



Monterey County Office of Education

Dr. Nancy Kotowski
County Superintendent of Schools

District Advisory and Financial Services
Finance and Business Services

Bulletin No. 14-004

TO: Chief Business Officials and Fiscal Directors
FROM: Colleen Stanley, Executive Director of Finance
DATE: August 6, 2013
RE: 2012-13 Special Education Maintenance of Effort

This is to advise you that Maintenance of Effort (MOE) Reports (SEMB and SEMA) and the Excess Cost Calculation Reports will be done soon. Below is some important information regarding those reports. Please review the information and the attachments prior to completing and submitting your reports.

MOE Reports

As in previous years, a district may claim exemptions under Section 1 of SEMB or SEMA. However, beginning with this fall's submission, all such exemptions must be accompanied with additional back-up information. Attached is a spreadsheet that must be completed and attached to SEMB and SEMA for those districts that will be claiming exemptions. CDE has stated that the 2nd exception regarding a decrease in children with disabilities will no longer be allowed because any decrease in special education pupil count is already calculated within the MOE worksheet for both total dollars expended and dollars expended per student. Note, however, that the 2nd exception continues to be available on the spreadsheet. This is due to an agreement reached between California Special Education Local Plan Area and California Department of Education to allow a modified calculation for reduction in children with disabilities for the 2013 submission only. In all future years, this exception will not be allowed at all.

CDE has recently been notified by the Office of Special Education and Rehabilitative Services (OSERS) that the local expenditures only method that uses any base year earlier than the preceding fiscal year is not appropriate. Due to time constraints, the CDE was not able to make those changes to the SACS 2013 software to eliminate the local-only base year options from the maintenance of effort calculation worksheets for 2013. However, LEAs **are instructed not to use** the local-only base year options in the Section 3, Part B, and Subpart 2 to demonstrate compliance with the MOE requirements. Attached is a copy of the letter from CDE with more detailed information. It is not clear yet what the impact will be for LEAs that used this method in the past. We will forward additional information as it becomes available. SEMB and SEMA reports should be completed and submitted with unaudited actuals to the County Office no later than **September 15, 2013**.

Excess Cost Calculation Report

For the purpose of completing the excess cost calculation our local SELPA has developed, with the assistance of the SELPA Financial Advisory Committee, a template that is specific to the Monterey County SELPA. This template is attached and is to be used by all LEAs. The completed report must be submitted by each LEA to the SELPA no later than **November 15, 2013**.

EXEMPT REDUCTIONS TO MAINTENANCE OF EFFORT

IDEA Regulations 34 Code of Federal Regulations § 300.204

Local Education Agency (LEA) Name	Special Education Local Plan Area (SELPA)
Name of Person Completing Report	Telephone & Fax Numbers
Maintenance of Effort (MOE) Shortfall from LEA MOE Calculation (LMC-A or LMC-B) Worksheet	\$0.00
	FY XXXX/XXXX

The LEA may reduce the level of expenditures below the level of the preceding fiscal year if the reduction is attributable to any of the following reasons. Provide specific details and dollar amounts. If the total justifications equal/exceed the MOE shortfall, fiscal effort has been maintained for the reporting year.

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff lay-off due to budget shortfall).

DEPARTING <i>(insert additional lines as needed)</i>	No.	Position Title	Employee Name	Reason for Leaving	Salary	Benefits	Total
	1.						\$0.00
	2.						\$0.00
	3.						\$0.00
	4.						\$0.00
	5.						\$0.00
			<i>Departing Total</i>		\$0.00	\$0.00	\$0.00
REPLACED BY <i>(insert additional lines as needed)</i>	No.	Position Title	Employee Name		Salary	Benefits	Total
	1.						\$0.00
	2.						\$0.00
	3.						\$0.00
	4.						\$0.00
	5.						\$0.00
			<i>Replacement Total</i>		\$0.00	\$0.00	\$0.00
			1. Total Net Difference		\$0.00	\$0.00	\$0.00

2. A decrease in enrollment of children with disabilities.

A. Current Year Special Ed. Unduplicated Pupil Count (SEMA or SEMB, Section 3, Line A4, Column A)	
B. Prior Year Special Ed. Unduplicated Pupil Count (SEMA or SEMB, Section 3, Line A4, Column B)	
C. Difference (only applicable if negative)	
D. Fractional decline (Line 2C (expressed as positive) divided by Line 2B)	not applicable
E. Prior Year Expenditures from State and Local Sources (SEMA or SEMB, Section 3, Line A3, Column B)	0.00000%
F. Allowable decline in expenditures related to decline in pupil count (Line D x Line E)	
	\$0.00

3. The termination of the obligation to provide a program of special education to a particular child with a disability that is an exceptionally costly program because:

- A. *Child has left the jurisdiction of the agency; OR*
 B. *Child has reached the age at which the obligation of the agency to provide free appropriate public education (FAPE) to the child has terminated; OR*
 C. *No longer needs the program of special education*

<i>(insert additional lines as needed)</i>	Student Name	Reason (indicate A, B, or C)	Total
	1.		
	2.		
	3.		
	4.		
	5.		

3. Total of Termination of Obligation \$0.00

4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (must have per unit cost of \$5,000 or more).

<i>(insert additional lines as needed)</i>	Description of Expenditure	Total
	1.	
	2.	
	3.	
	4.	
	5.	

4. Total Termination of Costly Expenditures \$0.00

TOTAL ALLOWABLE EXEMPTIONS TO MOE

(must equal amount of total exemption reductions entered in Section 1 of the LMC-A or LMC-B) \$0.00

CDE Use Only



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

June 26, 2013

Dear Superintendents, Special Education Local Plan Areas Directors, and School Business Officials:

**FEDERAL POLICY CHANGE TO MAINTENANCE OF EFFORT UNDER THE
INDIVIDUALS WITH DISABILITIES EDUCATION ACT**

The purpose of this letter is to advise special education local plan areas (SELPAs), local educational agencies (LEAs), and school business officials that there has been a change in federal policy regarding the methods that may be used to test local maintenance of effort (MOE) under the Individuals with Disabilities Education Act (IDEA).

Background. In order to be eligible for IDEA Part B funding, each LEA must meet IDEA requirements related to MOE. LEA MOE standards are delineated at Title 34, *Code of Federal Regulations* (CFR) sections 300.203(a) and 300.203(b).

The California Department of Education (CDE) is responsible for ensuring that each LEA meets MOE requirements in two ways each year. First, an LEA must demonstrate that it is **eligible to receive funds** by budgeting at least as much funding for special education as the LEA expended in the prior year. Second, the LEA must demonstrate that it **complies** with the MOE requirements by expending at least as much for special education as the LEA expended in the prior year.

To determine compliance with the special education MOE requirement, the CDE uses the following worksheets, which are included in the School Account Code Structure (SACS) software distributed by the School Fiscal Services Division (SFSD) for annual financial reporting:

The Budget vs. Actual Comparison LEA Maintenance of Effort Calculation (LMC-B) worksheet to ensure the LEA meets the **eligibility** requirement.

The Budget vs. Actual Comparison SELPA Maintenance of Effort Calculation (SMC-B) worksheet to ensure the SELPA meets the **eligibility** requirement.

The Actual vs. Actual Comparison LEA Maintenance of Effort Calculation (LMC-A) worksheet to ensure the LEA meets the **compliance** standard.

The Actual vs. Actual Comparison SELPA Maintenance of Effort Calculation (SMC-A) worksheet to ensure the SELPA meets the **compliance** standard.

The Projected vs. Actual Comparison LEA Maintenance of Effort Calculation (LMC-I) worksheet to determine whether the LEA is meeting the MOE requirement for the current fiscal year.

The Projected vs. Actual Comparison SELPA Maintenance of Effort Calculation (SMC-I) worksheet to determine whether the SELPA is meeting the MOE requirement for the current fiscal year.

Previous Methods. Historically, the above-referenced MOE calculation worksheets have allowed an LEA or SELPA to meet the maintenance of effort standards by using one of the following options for demonstrating local-only compliance with the MOE requirement:

1. The LEA/SELPA total amount of combined state and local funds spent on educating children with disabilities is equal to or greater than the total amount of combined State and local funds spent on educating children with disabilities in the prior year (Section 3, Part A, Line 3 of the worksheets).
2. The LEA/SELPA amount of combined state and local funds spent per capita is equal to or greater than the amount of combined state and local funds spent per capita in the prior year (Section 3, Part A, Line 5 of the worksheets).
3. The LEA/SELPA total amount of local-only funds spent on educating children with disabilities is equal to or greater than the total amount of local-only funds spent on educating children with disabilities in the prior year (Section 3, Part B, Subpart 1, Line 1a of the worksheets).
4. The LEA/SELPA amount of local-only funds spent per capita is equal to or greater than the amount of local-only funds spent per capita in the prior year (Section 3, Part B, Subpart 1, Line 1b of the worksheets).
5. The LEA/SELPA total amount of local-only funds spent on educating children with disabilities is equal to or greater than the total amount of local-only funds spent on educating children with disabilities in the last fiscal year that the LEA/SELPA used the local-only test to pass MOE (Section 3, Part B, Subpart 2, Line 2a of the worksheets).

6. The LEA/SELPA amount of local-only funds spent per capita is equal to or greater than the amount of local-only funds spent per capita in the last fiscal year that the LEA/SELPA used the local-only test to pass MOE (Section 3, Part B, Subpart 2, Line 2c of the worksheets).

New Requirements. In May 2013, the United States Department of Education (USDOE), Office of Inspector General (OIG), raised concerns to the Office of Special Education and Rehabilitative Services (OSERS) regarding CDE's allowance of a base year option for LEAs to meet the MOE standards for compliance and eligibility as described in options 5 and 6 above. The OIG has recommended that the OSERS:

1. Revise the USDOE's regulations as needed and clarify guidance concerning the LEA MOE requirement to ensure that LEAs are not permitted to reduce the amount of local funds spent on educating children with disabilities below the level of spending for the preceding fiscal year, as required by the IDEA.
2. Instruct the CDE to immediately modify its MOE calculation worksheets so that LEAs can no longer demonstrate whether they have met the MOE compliance requirement based on local-only funds from an improper fiscal year. In addition, CDE should be instructed to notify all LEAs that they can no longer use the improper base year option on the MOE calculation worksheets.

The OIG has also recommended to the OSERS that the OSERS instruct CDE to identify all instances in which LEAs used an improper base year to meet the MOE compliance requirement based on local-only funds and determine the amount of any funds that should be remitted to the USDOE.

The OSERS has now communicated to the CDE that options 5 (Section 3, Part B, Subpart 2, Line 2a of the worksheets) and 6 (Section 3, Part B, Subpart 2, Line 2c of the worksheets) should be eliminated from the MOE calculation worksheets and that the CDE should identify any LEAs that used the improper base year methodology.

Because of time constraints, the CDE cannot make changes to the 2013 SACS software to eliminate the local-only base year options from the MOE calculation worksheets (LMC-A, SMC-A, LMC-B, SMC-B, LMC-I, and SMC-I) for the 2013–14 fiscal year. However, LEAs are **instructed not to use** the local-only base year option in Section 3, Part B, Subpart 2, to demonstrate compliance with the MOE requirements beginning in the 2013–14 fiscal year.

The CDE believes that it has sufficient information regarding LEA expenditures for 2010–11 and 2011–12 to report to the OSERS on any LEAs who used an "improper" base year. However, CDE does not have LEA-level maintenance of effort information on

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file for prior fiscal years. If CDE is instructed to look back further than 2011–12, the CDE will be contacting SELPAs for additional information.

For accounting and 2013 SACS software questions, please contact the Office of Financial Accountability and Information Services at 916-322-1770 or sacsinfo@cde.ca.gov.

If you have any questions regarding special education maintenance of effort reporting requirements for 2013–14, please contact Chris Essman, Education Programs Consultant by phone at 916-327-3507 or by e-mail at cessman@cde.ca.gov.

Sincerely,

Fred Balcom, Director
Special Education Division

FB:ce

Monterey County SELPA
Excess Cost Calculation Report
FY: 2012-13
LEA:

Funds provided to an LEA under Part B of the Individuals with Disabilities Education Act (IDEA) may be used only to pay the excess costs of providing special education and related services to students with disabilities. Excess costs are those costs for the education of a student with a disability that are in excess of the average annual per student expenditure in an LEA. An LEA must spend at least the average annual per student expenditure on the education of student with a disability before funds under Part B of the Act are used to pay the excess costs of providing special education and related services.

Section 602(8) of the Act and § 300.16 require the LEA to compute the minimum average expenditure separately for students with disabilities in its elementary schools and for students with disabilities in its secondary schools. LEAs may not complete this calculation based on a combination of the elementary and secondary levels. In Monterey County, it has been agreed that elementary school districts should include all students in the calculation for the elementary level. High school districts should include all students in the calculation for the secondary level. Unified school districts should include students attending elementary schools in the calculation for the elementary level and those attending middle schools, junior high schools, and high schools in the calculation for the secondary level.

For the year ending June 30, 2013, districts must complete and submit this worksheet to the SELPA on or before November 15, 2013. The SELPA will consolidate the LEA excess cost reports, and these reports will be kept on file and available upon request of the California Department of Education, Special Education Division.

Note: Fill in Blue Highlighted Cells Only

Total Expenditures	Elementary	Secondary
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Certificated Staff FTE (Unified school districts must split the FTE between the two levels prorating shared FTEs proportionately, as applicable)

Sections A through E are completed using 2011-2012 data.

Section A

Enter the total expenditure for students from all local, State, and Federal operating funds, including Part B (FUNDS 01-09, 13, and 61-62 only)

Item 1	State and local expenditures - FD 01-09, 13, 61, 62; RS 0000-2999 and 6000-9999 Objects 1000-7999	\$	-	\$	-	\$
Item 2	Federal expenditures - FD 01-09, 13, 61, 62; RS 3000-5999 (excluding 3315, 3320, 3312, 3318, 3332, 3355 & state portion of 3385)	\$	-	\$	-	\$
Item 3	Total expenditures	\$	-	\$	-	\$

Section B

Subtract from the total expenditures calculated in Section A the expenditures for the following resources (Use FUNDS 01-09, 13, and 61-62 only)

Item 4	Total expenditures (From Section A, Item 3)	\$	-	\$	-	\$
Item 5	IDEA, Part B allocation - RS 3310, 3311, 3386	\$	-	\$	-	\$
Item 6	Title I, Part A allocation - RS 3010, 3011, 3012, 3013, 3175-3178, 3185	\$	-	\$	-	\$
Item 7	Title III, Part A & B allocation - RS 4201-4204	\$	-	\$	-	\$
Item 8	State & local funds spent for students with disabilities - Goal 5xxx	\$	-	\$	-	\$
Item 9	State & local funds spent for Title I, Part A & Title III, Parts A & B (GF contributions) Resources listed above in items 6-7	\$	-	\$	-	\$
Item 10	Total expenditures less supplemental expenditures	\$	-	\$	-	\$

**Monterey County SELPA
Excess Cost Calculation Report
FY: 2012-13**

Section C

Deduct capital outlay and debt service for resources not listed in section B above (FUNDS 01-09, 13, 61-62 only)

Item 11	Total expenditures less supplemental expenditures (from Section B, Item 10)	\$	-	\$	-	\$
Item 12	Capital outlay and debt - OBJ 6xxx, &/or OBJ 7438, &/or OBJ 7439, &/or FUNCTION 8500	\$	-	\$	-	\$
Item 13	Total expenditures less supplemental expenditures less capital outlay and debt	\$	-	\$	-	\$

Section D

Determine the average annual per student expenditure by dividing the average number of students enrolled (including students with disabilities) into the amount computed in Section C above. This yields the minimum amount the LEA must spend (on average) for the education of students with disabilities **before Part B funds may be used.**

Item 14	Total expenditures less supplemental expenditures less capital outlay and debt (from Section C, Item 13)	\$	-	\$	-	\$
Item 15	Number of students enrolled in 2011-2012, all students (General and special education)	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Item 16	Average annual expenditure per student	#DIV/0!	-	#DIV/0!	-	#DIV/0!

Section E

Determine the total minimum amount of funds the LEA must spend for the education of its students with disabilities (not including capital outlay and debt service) by multiplying the number of students with disabilities in the LEA by the average annual per student expenditure obtained in Section D, Item 16 above.

NOTE: Data regarding percent of time that each student is in general and special education is required to complete this section. Contact the SELPA for assistance in obtaining this data from CASEMIS. Once obtained, enter the CASEMIS data into the attached worksheet and then enter the final calculation from that worksheet into Item 18.

Item 17	Average annual expenditure per student (from Section D, Line 16)	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Item 18	Number of full-time special education student equivalents (FTE of time spent in special education classes)	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Item 19	Total minimum State and local expenditure requirement before using Part B funds (excess cost)	#DIV/0!	-	#DIV/0!	-	#DIV/0!

Section F is completed using 2012-2013 data.

Section F

Determine how much was spent students with disabilities and verify this amount is equal to or exceeds the amount calculated in Section E (FUNDS 01-09, 13, 61-62 only)

Item 20 ¹	Total minimum State and local expenditure requirement before using Part B funds (excess cost)	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Item 21	State and local funds spent for students with disabilities in 2012-2013 - RS 0000-2999; 6000-9999 and Goal 5XXX	\$	-	\$	-	\$
Item 22 ²	Amount spent on students with disabilities in excess of requirement*	#DIV/0!	-	#DIV/0!	-	#DIV/0!

1-Item 21 is NOT the same as Item 8. Item 21 is the 2012-13 expenditure amount. Item 8 is the 2011-2012 expenditure amount and does not include SACS supplemental form (PCRAF). Information from the PCRAF is included in this report.

2-If Item 22 is negative the LEA has not met the excess cost requirement; contact SELPA for assistance.

Signature and Position of Person Preparing Report: _____

Signature of Superintendent or Designee and Position: _____

Monterey County SELPA
 FTE Equivalent of Time Spent in Special Education
 FY: 2012-2013

LEA:

Note: Fill in Blue Highlighted Cells Only

Percentage of Time	Total SPED Pupil Count by Percentage	Percentage in General Education	Percentage in Special Education	Special Education FTE
0% to 10%		10%	90%	0.00
11% to 20%		20%	80%	0.00
21% to 30%		30%	70%	0.00
31% to 40%		40%	60%	0.00
41% to 50%		50%	50%	0.00
51% to 60%		60%	40%	0.00
61% to 70%		70%	30%	0.00
71% to 80%		80%	20%	0.00
81% to 90%		90%	10%	0.00
91% to 100%		99%	1%	0.00
Total	0	n/a	n/a	0.00

* Enter FTE from green cell in Section E, Line 18 of Excess Cost Calculation Report