The formula for distributing federal funds to States and from State to LEAs changed in the 1998-1999 school year. Beginning with the 1999-2000 school year, federal funds were distributed on the new formula. The distribution of Preschool Funds uses the same formula as the 3-21 allocation described below. The formula is defined in the Federal IDEA Regulations at 34 CFR 300.705-300.712.

The numbered items below outline the process by which States allocate VI-B funds to LEAs. For a more in-depth view of the process, please view the KIAS Fiscal Accountability Handbook on the Special Education Funding website:

1. A base amount is allocated for each LEA by determining what the LEA would have received if the State had distributed 75% of its grant for the base year (FY2000). This base amount remains the same every year unless an LEA experiences structural changes such as a district transferring from one Coop to another.

2. 85% of the remaining funds are allocated based on the relative numbers of children enrolled in public and private elementary and secondary schools within each agency’s jurisdiction.

3. The remaining 15% of the funds are allocated based on the relative numbers of children living in poverty, as determined by eligibility for free and reduced lunches.

Maintenance of Effort Requirements

The Federal law requires LEA maintain their local funding effort for special education services and not supplant local funds with federal funds. The LEA must expend at least the same total or per capita amount of local or local and state funds combined for children with disabilities as was spent the prior year. This requirement also pertains to budgeting. For an in-depth discussion of MOE, please view the understanding MOE section of the KIAS Fiscal Accountability Handbook or the other MOE details located on the Special Education Funding website.

The law allows several exceptions to the MOE requirement, which are outlined below:

1. The LEA may reduce the level of expenditures under Part B below the level of those expenditures for the preceding fiscal year if the reduction is attributable to the following:
   a. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel. (RIF does not constitute just cause)
   b. A decrease in the enrollment of children with disabilities.
   c. Termination of an exceptionally costly obligation to a particular child with a disability, as determined by KSDE, because the child
      i. Has left the jurisdiction of the district;
      ii. Has reached the age at which the obligation of the district to provide a free appropriate public education has terminated; or
      iii. No longer needs the program of special education.
   d. The termination of costly expenditures for long-term purchases, such as the acquisition of special transportation, special equipment or the construction of school facilities.

2. An LEA that is determined by KSDE as in compliance with the requirements of IDEA Part B and experiences an increase in VI-B funds from one fiscal year to the next, may invoke the 50% option, which allows an LEA to move an amount of local funds equal to 50% of the increase in VI-B funds from special education to other ESEA activities. Even though the 50% option can help reduce an LEA’s MOE level, it is important to remember the 50% option is not a savings but a mechanism to move a portion of local funds from special education to other ESEA activities.

Please visit the Special Education Funding website for MOE worksheets (located under the heading entitled Maintenance of Effort), which can be used throughout the current school year to help project your LEA’s MOE status for the next application cycle.

Please call 785-296-2425 if you have any questions concerning MOE.