The corresponding Microsoft Excel worksheets are to be used as a medium to assist districts in planning, budgeting, and tracking special education expenditures and reimbursements for the duration of the school year. The calculations generated from the worksheets will assist when actual Annual Finance Report (AFR) yearly comparisons are made, increasing the probability that the MOE compliance standard will be met.

PART I: Account Expenditures/Receipts Reporting

Two tabs in the worksheet ("MOE TOOL-MONTHLY" and "MOE TOOL-YEAR TO DATE") are available for district use. The first permits the user to report actual and projected special education Annual Finance Report (AFR) expenditures/receipts on a monthly basis, while the second allows the user to report total actual to date and projected total expenditures and receipts. Additional information regarding AFR Codes and descriptions may be found within the NDE Program, Budgeting, and Reporting System manual located at: http://www.education.ne.gov/fos/SchoolFinance/AFR/Downloads/1516/2016UsersManual.pdf

Either or both worksheets may be used, as both are identical in generating an ongoing level of effort but differs in the method in which information is entered by the district (monthly versus to date). The district is to report the actual expenditures and receipts for each of the respective account codes (excluding accounts 4404, 4406, 4410 and 4412) for the 2015-2016 year (blue entry fields) obtained from the Finance and Organizational Services (FOS) website: https://www.education.ne.gov/FOS/ASPX/Default.aspx–and project or report actual or anticipated ongoing expenditures/receipts (except for accounts 4404, 4406, 4410 and 4412) to be obtained from local district records throughout the 2016-2017 year (blue entry fields). IDEA GMS receipts, accounts 4404, 4406, 4410 and 4412, should reflect the amount of IDEA funds used/claimed for a specific school year. Example: for 2015-16 year, report the amount of IDEA funds claimed from the total available for the 2015-16 school year, whether received in 2015-16, 2016-17. For 2016-17 report the amount of IDEA funds claimed or anticipated to be claimed for the 2016-17 year. Calculated figures are provided (red calculated fields) for actual or projected 2016-2017 totals.

PART II: MOE Calculations

Four methods are available to meet the MOE standard. MOE can be established by use of:

- Local funds only;
- The combination of state and local funds;
- Local funds only on a per capita basis – local funds expended or budgeted for students with disabilities, divided by the number of special education children in which the district maintains a financial obligation for service provision (e.g. total resident and option enrolled special education students within the district) as reported on the October 1 NSSRS Special Education Child Count; or
- The combination of state and local funds on a per capita basis – state and local funds expended or budgeted for students with disabilities divided by the number of special education children in which the district maintains a financial obligation for service provision (e.g. total resident and option enrolled special education students within the district) as reported on the October 1 NSSRS Special Education Child Count.

Districts are to enter the target spending level (e.g. required level of effort from a prior year) for each of the four available MOE options in the blue entry fields located within the left column (line C1, C2, C3, C4). Target spending levels for your district for each MOE option is reported in the email notifying you of the availability of this MOE tool. To establish the per capita MOE for the 2015-2016 and 2016-2017 years it is necessary to enter the number of special education children in which the district maintains a financial obligation for service provision (e.g. total resident and option enrollment students within the district) for each respective year in the line C5 blue entry columns. District student counts for the 2015-2016 and 2016-2017 years are reported in the email notifying you of the availability of this MOE tool. The MOE is calculated (red fields) from the previously district entered information (blue fields). The calculated highest prior level of effort is compared to the calculated level of
effort for each year incorporating the four available methods and the shortages or excess for each year reported. A district must meet or exceed the established fiscal effort level in at least one of the four calculation methods across years to demonstrate MOE for that year.

In Nebraska, under Federal Regulations 34 CFR §300.204, there are four instances in which school districts may reduce the level of expenditures for the education of children with disabilities below the level of expenditures for the comparison year:

A. School districts may reduce the level of effort for special education to that below the level of effort for the preceding fiscal year if the reduction is attributable to voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.

In order for the level of state and/or local expenditures to be reduced on the basis of departure of personnel, the school district must provide the following source documentation when reporting actual costs within MOE Compliance Application.*

- Source payroll records (e.g., personnel action forms, resignation letter signed and dated by the employee indicating the reasons why the employee departed the school district, etc.).
- Year-to-date payroll distribution employee journals.
- Employee(s) Nebraska Department of Education (NDE) Staff ID Number (professional staff only).
- Employee’s signed and dated job description(s).

In addition, the following conditions must be satisfied:

- Departed personnel may no longer be employed by the school district. If a special education teacher has been reassigned to other duties within the school district, the reassignment does not qualify the school district to claim the “departure of personnel” exception. However, if an existing school district employee voluntarily applies and is selected for a vacant position available within the district, the departure does qualify for this exemption.
- The departure must be voluntary (the employee resigned or retired), or for just cause (the employee was terminated as the result of misconduct or negligence). If the school district reduces the number of special education personnel as the result of a reduction in force, the school district may not claim the “departure of personnel” exception.
- School districts may not claim the “departure of personnel” exception when failing to renew a contract of a probationary employee, as neither of those cases meets the “just cause” requirement.

B. School district decrease in the enrollment of children with disabilities. *(This exception is calculated by NDE within per capita formula).*

C. The school district may reduce the level of effort for special education to that below the level of effort for the preceding fiscal year if the reduction is the result of a termination of the obligation of the school district to provide a program of special education to a particular child with a disability that is an exceptionally costly program** as determined by NDE.

Because the child:

- Has left the jurisdiction of the school district;
- Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
- No longer needs the program of special education.

In order for the level of state and/or local expenditures to be reduced because the school district no longer has an obligation to serve a child with an exceptionally costly program, the district must provide the following source documentation when reporting actual costs within MOE Compliance Application.

- A schedule summarizing the total costs for each special education student that participated in an exceptionally costly program. Nebraska is in the process of defining the term “exceptionally costly”
contact NDE for additional guidance). The schedule must reconcile to the districts detailed general ledger and source records which must include the NDE program budgeting, accounting, and reporting system transaction, function, and object code for each cost description. NDE may also request students individualized education programs (IEPs) if necessary.

D. A school district may reduce the level of effort for special education to that below the level of effort for the preceding fiscal year if the district disbursed special education funds for Individual Education Plan (IEP) required *equipment for special education student(s) with a unit cost of over $5000, purchased vehicles for the purpose of transporting children with disabilities as required by the IEP, modified vehicles for transporting children with disabilities as prescribed by the IEP and Americans with Disabilities Act (ADA), or paid for the modification or construction of school facilities to meet (ADA).

In order for the level of state and/or local expenditures to be reduced because of a termination of costly expenditures for long-term purchases, the school district must provide the following source documentation when reporting actual costs within MOE Compliance Application.*

- A schedule listing all the items purchased over $5000 per unit and the general ledger classification of the purchases. The schedule must agree with the districts detailed general ledger and source records to include the NDE program budgeting, accounting, and reporting system transaction, function, and object code for each cost description. NDE may also request students individualized education programs (IEPs) if necessary.
- Paid Invoice to include purchase price and purchase year.
- Purpose for purchase and the relationship of the purchase(s) to student(s) IEP.

E. The assumption of cost by the high cost fund operated by the State Education Agency (SEA) under Federal Regulation CFR §300.704(c). (This exception is not applicable, as NDE does not operate a high cost fund).

Please review the above federal exceptions and factor these allowances into anticipated projections to increase the accuracy of the effort level. If you have questions regarding the MOE exceptions please contact Pete Biaggio at 402-471-4308. If you have questions regarding MOE tool calculations please contact Greg Prochazka at 402-471-4314, Thank you.

* Exception requests based on cost reductions attributed to the “replacement of a high cost employee with a lower cost employee” requires all source documentation for both employees except a signed resignation letter from the replacement employee.

** Exceptionally costly program - means an Individual Education Program (IEP) defined special education service(s) in which special education costs equal or exceed $11,492.00 annually for a particular student.

*** Equipment is defined as any instrument, machine, apparatus, or set of articles with a unit cost of $5000 or more that meets ANY of the following: (1) under normal conditions of use can be expected to last longer than a year; (2) does not lose its identity through fabrication or incorporation into a different or more complex unit; (3) is nonexpendable (more feasible to repair the item than to replace); (4) retains its appearance and character through use; and/or (5) is of significant value.