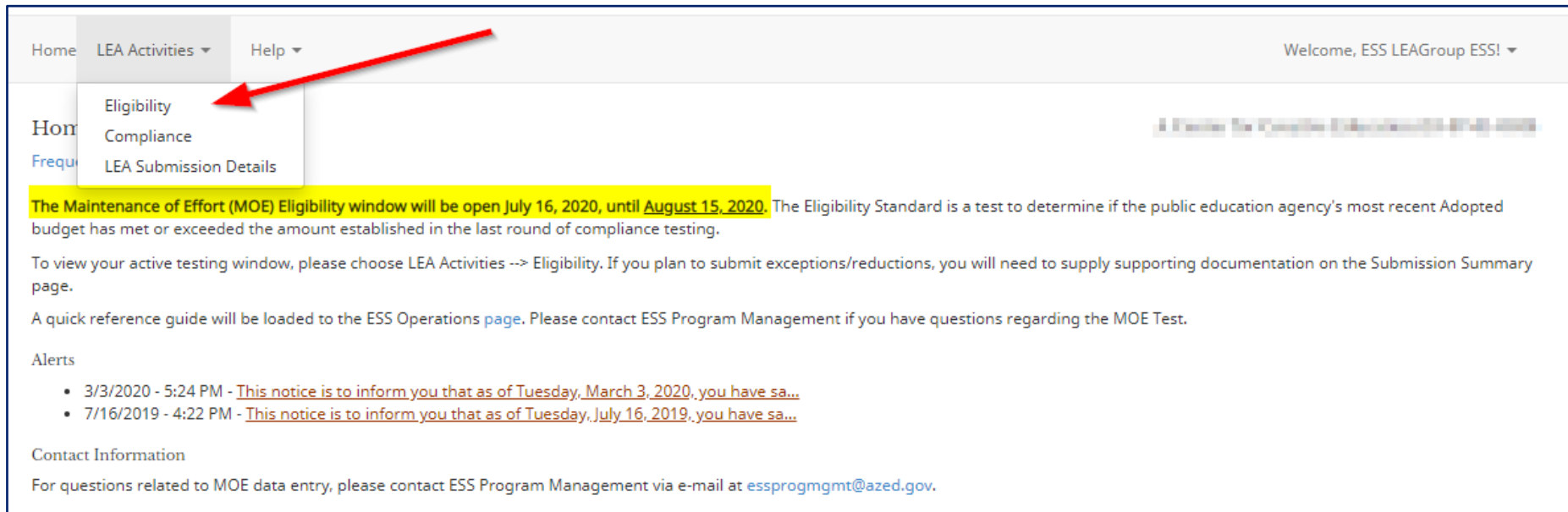
IDEA Fund Compliance Test					
Fiscal Year: 2020					
Entity ID: XXXX					
LEA (CTDS): APR New York Charter High School - POCIS 2018-19-000					
Status: Closed (Met)					
Exception Year: 2019					
	Overall	Method 1 Local Cost	Method 2 2018 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 2018 State and Local Per Capita Cost
2019 Amount		N/A	\$58,368.00	N/A	\$6,587.66
Comparison Year Amount		N/A	\$142,546.00	N/A	\$6,480.66
Difference		N/A	(\$84,178.00)	N/A	\$107.00
2019 SPED Count				N/A	x 8.8602
Total Difference		N/A	(\$84,178.00)	N/A	\$948.06
Status	Met	N/A	Not Met	N/A	Met

ESS Maintenance of Effort Application

Arizona uses an ADE/IT-built application found in the ESS Portal of ADEConnect.



ESS Maintenance of Effort Application – Home Page



Home LEA Activities ▾ Help ▾ Welcome, ESS LEAGroup ESS! ▾

LEA Activities ▾
Eligibility
Compliance
LEA Submission Details

The Maintenance of Effort (MOE) Eligibility window will be open July 16, 2020, until August 15, 2020. The Eligibility Standard is a test to determine if the public education agency's most recent Adopted budget has met or exceeded the amount established in the last round of compliance testing.

To view your active testing window, please choose LEA Activities --> Eligibility. If you plan to submit exceptions/reductions, you will need to supply supporting documentation on the Submission Summary page.

A quick reference guide will be loaded to the ESS Operations page. Please contact ESS Program Management if you have questions regarding the MOE Test.

Alerts

- 3/3/2020 - 5:24 PM - [This notice is to inform you that as of Tuesday, March 3, 2020, you have sa...](#)
- 7/16/2019 - 4:22 PM - [This notice is to inform you that as of Tuesday, July 16, 2019, you have sa...](#)

Contact Information

For questions related to MOE data entry, please contact ESS Program Management via e-mail at essprogmgmt@azed.gov.

This is the homepage that you'll see whenever you log into the MOE application. You will click on LEA Activities and choose eligibility to get to the next screen.

Include Local Only?

Arizona Department of Education

IDEA Maintenance of Effort

Home LEA Activities Help Welcome, ESS LEAGroup ESS!

Include Local Only?

Pending

In order to accurately test for Maintenance of Effort (MOE), the Arizona Department of Education indicate whether they wish to identify local special education expenditures out of the total amount that is extracted from an annual financial report. If the user chooses "yes," he/she will be required to upload documentation that reflects the amount of local special education expenditures. Any uploaded documentation will be reviewed by an ESS fiscal specialist. If local expenditures are submitted and approved then MOE testing will be processed using all four methodologies, otherwise only two methodologies will be capitalized.

5300.203 - Maintenance of effort.

(i) Local funds only;
(ii) The combination of State and local funds;
(iii) Local funds only on a per capita basis; or
(iv) The combination of State and local funds on a per capita basis.

Yes No

essmoetestaps.azurewebsites.net says
By selecting No, you agree to waive your ability to enter Local Only values for MOE Eligibility. Continue?

OK Cancel

- Most LEAs in the state are unable to claim Local Only Funds.
 - If an LEA elects to submit Local Funds for testing, documentation must be uploaded into the MOE Application.
- If your LEA's Maintenance and Operations (M&O) funding is from State Aid only, choose No and then click the OK button to continue to the next screen.

Eligibility Test Results - Pass

- In this example, the LEA has passed both Method 2 and Method 4. The comparison years were 2018 for both methods. Click Continue to advance to the next screen.

Eligibility Test Results

Approved By: [Name] | Date: [Date] | Status: [Status]
Closed [Date]

In order to meet the MOE eligibility requirement in this fiscal year the district/charter must budget, at least the same total or per capita amount, of local funds or state and local funds, as it spent during the most recent year for which information is available.

	Overall	Method 1 Local Cost	Method 2 2018 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 2018 State and Local Per Capita Cost
2020 Amount		N/A	\$7,235,114.00	N/A	\$8,573.09
Comparison Year Amount		N/A	\$6,023,635.00	N/A	\$7,662.94
Difference		N/A	\$1,211,479.00	N/A	\$910.15
2020 SPED Count				N/A	× 843.9331
Total Difference		N/A	\$1,211,479.00	N/A	\$768,108.40
Status	Met	N/A	Met	N/A	Met

Continue

Eligibility Test Results - Submission

Submission Summary Agree/Plan/Consent/High School Waiver (07-18-2025) **Pending**


Supporting Documentation

Supporting Documentation must be uploaded if you are submitting data for Exception A, Exception C, Exception D, and/or Exception E.

[Upload Documents...](#)

Comments

LEA Comments

MOE Eligibility met 

[ADE Comment History Show](#)

Acknowledgement

By checking this box you certify that, to the best of your knowledge, this information is truthful and accurate. Your certification is considered an electronic record with legal effect, validity, and enforceability as defined in S. 2107 of the Government Paperwork Elimination Act.

NOTE: The information provided here is considered preliminary. It will only be used to determine the district's/charter's eligibility according to federal IDEA regulations (34 CFR §§ 300.204-300.205).

[Changes made to the district's/charter's budget will not become official until after a budget revision has been submitted to School Finance \(A.R.S. § 15-915\) and the budget revision has been accepted in the School Finance system.](#)

Submit

To submit your data, you must enter a comment in the LEA Comments box, click on the Acknowledgment, and click the Submit button.

Eligibility Test Results – Successful Submission

Submission Summary Submitted

Message: Submission was successful. ×

Supporting Documentation

Supporting Documentation must be uploaded if you are submitting data for Exception A, Exception C, Exception D, and/or Exception E.

Comments

LEA Comment History [Hide](#)

Date	Comment	LEA User ID
5/26/2020 1:28:15 PM	MOE Eligibility met	essleagroup@test.com

ADE Comment History [Show](#)

Print Cancel Back

In this example, the LEA has successfully submitted the MOE data and is now ready to have the FY21 IDEA grant processed for State Education Agency (SEA) Director approval.

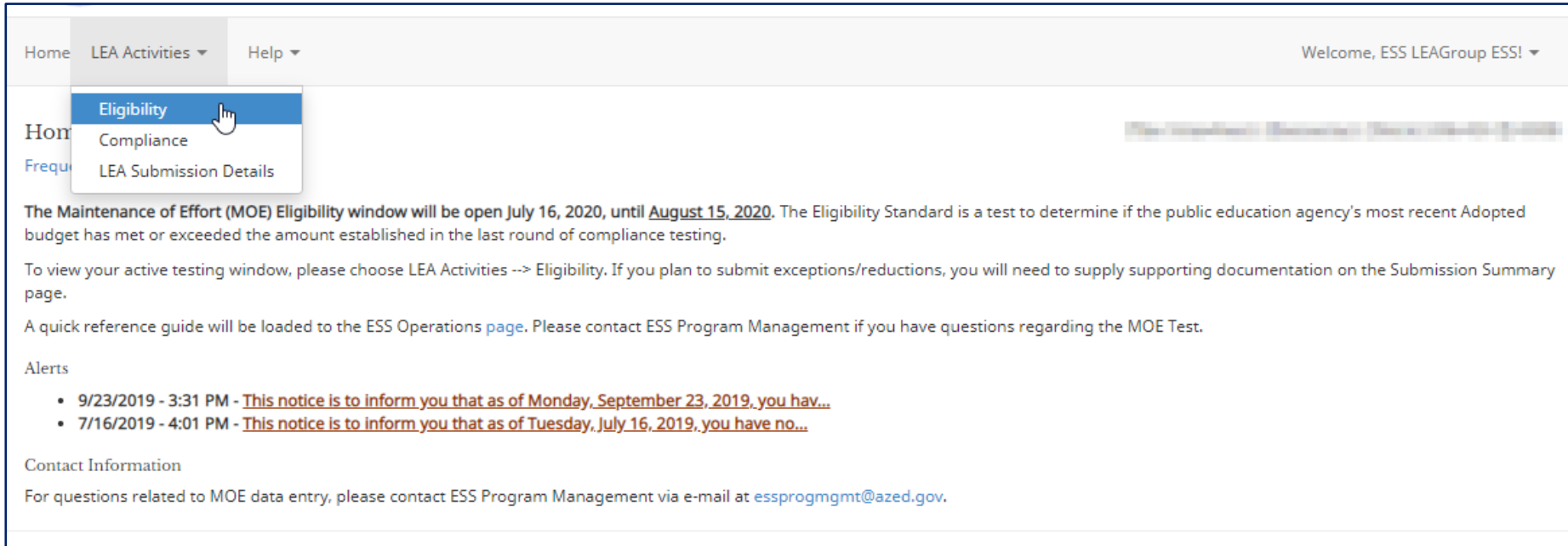
What happens if my LEA doesn't meet the Eligibility standard?

- Remember, an LEA is not eligible to receive IDEA Part B funds until it has met the MOE Eligibility standard.
- If your PEA does not pass the MOE Eligibility test, you will have two options:
 - 1 – submit allowable exceptions and reductions through the ESS Maintenance of Effort application
 - 2 – submit a new budget to School Finance that appropriately meets the Eligibility standard requirement
- Please note, your IDEA Consolidated – Entitlement Grant cannot be approved until you meet the Eligibility standard. If your LEA fails Eligibility testing on 7/16/20, your application will be returned and you will be required to submit your application again **once** your LEA has met the MOE Eligibility Standard.
 - *This may affect your LEA's ability to obligate funds and claim reimbursements in the new fiscal year.*



Examples of MOE Eligibility Testing Failures

Log in to the ESS MOE Application Home Page



Home LEA Activities ▾ Help ▾

Welcome, ESS LEAGroup ESS! ▾

Eligibility
Compliance
LEA Submission Details

The Maintenance of Effort (MOE) Eligibility window will be open July 16, 2020, until August 15, 2020. The Eligibility Standard is a test to determine if the public education agency's most recent Adopted budget has met or exceeded the amount established in the last round of compliance testing.

To view your active testing window, please choose LEA Activities --> Eligibility. If you plan to submit exceptions/reductions, you will need to supply supporting documentation on the Submission Summary page.

A quick reference guide will be loaded to the ESS Operations [page](#). Please contact ESS Program Management if you have questions regarding the MOE Test.

Alerts

- 9/23/2019 - 3:31 PM - [This notice is to inform you that as of Monday, September 23, 2019, you hav...](#)
- 7/16/2019 - 4:01 PM - [This notice is to inform you that as of Tuesday, July 16, 2019, you have no...](#)

Contact Information

For questions related to MOE data entry, please contact ESS Program Management via e-mail at essprogmgt@azed.gov.

This is the homepage that you'll see whenever you log into the MOE application. You will click on LEA Activities and choose Eligibility to get to the next screen.

Include Local Only?

Arizona Department of Education

IDEA Maintenance of Effort

Home LEA Activities ▾ Help ▾

Welcome, ESS LEAGroup ESS! ▾

Include Local Only?

Pending

In order to accurately test for Maintenance of Effort (MOE), the Arizona Department of Education indicate whether they wish to identify local special education expenditures out of the total amount that is extracted from an annual financial report. If the user chooses "yes," he/she will be required to upload documentation that reflects the amount of local special education expenditures. Any uploaded documentation will be reviewed by an ESS fiscal specialist. If local expenditures are submitted and approved then MOE testing will be processed using all four methodologies, otherwise only two methodologies will be capitalized.

5300.203 - Maintenance of effort.

- (i) Local funds only;
- (ii) The combination of State and local funds;
- (iii) Local funds only on a per capita basis; or
- (iv) The combination of State and local funds on a per capita basis.

Yes No

essmoetestaps.azurewebsites.net says

By selecting No, you agree to waive your ability to enter Local Only values for MOE Eligibility. Continue?

OK Cancel

- Most LEAs in the state are unable to claim Local Only Funds.
 - If an LEA elects to submit Local Funds for testing, documentation must be uploaded into the MOE Application.
- If your LEA's Maintenance and Operations (M&O) funding is from State Aid only, choose No and then click the OK button to continue to the next screen.

Eligibility Test Results – Fail Example 1

Eligibility Test Results Pending

In order to meet the MOE eligibility requirement in this fiscal year the district/charter must budget, at least the same total or per capita amount, of local funds or state and local funds, as it spent during the most recent year for which information is available.

	Overall	Method 1 Local Cost	Method 2 2017 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 2014 State and Local Per Capita Cost
2019 Amount		N/A	\$0.00	N/A	\$0.00
Comparison Year Amount		N/A	\$104,500.00	N/A	\$3,408.25
Difference		N/A	(\$104,500.00)	N/A	(\$3,408.25)
2019 SPED Count				N/A	x 44,1987
Total Difference		N/A	(\$104,500.00)	N/A	(\$150,640.19)
Status	Not Met	N/A	Not Met	N/A	Not Met

In this example, the LEA has failed both Method 2 and Method 4. The comparison years were 2017 for Method 2 and 2014 for Method 4. As this LEA did not budget anything for SPED M&O, they will need to submit new budgets to be tested.

Eligibility Test Results – Fail Example 2

Eligibility Test Results

For the following information, please see the MOE MOE

Pending

In order to meet the MOE eligibility requirement in this fiscal year the district/charter must budget, at least the same total or per capita amount, of local funds or state and local funds, as it spent during the most recent year for which information is available.

	Overall	Method 1 Local Cost	Method 2 2018 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 2017 State and Local Per Capita Cost
2020 Amount		N/A	\$382,313.00	N/A	\$13,351.99
Comparison Year Amount		N/A	\$390,509.00	N/A	\$18,885.61
Difference		N/A	(\$8,196.00)	N/A	(\$5,533.62)
2020 SPED Count				N/A	x 28.6334
Total Difference		N/A	(\$8,196.00)	N/A	(\$158,446.31)
Status	Not Met	N/A	Not Met	N/A	Not Met

Back [Continue](#)

In this example, the LEA has failed both Method 2 and Method 4. The comparison years were 2018 for Method 2 and 2017 for Method 4. This LEA has the opportunity to submit allowable exceptions/reductions to meet the Eligibility standard.

Allowable Exceptions/Reductions

Allowable Exceptions/Reductions

Allowable Learning and Positive Outcomes 2020-21

Pending

SEC. 300.204 Exception to maintenance of effort.

Notwithstanding the restriction in Sec. 300.203(a), an LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to any of the following:

- (a) The 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 this part, 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
 - (1) Has left the jurisdiction of the agency;
 - (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated;
 - (3) 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 Sec. 300.704(c).

(Authority: 20 U.S.C. 1413(a)(2)(B))

SEC. 300.205 Adjustment to local fiscal efforts in certain fiscal years

- (f) Amounts in excess. Notwithstanding Sec. 300.202(a)(2) and (b) and Sec. 300.203(a), and except as provided in paragraph (d) of this section and Sec. 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under Sec. 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by Sec. 300.203(a) by not more than 50 percent of the amount of that excess.

(Authority: 20 U.S.C. 1413(a)(2)(C))

Back

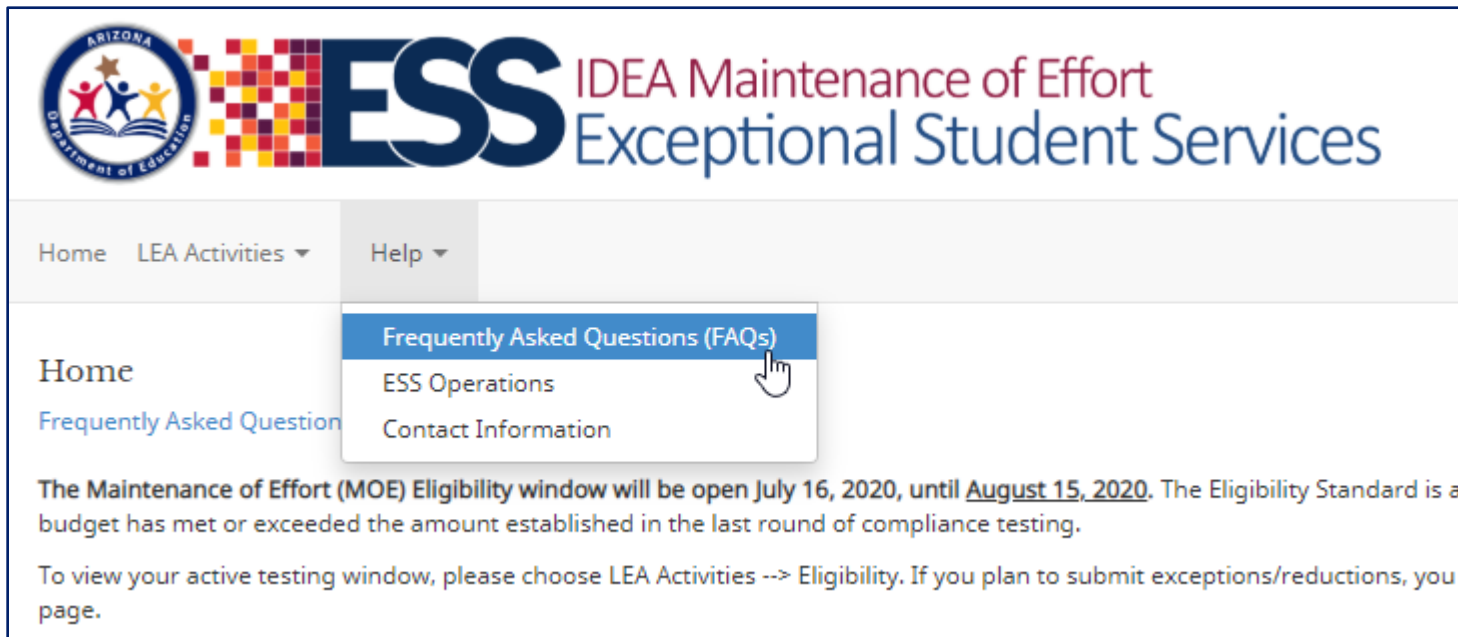
Continue

Submission Summary

Click on the Continue button to review each exception/reduction or click on the hyperlinked letter to the left of the screen to jump to a specific page.

Note – there are two system-generated exceptions, B and F, be sure to review these for your LEA.

Where can I learn more about allowable exceptions/reductions?



ARIZONA
Department of Education

ESS IDEA Maintenance of Effort
Exceptional Student Services

Home LEA Activities ▾ Help ▾

Home
Frequently Asked Questions
ESS Operations
Contact Information

The Maintenance of Effort (MOE) Eligibility window will be open July 16, 2020, until August 15, 2020. The Eligibility Standard is a budget has met or exceeded the amount established in the last round of compliance testing.

To view your active testing window, please choose LEA Activities --> Eligibility. If you plan to submit exceptions/reductions, you page.

Click on the Help menu and open the FAQs document.

Exception B – SPED Student Decrease

Decrease in SPED Enrollment Pending

B: Allowable Exception - Decrease in SPED Enrollment: A decrease in the enrollment of children with disabilities.

FY 2017 SPED 28	-	FY 2019 SPED 28 estimated from FY2018 SPED28	=	SPED Student Decrease
3.8500	-	1.8100	=	2.0400
Student Decrease	X	FY 2017 PPE	=	Total Decrease in SPED
2.0400	X	392.4675	=	\$800.63

If applicable, by checking this box, you certify that this reduction reflects an accurate decrease in enrollment of students with disabilities for your local education agency. This acknowledges that you wish to use this reduction as an exception for purposes of Maintenance of Effort testing.

If Exception B is available to you, you'll see a positive number in the Total Decrease in SPED value listed on this page. You can click on the button, save your work, and continue through the remaining pages until you reach the submission summary.

Submission Summary

Submission Summary

File Upload Summary Status: **Pending**

Pending

Message: File upload was successful.



Exceptions/Reductions

Description	Exception/Reduction Amount
A. Special Education Staff Departures	\$55,000.00
B. Decrease in SPED Enrollment	\$0.00
C. Termination of Obligations	\$0.00
D. Termination of Costly Long-Term Purchases	\$0.00
E. The Assumption of Cost by the High Cost Fund Operated by the SEA	\$0.00
F. Allowable Adjustment to Local Fiscal Efforts	\$0.00
Total Exceptions/Reductions	\$55,000.00

Total Amount of Exceptions/Reductions Requested

\$55,000.00

In this example, the LEA has successfully submitted the MOE data in the application. It must also submit supporting documentation on the submission summary page.

Once the LEA passes MOE Eligibility, the IDEA Consolidated – Entitlement grant may be resubmitted for approval.

Supporting Documentation

Supporting Documentation must be uploaded if you are submitting data for Exception A, Exception C, Exception D, and/or Exception E.

Upload Documents...

How does MOE Eligibility affect my IDEA Grant application?

- Your IDEA Consolidated – Entitlement Grant application’s approval is dependent on programmatic review and meeting the MOE Eligibility standard.
- Your LEA’s IDEA Consolidated – Entitlement Grant application will be **rejected** if you fail MOE Eligibility testing on 7/16/20.
- You will need to **resubmit** your application once your LEA meets MOE Eligibility standard.
- Example:
If your grant is rejected on 7/16 and is not resubmitted again until 8/1. Your LEA will not be able to claim any reimbursement for the periods that your LEA was ineligible 7/1 – 7/31. Any expenses normally charged to the grant **will not be approved via reimbursement request** for this time period.

Must ALL LEAs be tested for the MOE Eligibility standard?

- Every LEA that submits a budget to School Finance and intends to receive IDEA Part B funds must be tested for MOE Eligibility before the funds are made available to the LEA.
- If a school wants to waive the IDEA Part B funds (IDEA Preschool and IDEA Basic grants), then the school will not need to pass MOE Eligibility testing. The LEA will not be tested for the MOE Compliance standard in the year in which they waived IDEA Part B funds.

Questions

- Please contact ESS Program Management for questions about your MOE Eligibility testing.
- essprogmgmt@azed.gov or call 602-542-3398
- To get access to the ADEConnect application, contact your Entity Administrator and request the user role of LEA User for the ESS Funding and Maintenance of Effort application.