

Writing State-Level Procedures for IDEA Part C Maintenance of Effort

CIFR **practice guides** help state staff understand how to implement the fiscal reporting requirements of the Individuals with Disabilities Education Act (IDEA). These guides are not an official interpretation of IDEA by the Office of Special Education Programs (OSEP) or the U.S. Department of Education.

Background

The purpose of IDEA Part C is to enhance the capacity of state and local agencies and early intervention service (EIS) providers to identify, locate, evaluate, and meet the needs of all infants and toddlers with disabilities and their families, beginning at birth. The state lead agency (LA) is responsible for coordinating all available funding for Part C activities within the state, including those from federal, state, local, and private sources. Under 34 CFR §303.225, state Part C programs must ensure that the federal Part C funds are used to supplement, not supplant, state and local public funds. To do so, states must budget and spend at least the same amount of state and local public funds as what was expended in the most recent preceding fiscal year for which the information is available. This is known as maintenance of effort (MOE). For more information, see CIFR's *Quick Reference Guide on IDEA Part C Maintenance of Effort*.

Purpose

As part of a state's reasonably designed internal controls, as required in 2 CFR §202.303, a state LA should have procedures that describe how it tracks budgeting and spending from all state and local public funding sources and determines whether it meets Part C MOE requirements.

Written procedures are essential for ensuring that the state complies with the MOE requirements and maintains state and local public funding for the state Part C program. They provide state staff—especially those new to Part C MOE—with clear guidance on the steps needed to meet these requirements. Additionally, procedures promote consistency over time, ensure continuity during staff turnover, enhance communication, and support the use of valid and reliable data. State LAs may also share the procedures with other interested parties—other state agencies who fund or provide EIS, state legislators, and local agencies—to build an understanding of Part C MOE.

This guide helps states develop these procedures by outlining key components, providing sample language, and identifying resources. It can also be used to review and improve existing state MOE procedures.

How to Use This Guide

This guide helps states develop seven recommended components for state-level Part C MOE procedures:

1. Purpose of and authority for procedures
2. State and local public funding sources for MOE
3. MOE data collection
4. MOE determinations
5. MOE allowances
6. Failure to meet MOE
7. Staff responsibilities and timelines

Crafting State-Specific MOE Procedures

Each state has unique procedures for implementing Part C MOE requirements. The sample language in this guide is **not intended to be comprehensive** for any specific component and should be used only as a starting point. State staff responsible for monitoring MOE should carefully address each guiding question and develop responses tailored to their state's needs.

For each component, the guide features questions to help state staff write or review procedures, along with sample language for selected questions. Staff should review each guiding question and draft responses based on their state's circumstances or use the guide to review current procedures and identify any updates or needed additions.

Staff may wish to cite the resources listed at the end of this guide and other relevant state and federal laws, rules, and documents. Most resources can be accessed through CIFR's library of [Part C MOE resources](#).

Within each component, user notes appear in italics, and brackets indicate where language should be customized to the state (e.g., [state LA]).

1. Purpose of and Authority for Procedures

This component explains the purpose of the state's implementation procedures, introduces the MOE requirements, and lists applicable federal and state regulations.

Guiding Questions

- » What is Part C MOE?
- » Which IDEA regulations are related to Part C MOE?
- » What other federal regulations apply to Part C MOE?
- » What state laws and regulations affect the state's authority and calculation of Part C MOE?
- » How will the procedures be reviewed and updated, and how often? Who is responsible for this?
- » How will the procedures and MOE requirements be communicated to key partners?

Sample Language

The sample shows the detail needed for written procedures. Each state should create language that accurately reflects its own process.

Purpose and Authority

Under 34 CFR §303.225, IDEA Part C funds cannot be commingled with state funds and must be used to supplement and not supplant state and local public funds. This prohibition against supplanting is referred to as maintenance of effort (MOE). To meet MOE, the state must budget and spend at least the same amount of state and local public funds for infants and toddlers with disabilities and their families as it spent in the most recent preceding fiscal year for which information is available. Further, [state LA] must have a methodology, including policies and procedures, to track budgeting and spending from all state and local public funding sources for the Part C program.

The purpose of these state-level procedures is to define expectations and the methodology for calculating and monitoring the MOE requirements in [state]. These procedures will guide the work of the [state LA] as it collaborates with key partners, including the legislative budget office, the Interagency Coordinating Council (ICC), local programs, and other state agencies that provide services to infants and toddlers with disabilities and their families. The [state LA] will review the procedures with key partners annually to ensure they understand MOE requirements and funding expectations for the state's early intervention program.

Applicable Federal Regulations

The following federal regulations establish authority for the requirements of these policies and procedures:

- » Code of Federal Regulations: IDEA Part C
 - 34 CFR §303.225: Prohibition against supplanting
 - 34 CFR §303.120(b): Lead agency role in funding
 - 34 CFR §303.510: Payor of last resort
 - 34 CFR §303.520(b)(3): Use of private insurance to pay for Part C services with state statute enactment
- » Code of Federal Regulations: Office of Management and Budget (OMB) Guidance for Federal Financial Assistance (Uniform Guidance)
 - 2 CFR §200.302: Financial management
 - 2 CFR §200.329: Monitoring and reporting program performance

Relevant State Laws and Regulations

These state laws and regulations establish authority for the requirements of these policies and procedures: *[Insert citations for relevant state laws or regulations here.]*

2. State and Local Public Funding Sources for MOE

This component identifies MOE data and the sources of state and local public funding that support Part C activities and are used by the state to calculate effort.

Guiding Questions

- » What is the state fiscal year (SFY)?
- » Which state agencies or local programs budget and spend state and local public funds each year to implement the Part C program?
- » What specific funds are included in the MOE calculation?
- » If state or local public funding is not budgeted or spent, state this explicitly.
- » Which funds are not included in the MOE calculation?

Sample Language

The sample shows the detail needed for written procedures. Each state should create language that reflects its own process.

State Fiscal Year

Calculations to determine whether Part C MOE is met are based on budget and expenditure information for the state fiscal year (SFY), which operates from [July 1 through June 30].

State Agencies and Local Programs

The following state agencies and local programs budget and spend public funding each year to implement the Part C program:

- » [state LA]
- » [other state agency]
- » [other state agency]
- » [specific local program(s)]

Funding Sources

The [state LA] calculates MOE using these state and local public funds budgeted and spent for Part C:

- » Department of Health and Human Services state Part C appropriation
- » Department of Education state special education funds
- » state Medicaid match funds
- » Temporary Assistance for Needy Families state match funds
- » Children and Youth with Special Health Care Needs state match funds
- » local educational agency funds
- » county tax levy funds
- » other local government funds

The MOE calculation excludes federal funding and private funding sources, such as the following:

- » United Way
- » private insurance

- » private donations, contributions, or endowments
- » proceeds from fundraisers
- » federal Medicaid/State Children's Health Insurance Program funds
- » family cost participation fees

3. MOE Data Collection

This component describes how data on expenditures made with state and local public funds for Part C activities are collected.

Guiding Questions

- » How are budget data for state and local public funds obtained each year?
- » How are data on expenditures made with state funds obtained (e.g., state's single audit)? How does the state LA collect expenditure data from other state agencies each year?
- » What Medicaid expenditure data are needed for MOE calculations (state's matching funds)? How does the state access these Medicaid data?
- » How are data obtained on expenditures made with local public funds? How does the state LA communicate with and collect expenditure data from all local programs each year (e.g., letter, email, or expenditure report)?
- » Who collects these data, and when do they do this?
- » Where are the collected MOE data stored?

Sample Language

The sample shows the level of detail for written procedures. Each state should craft language that reflects its own process.

Local agencies and state agencies that fund or provide early intervention services (EIS) must collect and report to [state LA] each year the amount of local public and state funds budgeted and spent for the Part C EIS program.

Budget Data

By March 1 each year, the [state LA finance division] sends a letter to all local EIS programs within the state and other state agencies involved in EIS. The letter requests the amounts budgeted for EIS for the upcoming SFY starting [July 1], categorized by funding source (federal, state, and local). The [state LA finance division] provides an Excel form for reporting these budgeted amounts to ensure that only state and local public funds are included in the state's MOE calculations. Data are submitted to the [state LA finance division] by April 1.

The [state LA finance division] also collects, by March 1 of each year, the legislative state appropriation for the upcoming SFY for the state's Part C program, including appropriated state match funds for Medicaid, Temporary Assistance for Needy Families, and Children and Youth with Special Health Care Needs, which contribute revenue to the Part C program.

By April 30, the [state LA finance division] verifies and finalizes this information and compiles it into a single form reporting the total statewide amounts of state and local public funds budgeted for EIS. The [state Part C coordinator] then reviews and approves this form.

Expenditure Data

By September 30 of each year, the [state LA finance division] sends a letter to all local EIS programs and state agencies involved in EIS. The letter requests the final audited amounts spent on EIS for the SFY that ended [June 30], categorized by funding source (federal, state, and local).

If your state Part C program does not have a yearly audit, the procedures should describe how the state determines that expenditures are final for MOE purposes.

The [state LA finance division] provides an Excel form for reporting these expenditures. The [local or state agency director] ensures the data are final and accurate, and the form is submitted to the [state LA finance division] by November 1.

For Medicaid expenditures, the [state LA] relies on an interagency agreement with the [Medicaid agency/state department of health] to obtain a report on payments for children in early intervention.

States may have different mechanisms for collecting Medicaid data such as intra-agency agreements and memorandums of understanding.

By November 1 of each year, the [state LA finance division] gathers its own final audited state expenditures for the Part C program, categorized by funding source, for the SFY that ended on [June 30].

By December 31, the [state LA finance division] verifies and finalizes this information and compiles it into a single report showing the total statewide amounts of state and local public funds spent on EIS. The [state Part C coordinator] reviews and approves this report.

4. MOE Determinations

This component describes the state LA's methodology for determining whether MOE is met. For more detail on calculations, see CIFR's practice guide Calculating Part C Maintenance of Effort.

Guiding Questions

- » How does the state LA confirm that its total budget of state and local public funds for Part C maintains effort?
- » How does the state LA confirm/document that the actual spending of state and local public funds maintains effort?
- » What tools (e.g., spreadsheet, database report) are used to perform and document the calculations?
- » Who performs these calculations and determines whether MOE was met, and when do they do this?
- » Who needs to be informed about whether MOE is met, and who communicates this?

Sample Language

The sample shows the level of detail needed for written procedures. Each state should create language that reflects its own process.

Budget Comparison

By April 30 of each year, the [state LA finance division] determines if the total budget of state and local public funds for the upcoming SFY meets or exceeds the total final audited expenditures from state and local public funds for the most recent fiscal year for which audited data are available. Because the current SFY is not complete at the time of budgeting, the [state LA finance division] uses the prior fiscal year's expenditure data for this comparison. For example, the total budgeted amount of state and local public funds for SFY 2025 is compared to total final audited expenditure for SFY 2023.

Expenditure Comparison

Each local agency submits quarterly expenditure reports to the [state LA finance division] on September 30, December 31, March 31, and June 1. These reports are reviewed quarterly by the [state LA finance division]. The state [Part C coordinator, Part C fiscal team, and state LA finance liaison] meet quarterly to review total (combined state and local public) expenditures to ensure the state is on track to meet MOE and make adjustments, if needed. A final annual expenditure report is submitted to the [state LA finance division] by September 30 after the SFY has closed.

By January 31 of each year, the [state LA finance division] determines if the total final audited expenditure from state and local public funds for EIS for the last fiscal year meets or exceeds the total final audited expenditure from state and local public funds for the fiscal year prior to that year. For example, the total final expenditure for SFY 2025 is compared to the total final expenditure from SFY 2024.

Documentation

By January 31 of each year, the [state LA finance division] records the budget and expenditure data, comparisons, allowances used, supporting documentation, and determinations in the [Part C MOE tracking spreadsheet] that documents MOE budget and expenditure calculations over time. This documentation is kept for five years and stored [specify location].

If MOE is not met for budgeting or expenditures, the [state LA finance division] determines whether the MOE allowances apply and informs the [state LA director and Part C coordinator] of the final MOE determination.

5. MOE Allowances

This component explains how the state LA decides if the allowances in 34 CFR §303.225(b) apply when MOE is initially not met.

Guiding Questions

- » What allowances are permitted for Part C MOE?
- » What data are used to calculate MOE allowances (e.g., annual child count); how and when are these data obtained, and from which sources; and where are they stored?

- » What is the state’s definition of an unusually large expenditure for long-term purposes?
- » Who determines if an allowance is met and recalculates the required MOE level?

Sample Language

The sample shows the level of detail for written procedures. Each state should create language that reflects its own process.

Allowances

Allowances may be made under 34 CFR §303.225(b) for the following reasons:

- » a decrease in the number of infants or toddlers who are eligible for EIS
- » unusually large amounts of funds expended for such long-term purposes as the acquisition of equipment and the construction of facilities
- » if the state enacts a statute to use private health insurance to pay for EIS, including parent safeguards outlined in 34 CFR §303.520(b)(2), it may establish a new MOE baseline after the statute takes effect

The [state LA division] determines annually whether these allowances apply and calculates the reduction to the required MOE level if MOE is not met. [State] follows the methods described in CIFR’s *Calculating Part C Maintenance of Effort* practice guide.

Child Count Allowance

For the first allowance, the [state LA finance division] uses the statewide [annual October] child count, obtained from the Part C data manager, to calculate the percentage decrease in child count from year to year.

The budget and expenditure comparisons use child counts from different years (see Table 1).

Table 1. Determining Child Count for Budget and Expenditure Comparisons

Comparison	Determining a change in child count
Budget comparison	Child count for the year being budgeted has not occurred. [October child count] for current SFY is compared to [October child count] from prior SFY.
Expenditure comparison	[October child count] for the year for which MOE is being calculated is compared to [October child count] from the prior SFY.

Unusually Large Expenditure for Long-Term Purpose Allowance

For the second allowance, the [state LA finance division] determines whether the criteria for an unusually large amount of funds expended for a long-term purpose have been met:

- » An “unusually large” expenditure is defined by the state as an expenditure made with state or public local funds over \$25,000 that is approved by the state.
- » A “long-term purpose” is defined as property or capital improvements with a useful life of more than one year, such as
 - acquisition costs for general purpose equipment,
 - database systems, and
 - construction or renovation costs for facility improvements.

Replace the above language with your state’s specific definitions.

If the budgeting or spending MOE obligation is not met, the [state LA finance division] will determine if a budgeted item or expenditure made with state and local public funds meets the state definition for this allowance. The [state LA finance division] monitors the item to ensure that the budgeted amount is actually expended.

Adjusted MOE

After calculating the amount for either or both allowances, the [state LA finance division] will

- » reduce the required MOE level by that amount (if applicable) and
- » determine whether the state met the adjusted level of effort.

All final allowances, supporting documentation, and the adjusted MOE level are recorded in the [Part C MOE tracking spreadsheet].

CIFR recommends including example calculations in the state procedures to illustrate how the allowances are applied. See the Calculating Part C Maintenance of Effort practice guide.

6. Failure to Meet MOE

This component explains the state’s process to address failure to meet MOE and repaying any shortfall to the U.S. Department of Education using nonfederal funds or funds for which accountability to the federal government is not required. This requirement comes from the prohibition on paying fines, penalties, damages, and other settlements with federal funds (2 CFR §200.441).

Guiding Questions

- » How does the state LA request that additional funds be allocated if it might not meet MOE? What is the request process?
- » How is the shortfall amount determined? Who determines potential repayment?
- » What is the process for repaying the MOE shortfall to the U.S. Department of Education and tracking the payment?

Sample Language

The sample shows the level of detail needed for written procedures. Each state should create language that reflects its own process.

At the start of the third quarter of each fiscal year, the [Part C coordinator] and fiscal team review the state's MOE expenditure comparison and then review the comparison with the [state LA director] and the ICC. If it appears that [state] may not meet its MOE expenditure obligation, [state LA] informs the legislature about the potential shortfall before the end of the SFY being calculated. The [state LA] may then request additional funds from the state legislature or request a re-designation of funding to meet MOE.

Repayment to the U.S. Department of Education

If the state fails to maintain effort in a particular fiscal year, the state is subject to liability under the Single Audit Act (see OSEP *Letter to Moser and Kuester* and *Letter to Willden*). The state pays back to the U.S. Department of Education the amount by which it failed to meet the MOE expenditure obligation. The repayment amount must be made with nonfederal funds or federal funds for which accountability to the federal government is not required.

The [state LA finance division] calculates the total repayment amount, considering potential allowances, and the [Part C coordinator] contacts the state's OSEP state lead for remittance instructions.

Documentation

All information related to repayments, including date and amount sent, is recorded in the [Part C MOE tracking spreadsheet]. The spreadsheet, along with all supporting documentation, is stored in [location of electronic file].

7. Staff Responsibilities and Timelines

This component summarizes the offices and staff that are responsible for gathering the necessary data and calculating MOE each year as described in the earlier sections, along with the timeline for these tasks.

Guiding Questions

- » What offices or staff positions ensure these procedures are carried out correctly?
 - Who signs the annual Part C grant assurances?
 - Who oversees all funding for the Part C program?
 - Who collects and verifies MOE data for accuracy?
 - Who calculates MOE and determines if it has been met?
- » What are the timelines for collecting and verifying data and calculating MOE?
 - When are final audited state and local expenditures (from the most recent year for which data are available) typically available? If the Part C program in your state does not have a yearly audit, when does the state determine that the expenditures are final for MOE purposes?
 - When is the total budget of state and local funds for the upcoming SFY typically finalized?
 - When is the budget compared to the most recent available expenditures?
 - When are audited expenditures from the most recently closed SFY compared to the audited expenditures from the year prior to that SFY?

Sample Language

The sample shows the detail needed for written procedures. Each state should create language that reflects its own process.

Responsible Offices

The [state LA finance division] implements these procedures, and the [Part C coordinator] reviews and approves all MOE documentation. The [state LA director] or an authorized representative signs the assurances of the annual state grant application under Part C of IDEA.

Refer to Tables 2 and 3 for [state]’s timeline outlining activities for tracking and calculating MOE.

Table 2. Sample Timeline and Activities for Tracking and Calculating the Part C MOE Budget Comparison

Sample activities show the level of detail that should be included in timelines. Each state should create a timeline that accurately reflects its unique process, individuals, and offices involved.

The budget comparison activities occur in the SFY prior to the year being budgeted.

Dates	Activity	Responsible staff/office
By January 1	Obtain the total final audited expenditure of state and local public funds for most recent SFY for which information is available.	Part C fiscal lead/state LA fiscal office
By March 1	Obtain Part C state appropriation amount(s) from legislative budget office for the upcoming SFY.	Part C coordinator/state LA legislative liaison
By March 1	Identify, collect, and review all state and local public funds budgeted for upcoming SFY.	Part C coordinator with Part C fiscal team lead
By April 30	<p>Compare the total amount of state and local public funds budgeted for the upcoming SFY to the total final audited expenditure of state and local public funds from the most recent SFY for which information is available.</p> <p>If the budgeted amount of state and local public funds is less than the comparison expenditures, determine if the state meets the criteria for the allowances under 34 CFR §303.225(b)(1–2).</p> <p>If it appears that the state may not meet its budgeting MOE obligation, [state LA] will notify the legislature about the potential shortfall and may request additional funds or a re-designation of existing funds. <i>[Follow state’s procedures detailed in components 5 and 6.]</i></p>	Part C coordinator with Part C fiscal team lead

Dates	Activity	Responsible staff/office
By [state application due date]	<p>Check the assurance in Section II.B. of the state’s IDEA Part C grant application to confirm that the state complies with the prohibition against supplanting/MOE requirements and sign grant application.</p> <p>The signature certifies that the state has the necessary policies, procedures, methods, and descriptions in place and that the assurances in Sections II.A. and II.B. are marked “Yes,” indicating compliance with the Part C MOE requirements.</p>	[Identify the state LA staff member responsible for signing the grant application]

Table 3. Sample Timeline and Activities for Tracking and Calculating the Part C MOE Expenditure Comparison

Sample activities show the level of detail that should be included in timelines. Each state should create a timeline that accurately reflects its unique process, individuals, and offices involved.

The expenditure comparison for a specific SFY is made after that SFY has ended and final audited expenditure data are available. However, expenditures should be closely monitored on a regular basis, such as quarterly, during the current SFY to make adjustments as needed.

Dates	Activities	Responsible staff/office
September 30 December 31 March 31 June 1	<p>During the current SFY: Monitor state and local public expenditures for the Part C program throughout the current SFY. Adjust the budget as needed to ensure that current year expenditures are on track to meet MOE.</p> <p>Hold quarterly check-ins with the Part C coordinator, the Part C fiscal team, and state LA finance liaison.</p> <p>If it appears that the state may not meet its MOE expenditure obligation, the [state LA] will inform the legislature about the potential shortfall before the end of the SFY and may request additional funds or a re-designation of funding.</p>	Part C coordinator and state LA finance liaison [identify specific agencies as needed]
By December 31	After the SFY closes: Obtain data on the total final audited expenditure of state and local public funds for the closed SFY for which you are determining effort and for the SFY prior to that year.	Part C fiscal team lead with state LA finance liaison
By January 31	Review and verify the accuracy of expenditure reports submitted by local agencies of state and local public funds spent for Part C.	Part C fiscal team lead/ Part C fiscal staff as assigned

Dates	Activities	Responsible staff/office
By January 31	<p>Compare the total final audited expenditure of state and local public funds for the SFY for which you are determining effort to the total final audited expenditure of state and local public funds for the SFY prior to that year.</p> <p>If the final total expenditure is less than the comparison year expenditure, review data for potential errors and determine if the state meets the criteria for the allowances under 34 CFR §303.225(b)(1–2). <i>[Follow state’s procedures detailed in components 5 and 6.]</i></p>	Part C coordinator with Part C fiscal team lead

Summary

This guide provides questions and sample content to help states develop state-level procedures to meet Part C MOE requirements. It is important for states to modify and expand upon the guiding questions and selected sample language to address each procedural component effectively. Because states differ in how they implement MOE requirements, each state should create written procedures that are tailored to its specific circumstances. CIFR staff are available to assist with these steps. For help, please contact CIFR at cifr_info@wested.org.

Applicable Federal Regulations

Current full text of regulations can be found at <https://www.ecfr.gov/>.

- » IDEA: 34 CFR §§303.120(b), 303.225, 303.510, and 303.520(b)(3)
- » OMB Guidance for Federal Financial Assistance: 2 CFR §§200.302 and 200.329

Resources

- » *Calculating IDEA Part C Maintenance of Effort*, CIFR
- » *Collecting and Tracking Maintenance of Effort Data*, Early Childhood Technical Assistance (ECTA) Center
- » *Funding Sources for Part C (Federal, State, Local)*, ECTA Center
- » *IDEA Part C Fiscal Timeline*, CIFR
- » *ITCA Finance Survey*, Infant and Toddler Coordinators Association (ITCA)
- » *Letter to Moser and Kuester*, OSEP
- » *Letter to Willden*, OSEP
- » *Part C Fiscal 101 Modules: Module 10—Maintenance of Effort*, ECTA
- » *Quick Reference Guide on IDEA Part C Maintenance of Effort*, CIFR
- » *Understanding the IDEA Part C State Grant Funding Cycle and Different Fiscal Years*, CIFR

For these resources and more, please visit CIFR's library of [Part C MOE resources](#).



Office of Special Education Programs
U.S. Department of Education

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