

LEA MOE REGULATIONS

An overview of the revisions



OVERVIEW

- ▶ NPRM Published in September of 2013.
- ▶ Purpose of NPRM: To amend the LEA MOE regulations in 34 CFR 300.203 to clarify existing policy and make changes to:
 - The Compliance Standard
 - The Eligibility Standard
 - The Level of Effort Required of an LEA in the Year after it Fails to Maintain Effort (referred to as the Subsequent Years Rule)
 - Consequences for Failure to Maintain Effort

OVERVIEW CONTINUED

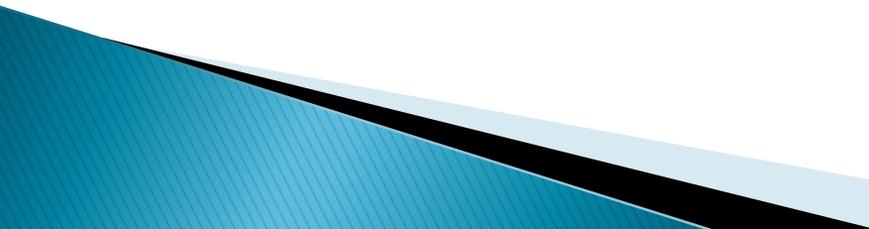
- ▶ The Secretary did not propose any amendments to the LEA MOE Exceptions Provision in 34 CFR 300.204 or the LEA MOE Adjustment Provision in 34 CFR 300.205.



CATEGORIES OF CHANGES

1. Structural Changes
2. Four Methods
3. Comparison Year
4. Use of exceptions and adjustment in eligibility standard
5. Subsequent Years Rule
6. Consequences for Failure to Maintain Effort
7. Added Appendix E

STRUCTURAL CHANGES

- ▶ In order to make the regulations clearer and to improve organization, we have reorganized and renumbered the subsections under §300.203 as follows:
 - a) Eligibility standard
 - b) Compliance Standard
 - c) Subsequent Years
 - d) Consequence of failure to maintain effort
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FOUR METHODS

- ▶ Most common fiscal monitoring finding.
- ▶ Not a substantive change from the prior regulation.
- ▶ Many commenters suggested the option to use the four methods needed to be more explicit.
- ▶ Clarifies that applies to both standards.
- ▶ Four methods are:
 - 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.

COMPARISON YEAR FOR THE ELIGIBILITY STANDARD:

- ▶ The comparison year is "the most recent fiscal year for which information is available", regardless of which method the LEA Uses
 - ▶ Change from comparison year for local funds only in the prior regulation
 - ▶ Simplifies the requirement for LEAs, States, and auditors
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COMPARISON YEAR FOR THE COMPLIANCE STANDARD

- ▶ The comparison year is “the preceding fiscal year”, regardless of which method the LEA uses.
 - ▶ Simplifies the requirement for LEAs, States, and auditors
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APPLICABILITY OF EXCEPTIONS AND ADJUSTMENT TO THE ELIGIBILITY STANDARD

- ▶ Prior regulation silent on applicability of exceptions and adjustment (§§300.204 and 205).
- ▶ Based on comments, decision was made to explicitly allow LEAs to consider the exceptions and adjustment:
 - to the extent the information is available;
 - the LEA took in the intervening year, or years between the most recent fiscal year for which information is available, and the fiscal year for which the LEA is budgeting; and
 - the LEA reasonably expects to take in the fiscal year for which the LEA is budgeting.

SUBSEQUENT YEARS RULE

- ▶ First Set Out in Letter to Boundy (2012).
 - ▶ Enacted into law in the 2014 and 2015 Appropriations Acts.
 - ▶ Final Regulations make the rule permanent and provide details on implementation and implications.
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WHAT IT MEANS

- ▶ Defines what level of effort an LEA must meet in order to maintain effort in the year after an MOE failure.
 - ▶ The level of effort an LEA must meet in the fiscal year after it fails to maintain effort is the level of effort that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.
 - ▶ This has an impact on both the eligibility and compliance standards.
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IMPACT OF METHOD ON THE SUBSEQUENT YEARS RULE

- ▶ To determine required level of effort, must look back to most recent fiscal year in which LEA maintained effort.
- ▶ But must look back to the most recent fiscal year year in which the LEA met MOE **using the same method.**
- ▶ For example,
 - LEA wants to use State and local funds (total) to meet the compliance standard in FY 2016–2017.
 - LEA failed to meet MOE in FY 2015–2016 using that method.
 - LEA met MOE in FY 2014–2015 using that method.
 - LEA must use FY 2014–2015 as the comparison year.

SUBSEQUENT YEARS RULE AND ELIGIBILITY STANDARD

- ▶ Subsequent Years Rule:

Follows the method: comparison year= the most recent fiscal year for which information is available and for which LEA met MOE using the same method.

- ▶ For example,

- LEA wants to use State and local funds (total) to meet the eligibility standard in FY 2016–2017.
- LEA has information for FY 2014–2015, but failed to meet MOE in FY 2014–2015 using that method.
- LEA Met MOE in FY 2013–2014 using that method.
- LEA must use FY 2013–2014 as the comparison year.

MEETING ELIGIBILITY STANDARD NO MOE FAILURE

Example of How an LEA May Meet the Eligibility Standard in
2016–2017 Using Different Methods
(same table as Table 7 in Appendix E)

Fiscal Year	Local	State and local funds	Local funds Per capita	State/local Per capita	Child Count
2014–2015	\$500*	\$1,000*	\$50*	\$100*	10
2015–2016					
Required Amount 2016–17	\$500	\$1,000	\$50	\$100	

*The LEA met the compliance standard using all 4 methods.

MEETING ELIGIBILITY STANDARD WITH MOE FAILURE

Fiscal Year	Local	State and local funds	Local funds Per capita	State/local Per capita	Child Count
2013–2014	\$550*	\$1,200*	\$55*	\$120*	10
2014–2015	\$500**	\$1,000**	\$50**	\$100**	10
2015–2016					
Required Amount 2016–17	\$550	\$1,200	\$55	\$120	
* = Met MOE			** = Failed MOE		

SUBSEQUENT YEARS RULE AND COMPLIANCE STANDARD

▶ Subsequent Years Rule:

Follows the method: comparison year= the most recent fiscal year in which the LEA met MOE using the same method.

▶ For example

- LEA wants to use State and local funds (total) to meet the compliance standard in FY 2016–17.
- LEA failed to meet MOE in FY 2015–2016 using that method.
- LEA Met MOE in FY 2014–2015 using that method.
- LEA must use FY 2014–2015 as the comparison year.

MEETING COMPLIANCE STANDARD WITH MOE FAILURE AND SUBSEQUENT YEARS RULE

Fiscal Year	Local	State and local funds	Local funds Per capita	State/local Per capita	Child Count
2014-2015	\$500*	\$1,000*	\$50*	\$100*	10
2015-2016	\$450**	\$900**	\$45**	\$90**	10
Amount required to meet MOE 2016-17	\$500	\$1,000	\$50	\$100	

* = Met MOE ** = Failed MOE

COMPLIANCE STANDARD AND SUBSEQUENT YEARS RULE: DIFFERENT METHODS

FY	Local Funds Total	State and Local Total	Local Funds Per Capita	State and Local Per Capita	Child Count
2015-2016	\$500*	\$950*	\$50*	\$95*	10
2016-2017	\$450**	\$950*	\$45**	\$95*	10
2017-2018	\$450**	\$900**	\$45**	\$90**	10
2018-2019	\$450**	\$950*	\$45**	\$95*	

* = Met MOE

** = Failed MOE

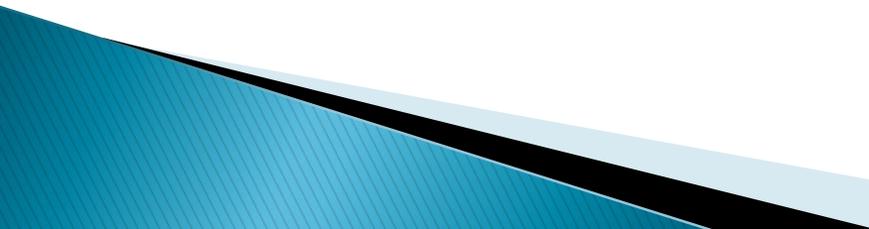
CONSEQUENCES FOR FAILURE TO MAINTAIN EFFORT

- ▶ If LEA Fails MOE Compliance Standard, SEA is Required to Repay Federal Government Using Non-Federal Funds (or non-accountable Federal Funds).
- ▶ **May** require repayment from LEA Using Non-Federal Funds (or non-accountable Federal Funds).
- ▶ This is **not** new: based on section 452 of GEPA (20 U.S.C. 1234a).
- ▶ Clarify by making it explicit in regulations.
- ▶ Also clarifies how much must be returned.

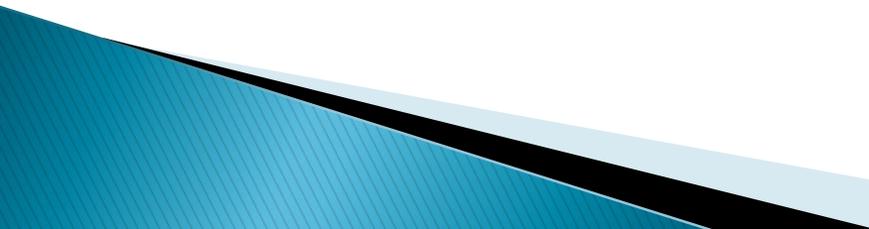
AMOUNT TO BE REPAID IN CASE OF LEA MOE FAILURE

...an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

34 CFR §300.203(d)



Appendix E

- ▶ Appendix E Includes 10 Tables That Provide Examples of How to Calculate LEA MOE, including:
 - Eligibility and compliance standards
 - Subsequent years rule
 - Applying exceptions and adjustment to eligibility
 - Calculating per capita
 - ▶ We encourage you to review these tables.
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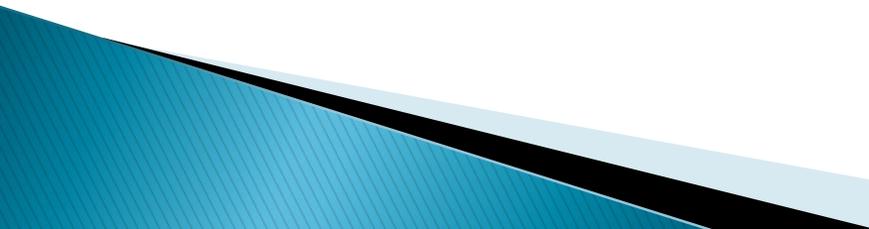
EFFECTIVE DATE

- ▶ Effective Date is July 1, 2015.
- ▶ However, Subsequent Years Rule already in effect for FYs 2014–2015 and 2015–2016 (Appropriations Acts).

EFFECTIVE DATE AND ELIGIBILITY DETERMINATIONS

- ▶ Many States are currently making eligibility determinations for LEAs' 2015–2016 IDEA Part B subgrants.
- ▶ States **not required** to apply the new eligibility standard, if they are making the determination before July 1.
- ▶ States that make determinations for 2015–2016 subgrants after July 1 may apply either the old or new eligibility standard.
- ▶ States that make determinations after July 1 must give any LEA that is determined to be ineligible based on the old standard an opportunity to demonstrate that it would be eligible under the new standard.

FFY 2015 STATE APPLICATIONS AND PUBLIC PARTICIPATION

- ▶ A State is not required to make any change to its FFY 2015 IDEA Part B application based on these regulations.
 - ▶ A State must operate consistent with these regulations throughout the period of the grant award and make changes to its policies and procedures as soon as possible.
 - ▶ Note that States are required to meet the public participation requirements in 34 CFR § 300.165 before adopting any policies and procedures needed to comply with the new regulations.
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ROLL OUT

- ▶ Q and A's:
 - Part I– areas covered by new regulations,
 - Part II– Additional issues, such as exceptions, LEA MOE/CEIS interaction
 - ▶ Leadership– we will host a panel on LEA MOE
 - ▶ Center for IDEA Fiscal Reporting (CIFR)
 - <http://cifr.wested.org/>
 - cifr_info@wested.org
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QUESTIONS???

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