



October 12, 2022

To: Authorized Representatives and Clerks of IDEA Part B Projects

From: Danni McCarthy
IDEA Part B Fiscal Manager

Re: Preliminary Maintenance of Effort (MOE) Information

School districts and special education cooperatives and consortiums must review expenditures and Maintenance of Effort figures to ensure accurate reporting. If the district and/or cooperative or consortium determines that a change is needed, an amended Trustees' Financial Summary (TFS) must be submitted to the Office of Public Instruction (OPI) by December 10. If an applicant has not maintained fiscal effort and the applicant feels that it has an "allowable exception" under 34 CFR 300.204, the applicant must file a Maintenance of Effort Documentation report to the OPI for review and approval.

The Maintenance of Effort report takes into consideration allowed reductions in FY 2021 expenditures. If a district must be restricted from taking a reduction because the district was not in the *Meets Requirements* category on the Levels of Determination, the allowed reduction amount will be \$0.

Your preliminary Maintenance of Effort (MOE) information for IDEA Part B projects to begin July 1, 2023, is now available on [OPI's Web site](#).

School districts and special education cooperatives should review expenditures and Maintenance of Effort figures to ensure accuracy of reporting. If the district and/or cooperative or consortium determines that a change is needed in the FY '21 Trustees' Financial Summary, an amended Trustees' Financial Summary must be submitted to the OPI by December 10. If effort has not been maintained and the district and/or cooperative or consortium feels it may have an allowable exception, it must submit the required documentation to the OPI by the December 10 deadline. Final Maintenance of Effort reports will be available to applicants in April. The reports will reflect any amendments or approved exceptions to the expenditures reported for state fiscal year '21.

Your maintenance of effort report consists of the following:

1. MOE Report comparing total allowable expenditures and expenditures per capita for two years using **State and Local funds**. This comparison takes into consideration any allowable reductions available for the expenditure years being compared.
2. MOE Report comparing total allowable expenditures and expenditures per capita for two years using **Local funds**. This comparison takes into consideration any allowable reductions available for the expenditure years being compared.
3. Line item report listing expenditure codes and amounts for the two years being compared. This allows the applicant to review the allowable expenditures pulled from the Trustees' Financial Summary.

Each maintenance of effort report, as described in No. 1 and No. 2 above, also provides information to the applicant on the amount of allowed reduction in fiscal effort for the 2022-2023 school year.

Following is a description of the process used by the Office of Public Instruction to determine if an applicant has maintained effort, an explanation of terms used, and procedures to follow if your report shows that you, as an applicant, have not maintained fiscal effort.

How Maintenance of Effort is Determined and How You Can Tell if You Maintained Effort

1. **State and Local Funds Report:** For each entity participating in the application, the OPI compares expenditures made for special education, **using State and Local funds**, for the last two or more years, minus any allowable reduction. Expenditures are compared on a dollar-for-dollar basis, as well as per capita, using child count figures reported for the same years. The MOE is based on the **sum total of expenditures reported by all entities** participating in the application. For each calculation, the comparison year is the most recent year in which the district maintained effort on that basis.

If NO appears after each (every) question, refer to the Local Funds Report.

2. **Local Funds Report:** For each entity participating in the application, the Office of Public Instruction compares expenditures made for special education, **using Local funds**, for the last two or more years, minus any allowable reduction. Expenditures are compared on a dollar-for-dollar basis, as well as per capita, using child count figures reported for the same years. The MOE is based on the **sum total of expenditures reported by all entities** participating in the application. For each calculation, the comparison year is the most recent year in which the district maintained effort on that basis.

If NO appears after each (every) question, the applicant should:

- A. Review the Trustees' Financial Summary for FY '22 to ensure accuracy of reporting of special education expenditures. If it is determined there are errors, the

district(s)/cooperative must submit an amended TFS report to the OPI by December 10.

- B. If the district(s)/cooperative feel it may have an “allowable exception(s),” it should submit an Individuals with Disabilities Education Act (Part B) Maintenance of Effort [Exception\(s\) Documentation](#) report to the IDEA Fiscal Manager.

How Are **State And Local Fund** Expenditures Determined?

State and Local Fund expenditures are those expenditures reported on the Trustees’ Financial Summary determined as “allowable expenditures” based on revenue and expenditure codes for the purpose of Maintenance of Effort. This **does not include** expenditures reported in Fund 15 – Miscellaneous Fund if they have a revenue source code identifying them as federal funds.

How Are **Local Fund** Expenditures Determined?

Local Fund expenditures are those expenditures reported on the Trustees’ Financial Summary determined as “allowable expenditures” based on revenue and expenditure codes for the purpose of Maintenance of Effort. Local funds will equal the allowable expenditures minus state funds (Instructional Block grant, Related Services Block grant, and Reimbursement for Disproportionate Costs and minus Reversion), including cooperative travel and administrative entitlements.

Allowable Reduction

What is an “**allowable reduction?**” (Reference: IDEA 2004 Section 613)

In accord with 34 CFR 300.205, an applicant may treat as local funds up to 50 percent of the amount of Part B funds it is eligible to receive that exceeds the amount it was eligible to receive under Part B for the previous fiscal year.

An allowable reduction will be calculated by the OPI by comparing the **sum** totals of Part B Grant allocations, excluding supplemental and capacity building funds, for two years. If there is a decrease in the level of effort by the applicant, the calculation must evaluate that decrease to determine if the decrease is within the range of the allowable reduction. If it is, the applicant has maintained effort and the decreased level of effort becomes the “level” at which expenditures must be maintained for the ensuing year.

Approved Exceptions

What are “**approved exceptions?**” (Reference: 34 CFR 300.204)

A district or a cooperative may reduce the level of allowable expenditures if those expenditures are attributable to:

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel;
2. A decrease in the enrollment of children with disabilities (Note: this calculation, on a per capita basis, is already done by the OPI as a part of the MOE report);
3. The termination of the obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program because the child:
 - (a) has left the jurisdiction of the agency;
 - (b) has reached the age at which the obligation to provide FAPE has terminated; or
 - (c) no longer needs the program of special education; or
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

An exception will be allowed if it meets the standard set forth in IDEA regulations (above) and there was a decrease in **an applicant's** level of expenditures between the two expenditure years being compared. The exception will be approved **at the level needed to show Maintenance of Effort**. The exception is applied for by a participating district in the consolidated application (or the applicant in a single application) or a cooperative and is included in the calculation of the **sum** total level for the applicant. This becomes the "level" at which expenditures must be maintained for the ensuing year.

APRIL FINAL REPORT

In April, a final maintenance of effort report will be provided to Part B applicants. The reports are final and informational only. They should be used when completing the IDEA Part B application. The final MOE report will include the following information:

1. MOE information comparing total allowable expenditures and expenditures per capita for two years, **using State and Local funds**. This comparison takes into consideration any approved allowable decreases available for the expenditure years being compared.
2. MOE information comparing total allowable expenditures and expenditures per capita for two years, **using Local funds**. This comparison takes into consideration any approved allowable decreases available for the expenditure years being compared.

3. The amount of allowable reduction available to the applicant for the ensuing year.

Questions regarding reporting an error on the Trustees' Financial Summary, submitting an amended Trustees' Financial Summary and the affect an amended Trustees' Financial Summary will have on reversion or disproportionate reimbursement should be directed to OPISchoolFinance@mt.gov.

Questions regarding MOE regulations, how a membership change can affect maintenance of effort, submitting documentation of an exception or hearing procedures for amending a Trustees Financial Summary after December 10 should be directed to [Danni McCarthy](#) 406-444-0452.