

# Individuals with Disabilities Education Act, Part B (IDEA-B) Local Educational Agency (LEA) Maintenance of Effort (MOE) Factsheet

## Statutory Citations

- 34 Code of Federal Regulations (CFR) 300.203(a) Eligibility standard
- 34 CFR 300.203(b) Compliance standard
- 34 CFR 300.203(c) Subsequent years rule
- 34 CFR 300.203(d) Consequences of LEA MOE Failure
- 34 CFR 300.204 and 300.205 Exceptions and Adjustment to Fiscal Effort

## General Description

Generally, an LEA may not reduce the amount of local, or a combination of State and local, funds that it spends for the education of children with disabilities below the amount it spent in the preceding fiscal year. There are two components to the LEA MOE requirement: the eligibility standard and the compliance standard.

## Eligibility Standard – establishes LEA’s eligibility to receive IDEA-B grants

As a condition of receiving an IDEA-B grant, TEA must determine that the LEA **budgets**, for the education of children with disabilities, at least the same amount as the LEA spent for that purpose from the same source in the most recent fiscal year for which information is available, subject to the **subsequent years rule**. The LEA reports expenditure and budget amounts on the **BS6016** schedule of the Special Education Consolidated grant application. An LEA may meet the eligibility standard using any one of the following methods:

- Local funds only;
- The combination of State and local funds;
- Local funds only on a per capita basis; or
- The combination of State and local funds on a per capita basis.

## Compliance Standard – determines if the LEA actually met the requirement

An LEA must maintain the amount of local, or a combination of State and local, funds it **spends** for the education of children with disabilities when compared to the preceding fiscal year, subject to the **subsequent years rule**. An LEA may meet the compliance standard using any one of the following four methods (not required to be the same method as LEA used for eligibility):

- Local funds only;
- The combination of State and local funds;
- Local funds only on a per capita basis; or
- The combination of State and local funds on a per capita basis.

## Subsequent Years Rule

The comparison year (or “preceding fiscal year”) for each of the four methods is the last fiscal year that the LEA met MOE compliance using that particular method.

## Consequences of LEA MOE Failure

If an LEA fails to meet the MOE compliance standard using all four methods, the LEA must submit a refund to TEA using non-federal funds, which TEA then forwards to USDE. The refund amount is the lesser of the smallest amount the LEA failed to meet compliance using the four methods or the total of the LEA’s IDEA-B grants in that fiscal year. TEA recovers the refund from the LEA through an enforcement action.

## IDEA-B LEA MOE Resources

TEA has developed a guidance handbook, calculation tool, and other resources to assist LEAs in testing their own compliance with the MOE requirement (found on the [IDEA-B LEA MOE](#) page of the TEA website).

## Exceptions to IDEA-B LEA MOE 300.204

An LEA may reduce the level of expenditures for the education of children with disabilities made by the LEA below the level of those expenditures for the preceding fiscal year (for the compliance standard), and below the level of those expenditures for the most recent fiscal year for which information is available (for the eligibility standard):

- (a) The voluntary 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 to provide a program of special education to a particular child with a disability that is an exceptionally costly program.
- (d) The termination of costly expenditures for long-term purchases.
- (e) The assumption of cost by the high cost fund operated by the SEA under §300.704(c).

## Adjustment to Fiscal Effort 300.205

In accordance with 34 CFR 300.205(a), if an LEA’s federal IDEA-B allocation for the current year is greater than the allocation for the preceding year, the LEA may choose to reduce the level of its state and/or local expenditures below what was spent on special education services in the preceding year. In addition, the voluntary reduction may only be taken if the LEA’s state Determination Level is “Meets Requirements” and the LEA has not been identified as having “significant disproportionality” [34 CFR 300.205(c)]. The amount of that “voluntary” reduction may not exceed 50% of the allocation increase in IDEA-B formula funding.

An LEA’s intent to voluntarily reduce fiscal effort is reported by the LEA on the **BS6016** schedule of the SPED Consolidated grant application and during the Exceptions review process following the posting of preliminary IDEA-B LEA MOE Compliance reviews.