

Transition Incentive Aid - Impact on IDEA's Maintenance of Effort (MOE)

Last Updated 11/9/2020

The following is applicable only to LEAs that are not independent charter schools:

There have been questions raised regarding how revenue received through the Special Education Transition Incentive Grants (a categorical aid program created under 2015 Act 55) will impact an LEA's IDEA Maintenance of Effort (MOE) compliance. The aid is recorded in fund 27, source 697. Because the payment is made in June at the end of the fiscal year, the concern is that there is no time to create new expenditures to offset the revenue.

The receipt of these funds will have no impact on the MOE State & Local test as source 697 is not a revenue that is pulled into the state and local test calculation. That test relies solely on the amount of expenditures coded to project 011 and project 019 (less Medicaid SBS revenue received).

However, the Transition Incentive aid will impact the MOE Local Only test, in much the same way state special education categorical aid currently impacts the Local Only test. The Local Only test compares the Fund 27 to Fund 10 transfer amount from year to year. The more revenue that is recorded in Fund 27 for the year means the amount the LEA needs to transfer from the general fund to special education at the end of the fiscal year decreases. The amount of Transition Incentive aid may cause an LEA to fail the MOE Local Only test - but, please remember, an LEA only has to pass **one** of the four MOE comparison tests to be in compliance.

Because the 1505 SE budget reports for FY 2020-21 were due to DPI prior to the LEA receiving the Transition Incentive aid estimates, the LEA may not have taken the aid payment into account when determining the end of year transfer amount. The LEA can either update the 1505 SE budget report to reflect the lower transfer amount or, if the budget is not amended, it is strongly recommended that the LEA utilizes the **Scenario Calculator in the MOE Eligibility Report** to determine the impact of the aid receipt. If the aid payment causes the LEA to fail all four tests (which is unlikely), the solution is to increase expenditures for the current year (such as additional transition-related activities).