

# Cornbelt Educational Cooperative

715 East 14th Street  
Sioux Falls, South Dakota 57104-5151  
Phone (605) 271-0218  
www.cornbeltcoop.k12.sd.us

November 11, 2013

Dear State Board of Education Members:

We are writing this letter to express our support in the adding of ARSD 24:05:33:07.03 Cooperative Educational Service Unit Costs. We represent the Cornbelt Educational Cooperative and its nine member districts.

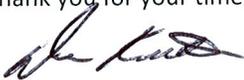
Educational Cooperatives and school districts were notified in a June 11, 2013 Department of Education memo that billing for Educational Cooperative services were being interpreted differently than it has been for many years in the past.

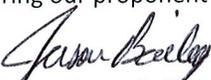
The Cornbelt Educational Cooperative was organized in 1979 to provide speech, language and hearing services. The Cooperative has since expanded to offer a variety of special education services for children. The Cooperative consists of a group of school districts joined together to form an educational service unit authorized under South Dakota law. Current member districts are Bridgewater-Emery, Canistota, Freeman, Hanson, Marion, McCook Central, Montrose, Parker, and Tea Area. The Cornbelt Educational Cooperative is governed by a Center Board of Directors with a representative chosen from each of the school boards of the member school districts and an Advisory Board made up of the superintendents of the participating school districts. The Center Board meets quarterly and the Advisory Board meets monthly. The Cooperative Director serves as the executive officer of the Cooperative. Funding comes from three sources: federal, state, and local school districts. Monies from these sources are designated specifically for special education services.

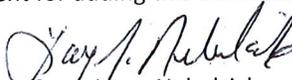
Similar to the Cornbelt, other schools have joined together over the years to form Cooperatives. The purpose was, as it still is, to provide a means for schools to share high quality services to meet the educational needs of students with disabilities. Educational Cooperatives provide these high quality services at a more reasonable rate than other entities. However, if this language is not approved we are concerned that many schools would be financially forced to withdraw from Cooperatives and enter into agreements with non-governmental agencies to serve these students. The cost for non-governmental agency services being paid out of districts' special education accounts would be at a much higher rate (they are allowed to build in other expenses). If schools were forced to withdraw from Cooperatives, we predict that there would be more schools applying to the Extraordinary Cost Fund, and thus costing the State of South Dakota more money as the end result.

The proposed rule change does not change how schools have been funding Educational Cooperatives prior to the June 11<sup>th</sup> memo; it merely provides clear guidance for schools and state officials to continue this process. One thing that should be considered is that if tomorrow our schools had no students with disabilities, our Educational Cooperative would cease to exist. This is one of the major reasons why we believe there needs to be these Educational Service Cooperative Costs specific rules.

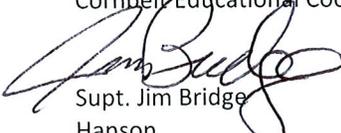
Thank you for your time in considering our proponent public comment for adding this administrative rule.

  
Dean Kueter, Director  
Cornbelt Educational Coop

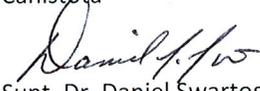
  
Supt. Jason Bailey  
Bridgewater-Emery

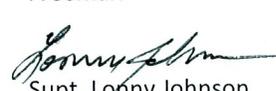
  
Supt. Larry Nebelsick  
Canistota

  
Supt. Don Hotchkiss  
Freeman

  
Supt. Jim Bridge  
Hanson

  
Supt. Terry Winegar  
Marion

  
Supt. Dr. Daniel Swartos  
McCook Central

  
Supt. Lonny Johnson  
Montrose

  
Supt. Keith Buckridge  
Parker

  
Supt. Jennifer Lowery  
Tea Area

"PROVIDING LEADERSHIP  
IN EDUCATIONAL SERVICES  
FOR ALL CHILDREN"



NOV 08 2013

# Prairie Lakes Educational Cooperative



Eleven School Districts Sharing Services  
To Help Students Reach Their Potential

Madison Central School, Fiscal Agent  
Dakota State University  
Madison, SD 57042  
(605) 256-5555 FAX (605) 256-5174

November 6, 2013

South Dakota Department of Education  
Attn: Fern Haddock  
800 Governors Drive  
Pierre, SD 57501

Dear State Board of Education Members:

The Prairie Lakes Educational Cooperative (PLEC) member districts with this letter are encouraging your support of the proposed rule ARSD 24:05: 33:07.03. PLEC member districts include: Baltic, Chester, Colman-Egan, Dell Rapids, Flandreau, Garretson, Howard, Madison-Central, Oldham-Ramona, Rutland and Tri-Valley

As you are well aware, educational cooperatives in South Dakota have always provided high quality services to special needs children on a cost effective basis. It is possible without this rule that educational cooperatives could be forced out of business. This would force schools to purchase services from independent providers at significantly higher costs.

We sincerely appreciate your consideration and support of this rule change. Thank you for your continued support of our working together to meet the educational needs of children with disabilities.

Sincerely,

Larry Furney, Director  
Prairie Lakes Educational Cooperative

Baltic #49-1 \* Chester #39-1 \* Colman/Egan #50-5 \* Dell Rapids #49-3 \* Flandreau #50-3 \* Garretson #49-4  
Howard #48-3 \* Madison Central #39-2 \* Oldham/Ramona #39-5 \* Rutland #39-4 \* Tri-Valley #49-6

**Roger Gresh**  
PRESIDENT  
BOARD OF DIRECTORS

**Jerry Aberle**  
DIRECTOR  
Jerry.Aberle@k12.sd.us

**Tim Frewing**  
ASSISTANT DIRECTOR  
Tim.Frewing@k12.sd.us

**Brice Christensen**  
BUSINESS MANAGER  
Brice.Christensen@k12.sd.us

## MEMBER DISTRICTS

- Arlington #38-1
- Britton-Hecla #45-4
- Castlewood #28-1
- Clark #12-2
- De Smet #38-2
- Deubrook #5-6
- Deuel #19-4
- Elkton #5-3
- Enemy Swim Day School
- Estelline #28-2
- Florence #14-1
- Grant-Deuel #25-3
- Hamlin #28-3
- Henry #14-2
- Iroquois #2-3
- Lake Preston #38-3
- Rosholt #54-4
- Sioux Valley #5-5
- Summit #54-6
- Waubay #18-3
- Waverly #14-5
- Webster Area #18-5
- Willow Lake #12-3
- Wilmot #54-7

# Northeast Educational Services Cooperative

P.O. Box 327 • Hayti, South Dakota 57241  
605-783-3607 • Fax 605-783-3259

November 6, 2013

Dear State Board of Education Members:

The Board of Directors for Northeast Educational Services Cooperative support proposed ARSD 24:05:33:07.03 for the following reasons.

### **1) Purpose of a cooperative educational service unit as compared to a school district.**

Applying the current ARSD 24:05:33:07.02 to a cooperative educational service such as NESC does not allow for the difference between a school district and a cooperative educational service unit.

NESC was created in 1980 with 15 member school districts and its function at that time was to support individual member school districts in meeting the requirements of the federally mandated Public Law 94-142 Education for all Handicapped Children Act (EAHCA) and to provide required services more effectively and efficiently than an individual member district could provide by itself.

Since 1980, NESC has grown to 24 school districts and the EAHCA has been amended three times and is now known as IDEIA (Individuals with Disabilities Education Improvement Act). However, the main purpose of NESC has remained the same, and that is to support member districts in the sole function of providing special services as required by IDEIA in a more efficient and cost effective manner.

A school district on the other hand has a much broader scope. For example, if for some reason there would be no more students with disabilities in school districts, NESC would no longer exist and the special education expenses being questioned would no longer exist. However, a school district will still operate and incur expenses for their superintendents/directors, business managers, and building maintenance. Therefore, the costs associated with operating NESC are truly generated because of students with disabilities and should be allowable special education fund expenses.

### **2) Equity.**

On June 11, 2013, school districts were notified by Dr. Melody Schopp that some cooperatives have been billing their member districts for non-allowable costs, and districts have been paying for these costs from their special education fund, which is in violation of ARSD 24:05:33:07.02.

However, if a school district is not a member of a cooperative educational service unit and purchases services from a private vendor, these same questionable non-allowable costs are being paid from their special education fund. The practice of allowing a school district that does not belong to a

*"Northeast Educational Services Cooperative (NESC) will work to provide specialized services to ensure that all children have the same opportunities to achieve success regardless of all challenges."*

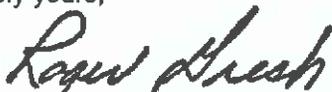
cooperative educational service unit to use their special education fund to pay for these questionable costs is going to certainly create an equity issue and in some cases greatly appreciated costs to the State.

**3) Potential additional expenses.**

A school district that is currently being served by a cooperative educational service unit may decide to discontinue its membership in a cooperative because of the shift of expenses from the special education fund to the general fund. If school districts begin to purchase such services as physical, occupational, or speech therapy from private vendors, special education expenses are certain to increase. Looking at a conservative estimate, NESC schools could pay an additional \$514,957.51 for the same physical, occupational, or speech therapy services if they were to purchase the services from private vendors. This represents a 28.2% increase that would all be billable to a district's special education fund.

Thank you for considering our arguments in support of ARSD 24:05:33: 07.03.

Sincerely yours,



Roger Green, NESC Board Chairman

**NESC Member Districts include:** Arlington, Britton-Hecla, Castlewood, Clark, DeSmet, Deubrook, Deuel, Elkton, Enemy Swim Day School, Estelline, Florence, Grant-Deuel, Hamlin, Henry, Iroquois, Lake Preston, Rosholt, Sioux Valley, Summit, Waubay, Waverly, Webster Area, Willow Lake, and Wilmot

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P.O. Box 327 • Hayti, South Dakota 57241

605-783-3607 • Fax 605-783-3259

November 6, 2013

Dear State Board of Education Members:

The Board of Advisors for the Northeast Educational Services Cooperative (NESC) support proposed ARSD 24:05:33:07.03 for the following reasons.

### **1) Purpose of a cooperative educational service unit as compared to a school district.**

Applying the current ARSD 24:05:33:07.02 to a cooperative educational service such as NESC does not allow for the difference between a school district and a cooperative educational service unit.

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A school district on the other hand has a much broader scope. For example, if for some reason there would be no more students with disabilities in school districts, NESC would no longer exist and the special education expenses being questioned would no longer exist. However, a school district will still operate and incur expenses for their superintendents/directors, business managers, and building maintenance. Therefore, the costs associated with operating NESC are truly generated because of students with disabilities and should be allowable special education fund expenses.

### **2) Equity.**

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However, if a school district is not a member of a cooperative educational service unit and purchases services from a private vendor, these same questionable non-allowable costs are being paid from their special education fund. The practice of allowing a school district that does not belong to a

cooperative educational service unit to use their special education fund to pay for these questionable costs is going to certainly create an equity issue and in some cases greatly appreciated costs to the State.

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Thank you for considering our arguments in support of proposed ARSD 24:05:33:07.03.

Sincerely yours,

<u>Tony M. Sch</u> Supt. Wilcox	<u>Paul Ferguson</u> , Supt. Hardin
<u>Al Stewart</u> Supt. Grant-Deuel	<u>Robert Fisher</u> , Supt. Castlewood
<u>Debra Jones</u> Supt. Wabash	<u>Tij Lopus</u> Supt. LAKE PRESTON
<u>Natal Krouz</u> Supt. Estelline	<u>W. Kenen</u> Supt. Summit
<u>Kevin M. Dolan</u> Supt. Britton/Colo	<u>Mark Simpson</u> Supt. Iroquois
<u>Brian Fandall</u> Supt. Elbert	<u>Jim Altenberg</u> Supt. DESMET
<u>Salt Belmont</u> Supt. Willow Lake	<u>Deanna Hill</u> Principal Energy Serv
<u>John Beckman</u> Supt. Waverly	<u>Teresa Appel</u> Supt. Rosholt
<u>Chris Lund</u> Supt. Arlington	<u>James M. Block</u> Supt. Webster Area
<u>Tom Water</u> Supt. Sioux Valley	<u>Darry Lighten</u> Supt. Florence
<u>Brian Henry</u> Supt. Clark	<u>Steve D. Henry</u>
<u>Dean Christian</u> Supt. Deuel	<u>Karen Keenan</u>



## Black Hills Special Services Cooperative

Post Office Box 218, Sturgis, South Dakota 57785  
Phone (605) 347-4467 • Fax (605) 347-5223

*Belle Fourche, Custer, Douglas, Edgemont, Haakon, Hill City, Hot Springs, Lead/Deadwood, Meade, Oelrichs, Rapid City, Spearfish*

November 6, 2013

To: State Board of Education Members

The member school districts of Black Hills Special Services Cooperative (BHSSC) support proposed rule Section 24:05:33:07.03 that is being considered by the South Dakota State Board of Education at their November 18<sup>th</sup> meeting. Since the inception of our educational services cooperative in 1980, our schools have been able to maximize our special education dollars by purchasing services through BHSSC.

By adopting the proposed rules change, you put cooperatives on a level playing field with private service providers. Currently, school districts can use special education funds to pay administrative costs to private service providers. It is only fair that the same should hold true for educational services cooperatives.

Please accept this letter as our support of proposed rule Section 24:05:33:07.03.

Steve Willard, Superintendent  
Belle Fourche School District

Dave Cortney, Superintendent  
Edgemont School District

Danielle Root, Superintendent  
Hot Springs School District

Rob Davis, Superintendent  
Oelrichs School District

Joe Hauge, Executive Director  
Black Hills Special Services Cooperative

Scott Lepke, Superintendent  
Custer School District

Keven Morehart, Superintendent  
Haakon School District

Dan Leikvold, Superintendent  
Lead/Deadwood School District

Tim Mitchell, Superintendent  
Rapid City Area Schools

Loren Scheer, Superintendent  
Douglas School District

Mike Hanson, Superintendent  
Hill City School District

Don Kirkegaard, Superintendent  
Meade School District

Dave Peters, Superintendent  
Spearfish School District

1109 West Cedar  
Beresford, SD 57004-1524

Phone: (605) 763-5096  
Fax: (605) 763-2206



Cheryl R. Johnson  
Business Manager

Lezlie L. Larsen  
Director

To State Board of Education Members:

As member district superintendents of the Southeast Area Cooperative, we would like to state our support for proposed ARSD 24:05:33:07:03 being brought before you for the following reasons.

**Purpose/Function of an Educational Cooperative:**

The purpose/function was, as it still is, to provide a means for schools to share high quality services to meet the educational needs of students with disabilities. Educational Cooperatives provide these services at a much more reasonable rate and with staff who are trained in providing education based therapy.

A school district has a much broader purpose. If students with disabilities would no longer exist in school districts, Southeast Area Cooperative would no longer need to be in operation and thus the special education expenses would no longer exist. On the other hand, a school district would still operate and incur expenses. Therefore, the costs associated with operating the cooperative are truly generated because of students with disabilities and should be allowable special education fund expenses.

Another way that cooperatives are different from school districts is that cooperatives do not have taxing authority; therefore, cooperatives have had to develop an arrangement with their member schools that recognize the cost of delivering special education services through a model that involves more than just the direct cost of the personnel and supplies involved. The federal government has and continues to promote and support the development of special education cooperatives by allowing IDEA funds to be utilized by them. (ARSD 24:05:19:05:03 (3))

**Equity:**

Based on the June 11 DOE memo, school districts were notified that certain cooperative expenditures that were being billed to the special education fund were non-allowable based on the interpretation of ARSD 24:05:33:07:02. These expenditures that had been called into question had been allowed for over 20 years based on using accounting codes that were to be specifically used for cooperative expenses.

The equity issue comes into play in that if a school district is not a member of an educational cooperative and purchases services from a private vendor, those same questionable non-allowable costs are being paid from their special education fund. The practice of allowing a school district that does not belong to an educational cooperative to use their special education fund to pay for these questionable

Serving Alcester-Hudson, Beresford, Canton  
Elk Point-Jefferson, Gayville-Volin, Irene-Wakonda and Viborg-Hurley

costs is going to create an equity issue and in some cases greatly appreciated costs to the districts and to the State.

**Potential Additional Expenses:**

If this language is not approved a school district may have to decide to discontinue its membership in the cooperative due to having to shift expenses from the special education fund to the general fund. If school districts in the Southeast Area Cooperative would purchase services such as physical therapy, occupational therapy and speech & language therapy from private vendors they could potentially pay an additional \$819,520. Those additional expenses would all be billable to a district's special education fund.

The proposed rule change does not change how schools have been funding educational cooperatives prior to the June memo; it merely provides clear guidance for schools and state officials to continue the process.

Thank you for your consideration.



Terry Gerber, Supt.

Canton



Brian Field, Supt.

Beresford



Tim Rhead, Supt.

Alcester-Hudson



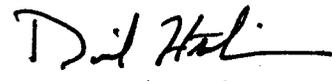
Brian Shanks, Supt.

Elk Point-Jefferson



Jason Selchert, Supt.

Gayville-Volin



Dave Hutchison, Supt.

Irene-Wakonda



Rob Sylliaasen, Supt.

Viborg-Hurley



Leslie Larsen, Director

Southeast Area Cooperative