

**Conference Call:** Special Education Maintenance of Effort (MOE) and the 50% Reduction Rule

Friday, October 29, 2010 at 9:00 am

**Purpose of the Call:** To assist districts, cooperatives, and interlocals in planning ahead to ensure MOE Requirements are met. In the Spring 2011, MOE will be determined by a comparison of expenditures from 2008-2009 to 2009-2010.

Please be aware that minor revisions will be made to the LEA Application this spring to the MOE worksheet to clarify how the 50% Reduction Rule as well as allowable exceptions are to be applied. It is important that LEAs are prepared and clearly understand this process prior to completing the actual MOE worksheet this spring.

**Materials:** There are three documents that will be discussed during this call: Understanding MOE – a clarifications document; FY11 MOE Worksheet Templates for LEAs (an Excel spreadsheet) and an MOE Reduction Rule Reporting Requirement for the 2009-2010 Year, which is a reporting requirement that will be included this spring within the MOE worksheet.

All documents for this call are posted online at the [www.ksde.org](http://www.ksde.org) website...on the left select “Special Education Services”, then “Resources,” on the left. Then click on “Presentations”. These documents are also being posted on the Special Education Services Funding webpage.

This call is being recorded for future playback. Once the call is completed, a link will be sent for districts to access the call online. This link will be posted online and sent out next week.

We will begin by reviewing the document; Understanding MOE.

Important information to review within this document:

- 50% Reduction Rule – Bottom of Page 1
- 50% Reduction Rule Reporting Requirements - Page 2
- Allowable Exceptions – There are four allowable exceptions to meeting MOE
- LEAs must keep in file documentation of allowable exceptions applied – KSDE approves
- LEAs Restricted from Reducing Maintenance of Effort – If LOD is not Meets Requirements (In FY10 there were a total of 5 districts that could not reduce MOE and would not be able to take advantage of the 50% Reduction Rule.) Allowable Exceptions however are still be available. More information will be provided later in this call.
- Maintenance of Effort Process – Pages 5-6

The next document to review is the FY11 MOE Worksheet Templates for LEAs (an Excel spreadsheet)

This Excel spreadsheet is an attempt to provide LEAs with the opportunity to anticipate whether or not MOE will be met in the Spring of 2011 and whether the 50% Reduction Rule or other Allowable Exceptions will need to be applied in order to meet MOE. Having this information ahead of time is intended to assist LEAs in preparing documentation now rather than waiting til it is discovered if MOE is met or not. Whether an LEA meets MOE or not shouldn't be a guessing game, and should not be a surprise. KSDE realizes that LEAs this additional need technical assistance to plan ahead and to be

confident that at least the same if not more funds is being expended for special education from one year to the next.

### **MOE Excel Spreadsheet:**

Be sure to save the file to your desktop or another location on your computer or network. If the document is opened from the online link, the Excel Spreadsheet may not function properly.

This Excel spreadsheet is password protected in order to preserve formulas within each worksheet. If an LEA wants to unprotect the worksheet in order to reset pages for printing or adjust cells/comment boxes to view text, the password to unprotect each worksheet is ses and is all lowercase letters. Districts must know how to locate the unprotect/protect worksheets functions depending on the version of Microsoft Office that is available in the LEA. Unprotecting the worksheets is optional and not required in order to use the Excel Spreadsheet.

This Excel Spreadsheet was prepared in Microsoft Office 2010 and saved in a Microsoft Office 2007 file format. This may result in differences in how the worksheet pages function.

Please note that MOE worksheet included in the LEA Application Part II that will be completed in the Spring 2011 will be prepopulated with data as it has been in previous years. This Excel file serves as a template plan for the completion of the actual MOE worksheet in the LEA Application in the spring.

Completing this Excel file is optional for LEAs and does not replace the previous way in which MOE is reported within the LEA Application Part II.

There are worksheets within the Excel file for single districts, special purpose schools, cooperatives/interlocals, and districts within a cooperative/interlocal. Please select the MOE worksheet according to LEA configuration.

The MOE worksheets within the Excel Spreadsheet follow the LEA Application's MOE worksheet with the following exceptions:

1. You will notice the Excess Costs Calculations are not included in these worksheets. This is due to the fact that Excess Costs and MOE are separate regulatory requirements. Combining both requirements into one worksheet has been confusing to the field. Excess Costs will still be included in the LEA Application Part II completed in the spring 2011, but it is not included in this Excel file in order to focus attention on the specific requirements for meeting MOE and application of 50% Reduction Rule.
2. How the Excel file's MOE worksheets calculate the 50% Reduction Rule and Allowable Exceptions has been revised according to proposed revisions for the FY11 LEA Application Part II.

LEAs will note each worksheet has 3 columns for years 08-09, 09-10, and 10-11. In order to complete the 08-09 information, LEAs need to refer to the 08-09 column of the MOE worksheet completed in the FY10 LEA Application, Part II available online on the [www.ksde.org](http://www.ksde.org) website under "Special Education Services", then "Funding", then "LEA Application for Federal Funds FY10".

In order to complete the 09-10 and 10-11 columns, LEAs will need to use expenditure data available locally which was submitted this August to School Finance.

Please focus attention to the following tabs:

**State Aid Calculations:** 09-10 and 10-11 – will self-calculate once the teacher/para fte is entered

**50% Reduction Rule and Exceptions:** If the 50% Reduction Rule or Allowable Exceptions are applied in the 2009-2010 center column these aggregated amounts are subtracted from the 2008-2009 State and Local Effort. The remaining amount is the adjusted 09-10 MOE. The adjusted 09-10 MOE is compared to the actual 09-10 state and local effort to determine if MOE is met or not.

**Example 1 with the 50% Reduction Rule Applied:** In this scenario the LEA took advantage of the 50% Reduction Rule

**Example 2 with the 50% Reduction Rule Applied:** In this same scenario the LEA did not take advantage of the 50% Reduction Rule.

The last document is the **MOE Reduction Rule Reporting Requirement for the 2009-2010 Year**

Per the directions in the Understanding MOE document, LEAs that take advantage of the 50% Reduction Rule must report how funds were used to support Elementary and Secondary Education Act (ESEA) activities by function and object code.

**Question:** If special education or related services personnel retire can all of the salary and benefits be applied as an allowable exception or does only the difference between the retired staff and replacement staff salary and benefits be applied?

**Answer:** All of the special education or related services personnel's salary and benefits can be applied as an allowable exception. This interpretation is based on language revisions that occurred in IDEA 2004. A reduction in force is not an allowable considered allowable under this exception.

**Question:** What about special education and related services personnel that leave LEA voluntarily or otherwise, or departure for just cause. Does the same rule apply?

**Answer:** Yes, the same rule applies for special education and related services personnel that leave an LEA voluntarily or otherwise, or departure for just cause. Be sure to keep documentation such as board minutes, etc. that verify that staff have left the LEA.

**Question:** If an LEA decides after completing the Excel MOE worksheet that they would like to take advantage of the 50% Reduction Rule for the FY10 year, can the LEA Application Part I be unsubmitted so revisions can be made to the #14 Assurances?

**Answer:** Yes, please contact Cynthia Penrod at [cpenrod@ksde.org](mailto:cpenrod@ksde.org) if the FY11 LEA Application needs to be unsubmitted in order to change Assurance #14.

**Question:** For LEAs that have consolidated and reduced special education and related services personnel as a result; is this considered a reduction in force?

**Answer:** More information will be necessary in order to make this determination.

**Question:** How will LEAs that have made a consolidation this year calculate MOE.

**Answer:** For Special Education MOE calculations, this will not impact a comparison of expenditures for the 08-09 year to the 09-10 year. More information would be provided to LEAs next year at this time.