

# Special Education Tuition/Purchased Services and Transits of Grants & Aid

June 25, 2019

Proper accounting of special education tuition and purchased services is important not only for meeting DPI's reporting requirements, but also for IDEA Maintenance of Effort. Specific requirements apply when a purchased service transaction is accompanied by a transit of federal grant or state aid funds.

## Coding of Tuition & Purchased Services

Two basic rules apply to the coding of tuition and purchased services:

- Purchased services should be separated into instruction and support whenever possible.
- Purchased instructional services, including tuition, are coded to the appropriate 430000 function, not a 150000 function.
  - *Exception:* A non-employee providing personal consultation on the development or delivery of an IEP is coded to a 150000 function with object 310.

The following table summarizes most special education purchased service coding:

| <b>WUFAR Coding for Most Special Education Purchased Services</b> |                    |                |
|---|--------------------|----------------|
|   | <i>Expenditure</i> | <i>Revenue</i> |
| <b>Instructional Services</b>                                     |                    |                |
| Open Enrollment   | 27 E 435000 382    | 27 R 345       |
| Personal IEP consultation   | 27 E 15xxxx 310    | N/A            |
| Any other instructional service                                   |                    |                |
| District  | 27 E 436000 382    | 27 R 346       |
| CESA  | 27 E 436000 386    | 27 R 546       |
| CCDEB   | 27 E 436000 383    | 27 R 536       |
| Private Agency  | 27 E 436000 370    | 27 R 247       |
| <b>Support Services</b>   |                    |                |
| Transportation  |                    |                |
| District  | 27 E 2567xx 382    | 27 R 348       |
| CESA  | 27 E 2567xx 386    | 27 R 548       |
| CCDEB   | 27 E 2567xx 383    | 27 R 538       |
| Private Agency  |                    |                |
| Bus aide  | 27 E 2567xx 310    | 27 R 249       |
| Pupil transportation  | 27 E 2567xx 341    | 27 R 249       |
| Parent  | 27 E 2567xx 341    | 27 R 248       |
| Any other support service   |                    |                |
| District  | 27 E 2xxxxx 382    | 27 R 349       |
| CESA  | 27 E 2xxxxx 386    | 27 R 549       |
| CCDEB   | 27 E 2xxxxx 383    | 27 R 539       |
| Private Agency  | 27 E 2xxxxx 3xx    | N/A            |

## Examples

- **District pays tuition for instructional services to a CCDEB with local funds.**

|    | <i>Account</i>      | <i>Item</i>                 | <i>Entry</i>               |
|----|---------------------|-----------------------------|----------------------------|
| DR | 27 E 436000 383 019 | SPED Contracted Instruction | DEBIT (+) for amount paid  |
| CR | 27 B 711000         | Cash                        | CREDIT (-) for amount paid |

- **District contracts with a private agency for licensed special education substitute teachers and aides.**

The cost of privately contracted, licensed substitute teachers and aides is eligible for categorical aid:

|    | <i>Account</i>      | <i>Item</i>                 | <i>Entry</i>               |
|----|---------------------|-----------------------------|----------------------------|
| DR | 27 E 436000 370 011 | SPED Contracted Instruction | DEBIT (+) for amount paid  |
| CR | 27 B 711000         | Cash                        | CREDIT (-) for amount paid |

- **District A has a 66.0301 agreement with District B to provide instructional, OT, and PT services.**

The final invoice should separate the OT and PT from instructional costs:

|    | <i>Account</i>      | <i>Item</i>                        | <i>Entry</i>               |
|----|---------------------|------------------------------------|----------------------------|
| DR | 27 E 436000 382 019 | SPED Contracted Instruction        | DEBIT (+) for amount paid  |
| DR | 27 E 218100 382 019 | Occupational Therapy from District | DEBIT (+) for amount paid  |
| DR | 27 E 218200 382 019 | Physical Therapy from District     | DEBIT (+) for amount paid  |
| CR | 27 B 711000         | Cash                               | CREDIT (-) for amount paid |

## Transits of Grant and Aid Funds

By law, when a resident district pays tuition to another district, a “proportional share” of state or federal aid received by the district of service must be transited back to the resident district within 30 days of its receipt.<sup>1</sup> For reasons of equity and consistency in administering state special education categorical aids, DPI interprets this requirement to apply to all special education services purchased by aid-eligible LEAs.

**Transits of grant and aid funds must be recorded in full rather than being “netted out” on an invoice for special education tuition or purchased services.** DPI recommends paying an aid transit separately by check—rather than applying it to an invoice—as the clearest method to ensure proper accounting. However, districts and other agencies often apply a transit as a discount or credit on a final invoice. While this practice is allowed, the invoice must show the full cost of the service being billed and the transit of funds so both agencies can properly record the transaction. Recording only the net amount results in under-reporting of both LEAs’ expenditures and revenues. Accurate reporting of service payments and transits of grant and aid funds is required by state and federal laws.<sup>2</sup>

An LEA of service must transit any grant or aid funds owed to another LEA within 30 days of receipt, as shown on the DPI Aids Register. For IDEA and other grants and aids paid from individual claims, the 30-day requirement applies separately and individually to each claim. For Special Education and School-Age Parents Aid, or any other state or federal aid split into multiple, regular payments throughout the year,

<sup>1</sup> S. 121.76 (2) (c), Wis. Stats.

<sup>2</sup> SS. 115.28 (13) and 120.18, Wis. Stats.; 20 USC 1413 (a) (2); 20 CFR 76.722.

the 30-day period begins with the last payment of the year. Grant or aid funds intended to reimburse an expenditure may not be transited until the expenditure is actually incurred.

## Examples

- **District pays a transit of state special education aid to another district.**

|    | <i>Account</i>      | <i>Item</i>                     | <i>Entry</i>               |
|----|---------------------|---------------------------------|----------------------------|
| DR | 27 E 491000 936 019 | State SPED Aid Transited to LEA | DEBIT (+) for amount paid  |
| CR | 27 B 711000         | Cash                            | CREDIT (-) for amount paid |

- **District receives a transit of state special education aid from CESA.**

|    | <i>Account</i> | <i>Item</i>                        | <i>Entry</i>                   |
|----|----------------|------------------------------------|--------------------------------|
| DR | 27 B 711000    | Cash                               | DEBIT (+) for amount received  |
| CR | 27 R 516       | State SPED Aid Transited from CESA | CREDIT (+) for amount received |

- **A district contracts with CESA to administer its IDEA flow-through funds. The contract provides that claims will be submitted quarterly, and that CESA’s administrative fee will be paid by the IDEA grant.**

Because IDEA funds are paid directly to districts, the administrative fee is recorded as a liability:

|    | <i>Account</i>      | <i>Item</i>                    | <i>Entry</i>                    |
|----|---------------------|--------------------------------|---------------------------------|
| DR | 27 B 711000         | Cash                           | DEBIT (+) for amount received   |
| CR | 27 R 730            | Federal Special Project Grants | CREDIT (+) for amount received  |
| DR | 27 E 252000 386 341 | Fiscal Services from CESA      | DEBIT (+) for fee owed to CESA  |
| CR | 27 B 813000         | Due to Other Governments       | CREDIT (+) for fee owed to CESA |

- **Last year, a student residing in District A came into District B under a tuition agreement using Method 2: Base Transfer Plus Actual Additional Cost. Their IEP specified the need for a one-on-one aide whose salary and benefits cost \$50,000. The aide was properly licensed and paid with local dollars; District B received Special Education and School Age-Parents Aid this year at 25 percent of last year’s costs. This year the student is continuing and the aide now costs \$51,000. This year’s basic open enrollment transfer amount is \$7,379.**

There are two transactions involved in this example: (1) District A is paying tuition for the current year and (2) District B transiting back this year’s aid on last year’s special education cost (the one-on-one aide). Although the tuition agreement they are using (Method 2: Base Transfer Plus Actual Additional Cost) is using the basic open enrollment transfer amount (\$7,379), it is being used outside the open enrollment program, so the non-open enrollment coding (functions 431000/436000 and sources 341/346) is used. Entries are straightforward if these are handled separately:

| <i>District A records</i> |                     |              |        | <i>District B records</i> |             |              |        |
|---------------------------|---------------------|--------------|--------|---------------------------|-------------|--------------|--------|
| DR                        | 10 E 431000 382     | Base Tuition | 7,379  | DR                        | 10 B 711000 | Cash         | 7,379  |
| DR                        | 27 E 436000 382 019 | SPED Tuition | 51,000 | DR                        | 27 B 711000 | Cash         | 51,000 |
| CR                        | 10 B 711000         | Cash         | 7,379  | CR                        | 10 R 341    | Base Tuition | 7,379  |
| CR                        | 27 B 711000         | Cash         | 51,000 | CR                        | 27 R 346    | SPED Tuition | 51,000 |

District B sends a check for \$12,500 ( $\$50,000 \times 25\%$ ) for the transit of aid

| District A records |             |             |        | District B records |                     |             |        |
|--------------------|-------------|-------------|--------|--------------------|---------------------|-------------|--------|
| DR                 | 27 B 711000 | Cash        | 12,500 | DR                 | 27 E 491000 936 019 | Aid Transit | 12,500 |
| CR                 | 27 R 316    | Aid Transit | 12,500 | CR                 | 27 B 711000         | Cash        | 12,500 |

However, District B's business manager would like to handle this in a single invoice:

| DISTRICT B   |                  |
|--|------------------|
| Bill to: DISTRICT A                                  |                  |
| Item   | Amount           |
| Student X tuition for 2018-19                        |                  |
| Base (Fund 10) cost                                  | 7,379.00         |
| Actual, additional special education (Fund 27) cost  | 51,000.00        |
| Transit of 2018-19 SPED Aid for Student X in 2017-18 |                  |
| $\$50,000 \times 25\%$                               | (12,500.00)      |
| <b>Net Due</b>                                       | <b>45,879.00</b> |

District B records the invoice to include the full tuition revenue and aid transit expenditure:

|    | Account             | Item                                   | Entry  |     |        |
|----|---------------------|--|--------|-----|--------|
| DR | 10 B 715000         | Due from Other Governments             | DEBIT  | (+) | 7,379  |
| DR | 27 B 715000         | Due from Other Governments             | DEBIT  | (+) | 38,500 |
| DR | 27 E 491000 936 019 | Transit of State Special Education Aid | DEBIT  | (+) | 12,500 |
| CR | 10 R 341            | General Base Cost Tuition              | CREDIT | (+) | 7,379  |
| CR | 27 R 346            | Special Education Additional Tuition   | CREDIT | (+) | 51,000 |

District A cuts a check for the net due, \$44,135:

|    | Account             | Item                                   | Entry  |     |        |
|----|---------------------|--|--------|-----|--------|
| DR | 10 E 431000 382     | General Base Cost Tuition              | DEBIT  | (+) | 7,379  |
| DR | 27 E 436000 382 019 | Special Education Additional Tuition   | DEBIT  | (+) | 51,000 |
| CR | 10 B 711000         | Cash                                   | CREDIT | (-) | 7,379  |
| CR | 27 R 316            | Transit of State Special Education Aid | CREDIT | (+) | 12,500 |
| CR | 27 B 711000         | Cash                                   | CREDIT | (-) | 38,500 |

District B receives and deposits the check, booking it against the receivable:

|    | Account     | Item                       | Entry  |     |        |
|----|-------------|----------------------------|--------|-----|--------|
| DR | 10 B 711000 | Cash                       | DEBIT  | (+) | 7,379  |
| DR | 27 B 711000 | Cash                       | DEBIT  | (+) | 38,500 |
| CR | 10 B 715000 | Due from Other Governments | CREDIT | (-) | 7,379  |
| CR | 27 B 715000 | Due from Other Governments | CREDIT | (-) | 38,500 |

Updated 6/25/19 OE function & source codes; clarified "tuition agreement based upon the open enrollment method" to be Method 2: Base Transfer Plus Actual Additional Costs rlb

Updated 6/26/15 to include, "Grant or aid funds intended to reimburse an expenditure may not be transited until the expenditure is actually incurred" (p. 2, bottom).

Minor update 12/10/15 to include "Tuition" in titles.