DATE: 9/24/2018

MEMORANDUM

TO: District Superintendents and State-approved Directors of Special Education

FROM: Heather Calomese, Executive Director of Special Education Administration

SUBJECT: Special Education Part B Grants – Payments to Cooperatives

When planning for the July 1, 2019 IDEA allocation procedural change, cooperatives and districts should develop payment schedules for cooperatives. Cooperatives rely on IDEA expenditure reimbursement to cover part of their operating expenses. As the IDEA expenditure reimbursement process moves from cooperatives to districts, it is imperative to have processes in place that ensure continuation of services for districts/students and avoid funding shortages for cooperatives.

Please consider these points when developing payment schedules.

- Cooperatives need a clear line of communication with business managers at each member district.
- The frequency of the payments, e.g. monthly, quarterly, etc. is a local decision made by each cooperative and its member districts.
- The IDEA funds may be paid separately or in conjunction with existing agreements for state/local payments (local or administrative assessments). That is a local decision made by each cooperative and its member districts.
  - Historically most cooperatives retained a portion of the IDEA grant funds in the cooperative grants and expended those funds on behalf of the member districts. That was one way to reduce the local or administrative assessments. Districts need to understand that including IDEA payments to cooperatives is a procedural change, not an increase in local/administrative assessments or overall costs.
- Articles of Joint Agreement or contractual service agreements should include timelines for payments to cooperatives.
  - The payment schedules should be clear and understandable.
  - Member districts must understand expenditure timelines and how those impact payments to cooperatives. The submission of member district cumulative IDEA expenditure reports will generate reimbursement payments. Member district expenditure reports should be submitted early enough to secure reimbursement prior to scheduled payments to cooperatives.
  - Member districts should already be familiar with ISBE’s expenditure reporting process. The IDEA expenditure reports should reflect actual expenditures on a cash accounting
basis, with the option of a commitment amount (advance) for the next 30 days. The expenditure report process is detailed in the Fiscal Policy and Procedures Handbook (see pages 26-28) at https://www.isbe.net/Documents/fiscal_procedure_handbk.pdf.

- IDEA grant start dates impact the reimbursement process. Member districts should secure July 1 start dates to avoid delays in the reimbursement process.
  - Member districts should resolve IDEA maintenance of effort (MOE) issues prior to July 1 to avoid delays in grant approval.
  - Once the IDEA grants are approved and moved to FRIS (usually by early to mid-August), districts can submit expenditure reports to ISBE for reimbursement of payments made.

**Question 1.** What if a member district doesn’t have a business manager assigned to the IDEA grants?

**Answer 1.** Fiscal and administrative duties vary from district to district. Whatever the district structure, cooperatives need efficient methods for communicating with the district staff member(s) responsible for the IDEA grant application and IDEA expenditure reports.

**Question 2.** Is the procedural change a funding increase for districts?

**Answer 2.** No. The calculation of the federal IDEA allocations is not changing. The distribution of those funds is changing. The IDEA allocations will be distributed to Illinois school districts. The districts will submit IDEA expenditure reports, the total IDEA allocation will appear in the district’s annual financial report (AFR), and the IDEA expenditures will be reflected in district FRIS reports.

The Division of Funding and Disbursements will continue to post the IDEA allocations on its website at https://www.isbe.net/Pages/Special-Education-Approval-and-Reimbursement.aspx.

**Question 3.** Can the full IDEA allocation in the AFR impact IDEA maintenance of effort (MOE)?

**Answer 3.** Potentially yes, if a member district did not expend the funds that were previously expended by the cooperative on the district’s behalf. Those funds were a fee to the cooperative, the districts can still use the IDEA funds to purchase to pay for the cooperative services – not a new fee, just a change in the payment procedures.

It would be problematic if for some reason a district did not expend IDEA funds that were previously expended by the cooperative. That could cause MOE issues for the district, potential loss of services for students, and a loss of funding for the cooperative.

It is important that districts fully understand the services provided by the cooperatives, the funding required to ensure a continuation of services, and a payment schedule attached to those services.

The Special Education Services Division will provide additional information specific to the IDEA allocation procedural change and MOE by December 2018.