IDEA Allocation Procedural Change

January 2019

This document addresses existing requirements and the FY20 procedural change to the IDEA allocation process. Each topic area includes links to websites for regulatory sources and/or other related technical assistance documents. Additional technical assistance will be provided in 2019 via a webinar.

IDEA Grant Responsibilities

The FY20 procedural change is specific to the allocation of funds, i.e., the subrecipient structure. The main requirements for supervision and provision of special education services remain the same. This chart highlights IDEA related grant responsibilities.

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<thead>
<tr>
<th>IDEA Grant Responsibilities</th>
<th>ISBE</th>
<th>Cooperative</th>
<th>Member District</th>
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<tr>
<td>• Two-tier grant approvals</td>
<td>• Technical assistance resource for member districts</td>
<td>• Be aware of federal allocations, carry over amounts, and the amount of IDEA funds expended</td>
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<td>• Review/approval of construction projects</td>
<td>• Monitor/assist with MOE</td>
<td>• Track local spending on students with IEPs</td>
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<td>• Review of all MOE worksheets</td>
<td>• Monitor completion of excess cost worksheets available as a resource</td>
<td>• Be aware of timelines</td>
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<td>• Review of all excess cost worksheets</td>
<td>• Monitor TMC status</td>
<td>• Use the available resources</td>
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<td>• Conduct TMC audits</td>
<td>• Provide notification of impending timelines and updates on regulatory requirements</td>
<td>• Remain current on federal and state regulations (grants, prop. share, MOE, excess cost, etc.)</td>
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<tr>
<td>• Monitor professional development expenditures, including out-of-state travel</td>
<td>• Remain current on federal and state regulations</td>
<td>• Share notices and announcements from ISBE and cooperatives with staff</td>
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<td>• Monitor audit findings</td>
<td>• Provide contractual services for member districts</td>
<td>• Ask questions, seek clarification about IDEA grant issues</td>
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<td>• Annual update of instructions, forms, and documents</td>
<td>• Share ISBE notifications with member districts</td>
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<tr>
<td>• Ongoing technical assistance and notification</td>
<td>• Ask questions/seek clarification about IDEA grant issues</td>
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<td>• Remain current on federal and state requirements, seek guidance (OSEP), and share information</td>
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The Illinois School Code allows multiple school districts to form joint agreements/special education cooperatives to provide special education services. Amended Articles of Joint Agreement are filed with the Illinois State Board of Education, Special Education Services Division.

At a minimum, each cooperative’s Articles of Joint Agreement must address provisions for the following items:
- administration, including a state-approved director
- staff
- programs
- financing
- housing
- transportation
- an advisory body
- the method or methods to be employed for disposing of property upon the withdrawal of a school district or dissolution of the joint agreement
- procedures for the withdrawal of districts from the joint agreement.

While each cooperative’s Articles of Joint Agreement must include the financial agreement, the level of detail varies. Articles of Joint Agreement can range from detailed procedures that specify funding sources to broad statements of overall fiscal responsibilities.

**Question:** Does the FY20 IDEA allocation procedural change require all cooperatives to amend their Articles of Joint Agreement?

**Answer:** No. Amendments are only required if the cooperative must change or add fiscal provisions specific to the purchased services. Each cooperative should review its Articles and determine if an amendment is required.

**Question:** Does an amendment to the Articles of Joint Agreement necessitate an extension for the FY20 IDEA allocation procedural change?

**Answer:** No. ISBE can move forward with the procedural change, even if a cooperative is finalizing its amendment process. Any cooperatives that are amending their Articles of Joint Agreement and anticipate the process will go beyond June 30, 2019 should provide the Special Education Services Division with a summary of their status and include a completion timeline.
Federal Teacher Retirement System (TRS) Rate


Illinois Teachers’ Retirement System – https://www.trsil.org/, phone (877)927-5877

When Illinois educators in TRS positions are paid from a federal source, such as an IDEA grant, the salaries are subject to the federal TRS rate. The requirement will continue to apply to cooperative TRS employees paid with IDEA funds received through member district IDEA grants.

Question: Why are TRS positions paid with IDEA funds subject to the federal TRS rate?

Answer: Illinois is responsible for TRS contributions for educators paid from state sources. The state does not pick up that amount when the staff members are paid from federal sources, such as IDEA grants, Title grants, etc.

Question: Which cooperative staff are subject to the federal TRS rate?

Answer: Any staff members in TRS positions, such as administrators, school nurses, school psychologists, school social workers, speech pathologists, and teachers who are paid in part or in full with federal funds are subject to the federal TRS rate. Any portion of their salaries that is paid with federal funds is subject to the federal TRS rate, e.g., if 100% is paid, then 100% is subject to the federal TRS rate; if 50% is paid with federal funds, then 50% is subject to the federal TRS rate. Cooperatives and districts may contact TRS to verify whether a position is a TRS position.

Question: Is the federal TRS rate in addition to the standard rate for TRS positions?

Answer: Yes. Districts and cooperatives pay the standard TRS rate for educators, and Illinois picks up the additional cost for state-funded positions. When staff is paid with federal funds, the additional cost must be paid by the employing district or cooperative. In FY19, the standard TRS rate is 9.85% with an additional 9.85% for staff paid from federal sources. The federal TRS rates are updated annually and are available in the Employer Guide (see Chapter Four) on the TRS website.

Single Audit Requirements


ISBE Single Audit webpage https://www.isbe.net/Pages/Single-Audit.aspx

A Single Audit is an organization-wide audit that includes both an entity’s financial records and a schedule of expenditures of federal awards. A nonfederal entity that expends $750,000 or more in federal awards during its fiscal year is subject to a Single Audit. Awardees meeting certain requirements are required to have a program-specific audit conducted in accordance with 2 CFR 200.507. Single audits are not new requirements and are not limited to IDEA grant awards. The $750,000 threshold encompasses all federal funds an entity expends in a fiscal year.

**Single Audits in Brief**

- Single audits are completed by an external auditor in accordance with 2 CFR 200.514
  - Time frame – auditor review of financial records and expenditures of federal awards within a specific fiscal year
  - Financial statements - auditor review of financial statements in accordance with generally accepted accounting principles and the schedule of expenditures of federal awards
  - Internal controls – auditor review of internal controls over federal programs
  - Compliance – auditor review of entity’s compliance with federal statutes, regulations, and the terms and conditions of the grant
  - Audit follow-up – auditor review of prior audit findings
- Auditors review findings, questioned costs, and recommendations with districts/cooperatives.
- Districts/cooperatives provide corrective action plans (letterhead required)
- Districts and cooperatives must enter the audit information in electronic form via Single Audit Status Certification in ISBE Web Application Security (IWAS).

**Question:** Will the FY20 IDEA allocation procedural change affect the Single Audit status for any districts?

**Answer:** A status change is unlikely but possible based on whether the change results in a district expenditure of more or less federal funds under the procedural change.

**Question:** Will the FY20 IDEA allocation procedural change affect the Single Audit status for any special education cooperatives?

**Answer:** Yes. Since federal funds flowing to cooperatives will be contractual rather than granted, in all likelihood cooperatives will no longer qualify for single audits.

**Question:** How can an entity check on whether it is subject to a Single Audit, i.e., expended $750,000 or more in federal awards in a fiscal year?

**Answer:** The ISBE Single Audit webpage includes instructions for completing a Financial Reimbursement Information System (FRIS) inquiry.
Federal regulations allow pass-through entities, such as ISBE, to distribute federal awards to eligible subrecipients. However, a subrecipient that is allocated funds from ISBE is prohibited from subgranting the federal awards [34 CFR 300.224(b)]. The federal regulations do allow subrecipients to enter into contractual agreements with entities and subrecipients must comply with the federal procurement standards set forth in Subpart D of 2 CFR 200 when using federal funds.

Per 2 CFR 200.318(a) the non-Federal entity must use its own documented procurement procedures which reflect applicable State, local and tribal regulations, provided that the procurements conform to applicable Federal law and the standards identified in that part. 2 CFR 200.318(e) encourages the non-Federal entity to enter into state and local intergovernmental agreements (IGAs) or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

**General Procurement Standards**
- Districts must use their own documented procurement procedures which reflect applicable federal, state, and local laws and regulations.
- Strictest law or regulation governs.

**Conflicts of Interest**
Districts must maintain and follow written standards of conduct covering conflicts of interest and governing actions of employees engaged in selection, award, and administration of contracts.
- No employee, officer, or agent may participate in the selection, award, and administration of a contract if he or she has a real or apparent conflict of interest.
- Conflict arises if an employee, officer, or agent, or any member of his or her immediate family, his or her partner, or organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
- Officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
- Standards of conduct must provide for disciplinary actions for violations.

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<th>2 CFR 200.320 Methods of Procurement</th>
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<td><strong>Micro-purchases</strong> - purchases in which the aggregate amount expended is below $3,500. May be made without further effort so long as the amount charged is deemed reasonable.</td>
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<td><strong>Small Purchase Procedures</strong> – simple and informal procurements for services, supplies, or other property in which aggregate amount expended is below $150,000. Price or rate quotations must be obtained from adequate number of qualified sources, greater than 1.</td>
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<tr>
<td><strong>Procurement by Sealed Bids (formal advertising)</strong> - For purchases of services, supplies, and other property in which the aggregate amount is in excess of $150,000. Bids publicly solicited and awarded to lowest bidder conforming with material terms and conditions.</td>
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<td><strong>Sole Source</strong> - Procurement by noncompetitive proposals must be expressly authorized by pass-through entity via written request.</td>
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**Question:** Can Articles of Joint Agreement also meet the requirement for an intergovernmental agreement for member district services purchased from cooperatives?

**Answer:** Yes. Articles of Joint Agreement are intergovernmental agreements and can include the agreed upon process for member districts to purchase shared services from cooperatives. Intergovernmental agreements may also be a separate document that specifies the terms of agreement for shared services.

**Question:** If a cooperatives Articles of Joint Agreement do not specify the agreed upon process for purchasing shared services, must the cooperative amend the Articles prior to the IDEA allocation procedural change in FY20?

**Answer:** These options apply for cooperatives and member districts that do not have an intergovernmental agreement for shared services.

**Option 1**, No Intergovernmental Agreement for Purchasing Shared Services – Articles of Agreement may, but are not required, to specify the agreed upon process for purchasing shared services. When a cooperative and its member districts do not have intergovernmental agreements for purchasing shared services the standard contract and procurement requirements apply.

**Option 2**, Articles of Joint Agreement as the IGA for Shared Services – Cooperatives and member districts may amend existing Articles of Joint Agreement delineate the terms of the shared services.

**Option 3**, Separate Intergovernmental Agreement – Cooperatives and member districts can enter into an intergovernmental agreement outside of the Articles of Joint Agreement. The IGA must delineate the terms of the shared services and document the agreement by all parties.

**Question:** If a district uses IDEA funds to contract for services, which procurement method applies?

**Answer:** As with all other federal awards, for contracts outside of IGAs, the procurement method depends on the amount of the contract. A district may have multiple contracts that fall under various procurement methods, e.g., micro-purchase for nonpublic proportionate share speech services from an independent contractor, small purchase for professional development (price quotes from at least two vendors), soul source by noncompetitive proposals for tuition placements with the special education cooperative, etc.

**Question:** Do the procurement methods requirements only apply to member districts of special education cooperatives?

**Answer:** No. The procurement methods apply to all districts that contract for services with IDEA funds or any other federal funds.
Question: How should districts code contracts in the IDEA grant budgets?

Answer: Contracts, including intergovernmental agreements with other districts or cooperatives, should be coded as purchased services in the IDEA grant budgets.

- Contracts with districts, cooperatives, or other governmental agencies should be placed in function code 4000. As in prior years, the function/object code 4000/300 expenditure lines should identify the district, cooperative, or governmental agency providing the service and note the service. A district will have multiple 4000 expenditure lines if it purchases multiple services from other districts, cooperatives, and governmental agencies such as the following:
  - 4000/300 - Professional development (generally function code 2210)
  - 4000/300 - Nonpublic proportionate share (generally function code 3700)
  - 4000/300 - Administrative services (generally function code 2300)
  - 4000/300 – Occupational therapy and speech pathology (generally function codes 2130 and 2150)
  - 4000/600 – Tuition for pupil special education programs (tuition remains in object code 600)

- Contracts are a purchased service and should be placed in object code 300.

- For contracts over $25,000, the district must select “Exclude from MTDC.”

- Tuition paid to districts or special education cooperatives should be placed in function/object code 4000/600.