



# ESS Program Management Update

Candice Trainor and Chris Brown

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# Agenda

- IDEA and ARP-IDEA Grants
- High-Cost Child and Extraordinary Special Education Needs Fund
- IDEA Maintenance of Effort
  - MOE Compliance Test for 2021 Annual Financial Reports
  - MOE Reduction for FY2022

# Fiscal Year & Federal Fiscal Year

## Common terminology

- Federal fiscal year (FFY) is using a forward identification
  - Example: FFY20 refers to the 2020 to 2021 school year
- Fiscal year (FY) uses a reverse identification
  - Example: FY20 refers to the 2019 to 2020 school year

State uses fiscal year, but the federal government provides nearly all of their items in terms of **federal fiscal year**.





# IDEA and ARP-IDEA Grant Updates



# IDEA Consolidated-Entitlement Grants

Full Allocations for the IDEA Basic and IDEA  
Preschool grants posted December 2021

<http://bit.ly/FY2022PS>

Click on the link below to access each worksheet.

| <u>Funding Application</u>                             | <u>Grants</u> |           | <u>Proportionate Share</u> | <u>CEIS</u> |
|--|---------------|-----------|----------------------------|-------------|
| <a href="#">2022 IDEA Consolidated-Entitlement</a>     | Basic         | Preschool | Yes                        | Yes         |
| <a href="#">2022 ARP IDEA Consolidated-Entitlement</a> | Basic         | Preschool | Yes                        | Yes         |
| <a href="#">2021 IDEA Consolidated-Entitlement</a>     | Basic         | Preschool | Yes                        | Yes         |

#### Data Tables

[2022 Final Proportionate Share Percentages](#)

[2022 MOE Adjustment](#) Basic

The FY22 IDEA Consolidated-Entitlement workbook is intended to provide public education agencies (PEAs) with information about the allocations for the FY22 IDEA Consolidated-Entitlement grant, FY22 ARP IDEA Consolidated-Entitlement grant, proportionate share obligations, maximum values for Coordinated Early intervening Services (CEIS), and information about the allowable adjustment to local fiscal efforts in accordance with IDEA Maintenance of Effort.

Please contact [essprogmt@azed.gov](mailto:essprogmt@azed.gov) for questions about the allocations workbook.



# IDEA and ARP-IDEA Allocations

| Grant              | 2021           | 2022            |
|--------------------|----------------|-----------------|
| IDEA Basic         | \$ 204,616,841 | \$ 208,035,842  |
| IDEA Preschool     | \$ 4,576,430   | \$ 4,303,233    |
| ARP-IDEA Basic     | n/a            | \$ 45,633,432   |
| ARP-IDEA Preschool | n/a            | \$ 2,940,984.09 |

ESS Program Management has published a Budget Planning Tool to assist public education agencies (PEAs) in planning how much IDEA funding is available in fiscal year 2022.

<https://bit.ly/22BudgetPlanning>



# 21–22 Budget Planning Tool

| 2021-2022 Budget              |  |                 |                     |  |  |
|-------------------------------|--|-----------------|---------------------|--|--|
|                               |  | Amount for FY22 | Expiration of funds | What PEA currently has budgeted (12/15/2021) |  |
| State M&O                     |  | \$ 4,396,665.00 | 6/30/2022           | \$ 4,266,665.00                              | State & Local funds that must be spent to maintain MOE Compliance (eligible for about \$130K decrease) |
| IDEA Basic FY21 Carryover     |  | \$ 423,629.77   | 9/30/2022           | \$ 423,629.77                                | Carryover must be spent by 9/30/22 or it will be forfeited to US Department of Education               |
| IDEA Preschool FY21 Carryover |  | \$ 6,614.49     | 9/30/2022           | \$ 6,614.49                                  | Carryover must be spent by 9/30/22 or it will be forfeited to US Department of Education               |
| ARP IDEA Basic                |  | \$ 272,352.33   | 9/30/2023           |  | one time big ticket purchases, can roll over one time to FY23  |
| ARP IDEA Preschool            |  | \$ 20,365.57    | 9/30/2023           |  | one time big ticket purchases, can roll over one time to FY23  |
| IDEA Basic FY22               |  | \$ 1,273,806.49 | 9/30/2023           | \$ 991,076.18                                | normal IDEA activities, 100% of this grant can roll over to FY23                                       |
| IDEA Preschool FY22           |  | \$ 21,570.57    | 9/30/2023           | \$ 20,005.88                                 | normal IDEA activities, 100% of this grant can roll over to FY23                                       |
|                               |  |                 |                     |  |  |
|                               |  |                 |                     |  |  |
| Total Available to Spend      |  | \$ 6,415,004.22 |                     | \$ 5,707,991.32                              |  |
|                               |  |                 |                     |  |  |
| Federal Dollars               |  | \$ 2,018,339.22 |                     | \$ 1,441,326.32                              |  |
| Basic                         |  | \$ 1,969,788.59 |                     | \$ 1,414,705.95                              |  |
| Preschool                     |  | \$ 48,550.63    |                     | \$ 26,620.37                                 |  |

# IDEA and ARP-IDEA Updates

|   | IDEA  | ARP-IDEA            |
|---|---|---------------------|
| Project Period                                | 7/1/2021–9/30/2022  | 7/1/2021–9/30/2022  |
| Carryover Period                              | 10/1/2022–9/30/2023   | 10/1/2022–9/30/2023 |
| Proportionate Share Obligations for Districts | Yes   | Yes                 |
| Deadline to submit original application       | 2/26/2022*  | 1/30/2022           |
| Allowable Costs Guide                         | <a href="https://bit.ly/IDEAallowables21">https://bit.ly/IDEAallowables21</a> |                     |

ARP-IDEA Basic and Preschool grants will have the same substantial approval date of the PEA's IDEA Basic and IDEA Preschool grants.

- If the PEA has not yet submitted an original application for IDEA Consolidated-Entitlement, the deadline to submit is 2/26/2022.





# FY22 IDEA Funding Applications

| Status                          | # of PEAs |
|---------------------------------|-----------|
| Not Started                     | 9         |
| Pending with LEA                | 314       |
| Pending with Program Specialist | 57        |
| Pending with Director           | 8         |
| SEA Director Approved           | 245       |
| Waived/Forfeited                | 18        |
| Total                           | 651       |

Allocations were updated in December 2021 to include full IDEA awards for Basic and Preschool grants. Submit revisions to budget these additional funds by 2/26/2022.



# FY22 ARP-IEA Funding Applications

| Status                          | # of PEAs |
|---------------------------------|-----------|
| Not Started                     | 285       |
| Pending with LEA                | 135       |
| Pending with Program Specialist | 46        |
| Pending with Director           | 6         |
| SEA Director Approved           | 160       |
| Waived/Forfeited                | 8         |
| Total                           | 640       |

ARP-IDEA funding application is a one-time allocation for PEAs. The funds expire in September 2023.

Visit the ESS Program Management website to review the October 2021 webinar [\*American Rescue Plan \(ARP-IDEA\) Funds and MOE Considerations.\*](#)



# FY21 IDEA Completion Reports

| Status                      | # of PEAs |
|-----------------------------|-----------|
| Grants Management Approved  | 559       |
| Waived/Forfeited            | 26        |
| PEA CR Not Started          | 4         |
| PEA CR Incomplete           | 24        |
| County/SEA Pending Approval | 33        |
| Total                       | 646       |

PEAs with outstanding completion reports were placed on Global Holds on Friday, January 14. Please contact [essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov) for assistance on how to submit completion reports and release holds.



# FY23 IDEA Funding Applications

Preliminary amounts will be available soon. October 1 data collection, which closed on January 18, 2022, provides information for the upcoming school year allocations.





# High-Cost Child (HCC) Claims and Extraordinary Special Education Needs (ESEN) Fund



# HCC/ESEN Comparison

|   | HCC  | ESEN  |
|---|--|---|
| Available funds in FY22                   | \$1.7 Million  | \$5 Million   |
| Maximum amount approved for each PEA      | \$100,000  | \$250,000   |
| Approval periods                          | 4 monthly rounds in 2022   | 4 monthly rounds in 2022<br>(up to 2 claims per PEA)<br>4 quarterly rounds in 2023  |
| MOE <u>Exception E</u> applies            | Yes  | No  |
| PEA can reimburse total cost of student   | Yes  | No (PEA must deduct state aid generated by student from claim request)  |
| ADE Reporting Requirements to Legislature | N/A  | Annually on 12/15 <ul style="list-style-type: none"> <li>• # of claims funded in prior year</li> <li>• How PEAs spent money</li> <li>• # of claims requested in prior year</li> </ul> |
| Eligible PEAs                             | IDEA Eligible PEAs (districts, secure care, and non-profit charters) | Districts and Charters, including for-profit charters   |
| User Role in ADE Connect                  | ESS High Cost :: PEA User  | ESS ESEN :: PEA User  |

# Purpose of HCC and ESEN

The Individuals with Disabilities Education Act (IDEA) allows states to use 10% of their Part B funds reserved for state-level activities to establish and make disbursements from a high-cost fund to public education agencies (PEA) for students meeting the criteria of high-risk.

ADE/ESS has determined that any student with disabilities whose costs exceed three times the per pupil average is eligible for High-Cost Child funding.

A.R.S. § 15-774 established a new state-funded Extraordinary Special Education Needs Fund in the 2021 legislative session. This \$5 million annual appropriation is available to help PEAs off-set the costs of students whose per pupil average exceeds \$25,602 annually. The fund will be available for year-round application beginning in FY2023.



# Excess Costs for HCC/ESEN Consideration

The cost of the student must exceed three times the normal amount expended on a child in Arizona of \$8,354 (National Center for Education Statistics).

| Annual Amount | Daily Rate | Calendar Days |
|---------------|------------|---------------|
| \$25,602      | \$176.79   | 144 days      |
|               | \$142.23   | 180 days      |
|               | \$128.01   | 200 days      |
|               | \$101.60   | 252 days      |

- FY22 HCC funding is \$1.7 million
- FY22 ESEN funding is \$5 million



# Fiscal Year 2022 HCC Application Review Process

PEAs are encouraged to submit multiple claims but will be limited to approximately \$100,000 in awarded claims, depending on available funds. For HCC Applications, PEAs are able to request the full reimbursement of costs incurred by the student.

Every opportunity will be made to ensure that each PEA that applies is approved for at least one claim.

ESS Program Management will review applications for completeness beginning on January 18, 2022. Applications may be rejected to request additional documentation or fix AzEDS integrity errors.

All applications will close before 6/30/2022.



# High-Cost Child Approval Process

| Round for Funding Approval | Submission Deadline |
|----------------------------|---------------------|
| 1 <sup>st</sup>            | February 11, 2022   |
| 2 <sup>nd</sup>            | March 11, 2022      |
| 3 <sup>rd</sup>            | April 8, 2022       |
| 4 <sup>th</sup>            | May 27, 2022        |

- The HCC Claims are competitive funding applications.
- Every effort will be made to approve PEAs in each of the four rounds of funding approval but may be limited based on remaining funds available.
- PEAs shall not exceed \$100,000 for total funding approved.



# HCC Item Checklist for Applications

The following information will be required for a PEA to submit a claim for reimbursement:

- State Student ID
- Current IEP
- Invoices showing costs for the High-Cost Child
  - If providing multiple invoices from vendors or payroll information for personnel working directly with a student, ESS PM requests that the PEA submit a summary invoice to reflect all costs in addition to the original invoices/receipts (see next slide for summary claim template).
- Narrative on PEA letterhead describing the burden of the student's excess cost to the PEA

# Previously Approved HCC Claims

- Tuition and fees to approved-private day schools (tuition, related services, transportation)
- Interpreters for HI students
- Contracted nursing
- Additional instructional personnel (1:1 aides, new SC classroom teacher)
- Related Service Providers

# Does applying for the HCC affect MOE?

## Maintenance of Effort, Exception E

*Students who have been deemed eligible as part of the IDEA High-Cost Grant can be listed in the ESS MOE application as a valid exception for reducing the obligation a public education agency must meet for Maintenance of Effort. Any students submitted into this field will be validated against information submitted into AzEDS and the HCC funding application.*

## Contact

[essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov) to review your MOE data for more information  
[Maintenance of Effort Compliance](#) webinar will be held on March 1 at 11:00 a.m.



# ESEN—State Funded high-cost child pool

- \$5 million annual allocation from Arizona State Legislature to be awarded on a quarterly basis.
  - FY2022 will open for 4 rounds of approval following same schedule as High-Cost Child
  - FY2023 will open in August 2022 for quarterly consideration.
- Prioritizes the costs of a student less than what the student's SPED ADM multipliers will contribute to the PEAs state aid
- PEAs may submit multiple claims for the same student to reach full funding of that student if funds are still available.
- PEAs will be approved for up to two claims each round as funds are available.

# ESEN Item Checklist for Applications

The following information will be required for a PEA to submit a claim for reimbursement:

## State Student ID

- Current IEP
- Claim Summary Template
- Invoices or accounting documentation matching costs for the ESEN claim summary template
- Narrative on PEA letterhead describing the burden of the student's excess cost to the PEA and what funds have already been used to pay for a portion of the student's costs

# Example of Summary Claim Template

<https://bit.ly/ESSClaims>

|   |           |                                |                |  |           |           |           |            |           |                                       |  |
|---|-----------|--------------------------------|----------------|--|-----------|-----------|-----------|------------|-----------|---------------------------------------|--|
| Student Name:   |           | Pebbles Rubble                 |                | SSID:  |           | 12345678  |           |            |           |                                       |  |
| Claim Start Date:   |           | 7/1/2021                       |                | Claim End Date:  |           | 7/31/2021 |           |            |           |                                       |  |
| Record the monthly expenses for the student's claim by expense type. Use the subtotals below to submit your requested claim amount. |           |                                |                |  |           |           |           |            |           |                                       |  |
| Expense Types   |           |                                |                |  |           |           |           |            |           |                                       |  |
| Month   | Tuition   | 1:1 Aide<br>(Paraprofessional) | Transportation | Related<br>Services (PT, OT,<br>Speech,<br>Counseling) | Nursing   | Fees      | Other*    | Total      |           |                                       |  |
| July  | \$ 100.00 | \$ 101.00                      | \$ 102.00      | \$ 103.00  | \$ 104.00 | \$ 105.00 | \$ 106.00 | July Total | \$ 721.00 | If Other, please describe expense(s). |  |
| August  |           |                                |                |  |           |           |           | August     | \$ -      | ASL Inrpreting Services               |  |
| September   |           |                                |                |  |           |           |           | September  | \$ -      |                                       |  |





# Fiscal Year 2022 ESEN Fund Application Review Process

PEAs are encouraged to submit multiple claims but will be limited to approximately \$250,000 in awarded claims, depending on available funds. For ESN Fund Applications, PEAs are able to request the **excess costs generated by the student, not the full amount.**

Every effort will be made to ensure that each PEA that applies is approved for at least one claim.

ESS Program Management began reviewing applications for completeness on January 18, 2022. Applications may be rejected to request additional documentation or fix AzEDS integrity errors. To ensure payment of state funds, the ESEN Fund will close by May 27, 2022.



# ESEN Fund Approval Process

| Round for funding approval | Submission Deadline |
|----------------------------|---------------------|
| 1 <sup>st</sup>            | February 11, 2022   |
| 2 <sup>nd</sup>            | March 11, 2022      |
| 3 <sup>rd</sup>            | April 8, 2022*      |
| 4 <sup>th</sup>            | May 27, 2022*       |

- The ESEN Funds are competitive funding applications.
- Every effort will be made to approve PEAs for two claims in each of the four rounds of funding approval, but this may change based on available funds the 3<sup>rd</sup> and 4<sup>th</sup> rounds.
- PEAs shall not exceed \$250,000 for total funding approved.



# Estimating a Student's Excess Cost for ESEN

Student's tuition to private day placement = \$2,500 per month.

Student's disability category is SLD; grade level is 8<sup>th</sup>.

Student generates approximately \$6,000 annually (generally \$600 per month) in State Aid.

PEA plans to submit claim for 5 months at private day placement—July 15, 2021–December 17, 2021.

|                               |          |
|-------------------------------|----------|
|                               |          |
| \$2,500 * 5 Months            | \$12,500 |
| \$6,000 * .5 year SPED ADM    | -\$3,000 |
| Total ESEN claim for 5 months | \$9,500  |



# Does applying for the ESEN affect MOE?

- Maintenance of Effort, Exception E, does not apply for students who are approved for ESEN claims as these are not federal IDEA Funds.
- PEAs must ensure they are still able to meet MOE Compliance thresholds with the use of this fund.

Contact

[essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov) to review your MOE data for more information  
[Maintenance of Effort Compliance](#) webinar will be held on March 1 at 11:00 a.m.



# How do I determine which fund is best to request reimbursement for my student?

- Does the PEA need to take a reduction for MOE?
- Does the PEA wish to be reimbursed for total cost incurred by the student?
- Is the total cost less than \$100,000?
- Can the PEA still meet MOE Compliance without using Exception E?
- Were the costs previously paid for by IDEA grant?\*
- Is the PEA asking for excess cost reimbursement above state aid?

Choose High-Cost Child.

Choose ESEN.



# PEA Next Steps

- Prioritize highest-cost students in your PEA
- Determine which fund(s) you will apply for and prepare items needed for application checklist
- Review Quick-Reference Guide in January 2022 for screen shots and instructions
- Submit first claims by 2/11/2022
- Submit up to \$100,000 for HCC claims and \$250,000 for ESEN fund
- Review any requests for edits or data validation by ESS Program Specialists



# IDEA Maintenance of Effort



# 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.
  - The United States Department of Education ensures that the ADE meets the requirements on Maintenance of State Financial Support (MFS)
  - ADE ensures that LEAs maintain levels of fiscal support through the MOE tests, twice a year
- The LEA MOE tests ensure that federal funds are used to supplement, not supplant local fiscal efforts.





# What are the consequences for failing to meet the MOE standards?

- If an LEA fails meet the MOE eligibility (i.e., budget) standard, it may not receive IDEA Part B funds.
  - This prevents an LEA's IDEA Consolidated-Entitlement funding application from receiving substantial approval at the beginning of the project period in July.
- If an LEA fails meet the MOE compliance (i.e., expenditure) standard, the ADE must repay the U.S. Department of Education.
  - The amount owed is the difference between what the LEA actually spent and what it should have spent to meet the MOE requirement, or the amount of the LEA's Part B Entitlement subgrant for that fiscal year, whichever is lower.
  - The ADE can require the LEA to submit payment or can opt to cover the penalty itself.

34 C.F.R. § 300.203



# How do we calculate MOE in Arizona?

Compliance Test Results Pending

In order to meet the MOE compliance requirement in this fiscal year the district/charter must expend, 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<br>Local Cost | Method 2<br>2019 State and Local Cost | Method 3<br>Local Per Capita Cost | Method 4<br>2019 State and Local Per Capita Cost |
|------------------------|---------|------------------------|---------------------------------------|-----------------------------------|--|
| 2020 Amount            |         | N/A                    | \$11,634,372.00                       | N/A                               | \$9,181.76                                       |
| Comparison Year Amount |         | N/A                    | \$9,724,970.00                        | N/A                               | \$7,979.23                                       |
| Difference             |         | N/A                    | \$1,909,402.00                        | N/A                               | \$1,202.53                                       |
| 2020 SPED Count        |         |                        |                                       | N/A                               | x 1,267.1179                                     |
| Total Difference       |         | N/A                    | \$1,909,402.00                        | N/A                               | \$1,523,752.46                                   |
| Status                 | Met     | N/A                    | Met                                   | N/A                               | Met  |

In order to meet the MOE compliance requirement in this fiscal year the LEA must expend at least the same total or per capita amount of local funds or state and local funds, compared to the most recent year for which information is available.

- Method 1: Local funds only
- Method 2: State and local funds combined
- Method 3: Local funds only on a per capita basis
- Method 4: State and local funds combined on a per capita basis



# Where does the ESS MOE Application get its values for state and local funds?

District Annual Financial Report (AFR) – Actual or Charter Holders Annual Financial Report – Actual

- The ESS MOE application captures the sum of Lines 1 and 9 or 10 (Total All Disability Classifications and IEP required pupil transportation costs\* coded within Program 400) and uses the value as the LEA's 2021 amount.
- These values are also represented as part of Page 2 of the LEA's AFR. (Page 2 may include other special programs offered by the LEA, but these are not included in the MOE calculation.)

| B. M&O SPECIAL EDUCATION PROGRAMS BY TYPE<br>(A.R.S. § 15-761)       |                                |                                |     |
|--|--------------------------------|--------------------------------|-----|
|  | PROGRAM<br>200 & 300<br>BUDGET | PROGRAM<br>200 & 300<br>ACTUAL |     |
| 1. Total All Disability Classifications                              | 9,901,106                      | 9,848,295                      | 1.  |
| 2. Gifted Education  | 237,826                        | 277,579                        | 2.  |
| 3. Remedial Education  | 0                              | 0                              | 3.  |
| 4. ELL Incremental Costs   | 412,313                        | 461,701                        | 4.  |
| 5. ELL Compensatory Instruction                                      | 0                              | 0                              | 5.  |
| 6. Vocational and Technological Education (non-CTED)                 | 0                              | 0                              | 6.  |
| 7. Career Education  | 0                              | 0                              | 7.  |
| 8. Career Technical Education (CTED programs in 300 range)           | 0                              | 0                              | 8.  |
| 9. Total (lines 1-8)   | 10,551,245                     | 10,587,575                     | 9.  |
| 10. IEP required pupil transportation costs coded within Program 400 |                                | 1,786,077                      | 10. |

\*Transportation costs reflected on page 8 of the AFR were introduced to the MOE Compliance calculation in March 2021 for the 2020 AFRs.

| MAINTENANCE AND OPERATION FUND (001)—EXPENDITURES                                    |                  |                              |   |                  |               |        |            |                   |                                     |         |
|--|------------------|------------------------------|---|------------------|---------------|--------|------------|-------------------|-------------------------------------|---------|
| Expenditures   | Salaries<br>6100 | Employee<br>Benefits<br>6200 | Purchased Services<br>6300, 6400,<br>6500 | Supplies<br>6600 | Other<br>6800 | Totals |            |                   | % Increase<br>Decrease in<br>Actual |         |
|  |                  |                              |   |                  |               | Budget | Actual     | Prior Year Actual |                                     |         |
| <b>200 and 300 Special Education</b>   |                  |                              |   |                  |               |        |            |                   |                                     |         |
| 1000 Instruction   | 15               | 3,601,461                    | 917,835                                   | 913,563          | 7,537         | 31,500 | 6,257,355  | 5,471,896         | 5,677,637                           | -3.6%   |
| 2000 Support Services  |                  |                              |   |                  |               |        |            |                   |                                     |         |
| 2100 Students  | 16               | 3,364,122                    | 867,033                                   | 460,640          | 18,992        | 1,050  | 4,024,302  | 4,711,837         | 4,452,842                           | 5.8%    |
| 2200 Instructional Staff   | 17               | 292,074                      | 79,481                                    | 0                | 4,003         | 317    | 268,738    | 375,875           | 291,360                             | 29.0%   |
| 2300 General Administration  | 18               | 0                            | 0   | 0                | 0             | 0      | 0          | 0                 | 0                                   | 0.0%    |
| 2400 School Administration   | 19               | 0                            | 0   | 0                | 0             | 0      | 0          | 0                 | 0                                   | 0.0%    |
| 2500 Central Services  | 20               | 0                            | 0   | 4,743            | 0             | 23,224 | 0          | 27,967            | 9,225                               | 203.2%  |
| 2600 Operation & Maintenance of Plant  | 21               | 0                            | 0   | 0                | 0             | 0      | 850        | 0                 | 690                                 | -100.0% |
| 2900 Other   | 22               | 0                            | 0   | 0                | 0             | 0      | 0          | 0                 | 0                                   | 0.0%    |
| 3000 Operation of Noninstructional Services  | 23               | 0                            | 0   | 0                | 0             | 0      | 0          | 0                 | 0                                   | 0.0%    |
| Subtotal (lines 15-23)   | 24               | 7,257,657                    | 1,864,349                                 | 1,378,946        | 30,332        | 36,091 | 10,551,245 | 10,587,575        | 10,431,754                          | 1.3%    |
| 400 Pupil Transportation   | 25               | 1,873,880                    | 694,629                                   | 893,304          | 337,634       | 1,018  | 2,943,701  | 3,800,465         | 3,338,610                           | 13.2%   |
| 610 Desegregation<br>(from Districtwide Desegregation Expenditures, page 2, line 44) | 26               | 0                            | 0   | 0                | 0             | 0      | 0          | 0                 | 0                                   | 0.0%    |



# Was MOE impacted by Federal Recovery Funds?

|  |  | FY20             | FY21              |                   | FY22              |                   | FY23              |                   | FY24              |                   | FY25              |                   |
|--|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  |  | March 13<br>2020 | July 2020         | September<br>2020 | July 2021         | September<br>2021 | July 2022         | September<br>2022 | July 2023         | September<br>2023 | July 2024         | September<br>2024 |
| Federal<br>Entitlement<br>Funds          | FY20 ESSA/IDEA/Perkins                 |                  | Carryover to FY21 |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|  | FY21 ESSA/IDEA/Perkins                 |                  |                   |                   | Carryover to FY22 |                   |                   |                   |                   |                   |                   |                   |
|  | FY22 ESSA/IDEA/Perkins                 |                  |                   |                   |                   | Carryover to FY23 |                   |                   |                   |                   |                   |                   |
|  | FY23 ESSA/IDEA/Perkins                 |                  |                   |                   |                   |                   | Carryover to FY24 |                   |                   |                   |                   |                   |
|  | FY24 ESSA/IDEA/Perkins                 |                  |                   |                   |                   |                   |                   |                   | Carryover to FY25 |                   |                   |                   |
|  | FY25 ESSA/IDEA/Perkins                 |                  |                   |                   |                   |                   |                   |                   |                   |                   | Carryover to FY25 |                   |
| COVID-19<br>Federal<br>Recovery<br>Funds | ARP IDEA Funds                         |                  |                   |                   |                   |                   | Carryover to FY23 |                   |                   |                   |                   |                   |
|  | CARES Act Corona Virus<br>Relief (CRF) |                  |                   |                   | 12/31/2021        |                   |                   |                   |                   |                   |                   |                   |
|  | ESSER I                                |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|  | Acceleration Academies<br>(GEER I)     |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|  | ESSER II                               |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|  | ESSER III                              |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |



# Influx of Federal Funds

These additional federal funds are not considered state and local funds for IDEA LEA MOE purposes:

- Elementary and Secondary School Emergency Relief (ESSER)
- Coronavirus Relief Fund (CRF)
- Governor's Emergency Education Relief (GEER)
- Coronavirus Response and Relief Supplemental Appropriations Act (ESSER II)
- American Rescue Plan Act (ESSER III)

# OSEP Q&A

- OSEP Issued [Question and Answer \(Q & A\), June 26, 2020](#)
- No additional flexibility granted with respect to LEA MOE requirements due to the pandemic
- OSEP emphasized flexibility of the existing provisions in meeting MOE

LEAs may meet the MOE requirement using at least one of the four methods:

- Total local funds
- Total state and local funds
- Local funds per capita
- State and local only funds per capita

“While COVID-19 is still a factor in the state of Arizona, the Office of Special Education Programs (OSEP) has not issued any waivers or exceptions for any states in testing for IDEA MOE. As such, until ESS receives updated information from OSEP that provides an exemption, we are required by federal law to complete testing for IDEA MOE.”



[IDEA MOE Testing Window Memo, 3/1/2021](#)

# FY22 MOE Compliance Testing Window, March 1–31, 2022

The upcoming MOE Compliance test will compare the 2021 AFR to the comparison year values established in the FY21 MOE Compliance Test.

The ESS Program Management team has pre-tested 615 LEAs and found that 145 did not report enough expenses on page 8 of the AFRs to meet MOE compliance standards.




# Preparation for MOE Compliance

- PEAs that are at risk of failing to meet MOE Compliance standards will be contacted by ESS Program Management staff in the first week of February.
- PEAs must validate that the amounts reported on page 8 of the AFR do not include federal funds.
- If necessary, a revision of the AFR should be uploaded to ADE School Finance.



# Finding MOE Comparison Year Values

- PEAs may log into the MOE Application to review comparison year values.
- Click on LEA Activities and choose Eligibility.



ARIZONA Department of Education

**ESS** IDEA Maintenance of Effort  
Exceptional Student Services

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The FY2022 MOE Eligibility Testing window will be open July 16 - August 15, 2021. LEAs that have met the eligibility standard will processing of the FY2022 IDEA Consolidated - Entitlement Grants.

If your LEA has failed the MOE Eligibility test, you will need to contact [essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov) to request that your case be reo or enter exceptions/reductions to the ESS MOE application is August 15, 2021.

Failure to meet the MOE Eligibility standard will affect your LEA's substantial approval of the IDEA grant and your LEA's ability to

# MOE Comparison Year Values

## Eligibility Test Results



Closed (Met)

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<br>Local Cost | Method 2<br>2020 State and Local Cost | Method 3<br>Local Per Capita Cost | Method 4<br>2019 State and Local Per Capita Cost |
|------------------------|---------|------------------------|---------------------------------------|-----------------------------------|--|
| 2022 Amount            |         | N/A                    | \$127,933.00                          | N/A                               | \$3,950.99                                       |
| Comparison Year Amount |         | N/A                    | \$126,121.00                          | N/A                               | \$4,097.61                                       |
| Difference             |         | N/A                    | \$1,812.00                            | N/A                               | (\$146.62)                                       |
| 2022 SPED Count        |         |                        |                                       | N/A                               | x 32.3800  |
| Total Difference       |         | N/A                    | \$1,812.00                            | N/A                               | (\$4,747.64)                                     |
| Status                 | Met     | N/A                    | Met                                   | N/A                               | Not Met  |

In this example, the Method 2 comparison year value is \$126,121.00 (2020 AFR) and the Method 4 comparison year value is \$4,097.61 (2019 AFR).



# Locate 2021 AFR Data

## C. Special education programs by type

|   | Program<br>200<br>budget | Program<br>200<br>actual |    |
|---|--------------------------|--------------------------|----|
| 1. Total all disability classifications   | 139,000                  | 126,126                  | 1. |
| 2. Gifted education   | 0                        | 0                        | 2. |
| 3. ELL incremental costs  | 0                        | 0                        | 3. |
| 4. ELL compensatory instruction   | 0                        | 0                        | 4. |
| 5. Remedial education   | 0                        | 0                        | 5. |
| 6. Vocational and technical education   | 0                        | 0                        | 6. |
| 7. Career education   | 0                        | 0                        | 7. |
| 8. Total (lines 1-7)  | 139,000                  | 126,126                  | 8. |
| 9. Expenses incurred for transporting students with disabilities (as defined in A.R.S. §15-761) unique to the IEP |                          | 0                        | 9. |

- Confirm page 8 and page 2 values agree.
- Compare sum of All Disability Classifications and IEP required transportation on 2021 AFR is greater than MOE Comparison Year Values.
- In this example, the PEA will meet MOE Method 2.

| 200 Special education                       |     |   |   |         |       |   |         |         |         |          |     |
|---|-----|---|---|---------|-------|---|---------|---------|---------|----------|-----|
| 1000 Instruction                            | 17. | 0 | 0 | 47,264  | 1,723 | 0 | 80,000  | 48,987  | 76,229  | -35.74%  | 17. |
| 2000 Support services                       |     |   |   |         |       |   |         |         |         |          |     |
| 2100 Students                               | 18. | 0 | 0 | 72,508  | 4,631 | 0 | 59,000  | 77,139  | 49,723  | 55.14%   | 18. |
| 2200 Instruction                            | 19. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 169     | -100.00% | 19. |
| 2300 General administration                 | 20. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 20. |
| 2400 School administration                  | 21. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 21. |
| 2500 Central services                       | 22. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 22. |
| 2600 Operation & maintenance of plant       | 23. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 23. |
| 2900 Other support services                 | 24. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 24. |
| 3000 Operation of noninstructional services | 25. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 25. |
| 4000 Facilities acquisition & construction  | 26. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 26. |
| 5000 Debt service                           | 27. | 0 | 0 | 0       | 0     | 0 | 0       | 0       | 0       | 0.00%    | 27. |
| Subtotal (lines 17-27)                      | 28. | 0 | 0 | 119,772 | 6,354 | 0 | 139,000 | 126,126 | 126,121 | 0.00%    | 28. |

## What if PEA doesn't meet the standards on one or more of the methods?

During the MOE Compliance testing window, PEAs can:

- Submit Local Only Funds, if applicable
- Submit allowable exceptions (A-E) to establish new compliance threshold.
  - Special Education Staff Departure
  - Decrease in SPED Enrollment
  - Termination of Obligation of Child's Program
  - Termination of Costly Long-Term Purchases
  - Assumption of Cost by High-Cost Fund Operated by the SEA

# Consult with PEA Business Manager

- Look for decreases in expenditures as reported on the 2021 AFR and determine if the decrease fits an allowable exception

|                    | Method 2 | 2020             | 2021             | Difference      |
|--------------------|----------|------------------|------------------|-----------------|
| Salaries           |          | \$ 6,708,569.00  | \$ 6,872,494.00  | \$ 163,925.00   |
| Benefits           |          | \$ 1,751,916.00  | \$ 1,876,702.00  | \$ 124,786.00   |
| Purchased Services |          | \$ 2,720,991.00  | \$ 2,220,527.00  | \$ (500,464.00) |
| Supplies           |          | \$ 67,108.00     | \$ 12,007.00     | \$ (55,101.00)  |
| Other              |          | \$ 1,750.00      | \$ 1,830.00      | \$ 80.00        |
| Transportation     |          | \$ 1,388,538.00  | \$ 1,157,201.00  | \$ (231,337.00) |
| Non-SPED Expenses  |          | \$ (895,747.00)  | \$ (819,496.00)  | \$ 76,251.00    |
|                    |          | \$ 11,743,125.00 | \$ 11,321,265.00 | \$ (421,860.00) |

# MOE Compliance Webinar

- March 1, 11:00 a.m.–12:30 p.m.—[Maintenance of Effort Compliance](#)
  - Join the ESS Program Management team for this webinar on the FY22 Maintenance of Effort Compliance test, March 1–March 31, 2022.
  - The MOE Compliance test will compare expenditures from LEA's FY21 Annual Financial Reports to LEA's Compliance Standard. We will discuss each of the allowable exceptions/reductions in this 90-minute webinar.



# Allowable Adjustment to Local Fiscal Efforts (MOE Reduction)

- There is an opportunity for PEAs to reduce state/local expenditures when there is an increase to the federal allocation.
- The additional 20% for IDEA Basic and 50% for IDEA Preschool from ARP Act funds present an opportunity for PEAs to budget less in state/local expenditures in FY2022.

Some conditions apply.

# What criteria determine whether a PEA may use the MOE adjustment?

- PEA's Section 611 federal allocation for current fiscal year is greater than its allocation for the previous fiscal year (FY22 IDEA and ARP v. FY21 IDEA)
- PEA “met requirements” in the SEA's most recent determinations ([FFY19 Determinations](#))
- SEA has not taken responsibility for providing FAPE for eligible children with disabilities in the PEA or taken action against the PEA under section 616 of IDEA
- PEA is not required to reserve the maximum 15 percent of its IDEA Part B allocation on CCEIS due to significant disproportionality under [34 C.F.R. § 300.646](#)



# 34 C.F.R. § 300.205—Adjustment to local fiscal efforts in certain fiscal years

*(a) Amounts in excess. Notwithstanding § 300.202(a)(2) and (b) and § 300.203(b), and except as provided in paragraph (d) of this section and § 300.230(e)(2), 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(b) by not more than 50 percent of the amount of that excess.*

*(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.*



# 34 C.F.R. § 300.205—Adjustment to local fiscal efforts in certain fiscal years (continued)

*(c) State prohibition. Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.*

*(d) Special rule. The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.*



# How do you calculate the MOE adjustment?

| Element  | Amount      |
|--|-------------|
| FFY20 (FY21) IDEA Basic Allocation:  | \$1,000,000 |
| FFY21 (FY22) IDEA Basic and ARP<br>IDEA Basic Allocations:   | \$1,210,000 |
| Increase in IDEA Basic allocations<br>(FFY21 amount – FFY20 amount):   | \$210,000   |
| Amount by which the PEA may reduce<br>its level of effort using the MOE<br>Adjustment ( $\$210,000 \times 50\%$ ): | \$105,000   |

# How do you calculate MOE adjustment with voluntary CEIS?

| Element  | Amount                                |
|--|---------------------------------------|
| FFY20 (FY21) IDEA Basic Allocation:  | \$1,000,000                           |
| FFY21 (FY22) IDEA Basic and ARP IDEA Basic Allocations:  | \$1,210,000                           |
| Increase in IDEA Basic allocations (FFY21 amount – FFY20 amount):                                  | \$210,000                             |
| Amount by which the PEA may reduce its level of effort using the MOE Adjustment (\$210,000 x 50%): | \$105,000                             |
| FFY21 IDEA Preschool and ARP IDEA Preschool Allocations:   | \$121,000                             |
| Amount by which the PEA may reserve for voluntary CEIS (15% x total FFY21 allocations \$1,331,000) | \$199,650                             |
| Amount available for MOE Adjustment and voluntary CEIS   | \$105,000 (lesser of the two amounts) |

# Example of MOE Reduction in Compliance Test

|                               |                         |                                |
|-------------------------------|-------------------------|--------------------------------|
| <b>FY 2020 Allocation</b>     | <b>15% CEIS Cap</b>     | <b>Available for Reduction</b> |
| 100647.10                     | 15227.25                | 15227.25                       |
| <b>FY 2019 Allocation</b>     | <b>CEIS Expenditure</b> |                                |
| 49064.17                      | 0.00                    |                                |
| <b>50% increase IDEA fund</b> |                         |                                |
| 25791.47                      |                         |                                |
| <b>Requested Reduction</b>    |                         |                                |
| 15227.25                      |                         |                                |

In this case, the maximum reduction this LEA can take is the lesser of the 15% CEIS Cap and the increase in IDEA funding. Let's look at these funds another way.



# Example—Medium Size School District

| XYZ School District           | 611, Basic Grant | Prop Share, Basic | 619, Preschool Grant | Prop Share, Preschool | CEIS         |
|-------------------------------|------------------|-------------------|----------------------|-----------------------|--------------|
| FY21 IDEA Grant               | \$ 397,003.39    | \$19,532.57       | \$13,944.75          | \$ 331.89             | \$ 61,642.22 |
| 2022 IDEA Grant               | \$ 402,958.44    | \$20,832.95       | \$14,153.92          | \$ 353.85             | \$ 62,566.85 |
| 2022 ARP Grant                | \$ 79,400.68     | \$ 4,105.02       | \$ 2,788.95          | \$ 69.72              | \$ 12,328.44 |
| Total for FY22 ARP/IDEA funds | \$ 482,359.12    | \$24,937.97       | \$16,942.87          | \$ 423.57             | \$ 74,895.30 |
| Difference 2022-2021          | \$ 85,355.73     |                   | \$ 2,998.12          |                       |              |
| 50% of decrease Part B, 611   | \$ 42,677.86     |                   |                      |                       |              |
| Max reduction of M&O budget   | \$ 42,677.86     |                   |                      |                       |              |

# MOE Adjustment Conditions

- Freed-up funds must be spent on activities under ESEA (ESSA), and ADE will track those funds.
- Funds expended for voluntary CEIS reduce the maximum amount that may be reduced for MOE.
- PEAs required to spend IDEA funds for comprehensive CEIS (significant disproportionality) are not eligible for the MOE Adjustment.

# What may the PEA do with reduced state/local funds?

*(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.*

The reduced SPED200 expenditures must be spent and tracked according to 34 C.F.R. § 300.205 (b).

- The PEA must spend funds on activities that align with the ESEA.
- ESS Program Management will provide a workbook for you to track expenditures.



# What are examples of activities that could be supported with freed-up funds?

- Title I, Part A—Improving Basic Programs Operated by PEAs
- Title I, Part C—Education of Migratory Children
- Title II—Preparing, Training, and Recruiting High-Quality Teachers, Principals, or other School Leaders
- Title III—Language Instruction for English Learners and Immigrant Students
- Title IV, Part A—Student Support and Academic Enrichment Grants



# How should a PEA track the use of freed-up funds?

- IDEA does not include a data collection or reporting requirement at this time.
- PEAs should retain documentation such as expenditure reports.
- Report should document use of amount equal to MOE Adjustment.
- ADE will require the PEA to submit this report on the FY23 MOE Compliance Test (FY2022 AFR).
- ESS Program Management has established “Freed Up Funds” workbook for PEAs taking the reduction.

# How will ADE monitor the use of freed-up funds?

- Verify the amount is no greater than 50 percent of the PEA's section 611 allocation increase
- Require an assurance from the PEA
- Request a plan describing the intended or actual use of the freed-up funds
- Request documentation from the PEA on the actual expenditure of the freed-up funds (FY23 MOE Compliance test, March 2023)

# Which PEAs may not take advantage of the reduction?

- PEAs that did not receive Meets Requirements for [FFY19 PEA Determinations](#)
- PEAs that were flagged for Significant Disproportionality in FFY19

[E-mail the ESS Operations team](#) if you have concerns about the PEA not being eligible for the MOE adjustment because of these criteria.



# Next Steps

- Review IDEA and ARP IDEA Allocations on the [ESS Program Management Website](#)
- Ensure your FY22 IDEA Consolidated-Entitlement Grant is approved by SEA Director approval, revision may be necessary
- Meet with PEA team to plan for ARP funds
- Determine whether the PEA will plan to take allowable adjustment to local fiscal efforts for FY22 (March 2023 Compliance Test)
- [E-mail ESS Program Management](#) for questions about MOE Adjustment considerations

# FY22 ESS Program Management Webinar Series

## INTERNAL PD INFO: FY22 Program Management Webinar Series (IDEA Federal Funding)

TUE, OCT 5 2021 · PROGRAM MANAGEMENT | UPDATES

Special Education Directors,

Please share this announcement with your Business Managers and Grant Writers.

The ESS Program Management team has announced the FY22 webinar series of topics related to IDEA federal funding. Please visit the [ESS Program Management website](#) to register for each Zoom session and read session descriptions. The webinar series will take place on Tuesdays at 11:00 a.m.

- October 12 - [American Rescue Plan \(ARP-IDEA\) Funds and MOE Considerations](#)
- November 9 - [Proportionate Share and the October Data Collection](#)
- December 14 - [High-Cost Child and Extraordinary Special Education Needs Fund Applications](#)
- January 11 - [Allowable Costs Under the IDEA](#)
- February 8 - [FY23 IDEA Funding Application](#)
- March 1 - [Maintenance of Effort Compliance](#)
- April 12 - [Topic – TBD](#)
- May 10 - [Fiscal Year Wrap-Up](#)

ESS Program Management will also host Office Hours each quarter at 1:00 p.m. PEAs are invited to attend these informal Zoom meetings to bring questions directly to their program specialist.

- November 16 – [2<sup>nd</sup> Quarter ESS Office Hours](#)
- February 15 – [3<sup>rd</sup> Quarter ESS Office Hours](#)
- May 17 – [4<sup>th</sup> Quarter ESS Office Hours](#)

Sign up for the [ESS Program Management listserv](#) and take the [FY22 Training Survey](#) to give feedback on April's topic.

Send questions about IDEA and other federal funding opportunities to the [ESS Program Management Inbox](#).

The [FY22 webinar series](#) has been posted to the [ESS Program Management website](#).

Take the [FY22 training survey](#) to let us know what you'd like to learn about in April 2022.

Sign up for our [listserv](#).



# Contact Us

Web: <http://www.azed.gov/specialeducation/operations>

Phone: 602-542-3398

Email: [essprogmgmt@azed.gov](mailto:essprogmgmt@azed.gov)

## Contact Program Management

[ESS Program Management Inbox](#)

| PEA NAME STARTS WITH | PROGRAM SPECIALIST              | NUMBER       |
|----------------------|---------------------------------|--------------|
| A-C                  | <a href="#">Alice Nunes</a>     | 602-542-3851 |
| D-K                  | <a href="#">Tanya Rodriguez</a> | 602-542-4610 |
| L-Q                  | <a href="#">Carol Bush</a>      | 602-542-4615 |
| R-Z                  | <a href="#">Candice Trainor</a> | 602-542-3398 |

Director of Operations [Chris Brown](#)

