

Purchase of Services

The Purchase of Service reporting requirement was effective in FY 2007. Minn. Stat. 125A.75 Subd. 4 in part states that "...The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability ..."

When a district has special education personnel on contract and the individual serves students in another district, that special educator is not essential to the programs of the district holding the contract. Therefore, the expenditures generated by the services provided through the contract should not be reported on the Electronic Data Reporting System (EDRS) by the district holding the contract. Instead, the district purchasing the services should report the expenditures on EDRS in order to more accurately reflect the cost of their program.

The tuition billing system will use the purchase of service data from EDRS and UFARS to calculate the rates of the district purchasing the service from another district. It is important for the information to be correctly entered on EDRS so that the tuition rates will accurately reflect the costs of special education and related services for each district. If the districts did not report the purchase of services on EDRS, the district holding the contract would have its tuition rates inflated.

EDRS Reporting

Purchase of Services (EDRS Service Code U) is available for districts to use to indicate that they have an agreement with another district (including cooperatives, education districts, intermediates and other independent districts). The district holding the contract would enter on EDRS (Service Code A) only that portion of the time that the individual serves children with IEPs in its district. The district that has purchased the services would enter this individual on EDRS (Service Code U) for the time and salary that the individual provides special education or related services in the district.

For example, a district (District-A) hires a full-time physical therapist for \$50,000 to work a 180-day school year. District A sells 20% of the therapist's time to the neighboring district (District-B). District-A that holds the contract would enter the therapist on EDRS on Service Code A for 144 days and a salary of \$40,000. District-B that purchases the services of this therapist would enter the therapist on its EDRS for 36 days and \$10,000 salary using Service Code U. Please see EDRS coding as follows.

District A – Holds the Contract

FSC-A, SER-A, DIS-404, PTC-04, DSC-Mary Jones, TUT-D, Units-144, Salary \$40,000

District B – Purchases Service

FSC-A, SER-U, DIS-404, PTC-04, DSC-Mary Jones-**District-A**, TUT-D, Units-36, Salary \$10,000

(Over)

If the district that holds the contract of the PT purchases supplies for that therapist to use in the purchasing district, then they could bill the district for those supplies. The district would **not** enter those supplies that were purchased for the other district on EDRS. District A that purchased the supplies would use FIN 000. The purchasing district would enter those on EDRS. For example, the contract district purchased \$190 worth of supplies for the purchasing district. It would be coded on EDRS by the district that purchased services as:

District B – Purchasing Service

FSC A, SER u, DIS-404, DSC Supplies-**District-A**, Expenditure-\$190

UFARS

The district that employs the special educator would use UFARS Finance Code 740 for **ONLY** the portion of time that the individual provides special education services in its district. The portion of the time that the district “sells” the services to members or other districts would be coded to UFARS Finance Code 000. The district would use the appropriate special education disability/program code (401-420). The district that holds the contract would bill the district that purchased the services. When the district purchasing the services pays the invoice from the district holding the contract, the district would use UFARS Finance Code 740 and Object Code 396 for the salary, 397 for the benefits and 390 (Payments to other Minnesota Districts) for other costs such as travel or overhead. The district that holds the contract would receipt these funds as UFARS Source – 022 for salaries, Source 023 for benefits, and Source 021 for other revenue. Using the example above of the physical therapist, the following would be the appropriate UFARS coding:

District A – Selling the Service

01-XXX-404-740-150-000 \$40,000.00 (Time PT works in district)
01-XXX-404-740-2XX-000 Benefit costs
01-XXX-404-000-150-000 \$10,000.00 (Time purchased by District B)
01-XXX-404-000-2XX-000 Benefit costs

District B – Purchasing Service (when paying invoice)

01-XXX-404-740-396-000 \$10,000.00 – Salary
01-XXX-404-740-397-000 \$XXX.XX – Benefits
01-XXX-404-740-433-000 \$190.00 – Instructional Supplies
01-XXX-404-740-390-000 \$XXX.XX – Other costs

District A – Holds the contract (when receipting funds from payment by District B)

01-XXX-000-000-022-000 \$10,000.00 – Purchased services
01-XXX-000-000-021-000 \$XXX.XX – Other costs such as overhead, etc.