

**Texas Education Agency**

**Division of  
Federal Fiscal Compliance and  
Reporting**

**Special Education  
Shared Services Arrangement  
(SSA)  
Procedures**

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**Shared Services Arrangement (SSA) Procedures**

**Overview**

A special education shared services arrangement (SSA) is a contract between two or more local educational agencies (LEAs) to jointly operate their special education programs. (When member LEAs designate an education service center (ESC) as the fiscal agent for the special education SSA, the ESC is also a party to the special education SSA contract.) Frequently, LEAs find it advantageous to enter into a special education SSA because it enables them to provide special education services more efficiently and effectively.

**Specific Special Education SSA Requirements**

The Texas Education Code (TEC) §29.007 authorizes LEAs to enter into a written contract to jointly operate their special education programs and requires that the contract be approved by the commissioner of education. LEAs that jointly operate their special education programs as a special education SSA, shall do so in accordance with procedures developed by the Texas Education Agency (TEA) (19 TAC, §89.1075(e)). A special education SSA contract does not create a new or additional legal entity.

Each special education SSA must designate a fiscal agent that is responsible for conducting various administrative duties. The fiscal agent may be a recipient of services under the arrangement or may be the administrator of the arrangement and not receive services. The fiscal agent usually performs the budgeting, accounting, and personnel responsibilities related to the arrangement.

Funds to which the cooperating LEAs are entitled may be allocated to the LEAs jointly as SSA units or SSA funds in accordance with the special education SSA contract (TEC, §29.007). Federal Individuals with Disabilities Education Act, Part B (IDEA-B) funds are allocated to special education SSAs jointly through the fiscal agent.

For special education federal and state fund sources that flow through a grant application process, a special education SSA fiscal agent (applicant agency) is responsible for ensuring that funds are used in accordance with grant provisions. If the funds are not used in accordance with grant provisions or if other federal requirements are not met, the fiscal agent is financially responsible to the TEA for the consequences of instances of noncompliance (e.g., refunds due to the TEA, withholding of grant reimbursements, etc.), regardless of whether the fiscal agent has retained and expended grant funds on behalf of

the special education SSA or flowed funds to member LEAs of the special education SSA.

### **Administrative Guidelines and Procedures for Special Education SSAs**

- I. All special education SSAs must comply with TEC, §29.007 and section 1.3 of the Financial Accounting and Reporting Module of the *Financial Accountability System Resource Guide (FASRG)*. All special education SSAs must operate under the direction of a formal management board.
- II. When LEAs enter into a special education SSA, the *written contract* must include the responsibilities of each member LEA and of the fiscal agent. The written contract must, at a minimum, contain the following provisions:

#### A. Administrative

1. Determination of the composition and responsibility of the management board
2. Appointment of the fiscal agent and procedures for the withdrawal and/or addition of member LEAs
3. Selection of the chairperson for the management board
4. Schedule of meetings
5. Appointment of personnel to maintain official meeting minutes

#### B. Financial

1. Ownership of assets
2. Disposition of fixed and liquid assets subsequent to special education SSA dissolution or reconfiguration
3. An acceptable cost allocation method to be used by the fiscal agent (see FASRG Section 1.3.1.4, Basis for Allocation of Costs of the Fiscal Agent)
4. Uncontrollable costs that impact the fiscal agent
5. Sharing costs for liabilities incurred against the fiscal agent of the special education SSA
6. Method of allocating residential placement costs should a residential placement occur<sup>1</sup>
7. Method of calculating and distributing funds, if any, due to a withdrawing member LEA

#### C. Legal

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<sup>1</sup> In the event of a residential placement, the TEA will calculate an SSA's 25% residential set-aside obligation and hold the SSA responsible for the total calculated amount. SSAs may establish local procedures for total or partial allocation of the calculated residential placement costs to member LEAs.

1. Responsibility for legal fees incurred due to complaints, grievances, or litigation
2. Responsibility for expenditures incurred related to grievances, lawsuits, or any other legal action taken against the fiscal agent pertaining to the special education SSA including actions taken by employees, students, or parents

D. Designation of Responsibilities for the Fiscal Agent and Member LEAs

1. Employment of personnel
2. Budgeting and accounting
3. Responsibility for reporting to internal and external entities, including fiscal reporting through the PEIMS 032 and 033 records
4. Schedule for reporting member LEA expenditures to the fiscal agent, as applicable
5. Responsibility for state and federal reporting requirements
6. General summary of the services to be shared

E. Term of Contract

1. The TEA does not require that a special education SSA include a provision regarding the duration of the contract. The parties may set a specific term of years for the contract or may have the contract remain in effect until the parties agree to end it or modify it.

III. The fiscal agent must submit the contract with a signed certification letter from the special education SSA's legal counsel to TEA's Division of Federal Fiscal Compliance and Reporting by **June 1**. The special education SSA contract must include documentation that the board of trustees of each member LEA has approved the contract. If the fiscal agent fails to observe the deadline for submission of the special education SSA contract, the TEA will not approve special education funding applications for the effective school year until the special education SSA contract has been received.

See Attachment 1 for a sample attorney certification letter.

- IV. The fiscal agent must annually submit the PEIMS record (033 Record) that reports expenditures by the fiscal agent that were made on behalf of the member LEAs.
- V. A special education SSA contract must address procedures for entrance into, exit from, and reconfiguration of the special education SSA. LEAs may take action to join, withdraw, or reconfigure their special education SSAs according to locally

established timelines and procedures. However, for TEA purposes, the recognized effective date of such actions will be July 1 of the next fiscal year.

VI. TEA must be notified of a new special education SSA or a change to the configuration of an existing special education SSA by **February 1** in order for the change to be effective the subsequent fiscal year (July 1 for federal funds). Written notification must be directed to TEA's Division of Federal Fiscal Compliance and Reporting, and must, at a minimum, contain:

1. Configuration information for the special education SSA;
2. Information regarding the status of each LEA impacted by the special education SSA configuration change, e.g., if an existing member of the special education SSA is leaving the special education SSA and becoming a single member LEA or joining a different special education SSA; if an LEA is joining the special education SSA; if the existing fiscal agent of the special education SSA is leaving the special education SSA or changing roles from fiscal agent to member; if an existing member of the special education SSA is changing roles from member to fiscal agent; and
3. The signatures of the official representatives of each LEA directly impacted by the configuration change (see examples above) or, if a new special education SSA, signatures for each LEA joining the new special education SSA. One letter may be sent that includes the signatures for each LEA impacted by the change, or each LEA may send a separate letter.

The new or revised special education SSA contract, with an attorney certification letter and documentation that the board of trustees of each member LEA has approved the contract, must be submitted to TEA's Division of Federal Fiscal Compliance and Reporting by **June 1**. If the fiscal agent fails to observe the deadline for submission of the special education SSA contract, the TEA will not approve special education funding applications for the effective school year until the special education SSA contract has been received.

VII. When modifications that do not involve configuration changes are made to a special education SSA contract, a revised contract with an attorney certification letter and documentation that the board of trustees of each member LEA has approved the contract must be submitted to TEA's Division of Federal Fiscal Compliance and Reporting, within 90 calendar days of the change.

*Attachment 1*

SAMPLE ATTORNEY CERTIFICATION LETTER

Date

Division of Federal Fiscal Compliance and Reporting  
Texas Education Agency  
1701 North Congress Avenue  
Austin, Texas 78701-1494

To Whom It May Concern:

I have reviewed the contents of the special education shared services arrangement contract of the (name of shared services arrangement) comprised of the following local educational agencies (LEAs):

(list member LEAs)

I certify that this contract meets the requirements set forth in the Division of Federal Fiscal Compliance and Reporting, Texas Education Agency *Special Education Shared Services Arrangement (SSA) Procedures*. I also certify that any additional provisions contained in the contract in no way conflict with the above-referenced procedures or with any applicable federal and state legal requirements.

Sincerely,

Attorney Signature  
Attorney Name  
Name of Legal Firm

*Attachment 2*

**Texas Education Agency  
Division of Federal Fiscal Compliance and Reporting**

**Timeline  
Special Education Shared Services Arrangements (SSAs)**

February 1	Deadline for notifying TEA's Division of Federal Fiscal Compliance and Reporting of new special education SSAs or configuration changes for existing special education SSAs to be effective the subsequent fiscal year (July 1 for federal funds)
February 1-28	TEA will issue guidance letters to these LEAs, providing information on fiscal related deadlines and requirements
March	TEA will update AskTED to reflect special education SSA changes
April	TEA's Division of Grants Administration will calculate planning amounts for the subsequent fiscal year
June 1	Deadline for submitting new or revised special education SSA contracts to TEA's Division of Federal Fiscal Compliance and Reporting
July 1	Begin date of federal fiscal year. Effective date of operation under new or revised contracts approved by TEA for new special education SSAs or configuration changes of existing special education SSAs

*Attachment 3*

**References and Links to SSA Information**

**TEXAS ADMINISTRATIVE CODE**

**19 TAC §89.1075(e) General Program Requirements and Local District Procedures**  
<http://ritter.tea.state.tx.us/rules/tac/chapter089/ch089aa.html#89.1075>

**TEXAS EDUCATION CODE**

**TEC §29.007, Shared Services Arrangements**  
<http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.29.htm#29.007>

**Financial Accountability System Resource Guide (FASRG), Financial Accounting and Reporting Module (FAR)**  
<http://www.tea.state.tx.us/index4.aspx?id=1222>