

# SIGNIFICANT DISPROPORTIONALITY FISCAL FREQUENTLY ASKED QUESTIONS (FAQS)

Revised August 19, 2024

These are commonly raised questions by Local Educational Agencies (LEAs). If your question is not addressed in this document, please contact the State Performance Plan Technical Assistance Center.

## TABLE OF CONTENTS

<b>FISCAL PROCEDURES</b> .....	<b>1</b>
<b>ALLOWABLE EXPENDITURES AND USE OF FUNDS</b> .....	<b>3</b>
<b>MONITORING AND REPORTING</b> .....	<b>5</b>
<b>BUDGETARY IMPACTS AND MAINTENANCE OF EFFORT</b> .....	<b>8</b>

## FISCAL PROCEDURES

- 1) Our SELPA operates a number of regionalized programs on behalf of school districts. Thus, the districts do not get an allocation of these funds, they are all spent at the SELPA level--how do we determine the set-aside?

### ANSWER

The LEA's fifteen percent set-aside is based on its Part B allocation even when that allocation is used by another entity in part or in full. SELPAs and the CDE can assist in determining the appropriate Part B allocation to use to determine the required amount of the fifteen percent set-aside. SELPA must provide the LEA the full fifteen percent allocation for CCEIS even when this is not the typical arrangement for the LEA Part B funds.

- 2a) When identified as significantly disproportionate, is the LEA's fifteen percent set-aside for CCEIS an ongoing allocation or one-time money for the 27-month grant award period?

- 2b) Our LEA has been identified for two different fiscal years (FY 2023-24 and FY 2024-25). Do we keep the two allocations of set-aside funds separate? Or are we allowed to make sure the first allocation is expended by the end of the award period and the second allocation is expended by the end of that award period?

---

California Department of Education, Special Education Division's special project, State Performance Plan Technical Assistance Project (SPP-TAP) is funded through a contract with the Napa County Office of Education. SPP-TAP is funded from federal funds, (State Grants #H027A080116A) provided from the U.S. Department of Education Part B of the Individuals with Disabilities Education Act (IDEA). Opinions expressed herein are those of the authors and do not necessarily represent the position of the U.S. Department of Education.

---

## ANSWER

2a. CCEIS funds are allocated from one year, in this case from the FY 2024–2025 budget. These funds can be used for CCEIS activities across the 27-month period starting July 2024 through September 30, 2026. As implementation of CCEIS activities does not begin until the CIM for Sig Dis Plan for Improvement or CIM for Sig Dis Addendum is approved, most of these funds would likely be expended in the next fiscal year, in this case FY 2025-2026. Until an LEA has written CIM for Sig Dis Plan for Improvement or CIM for Sig Dis Addendum approval, it may only expend these funds on plan development activities and contracting a Technical Assistance Facilitator.

2b. If the LEA is found significantly disproportionate in two different fiscal years, an additional fifteen percent would need to be set aside from that year's budget, and each allocation is tracked and reported separately. LEAs are required to develop a CCEIS plan and budget for each year of identification. When implementing two separate CCEIS plans, decisions on how the plans align and whether they are implemented simultaneously or chronologically should be made based on LEA data and outcomes from previous plans. Consulting with both a Technical Assistance Facilitator and the Focused Monitoring and Technical Assistance (FMTA) Consultant will help ensure funds are expended appropriately and within the required time frame.

### 3) What is the process for determining and documenting the fifteen percent set-aside amounts for CCEIS dollars from the federal grant award budget allocation?

---

## ANSWER

SELPA provides the LEAs identified as Significant Disproportionality with estimated set-aside amounts based on the FY 2023-2024 IDEA Federal Grants. The set-aside amount is fifteen percent of Resource Code 3310 (CCEIS Resource Code 3312) and Resource Code 3315 (CCEIS Resource Code 3318). LEAs document these amounts on Budget Form 1 of the initial CIM for Sig Dis Plan for Improvement or the CIM for Sig Dis Addendum. (This will be the same amount recorded on the 2024 CIM for Sig Dis Assurance of Compliance form.)

When the new 2024-2025 IDEA federal Grant Award Notifications (GANs) are received by the SELPA (expected Spring, 2025), SELPA will provide the actual amounts in order for the identified LEAs to complete an Amended 2024 Budget Allocation form.

**Note:** If the identified LEA is required to set aside private school proportionate share funds from Resource Code 3310 into Resource Code 3311, the fifteen percent calculation of CCEIS funds must be determined based on the full grant award amount. The private school set-aside may not be deducted prior to the fifteen percent CCEIS calculation.

### 4) Are the transfers of revenue from the fifteen percent set-aside of federal IDEA funds from resource codes 3310 and 3315 into CCEIS resource codes 3312 and 3318 an 8980 transfer of unrestricted revenue?

---

## ANSWER

Object Code 8980 is not an appropriate code to use, as it is used for the contribution from unrestricted revenue. Since federal IDEA funds in Resources 3310 and 3315 are restricted, then the appropriate object code to use for the revenue transfer to Resources 3312 and 3318 is 8990.

5) What happens the fifteen percent set-aside CCEIS dollars are not all expended within the 27-month period?

#### ANSWER

Non-compliance around full expenditure is serious. Unexpended funds will be forfeited, and, per Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart D, Section 200.339 Remedies for noncompliance the non-compliant LEA may be subject to further monitoring and fiscal consequences from the CDE and/or Office of Special Education Programs (OSEP).

The LEA is required to set aside exactly fifteen percent of its IDEA, PART B (sections 611 and 619) funds to provide CCEIS to address factors contributing the significant disproportionality (34 C.F.R. §300.646 (c) and (d)). A review of expenditures is critical when completing progress and expenditure reports to ensure timely invoicing. If a service was provided (e.g., professional development costs, contracted services for students, etc.) and not yet invoiced, that expenditure should be included in the next Progress and Expenditure Report.

Working closely with fiscal throughout the planning and implementation process, as well as a thorough review prior to the close of Fiscal Year (FY) 2024-25 will prevent missed expenditures that cannot be transferred to the next FY. A review early in FY 2025-26 will help determine if amendments are needed to ensure full expenditures of the CCEIS funds by September 30, 2026.

## ALLOWABLE EXPENDITURES AND USE OF FUNDS

6) As the first day of the 27-month cycle is July 1, may LEA funds be used to pay for CCEIS activities beginning this July (2024), with the understanding that those funds will be paid back after the CIM for Sig Dis Plan for Improvement has been approved?

#### ANSWER

Only costs related to CIM for Sig Dis or CIM for Sig Dis Addendum **development** can be charged to CCEIS Resource Codes 3312 and 3318 beginning July 1, while implementation costs cannot be paid with CCEIS funds until the LEA has written approval of the CIM for Sig Dis Plan for Improvement or CIM for Sig Dis Addendum from the CDE. Implementation should not begin prior to approval as the CCEIS funds cannot be applied to activities retroactively. In addition, any expenses related to CCEIS prior to July 1 cannot be funded with CCEIS funds.

Funds for plan development may be used to pay for consultants and group work in planning (e.g., TA Facilitator, substitute costs or stipends for Educational Partners Group members, employee stipends/additional work time or outsourcing to assist in completing qualitative and/or quantitative data assessment, etc.).

7a) May we add indirect costs to the CCEIS budget?

7b) When completing the CCEIS Budget Form 2: 2024 Allowable Costs Budget, do object code Line Items 5100 and 5800 costs go under the Line Item 5000 – Services and Other Operating Costs?

---

**ANSWER**

7a. Yes, you may add indirect costs to the CCEIS budget. Please check the CDE website and use the approved ICR for your LEA for each fiscal year. The ICR object code line is 7300.

7b. Object code Line Items 5100 and 5800 are separated on the CCEIS Budget Form 2 to ensure that indirect costs are not charged above the initial \$25,000 for each individual sub agreement. Any sub agreement amount over \$25,000 should be charged to Object Code 5100 and indirect costs may not be assessed on those sub agreement expenditures. Expenditures for individual sub agreements up to \$25,000 may be coded to 5800 and included in the calculation of the indirect cost rate (ICR).

---

**8) Do preschool funds transferred to CCEIS still have to be utilized for preschool services?**

---

**ANSWER**

Funds transferred from the federal preschool grant need to be used to implement the CIM for Sig Dis Plan for Improvement or CIM for Sig Dis Addendum. These funds are not specific to preschool students. It is also possible to use all CCEIS funds for preschool students. IDEA recommends that early intervening services be focused on students age 3 through grade 3 (Section 613 (f)(1)).

---

**9) How can we put money into Early Intervening Services when students come to us starting in the ninth grade?**

---

**ANSWER**

Often, students transition to the high school as ninth- graders with IEPs. A high school district may have limited control over the number and percentage of students identified by specific disability groups and practices of feeder schools may be inconsistent with the high school. Reviewing the age of entry is specifically important to determine when students are first identified as eligible for special education. This can be done using your Special Education Information System (SEIS) data.

A review of practices around triannual evaluations can provide helpful information, and working with feeder LEAs and SELPA around factors contributing to disproportionality is highly recommended. LEAs may want to invite feeder school representatives to one or more of their Educational Partners Group meetings.

---

**10) Are we able to use some of these funds to retain a position like a Multi-Tiered System of Support (MTSS) Coordinator?**

---

**ANSWER**

This is very tricky! The key word is "retain." Just changing the funding source would lend itself to supplanting, and a change in funding alone will not address the factors that contribute to significant disproportionality. So, the quick answer is NO. However, if the prior position of an existing staff member was eliminated, then the newly created position (funded with CCEIS funds) must have a different job description that ties directly to the implementation of approved CIM for Sig Dis or CIM for Sig Dis Addendum activities. It is important to note that the LEA cannot fund the position with CCEIS funds before the CIM for Sig Dis or CIM for Sig Dis Addendum is approved (likely end of January 2025).

---

California Department of Education, Special Education Division's special project, State Performance Plan Technical Assistance Project (SPP-TAP) is funded through a contract with the Napa County Office of Education. SPP-TAP is funded from federal funds, (State Grants #H027A080116A) provided from the U.S. Department of Education Part B of the Individuals with Disabilities Education Act (IDEA). Opinions expressed herein are those of the authors and do not necessarily represent the position of the U.S. Department of Education.

When using two funding sources for a position it is important to keep an accounting of time to justify duties/responsibilities related to the funding. One example could be that CCEIS funds are used for additional work time or stipends for teachers on special assignment to provide coaching to other teachers to implement evidenced-based MTSS strategies.

11) We are making plans for next year and we are anticipating a new position (MTSS Coordinator). Can we use CCEIS funds for this position? If we wait until our plan is approved, can we allocate funding from July-December towards the position? Will this be considered supplanting because we are hiring prior to the CIM for Sig Dis or CIM for Sig Dis Addendum being completed and approved?

#### ANSWER

If a position is triggered by the CIM for Sig Dis or CIM for Sig Dis Addendum (funding someone to address root cause issues) then it should be clearly noted in the plan that this is a NEW position, and that funding will come from two sources. For example, the position may be funded by general fund dollars and CCEIS dollars. However, expenses can only be charged to CCEIS for the time period after the plan approval.

**Note:** A justification for the co-funded position could be that prior data analysis revealed factors that may have or will have contributed to the LEA's significant disproportionality.

**Note:** For both questions about funding positions, ALL positions or partial positions can only be funded with CCEIS funds if the staff is providing direct services to the selected target student group or overseeing/supporting those direct services or other CCEIS activities.

12) Can we contract with a Technical Assistance (TA) Facilitator for support beyond the CDE-funded TA?

#### ANSWER

Yes, LEAs often find they need additional supports for the development and implementation of the CIM for Sig Dis or CIM for Sig Dis Addendum. Evidence-based practices on systemic change demonstrate the importance of guidance from a trained expert in the field especially when identifying root causes of significant disproportionality, developing improvement actions/activities, and measuring those actions accomplished to achieve outcomes. In addition, the CDE has noted differences in quality of plans submitted with TA Facilitator support versus without support. LEAs must ensure that CCEIS funds are predominantly used to address contributing factors and services for students needing support to be successful in the general education environment.

## MONITORING AND REPORTING

13) Based on the CIM for Sig Dis or CIM for Sig Dis Addendum, do the students served have to match the students served in the progress report?

---

## ANSWER

Yes, the target population identified in the CIM for Sig Dis or CIM for Sig Dis Addendum will be the group of students who receive the early intervening services articulated in the CIM for Sig Dis or CIM for Sig Dis Addendum and reported on in the Progress and Expenditure Reports. The estimated number of students served may not match the number students served in any given quarter; however, the criteria used to determine which students receive CCEIS should not change without approval from the CDE.

Additionally, each year the LEA will complete the Unduplicated Student Count for Significant Disproportionality Comprehensive Coordinated Early Intervening Services Report and submit it to the CDE. This information includes the number of students who received CCEIS under the IDEA in the LEA as well as the total number of students who received CCEIS under the IDEA and were later identified and received special education and/or related services from the LEA.

### 14) How is the CIM for Sig Dis Progress and Expenditure Report connected to the Special Education Federal Grant Expenditure Report and how can LEAs and SELPAs ensure alignment and timely reimbursement?

---

## ANSWER

Accurate reporting requires collaboration between fiscal and program staff at the LEA level along with the SELPA. Expenditures must relate to specific activities on the CIM for Sig Dis or CIM for Sig Dis Addendum, be tied directly to the target population, and include the required information such as progress on implementation AND student outcome progress (if applicable).

In addition to the CIM for Sig Dis Progress and Expenditure Reports submitted by the LEA, SELPA submits a corresponding Federal Grant Expenditure Report. It is critical that the amount on the report SELPA submits (line item D on the SELPA report) is accurate. SELPAs should double check that the CCEIS expenditure amount (line item D) matches the total of what each Significantly Disproportionate LEA submits on the CIM for Sig Dis Progress and Expenditure Report. This is especially important at year-end as the CIM for Sig Dis report may be submitted prior to the books being closed as these reports are due ten days after the end of the reporting period, while grant expenditure reports are due thirty days after the end of the reporting period.

**Note:** For SELPAs with multiple LEAs in Significant Disproportionality, it is important to ensure that Ye progress reports have been sent and approved for the specific quarter that the SELPA is asking for reimbursement. Payments may be held up if these amounts do not match, or the CDE has not received and approved all necessary progress reports. This will result in a delay in reimbursement to the SELPA for the entire amount being requested on the expenditure report until the CCEIS discrepancy is fixed.

### 15) What is the connection between the CIM for Sig Dis or CIM for Sig Dis Addendum and the Local Control and Accountability Plan (LCAP)?

---

## ANSWER

The CIM for Sig Dis Plan for Improvement or CIM for Sig Dis Addendum is not a component of the LCAP. However, the LEA should use the LCAP to identify current initiatives and LEA priorities related to the factors that contribute to significant disproportionality. Integration and alignment of these efforts including how funding supports each effort is highly recommended and will help ensure sustainability of



successful initiatives. A description of these initiatives, funding sources, and target populations would be included in the Initiative Crosswalk in Step 2.

**16) Will CIM for Sig Dis and CIM for Sig Dis Addendums be monitored to ensure that expenditure of funds is related to the identified root causes, measurable outcomes, and activities?**

---

#### ANSWER

Yes, CIM for Sig Dis or CIM for Sig Dis Addendum implementation will be monitored through the Progress and Expenditure Reports. These reports are in a single document that provide summary information on both implementation progress and student level outcomes. Both the narrative summary and the expenditure report must be approved by the CDE prior to reimbursing expenditures.

**17) What is the responsibility and accountability expected of general education in this process? Why are the requirements, auditing, and monetary penalties on special education rather than on the full general education system where the root cause of systemic racism has resulted in special education disproportionality?**

---

#### ANSWER

Mandates for the identification, addressing, and monitoring of significant disproportionality are regulated through IDEA. The identification is triggered by disparities in special education based on race and ethnicity. As factors contributing to significant disproportionality occur in the general education environment, CCEIS activities primarily are implemented in general education. This is a district-level improvement plan and in most cases general education staff are responsible for the implementation of CCEIS and monitoring of improvements in student outcomes. As the funds are reallocated special education funds, tracking and monitoring activities, and budgets, take teamwork from both general education and special education. Successful improvement efforts will improve outcomes for the LEA's students through decreases in the number of students that are inappropriately identified, disciplined or served.

**18) In developing the CIM for Sig Dis or CIM for Sig Dis Addendum, why it is important to connect the expenditures to outcomes?**

---

#### ANSWER

The CDE is responsible for monitoring appropriate use of CCEIS funds.

There are numerous sections in the CIM for Sig Dis and CIM for Sig Dis Addendum that have direct connection to the allocations and expenditures. When identifying measurable outcomes, target population, and activities, the LEA needs to be very clear as to who is receiving and providing services and how budget line items are aligned to each CCEIS activity. Provided below are a few questions to ask when connecting expenditures to outcomes.

(a) What are effective ways of connecting CCEIS and blended funding (reported in the LEA Initiative Inventory) to activities listed in the CIM for Sig Dis or CIM for Sig Dis Addendum?

---

California Department of Education, Special Education Division's special project, State Performance Plan Technical Assistance Project (SPP-TAP) is funded through a contract with the Napa County Office of Education. SPP-TAP is funded from federal funds, (State Grants #H027A080116A) provided from the U.S. Department of Education Part B of the Individuals with Disabilities Education Act (IDEA). Opinions expressed herein are those of the authors and do not necessarily represent the position of the U.S. Department of Education.



(b) Are funds expended in alignment with each measurable outcome?

(c) Is the allocation of funds clearly tied to the CCEIS activities supported by identified root causes and target population?

19a) How many CIM for Sig Dis Progress and Expenditure Reports are there and are they all required?

19b) When no funds are spent in a given report period, the LEA and the SELPA still submit a report that says zero, correct?

#### ANSWER

19a) Please refer to the State Performance Plan Technical Assistant Project for information about the CIM for Sig Dis Progress and Expenditure Reports. (Select your year of identification on the [Significant Disproportionality page](#) and scroll to the bottom.)

19b) When no funds are expended in a given reporting period, the CIM for Sig Dis Progress and Expenditures Report must still be submitted. The grant expenditure report would show -0- under the CCEIS line item. The narrative progress report should describe what is happening with CIM for Sig Dis implementation. If CCEIS activities did not occur, the report would include their reasons for delayed implementation. If funds have been fully expended, the Progress Report would indicate student outcomes of the of the concluded services or description of alternative funding to sustain implementation.

## BUDGETARY IMPACTS AND MAINTENANCE OF EFFORT

20) LEA 2024-25 budgets may be significantly impacted by the fifteen percent set-aside. What are the considerations for mitigating the budgetary impacts of the CCEIS process?

#### ANSWER

CCEIS funds are federal dollars and the CDE cannot mitigate the budgetary impact. LEAs must adhere to the fifteen percent set-aside as mandated by IDEA and CDE, and must adhere to its Maintenance of Effort (MOE) requirements.

21a) The allocation of fifteen percent of Part B funds will affect our MOE reporting. How do we handle this? And if MOE is based on special education expenditures, why is MOE increased when the IDEA monies are being spent on general education interventions in the CCEIS or CIM for Sig Dis Addendum?

21b) When we are no longer identified as significantly disproportionate, is our MOE still impacted?



---

## ANSWER

**Note:** See Maintenance of Effort Overview at the end of this document for detailed MOE reporting requirement information.

21a) LEAs are required to complete the MOE reports for annual submission to CDE and must show they have met the level of effort as required by IDEA. There are four different tests on the MOE report based on state and local special education expenditures and local only special education expenditures, but an LEA needs to pass just one test to meet the MOE requirement.

**Note:** The LEA is only required to pass one of the tests to meet the MOE requirement. However, the LEA is required to show results for all methods.

The fifteen percent of Part B funds that need to be set-aside for CCEIS expenditures comes from federal IDEA funding which is not part of the MOE test requirement. When these funds are transferred to a non-special education resource code, the expenses that previously would have been charged to a federal resource code may need to be covered by state and/or local funds, increasing the expenses in those state and/or local resources.

For example:

An LEA has been identified as significantly disproportionate and must set aside fifteen percent of federal IDEA funds. The amount of its allocation in Resource Codes 3310 and 3315 is \$1,000,000 so the set-aside in Resource Codes 3312 and 3318 is \$150,000.

- The LEA uses federal funding to cover classified instructional assistant (I/A) positions. The \$150,000 covers the salary and benefits for two I/A positions for one year.
- The LEA will use \$75,000 on CCEIS expenditures per its approved CIM for Sig Dis or CIM for Sig Dis Addendum in both fiscal years one and two.
- The LEA will need to cover \$75,000 in federal expenditures (one I/A position) each fiscal year using state special education funding, local contribution, or a combination of both state and local funding because the revenue transferred from special education to general education. This will increase the amount of special education expenditures reported on the MOE for two years.

21b) When the LEA has used its entire allocation of CCEIS funds, the federal funding will remain in special education resource codes and the use of state special education funding, local contribution, or a combination of both state and local funding is no longer needed to cover the expenses. This will cause the amount of special education expenditures in state and local resources and or local only resources to decrease, which may impact the LEA's MOE.

The LEA should monitor its MOE reports at interim reporting periods to determine if the LEA will meet its MOE requirements every year. It is particularly important to do this after the LEA has been identified as significantly disproportionate. The LEA should review its special education program costs for any areas of potential reduction in special education expenses so that the comparison year level of effort does not increase substantially when the set-aside funds are required for the provision of CCEIS.

Fiscal Year 2024-25 is a critical year for the special education administrator to work closely with the business department to run the MOE reports early and use the Subsequent Years Tracking (SYT) worksheet as checks to determine if the LEA will meet or exceed the MOE requirement. Changes could be made during the First Interim (starting in October) and Second Interim (March).

After the LEA has gone through First Interim, unexpected changes may have occurred. For example, the LEA may no longer be transporting as many students as before, or it may have a reduction in nonpublic or agency costs, experience declining enrollment, or more intensive supports or services are required. Some

of these areas could reduce or decrease expenses. To offset an increase in MOE which sets a new and higher base, work with your team (fiscal, special education, and human resources) to identify what can be transferred into general education. For example: conduct time studies for administrators, nurses, and psychologists to determine the percentage of time spent in general education and transfer that portion into a non-special education resource code.

## SPECIAL EDUCATION MAINTENANCE OF EFFORT (MOE) OVERVIEW

Source: MOE Instructions from Standardized Accounting Code Structure (SACS) Software 2020-21, please reference the new SACS Web-based Financial Reporting System (SACS Web System), released in 2022 as [SACS2022ALL](#).

Source: Exempt Reduction to Maintenance of Effort Template (revised 4-23-15)

### BACKGROUND INFORMATION

The Special Education MOE (SEM) reports are used to determine if an LEA met the MOE required by the federal IDEA and implementing regulations. In summary, an LEA may not reduce the amount of local, or state and local, funds that it spends for the education of children with disabilities below the amount it spent for the preceding fiscal year. There are two components to the LEA MOE requirement – the eligibility standard and the compliance standard.

There are two types of reports: SEMA and SEMB as explained below.

- Prior Year Actuals versus Second Prior Year Actuals (SEMA)
- Grant Year Budget to Prior Year Expenditures (SEMB)

The eligibility standard requires that, except in specified situations, in order to find an LEA eligible for IDEA Part B funds for the upcoming fiscal year, the LEA should have budgeted for the education of children with disabilities at least the same amount of local, or state and local, funds, as it actually spent for the education of children with disabilities during the most recent year for which information is available (34 C.F.R. Section 300.203(a)).

The compliance standard requires that, except in specified situations, an LEA should not reduce the level of expenditures for the education of children with disabilities made from local, or state and local, funds, below the level of those expenditures from the same source for the preceding fiscal year (34 C.F.R. Section 300.203(b)).

An LEA may use the following four methods to meet both the eligibility and compliance standards:

- Combined state and local expenditures;
- Combined state and local expenditures on a per capita basis;
- Local expenditures only;
- Local expenditures only on a per capita basis.

**Note:** The LEA is only required to pass one of the tests to meet the MOE requirement. However, the LEA is required to show results for all methods. These results are necessary for both historical purposes and for the possibility that the LEA may want, or need, to switch methods in future years.

---

## SUBSEQUENT YEARS TRACKING (SYT)

The Subsequent Years Tracking (SYT) worksheet is used to determine if the LEA is comparing the actual expenditures of the SEMA and the budgeted expenditures of the SEMB to the appropriate comparison year for each of the four methods back to FY 2011–12, which is the base year for the LEA MOE calculations. Per the IDEA, an LEA may meet the compliance standard using any one of four methods listed above. The comparison year for determining if an LEA meets the compliance standard is the last year the LEA met MOE using the same method and might vary depending on each method. The LEA is required to submit the SYT worksheet with the SEMA and SEMB reports.

---

## EXEMPT REDUCTIONS UNDER 34 CODE OF FEDERAL REGULATIONS SECTION 300.204

The LEA may reduce the level of expenditures below the level of the preceding fiscal year if the reduction is attributable to any of the following reasons. If the total justifications equal/exceed the MOE shortfall, fiscal effort has been maintained for the reporting year.

- The voluntary departure, by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff lay-off due to budget shortfall).
- A decrease in the enrollment of children with disabilities.
- The termination of the obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program because:
  - Child has left the jurisdiction of the agency; OR
  - Child has reached the age at which the obligation of the agency to provide free and appropriate public education (FAPE) to the child has terminated; OR
  - No longer needs the program of special education.
- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (must have per unit cost of \$5,000 or more).

---

## “50 PERCENT RULE”

LEAs found significantly disproportionate for the current year are NOT eligible to use this option to reduce their MOE requirement.

Under federal law and regulations, an LEA may reduce its required MOE by not more than fifty percent of the increase, minus the amount of Part B funds the LEA chooses to use for early intervening services (EIS). The LEA must use an amount of state or local funds equal to the reduction in the required level of expenditures used in this section, to carry out activities that could be supported with funds under the Elementary and Secondary Education Act of 1965 (ESEA), regardless of whether the LEA is using funds under the ESEA for those activities (IDEA of 2004, Section 613(a)(2)(C)).

---

## DUE DATES

The SEMA and SEMB reports are due as follows:

Due to SELPA Administrative Unit: October 15: LEA worksheets from member LEAs

Due to CDE: November 15: SELPA worksheet, and LEA worksheets from member LEAs