

Issue Brief #2: IDEA Funding Series

Requirements for Local Educational Agency Maintenance of Effort: Allowable Funding Adjustment—*The 50 Percent Provision*



Key Terms:

- **Individuals with Disabilities Education Act (IDEA)** – the nation’s Federal special education law. (See: 34 CFR)
- **Maintenance of Effort** – Maintenance of Effort or (MOE) refers to a requirement placed upon many federally funded grant programs that the State Educational Agency (SEA) and Local Educational Agencies (LEAs) or school districts, demonstrate that the level of State and local funding remains constant from year to year.

The 50 Percent Provision: The IDEA allows in any fiscal year in which an LEA’s IDEA subgrant from the State exceeds the amount the LEA received in the previous fiscal year, the LEA may reduce the level of local, or state and local, expenditures otherwise required by the MOE requirements by *up to 50 percent of the increase in the LEA’s subgrant allocation*. (See: 34 CFR §300.205)

When an LEA chooses to take advantage of the 50 percent reduction:

- The LEA is only required to maintain expenditures at the reduced MOE level in subsequent fiscal years, until the LEA increases the level of special education expenditures, using state or local funds, or on its own.
- The LEA is required to spend the ‘freed-up’ funds on activities that are authorized under the Elementary and Secondary Education Act (ESEA) of 1965.

LIMITATIONS

The State must prohibit an LEA from taking advantage of the 50 percent MOE reduction if one or more of the following apply:

- The LEA does not ‘Meet Requirements’ in accordance with the State Performance Plan. A rating by the State of ‘Needs Assistance’, ‘Needs Intervention’ or ‘Needs Substantial Intervention’ would prevent an LEA from taking the 50 percent MOE reduction.
- The LEA is identified by the State as having significant disproportionality in the identification, placement or discipline of students of color in special education.
- The SEA has taken responsibility for providing a free appropriate public education (FAPE) in the LEA because the district is unable to establish and maintain programs of FAPE, or the State has taken action against the LEA under IDEA’s monitoring and compliance requirements.

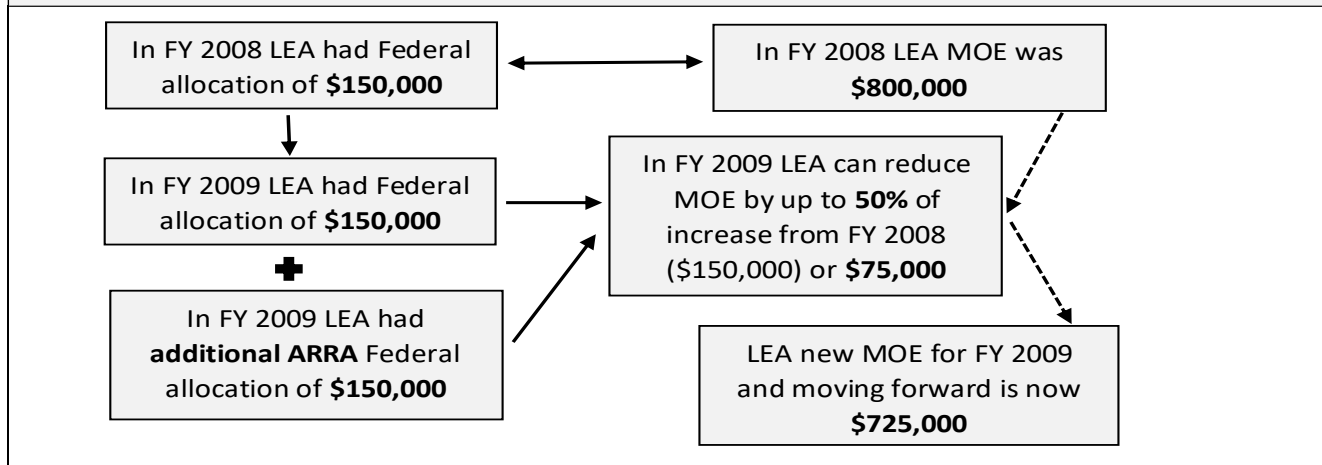
TRANSPARENCY, ACCOUNTABILITY & REPORTING:

- States are required to annually report on IDEA Part B MOE Reduction for every LEA that receives an IDEA subgrant.
- The data collection on Part B MOE Reduction began in Fiscal Year (FY) 2011 as part of the IDEA section 618 data collection. The Office of Special Education Programs reviews and evaluates the timeliness, completeness, and accuracy of the data.
- The data are also used for monitoring the programs and activities under IDEA and reported in OSEP's Annual Report to Congress on the Implementation of IDEA.

For more information see: <https://www2.ed.gov/programs/osepidea/618-data/index.html>.

The American Recovery and Reinvestment Act (ARRA) (P.L. 111-5) gave States and LEAs a one-time doubling of Federal IDEA funds by providing an additional appropriation of **\$12.2 billion in 2009**.

Below is one example of the 50 percent provision following this significant increase in annual Federal funds.



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