

SPECIAL EDUCATION

More Flexible Spending Requirement Could Mitigate Unintended Consequences While Protecting Services

Why GAO Did This Study

IDEA provides federal support to school districts through grants to states for the excess cost of educating students with disabilities. Education is responsible for monitoring states' oversight of district compliance with IDEA, including an MOE requirement to ensure special education spending generally is at least equal to the level spent the preceding year. A 2011 GAO report found an estimated 24 percent of districts anticipated trouble meeting MOE. GAO was asked to examine districts' recent experiences with MOE.

This report examines: (1) the extent to which districts face challenges meeting MOE and why, (2) how MOE affects services for students with and without disabilities, and (3) how well Education and states facilitate school districts' compliance with MOE. GAO surveyed the states, as well as districts that in 2011 anticipated trouble meeting MOE; analyzed MOE data; and interviewed Education officials, disability advocates, and state and district officials in three states selected to illustrate a range of experiences with MOE.

What GAO Recommends

To promote innovation and efficiency while safeguarding special education funding, GAO suggests that Congress consider options for a more flexible local MOE, such as adopting a less stringent requirement. GAO also recommends, among other things, that Education take steps to establish specific time frames for providing prompt feedback to states about their fiscal monitoring of districts. Education agreed with GAO's recommendations.

View [GAO-16-2](#). For more information, contact Jacqueline M. Nowicki at (617) 788-0580 or nowickij@gao.gov.

What GAO Found

States reported that nearly all school districts generally met the local maintenance of effort (MOE) spending requirement for special education, but some districts faced challenges for various reasons. Under the Individuals with Disabilities Education Act (IDEA), MOE requires districts to spend at least the same amount on special education services for students with disabilities that they spent in the preceding year, with some exceptions. In response to GAO's 50-state survey, states reported that nearly all districts met MOE based on the most recent data available in all states (school year 2012-13). However, most states reported that at least some of their districts faced challenges in doing so. In a separate GAO survey of districts, many cited budget and cost reductions—such as state or local revenue declines and new state caps on benefits, which lowered the cost of a special education teacher—as key challenges in meeting MOE.

State and district officials had mixed views on MOE's effects on services for students with and without disabilities. MOE is one of several safeguards meant to protect special education funding, and while some officials reported positive effects, others said the requirement can sometimes create unintended consequences for the services provided to special education students. They said that because the MOE requirement lacks flexibility, it can discourage districts from altering their baseline of special education spending, even when doing so would benefit students with disabilities or result in more efficient delivery of the same services. For example, despite other grant provisions in IDEA that promote innovation, some district officials commented that the MOE requirement can serve as a disincentive to districts' efforts to pilot innovative or expanded services requiring a temporary increase in funds because it would commit them to higher spending going forward. In addition, some district officials noted that prioritizing special education spending to meet MOE resulted in cuts to general education spending that affected services for all students, including the many students with disabilities who spend much of their days in general education classrooms.

Reported Unintended Consequences of the Local MOE Requirement



Can discourage innovation in special education that would increase costs



Can discourage efficiencies in special education that would reduce costs



Can reduce general education spending, affecting services for students with and without disabilities

Source: State and school district officials. | GAO-16-2

The Department of Education's (Education) delayed monitoring feedback has hampered states' efforts to facilitate district compliance with MOE. In 2010, Education initiated its latest round of reviews of states' processes for overseeing their districts' compliance with IDEA, including MOE. However, Education currently has no standards for providing timely feedback on this process and—as of August 2015—had not provided feedback from these reviews to about half the states, due in part to competing priorities. Such delays are contrary to federal standards that call for prompt resolution of findings. Officials in one state said Education's untimely feedback had delayed the state's ability to provide guidance to districts regarding MOE, and in another state, monitoring was on hold until Education approved the state's process for determining MOE compliance.