
FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Ask SSC . . . Special Education MOE and One-Time Money

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Q. The 2021–22 State Budget provided two pots of special education resources: \$100 million for dispute prevention and resolution and \$450 million for learning recovery services. When we use these funds, which are characterized as one-time, will they affect our ongoing maintenance of effort (MOE)?

A. The short answer is yes. The longer answer involves some background. A local educational agency's (LEA's) MOE calculation is based upon the use of local and state resources for special education services. (The state has an MOE requirement too, which is discussed in more detail below.) Every year, LEAs must assure they have used the same amount of total local and state resources as the year before for special education services. There are a few exceptions that allow an LEA to decrease their MOE in subsequent years to maintain compliance, but one-time programs or one-time funding resources is not one of them.

While Assembly Bill 967—the original idea for these pots of funds—proposed utilizing federal resources to avoid the current situation, since federal funds are not a component of the MOE calculation, ultimately, the 2021–22 State Budget uses state funds for these two programs, therefore triggering an MOE increase when the funds are used locally. Additionally, the Education Code changes accompanying the \$450 million pot of resources appears to call for matching funds from LEAs, theoretically doubling the amount being added to the MOE. The California Department of Education shared in a webinar regarding these funds that the intention is to not require a cash match, but instead clarified that the funds allocated for these purposes should be “matched” (i.e., connected to expenditures) to services and supports provided under the Learning Recovery Plans that Special Education Local Plan Areas (SELPAs) are currently developing with their member LEAs, thereby limiting the impact to the MOE.

Regardless of that relief, LEAs will need to carefully monitor the use of funds for special education services in 2021–22 and the state will need to carefully consider how to disperse these same funds in 2022–23.

Like LEAs, the state also has an MOE requirement for spending resources for special education services. That state MOE will compel the same amount of funds (\$550 million) to be allocated for special education purposes in 2022–23 and beyond. If the state apportions these special education resources to LEAs through SELPAs in a significantly different methodology than in 2021–22, some LEAs may have a very difficult time maintaining their MOE without significantly increasing their local contribution to make up for fewer state resources. We will be closely monitoring these issues in the coming year.