How are LEA MOE exceptions related to LEA MOE adjustments?

The LEA MOE adjustment is one of the flexibilities available under IDEA regulations allowing an LEA to reduce its required MOE level. The only other flexibilities o ered under IDEA for an LEA to reduce its required MOE level are those from five allowed "exceptions" (see sidebar).

LEA MOE exceptions are related to LEA MOE adjustments in that the exceptions can a ect the amount by which an LEA may adjust its MOE level. However, the adjustment results in freed-up funds that have certain requirements directing how those funds may be used (see "What are examples of activities that could be supported with freed-up funds?" later in this guide), but those requirements do not apply to any reduction resulting from exceptions.

What criteria determine whether an LEA may use the LEA MOE adjustment?

The criteria for eligibility for the adjustment are outlined in 34 CFR §300.205(a) and (c) and 34 CFR §300.646. When an LEA requests an MOE adjustment or submits a budget including such an adjustment, the state educational agency (SEA) must verify that the LEA meets the relevant criteria by confirming that

- the LEA's Section 611 federal allocation for the current fiscal year is greater than its allocation for the previous fiscal year;
- the LEA "met requirements" in the SEA's most recent determinations about the performance of LEAs under 34 CFR §300.608(a);
- the SEA has not taken responsibility for providing free appropriate public education for eligible children with disabilities in the LEA or taken action against the LEA under Section 616 of IDEA; and

What is the process for determining the amount of freed-up funds?

When budgeting for the upcoming fiscal year, the LEA should estimate the amount it intends to take for the LEA MOE adjustment (up to 50 percent of the increase in the Part B Section 611 allocation) to ensure that it spends the correct amount of freed-up funds on allowable activities. At the time of budgeting, if the LEA believes it might be able to use the full reduction, it should plan to track expenditures for an amount equal to 50 percent of the Part B Section 611 allocation increase. However, the actual amount of funds freed up by the adjustment can only be calculated during the LEA MOE compliance test, based on actual expenditures.

To calculate the potential or actual amount of freed-up funds, the LEA (or SEA on behalf of the LEA) should do the

Table 3. Sample calculation of freed-up funds from LEA MOE adjustment

Steps	Dollar amount
1. Determine the amount by which the LEA may reduce its level of e ort by using the LEA MOE adjustment in FFY 2022, as illustrated in Table 1.	$300,000
2. Identify expenditures (from local funds or state and local funds) in the comparison year for determining the LEA MOE compliance threshold (i.e., FFY 2021, the last year the LEA met the compliance standard using the same method).	$4,500,000
3. Estimate or identify the amount (from local funds or state and local funds) of budgeted or actual expenditures in FFY 2022, the year the LEA intends to take the LEA MOE adjustment.	$4,300,000
4. Estimate or identify anticipated or actual LEA MOE exceptions	