

Maintenance of Effort (MOE) FAQ



Definition

A Local Education Agency (LEA) must maintain fiscal effort in accordance with 34 CFR 300.203. Four MOE tests are completed to determine if an LEA passes MOE Compliance.

1. Local Funds only
2. Combination of State and Local Funds
3. Local Funds only on a per capita basis
4. Combination of Local and State Funds on a per capita basis

To complete the testing, ADE uses information from the Annual Financial Report (AFR), Average Daily Membership (ADM) for students identified with a disability obtained from AzEDS, and self-reported data of Local Funds from the LEA utilizing the MOE system.

At a minimum, LEAs should not reduce their effort of financial support for the education of children with disabilities. If an LEA fails one or more of the four tests, an LEA may reduce the level of Maintenance of Effort for expenditures if one or more of the allowable exceptions, as permitted in 34 CFR § 300.204-205 apply, utilizing the MOE system:

1. Voluntary or for cause departure of special education staff
2. Decrease of enrollment of IDEA eligible children
3. Termination of Obligations to provide a program of special education to a particular child with a disability that is an exceptionally costly program
 - a. Has left the jurisdiction of the agency;
 - b. Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - c. No longer needs the program of special education.
4. Termination of costly expenditures for long term purchases
5. Assumption of costs by its SEA's high cost fund

For the LEA to be a true fail for MOE, the LEA must fail all four tests.

Frequently Asked Questions

Q: How can I get access to the MOE system?

A: You'll want to reach out to your Entity Administrator to add the MOE system to your ADEConnect; otherwise, you may call ADE Support at 602.542.7378 or adesupport@azed.gov.

Q: Are charters exempt from completing MOE?

A: Charters are exempt from the Charts of Accounts (within the USFR), but they are not exempt from MOE, per Federal Regulations, 34 CFR § 300.203-205; charters are also not exempt from AFR.

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Q: Do I need to use the MOE system if I already have supporting supplanting documentation?

A: Yes, you must attach the supporting documentation(s) within the MOE system.

Q: What can I attach and is there a limit?

A: You can attach Microsoft Office file types (i.e. .doc, .docx, xls., or .xlsx) and PDFs. Multiple files can be uploaded, but keep in mind that the total maximum file size for all files is 20 Mb.

Q: What do I do if my most recent AFR data is inaccurate for the most current submission?

A: Please contact School Finance at sfanalysteam@azed.gov or 602.542.5695 to provide an update.

Q: Why is the previous year not used as my comparison year?

A: MOE will always test the most recently closed fiscal year to the last year that you passed MOE. For example, you may see when you log into MOE that the current fiscal year shows 2018. The last time you passed MOE was in 2015. Therefore, in fiscal year 2018, MOE is being tested between 2017 and 2015.

Q: What if I have an exception for 2015 that would explain my changes in MOE for 2017?

A: You would enter this exception on 2017 in MOE. You can enter exceptions in the timeframe between your last passed year and the testing year. So, if the last time you passed MOE was in 2015, you can enter exceptions for what occurred from 2015 to 2017.

Q: What are the consequences of an LEA's failure to meet the MOE compliance standard?

A: If an LEA fails to meet the MOE compliance standard, they are liable in a recovery action under section 452 of GEPA (20 U.S.C. 1234a) to return to the Department, using non-Federal funds, an amount equal to the amount by which the LEA failed to maintain its level of expenditures in that fiscal year; this amount is the lesser of the amounts by which they failed. This refund may not exceed the LEA's IDEA-B maximum entitlement for *that fiscal year*.

MOE Local Only

Q: How are local funds defined?

A: Local funds are any funds expended for students with disabilities that are generated from a local revenue source. There is no clear definition of this at a federal level, but be aware that most of the funding from local sources are usually generated from property taxes within cities or recognized communities (charitable donations can fall into this pool to). The onus is on the school to provide documentation that clearly dictates a local revenue of funds is pushed to kids with disabilities.

Q: How does local funding for special education appear on the district/LEA payment transmittal/audit confirmation report?

A: Local funding for special education does not come to the district/LEA as a separate line item payment in the monthly payment transmittal. Districts/LEAs must determine the amount of funding, from all State and local sources, that will be expended towards special education as long as the district/LEA continues to meet the MOE requirements.

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Q: How does a district/LEA determine what amount of expenditures are from State funding sources and which amount of expenditures are from local funding sources?

A: ADE cannot tell a district/LEA how to split their funding for special education between State and local revenues as this is a local decision and is dependent on the amount of funding the district/LEA receives from each funding source.

Q: What is the best method for tracking expenditures in the general ledger paid with local funds?

A: The best method for tracking special education expenditures paid with local funds in the general ledger is with project/source codes. It is up to the district/LEA to determine the project/source code to use to track special education expenditures paid with local funds.