



Ensuring Access to Your IDEA Funds: Maintenance of Effort

ESS Program Management

February 9, 2022



IDEA and ARP-IDEA Allocations

Grant	2022 Full Allocation	2023 Preliminary Allocation
IDEA Basic	\$ 208,035,842	\$ 187,216,416
IDEA Preschool	\$ 4,303,233	\$ 3,872,515
ARP-IDEA Basic	\$ 45,633,432	Carryover
ARP-IDEA Preschool	\$ 2,940,984.09	Carryover

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.

[FY22 ARP-IDEA and IDEA Allocations](#)

[FY23 IDEA Preliminary Allocations](#)



IDEA 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	

Why is PEA Maintenance of Effort important?

- The intent behind the PEA MOE requirement is to help ensure that the PEA 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 PEA 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 a PEA fails meet the MOE eligibility (i.e., budget) standard, it may not receive IDEA Part B funds.
 - This prevents an PEA's IDEA Consolidated-Entitlement funding application from receiving substantial approval at the beginning of the project period in July.
- If a PEA 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 PEA actually spent and what it should have spent to meet the MOE requirement, or the amount of the PEA's Part B Entitlement subgrant for that fiscal year, whichever is lower.
 - The ADE can require the PEA 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 Local Cost	Method 2 2019 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 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 (A.R.S. § 15-761)			
	PROGRAM 200 & 300 BUDGET	PROGRAM 200 & 300 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 6100	Employee Benefits 6200	Purchased Services 6300, 6400, 6500	Supplies 6600	Other 6800	Totals			% Increase Decrease in Actual	
						Budget	Actual	Prior Year Actual		
200 and 300 Special Education										
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 (from Districtwide Desegregation Expenditures, page 2, line 44)	26	0	0	0	0	0	0	0	0	0.0%



IDEA MOE: Compliance vs. Eligibility

	FY22 Compliance	FY23 Eligibility
Testing Window	March 1-31, 2022	July 16-August 15, 2022
Testing Year Data	Annual Financial Report Page 8 All Disability Classifications and IEP- Required Transportation (M&O only)	Budget Page 2 All Disability Classifications and IEP- Required Transportation (M&O only)
Comparison Year Data	Last MOE Compliance Standard for each Methodology (AFR)	Last MOE Compliance Standard for each Methodology (AFR)
Consequence of failure	PEA will have to return the amount it failed to meet MOE Compliance standard, or IDEA Basic allocation, whichever is less	Delayed substantial approval date for IDEA Grants



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 two weeks 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.

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 Local Cost	Method 2 2020 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 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 200 budget	Program 200 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.
- Please encourage SPED Directors and Business Managers to attend this webinar.



MOE Compliance Standards

Once a compliance standard has been established for Methods 2 and 4, PEAs can use the [IDEA Budget Planning Tool](#) to prepare the 2023 IDEA Budget.

State M&O Budget Value should reflect your most recent comparison year value for method 2 or method 4 as established on the FY22 IDEA Maintenance of Effort Compliance test, March 2022.				
FY22 MOE Method 2 Value:	\$ 6,523,093.00			
FY22 MOE Method 4 Value:	\$ 8,023.60	x SPED20 Count for FY22	812.988 =	\$ 6,523,090.52
MOE Compliance Standard	\$ 6,523,090.52			
Enter this value in cell C4 and E4				



IDEA Budget Planning Tool (FY23)

2022-2023 Budget	<i>Mount Lemmon Unified</i>		Expiration of funds	What PEA currently has budgeted (03/01/2022)	
	Amount for FY22				
State M&O Budget	\$ 6,523,091.00		6/30/2023	\$ 6,523,091.00	State & Local funds that must be spent to maintain MOE Compliance
IDEA Basic FY22 Carryover			9/30/2023		Carryover must be spent by 9/30/23 or it will be forfeited to US Department of Education
IDEA Preschool FY22 Carryover			9/30/2023		Carryover must be spent by 9/30/23 or it will be forfeited to US Department of Education
ARP IDEA Basic Carryover			9/30/2023		Carryover of ARP-IDEA funds must be expended and drawn down via reimbursement request by 9/30/23
ARP IDEA Preschool Carryover			9/30/2023		Carryover of ARP-IDEA funds must be expended and drawn down via reimbursement request by 9/30/23
IDEA Basic FY23	\$ 996,932.04		9/30/2024		normal IDEA activities, 100% of this grant can roll over to FY24
IDEA Preschool FY23	\$ 11,716.48		9/30/2024		normal IDEA activities, 100% of this grant can roll over to FY24
Total Available to Spend	\$ 7,531,739.52			\$ 6,523,091.00	
Federal Dollars	\$ 1,008,648.52			\$ -	
Basic	\$ 996,932.04			\$ -	
Preschool	\$ 11,716.48			\$ -	



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 – [2nd Quarter ESS Office Hours](#)
- February 15 – [3rd Quarter ESS Office Hours](#)
- May 17 – [4th 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](#).



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