



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

RICK SNYDER  
GOVERNOR

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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

May 3, 2012

**MEMORANDUM**

TO: Intermediate School District Superintendents, Directors of Special Education, Administrators of *Early On*<sup>®</sup>, *Early On* Coordinators, and Business Managers

FROM: Susan Broman, Deputy Superintendent   
Office of Great Start

SUBJECT: Maintenance of Effort as required under the Individuals with Disabilities Education Act for Part C

The federal regulation implementing the Individuals with Disabilities Education Act (IDEA) at 34 CFR §303.225 requires that all Part C of IDEA programs that expend IDEA Part C funds comply with the Supplement Not Supplant, also referred to as Maintenance of Effort (MOE), provisions. These provisions state that IDEA Part C funds are to be used to supplement the level of state and local funds expended for infants and toddlers with disabilities and their families and in no case to supplant those state and local funds.

In order to meet the requirement, intermediate school districts that expend IDEA Part C funds must ensure that the total amount of state and local funds budgeted for expenditures in the current fiscal year for early intervention services for children eligible under Part C and their families be at least equal to the total amount of state and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowable exceptions are: 1) a decrease in the number of infants and toddlers who are eligible to receive early intervention services under this part; and 2) unusually large amounts of funds expended for such long-term purpose as the acquisition of equipment and the construction of facilities.

Due to multiple audit findings the MDE, Office of Great Start, Early Childhood Education and Family Services, must begin an initial review of *Early On* MOE with the 2012-2013 application process. Using the Department's Financial Information Database (FID) and the application information through the Michigan Electronic Grants System Plus, the office will develop an MOE baseline to be used in the future. Attached to this memorandum is the process that the Department will use to assess the MOE for local early intervention programs.

If you have additional questions regarding the MOE for Part C of IDEA/*Early On*, please contact Vanessa Winborne in the Office of Great Start, Early Childhood Education and Family Services, by email at [winbornev@michigan.gov](mailto:winbornev@michigan.gov) or at 517-335-4865. For questions on accounting, contact Glenda Rader, Office of State Aid and School Finance, [raderg@michigan.gov](mailto:raderg@michigan.gov) or 517-335-0524. Thank you.

Attachment

cc: Michigan Education Alliance

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## **Early On<sup>®</sup> Michigan (IDEA Part C) Maintenance of Effort (MOE)**

### **Regulatory Mandate:**

#### **§ 303.225 Prohibition against supplanting**

(a) Each application must provide satisfactory assurance that the Federal funds made available under section 643 of the Act to the State:

- (1) Will not be commingled with State funds; and
- (2) Will be used so as to supplement the level of State and local funds expended for infants and toddlers with disabilities and their families and in no case to supplant those State and local funds.

(b) To meet the requirement in paragraph (a) of this section, the total amount of State and local funds budgeted for expenditures in the current fiscal year for early intervention services for children eligible under this part and their families must be at least equal to the total amount of State and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowance may be made for—

- (1) A decrease in the number of infants and toddlers who are eligible to receive early intervention services under this part; and
- (2) Unusually large amounts of funds expended for such long-term purpose as the acquisition of equipment and the construction of facilities.

### **Charge:**

The Individuals with Disabilities Education Act (IDEA) Part C requires that states assure that state and local effort for early intervention is maintained from year to year.

The U.S. Department of Education's Office of Special Education Programs (OSEP) uses two prongs when monitoring for compliance with this requirement:

- 1) States must show that they spend at least as much as was spent from state and local funds during the most recent year for which data is available.
- 2) States must show that they are budgeting to spend at least as much as was spent from state and local funds during the most recent year for which data is available.

### **Goal:**

To comply with the federal mandate for MOE in a manner that has the least impact on local service areas, the Michigan Department of Education's (MDE) *Early On* team will use existing data/systems where possible, with minor tweaks to the reporting requirements. New reporting requirements will be added only to the extent necessary to obtain sufficient data for OSEP.

## **Procedure: Expenditures**

Intermediate school districts as the local service agencies are required to report expenditures for providing early intervention services to children birth to three and their families within the Financial Information Database (FID). This report is due November 15<sup>th</sup> each year (MCL 388.1618) and reflects expenditures for the preceding July 1 through June 30 fiscal year. Expenditures must be coded to the grant and program. All expenditures related to providing *Early On* services, regardless of funding source, should be coded with **program code 080**: Early Intervention – birth to three. Expenditures paid with federal IDEA Part C funds should be coded to **grant code 757**: IDEA Part C Infant and Toddler – Formula Grant. Expenditures paid with **state or local funds** would be coded to **grant codes** 1xx, 2xx, 3xx, 000, or 9xx, as appropriate.

The MDE will sort from the FID the expenditures that are reported as expenditures for *Early On* Part C and provided with non-federal funds (program code 080, grant codes 1xx, 2xx, 3xx, 000, or 9xx). The total of all such expenditures for an intermediate school district will be considered the level of effort that has been provided and must be maintained for that intermediate school district. The total of all such expenditures for all intermediate school districts will be considered the level of effort that has been provided and must be maintained for Part C.

## **Budgeting**

Each intermediate school district must report in the Michigan Electronic Grants System Plus (MEGS+) *Early On* application the total amount of non-federal funds that are being budgeted by the intermediate school district for expenditures that will provide early intervention services to children birth to three and their families during the upcoming July 1 through June 30 fiscal year. This amount must be at least as much as reported in the most recently completed FID (program code 080, grant codes 1xx, 2xx, 3xx, 000, or 9xx).

## **Allowable Reductions in Effort**

The MEGS+ application includes a field for providing justifications for any reduction in budgeted or actual expenditures of non-federal funds to provide early intervention services to children birth to three and their families.

## **Monitoring of MOE**

MDE will compare expenditures reported in the FID from one year to the next to assure that effort is maintained. MDE will also compare the budgeted amount reported in MEGS+ to the most recently reported year's actual expenditures as reported in the FID to assure that all intermediate school districts are planning to maintain effort. MDE will verify the reported justifications for any reduction in effort by an intermediate school district by checking child counts from year to year in MI-CIS (MSDS) or reporting of major expenditures in the FID.

## **Sanctions for Failure to Maintain Effort**

MDE may require ISDs to pay to the state, from local funds, an amount equal to the amount of any non-allowable reduction in effort.