

**Missouri Department of Elementary and Secondary Education
Special Education (K-12) Cooperative Fiscal Guidance**

Effective July 1, 2017

The following guidance is for districts participating in a Special Education Cooperative for K-12 students. Depending on the cooperative agreement, participating districts may 1) pay a membership fee to the fiscal agent of the cooperative, 2) pay for actual student expenditures incurred by the fiscal agent, or 3) pay both a membership fee and costs for actual student expenditures incurred by the fiscal agent. It is up to the group of districts participating in the cooperative to determine the method of invoicing that will be used by the cooperative fiscal agent.

K-12 COOPERATIVE EXPENDITURE GUIDANCE

	Membership Fee	Actual Student Expenditures
Definition	A flat fee or per child amount that member districts pay to the fiscal agent for services provided by the cooperative.	Fees are based on actual costs incurred by the cooperative for services provided to individual students (e.g. therapy, personal paraprofessional, specialized instruction).
Calculation of Payment	<p>There are two ways membership fees can be calculated.</p> <ol style="list-style-type: none"> 1. A percentage of all cooperative costs incurred is calculated based on the number of students participating in the cooperative from each member district. 2. A flat rate determined by the fiscal agent. All member districts pay the same amount, regardless of the number of students each district has attend the cooperative. 	Each member district will likely pay a different amount, as individual student costs will vary based on services provided.
Payment Calculation Examples	<ol style="list-style-type: none"> 1. The fiscal agent budgets the cooperative expenditures to be \$300,000 during the year. There are a total of 50 students in the cooperative. Member district A has 10 students participate in the cooperative. Member district A will pay \$60,000 ($10/50 = 0.20$; $\\$300,000 * 0.20 = \\$60,000$). Each district will pay a proportionate amount based on the number of students served at the cooperative. 2. The fiscal agent budgets the cooperative expenditures to be \$300,000 during the year. There are 10 member districts in the cooperative. Each member district pays \$30,000 ($\\$300,000/10$) no matter the number of students from each member district. 	<p>Member District A Actual Student Costs = \$50,000</p> <p>Member District B Actual Student Costs = \$20,000</p> <p>Member District C Actual Student Costs = \$10,000</p>

Invoicing/ Payment	Membership fees can be paid up front at the beginning of the year or in equal amounts on a set schedule during the year (e.g. monthly, quarterly).	The fiscal agent will track student costs for each member district separately and invoice the member district accordingly. Because the amount charged to the member district is based on actual costs incurred, the fiscal agent should submit invoices to the member district to be paid on a reimbursement basis. This method of invoicing may make budget planning difficult for the member districts, because they do not control the expenditures incurred by the fiscal agent for the education of students in the cooperative and they may fluctuate from year to year.
Funding Source	Member districts may use State, local, and/or Federal Part B funds to pay the fiscal agent.	Member districts may use State, local, and/or Federal Part B funds to pay the fiscal agent.
Budgeting Expenditures	<p><u>Member District Coding</u></p> <ul style="list-style-type: none"> Flat rate tuition fee = 1931-6371 Calculated percentage of costs = 1221-6371 <p><u>Fiscal Agent Coding</u></p> <ul style="list-style-type: none"> All cooperative expenditures = 1221-6100, 6150, 6200, 6300, 6400, or 6500 	<p><u>Member District Coding</u></p> <ul style="list-style-type: none"> Actual student costs = 1221-6311 <p><u>Fiscal Agent Coding</u></p> <ul style="list-style-type: none"> All cooperative expenditures = 1221-6100, 6150, 6200, 6300, 6400, or 6500
Coding Expenditures	<p><u>Member Districts</u> Code membership fees based on how the fee was calculated.</p> <p><u>Fiscal Agents</u> Code cooperative costs based on actual expenditures. A building code of 101 should be added after the object code to identify the cooperative expenditure separately from the district's own special education expenditures.</p> <p><u>Members and Fiscal Agent</u> A project code should be added to the end of the coding structure to identify if the fee was paid with State (e.g. 10), local (e.g. 30), or IDEA Part B Federal (e.g. 41) funds.</p>	<p><u>Member Districts</u> Code actual student costs as a special education contractual fee.</p> <p><u>Fiscal Agents</u> Code cooperative costs based on actual expenditures. A building code of 101 should be added after the object code to identify the cooperative expenditure separately from the district's own special education expenditures.</p> <p><u>Members and Fiscal Agent</u> A project code should be added to the end of the coding structure to identify if the fee was paid with State (e.g. 10), local (e.g. 30), or IDEA Part B Federal (e.g. 41) funds.</p>
Member District Coding Examples	<ul style="list-style-type: none"> Flat rate tuition fee paid with State funds = 1931-6371-10 Flat rate tuition fee paid with IDEA Part B Federal funds = 1931-6371-41 Calculated percentage of the costs paid with local funds = 1221-6371-30 	<ul style="list-style-type: none"> Actual student costs paid with State funds = 1221-6311-10 Actual student costs paid with local funds = 1221-6311-30 Actual student costs paid with IDEA Part B Federal funds = 1221-6311-41
Fiscal Agent Coding Examples	<ul style="list-style-type: none"> Cooperative expenditures paid with State funds = 1221-6150-101-10 Cooperative expenditures paid with local funds = 1221-6100-101-30 Cooperative expenditures paid with IDEA Part B Federal funds = 1221-6100-101-41 	<ul style="list-style-type: none"> Cooperative expenditures paid with State funds = 1221-6150-101-10 Cooperative expenditures paid with local funds = 1221-6100-101-30 Cooperative expenditures paid with IDEA Part B Federal funds = 1221-6100-101-41

Reporting Expenditures - Annual Secretary of the Board Report (ASBR)	<p>Membership fees that each member district pays to the fiscal agent must be reported in the member district's ASBR.</p> <p>The total costs of the cooperative will be reported by the fiscal agent in the ASBR.</p>	<p>Actual student expenditures for which each member district pays to the cooperative must be reported in the member district's ASBR.</p> <p>The total costs of the cooperative will be reported by the fiscal agent in the ASBR.</p>
Reporting Expenditures - IDEA Maintenance of Effort (MOE)	<p>Membership fees paid by member districts from State and/or local funds are included in the respective member district's MOE calculations.</p> <p>Because the fees paid by member districts from State and/or local funds are included in the respective member district's MOE calculations, the fiscal agent cannot include them in its own district MOE calculation as the same expenditure cannot be counted more than once. However, since the fiscal agent also acts as a member district in most cooperatives, the fiscal agent must include in its district's MOE calculation the contribution or membership fee that it pays out of State and/or local funds for its own students to participate in the cooperative.</p> <p>Membership fees paid with IDEA Part B Federal funds by member districts must not be included in the MOE calculation, since only State and/or local expenditures can be included in the MOE calculation.</p>	<p>Because member districts have no control over the amount of actual student expenditures incurred, member districts will not report actual student costs paid to the fiscal agent with any funding source in the member district's MOE.</p> <p>Since the fiscal agent is able to budget for the actual student costs incurred by the cooperative, the fiscal agent will include all cooperative student costs paid with State and/or local funds in the fiscal agent's MOE calculation. The fiscal agent reports all cooperative actual student expenditures paid with State funds in the MOE State Only grid and all cooperative actual student expenditures paid with local funds in the Local Only grid under function code 1221. Since all revenue received from member districts for actual student costs will be recorded as local revenue, the fiscal agent should code all actual student expenditures paid with local revenue on the MOE Local Only grid.</p> <p>Actual student costs the fiscal agent pays out of the fiscal agent's IDEA Part B Federal funds must not be included in MOE, since only State and/or local expenditures can be included in the MOE calculation.</p>
Reporting Expenditures - Part B Final Expenditure Report (FER) Grid	<p>Membership fees paid with IDEA Part B Federal funds must be reported in the member district's Part B FER grid under 1931-6300, if the membership fee is a flat rate tuition cost, or under 1221-6300, if the membership fee is a calculated percentage of the costs to provide services to students.</p> <p>Fiscal agents must report cooperative expenditures paid with IDEA Part B Federal funds in the fiscal agent's Part B FER.</p>	<p>Actual student expenditures paid with IDEA Part B Federal funds must be reported in the member district's Part B FER grid as a contractual fee (1221-6300).</p> <p>Fiscal agents must report cooperative expenditures paid with IDEA Part B Federal funds in the fiscal agent's Part B FER.</p>
Reporting Revenue from Member Districts	<p>Regardless of the type of revenue used by member districts to pay membership fees, the fiscal agent should record the revenue as local revenue. The fiscal agent does not include member districts' membership fees in MOE.</p>	<p>Regardless of the type of revenue used by member districts to pay actual student expenditures, the fiscal agent should record the revenue as local revenue. The fiscal agent reports all member districts' actual student expenditures in the MOE.</p>

BEST PRACTICE RECOMMENDATIONS

- Member districts must not be required by the fiscal agent to submit all of their IDEA Part B Federal allocation directly to the cooperative fiscal agent. Cooperatives should follow the guidance above when determining rates/charges for services to member districts.
- Member districts should establish staff from the member district to control finances. This includes controlling the general ledger, submission of information in the ASBR, and submission of budgets, payment requests, and final expenditure reports. In addition, each member district should calculate its own MOE.
- Districts involved in Early Childhood Special Education (ECSE) cooperatives should refer to the ECSE Expenditure Guide for ECSE cooperative guidance.