

**Maine Department of Education**  
**Office of Special Services**  
**Fiscal Policies and Procedures Manual**  
**Federal Grants**

**MAINTENANCE OF EFFORT POLICY AND PROCEDURES (34 CFR 300.203)**

The Maine Department of Education is a recipient of federal funds awarded by the United States Department of Education (USDOE). As a recipient of federal funds, the Maine Department of Education is required to ensure that sub-recipients follow the regulations governing the expenditure of these funds. The Individuals with Disabilities Education Improvement Act of 2004 (IDEA) -Part B requires school districts (LEAs) to maintain the level of local or state and local funds that are spent on children with disabilities from one fiscal year to the next. This is called Maintenance of Effort (MOE). (34 CFR §300.203)

The Maine Department of Education must verify each LEA's **eligibility** to receive IDEA funds each fiscal year. Eligibility will be established in the annual application for Local Entitlement funds (LE). (34 CFR §300.203) Each LEA must budget sufficient nonfederal funds to show that it intends to comply with MOE requirements. Eligibility is determined by comparing the next fiscal year's budget with the expenditures from the most recent compliant year for which information is available. An example follows:

<b>Eligibility Determination</b>
<b>16-17 Application Compares</b>
16-17 budget
14-15 actual expenditures

Maintenance of effort may be calculated in four different ways: (1) comparison of total combined state and local funding for applicable fiscal years, (2) comparison of combined state and local funding on a per student basis for applicable fiscal years, (3) comparison of total local only funding for applicable fiscal years, or (4) comparison of local only funding on a per student basis for applicable fiscal years. The Maine DOE does not collect local-only funding data. SAUs that wish to use the local only funding comparison will need to do those calculations independently in order to demonstrate maintenance of effort to the Maine DOE. SAUs will need to **provide auditable data** to the Maine DOE at the time of submission.

If an LEA does not meet the MOE eligibility standard for IDEA Part B funds, the Maine DOE will not approve the LEA Part B application. Additionally, Maine DOE will not flow the IDEA Part B grant funds to the LEA.

The Maine Department of Education must also verify each LEA's **compliance** with the maintenance of effort requirement by confirming that expenditures for the education of children with disabilities are at least the same as the most recent year in which compliance standard was met. An analysis of an LEA's compliance with maintenance of effort does not occur until after the fiscal year has closed. The

compliance analysis will be done in the Year End Report and will compare actual expenditures to the comparison year. Again, any of the four methods listed above may be used (total state and local combined; state and local combined on a per student basis; total local only; and local only on a per student basis). An LEA only needs to pass one of the four tests to be compliant. An example follows:

<b>Compliance Determination</b>
<b>15-16 Year End Report Compares</b>
15-16 actual expenditures
14-15 actual expenditures

Exceptions to the Maintenance of Effort Requirement 34 CFR 300.204

An LEA may reduce the level of its state and/or local expenditures below the level of those expenditures for the preceding fiscal year only if the reductions are attributable to one of the following:

- (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, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the State Education Agency (SEA), because the child—
  - (1) Has left the jurisdiction of the agency;
  - (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
  - (3) No longer needs the program of special education.
  - (4) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
  - (5) Maintenance of Effort (MOE) reduction using the 50% rule (see Voluntary Reduction of MOE below)

Voluntary Reduction of Maintenance of Effort (34 CFR 300.203)

Under certain circumstances districts have the option of voluntarily reducing the amount of nonfederal expenditures on special education required to comply with IDEA Part B maintenance of effort requirements. If a district’s state determination is “Meets Requirements” and the district has not been identified as having “significant disproportionality”, the district may choose to reduce the level of nonfederal expenditures below the level of expenditures in the preceding year. The amount of the voluntary reduction may not exceed 50% of the increase in the IDEA Part B allocation. 34 CFR §300.203(a)

An example is as follows: if an LEA was allocated \$100,000 more in IDEA Part B funds for the current year than it was awarded in the previous year, the LEA could reduce its state and/or local special

education spending by \$50,000 while still maintaining compliance with IDEA Part B maintenance of effort requirements. It should be noted that this is not a savings but a mechanism to move a portion of special education funds to Every Student Succeeds Act (ESSA) activities. If the adjustment is allowed, the MOE level is reduced by the adjustment amount and becomes the new MOE amount.

It should be noted that supplemental awards that are made from the Maine DOE to LEAs that are the result of moving funds from state level to LEA level are not considered an increase in the LEAs' awards.

**Noncompliance (34 CFR 300.203 (d))**

If an LEA is unable to establish enough allowable exceptions to meet maintenance of effort requirements, then the Maine DOE is subject to a recovery action from the federal government. The Maine DOE will pay to the federal government an amount equal to the shortage in maintenance of effort. In turn, the Maine DOE will withhold state subsidy in the next fiscal year in an amount equal to the amount paid on behalf of the LEA.



**Table A: FY14 Resident Special Education Prevalence by Size and Poverty Level**

Poverty	Smaller (< 300)			Medium (300-1,200)			Larger (> 1,200)		
	Lower	Avg.	Higher	Lower	Avg.	Higher	Lower	Avg.	Higher
# Resident Students	3,017	4,081	3,198	8,213	11,313	13,739	44,517	55,972	32,588
# Special Ed. Stud.	454	639	556	1,137	1,902	2,362	6,412	9,058	5,848
Prevalence	15.0%	15.6%	17.4%	13.8%	16.8%	17.2%	14.4%	16.2%	17.9%



**FY2016 EPS Special Education Allocations per Resident Special Education Pupils\***  
*(New analysis for 10/19/17 Task Force discussion)*

Poverty	Small (< 300)			Medium (300-1,200)			Large (> 1,200)		
	Lower	Avg.	Higher	Lower	Avg.	Higher	Lower	Avg.	Higher
Number of districts	19	25	26	12	18	19	20	25	13
Number of Sp. Ed. Stu.	454	639	556	1,137	1,902	2,362	6,412	9,058	5,848
Per pupil Model Amt. (Steps 1-5)	\$7,342	\$7,369	\$6,716	\$8,385	\$7,007	\$6,354	\$8,831	\$7,757	\$6,989
Per pupil MOE Adjust. (Step 6)	\$4,810	\$3,611	\$2,469	\$3,669	\$3,222	\$2,476	\$4,207	\$2,630	\$2,824
Total Sp. Ed. EPS Alloc.	\$12,151	\$10,980	\$9,185	\$12,054	\$10,228	\$8,830	\$13,038	\$10,387	\$9,813

\* For districts with EPS allocation data available

