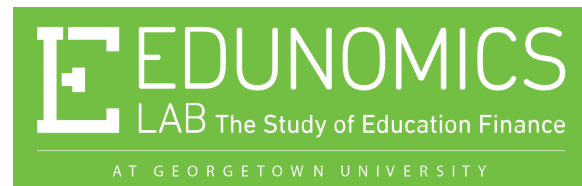


# Financial Transparency Working Group:

*Defining IFR Criteria – Approaches to  
Central vs. School Level cost assignment*

October 4, 2017

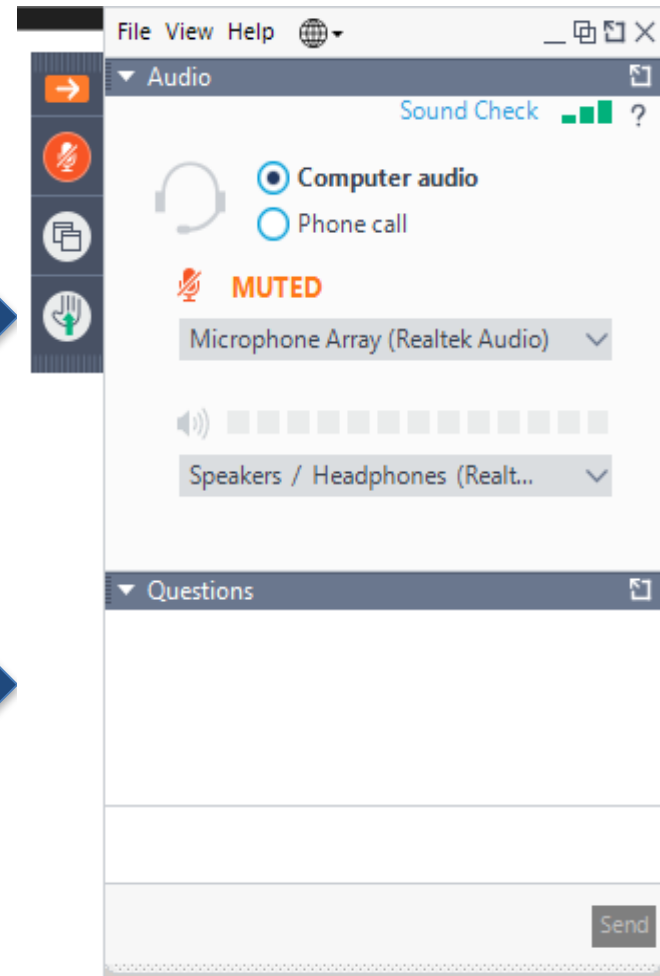


# Communicating During the Call

To request to be unmuted, please use the hand raise tool



Use the question box to ask questions or make a comment, and we will reply all so the group can see the question/comment & answer



# Agenda:

1. T/F What's required in the law.
2. Criteria for “IFR” – Interstate Financial Reporting
3. What, if any, rules must states establish around assigning costs to central vs. school?

# True/False

T/F  
T/F

1. ESSA requires that each state create a uniform procedure for assigning costs to schools.
2. Districts must show that their funding is equitably deployed across schools.

T/F

3. Districts must show that Title I schools receive at least the average PPE for the district.

T/F

4. States must decide which objects are considered “school level” and LEAs must code their expenditures accordingly.

T/F

5. States must decide which functions are considered “school level” and LEAs must code their expenditures accordingly.

T/F

6. States must code teachers to schools and must use actual salaries to calculate the per-pupil expenditure.

T/F

7. Expenditures on benefits can be excluded completely

T/F

8. States can let districts decide whether non-teacher expenditures are assigned directly to school level or averaged across schools as part of LEA-level expenditures.

# Criteria for IFR

## Interstate Financial Reporting

**Comparing PPE across states requires some areas of established commonalities in reports**

**Warning:** You asked for this.

**Reminder:** Any criteria for IRF are optional. Your state could choose not to have your reports line up with other states (but would then miss out on all the fun in comparing numbers).



# Actual footage of typical reaction to IFR: interstate financial reporting



# Criteria for IFR

## Interstate Financial Reporting

**Comparing PPE across states requires some areas of established commonalities in reports:**

1. Counting pupils. Defining schools.
2. Included/Excluded expenditures
3. Acceptable procedures for shared costs across schools (e.g. LEA costs)
4. Standard definitions of sub-categories
5. Preferable non-financial data in PPE reporting
6. Minimum fields reported



# Criteria for IFR

## Interstate Financial Reporting

**Comparing PPE across states requires some areas of established commonalities in reports:**

1. Counting pupils. Defining schools.
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6. Minimum fields reported



# Guiding Assumption:

Grand totals include *all* public LEA expenditures, except specified exclusions

		School district: <u>Central District</u>			School district: <u>Valley District</u>			School district: <u>Charterama LEA</u>
		Maple Elementary	Ceder Elementary	LEA average	Green School	River Academy	LEA average	Charterama school #1
<b>School level</b>	Federal dollars	\$1,101	\$432	\$554	\$301	\$614	\$401	\$1,101
	State & local dollars	\$8,722	\$7,759	\$7,861	\$5,493	\$7,112	\$6,626	\$11,619
	School total	\$9,823	\$8,191	\$8,415	\$5,794	\$7,726	\$7,027	\$12,720
<b>LEA level</b>	Federal dollars	\$421	\$421	\$421	\$589	\$589	\$589	NA
	State & local dollars	\$4,597	\$4,597	\$4,597	\$5,573	\$5,573	\$5,573	NA
<b>Grand Total</b>		\$14,841	\$13,209	\$13,433	\$11,956	\$13,888	\$13,189	\$12,720

The sum of the school level totals equals the district's total public spending (less any exclusions).

## Likely specified exclusions:

Debt, Adult Ed, Pass through funds, Capital, Tuition paid for students not served in district. *Are you comfortable with these exclusions?*

## Possible exclusions: Driver's Ed, Food/Nutrition, JROTC, PreK, Credit recovery, Other?

*How are you handling these expenses?*



# What happens if LEA-level expenditures are left out of the reports or calculations?

- Spending figures for schools are less meaningful
- Each school will look relatively inexpensive compared to district averages
- PPE misrepresents the total public funds available for educating pupils at each school



Financial Transparency  
2015-2016

< Moffat County Re:No 1

## Spending Overview

### About Spending

Expenditure describes the monies expended by t  
Expenditures are described by the following dime  
Each of these dimensions is then aggregated by:

**\$10,513** per Student

### District Administration Spending

**\$0**

*This organization does not have any data reported in this area*

**\$0**  
\$ PER STUDENT

Salaries & Benefits .....	\$0	0%
Services .....	\$0	0%
Supplies .....	\$0	0%
Property, Debt & Other .....	\$0	0%

Moffat County Re:No 1

## Craig Middle School

915 Yampa Avenue  
CRAIG, CO 81625

Compare

## Spending

**\$6.170** per Student

# Four approaches to handling shared LEA costs

Approaches	Description
1. SEA is prescriptive about objects/functions assigned to school vs central	SEA specifies objects or functions to be coded to schools.
2. SEA sets “conditions”	<b>Generally impractical</b> SEA specifies a set of conditions for when costs are to be reported to the school level.
3. LEA chooses what is school vs central	Each LEA determines what should be coded to the school directly, so that what can be compared is the grand total of the school’s expenditures plus shared LEA costs.
4. Hybrid	SEA specifies some expenditures to be assigned to schools, but permits district discretion on others.

Most states are thinking about option 1, option 3, or a hybrid.

# Two ends of the spectrum

*“Tightly controlled”*

*“Loosey Goosey”*



Option 1:  
SEA specifies which  
objects/functions  
assigned to schools,  
which to central

Option 3:  
LEAs make their own  
choices about which  
objects/functions  
assigned to schools,  
which to central

# Approach 1: “Tightly controlled”

SEA specifies objects or functions to be coded to schools

## Benefits:

- Enables more comparability of the breakout of school-based expenditures and LEA shared expenditures across districts (note that the grand totals are comparable across schools and districts regardless of methodology).

## Considerations:

- Requires apportioning methodology (how to divvy up a shared cost such as professional development) if it must be assigned to schools.
- Onerous for some LEAs to artificially separate central-level costs from school-level costs.
- May constrain LEA spending choices and stymie creativity and flexibility
- SEA (not LEA) answers questions about why costs assigned to school vs central.
- Training of district financial staff.



# Approach 3: “Loosey Goosey”

LEAs chooses what is school vs central

## Benefits:

- Districts will face healthy questions about their choices on how money is assigned, and can change spending strategy and coding approach over time.
- Lower requirements for training, implementation.

## Considerations:

- Grand totals are comparable across all schools, although the partial sums coded to school and central will vary.
- Less uniformity in coding approaches statewide.

# Two ends of the spectrum

*“Tightly controlled”*

*“Loosey Goosey”*



Option 1:  
SEA specifies which  
objects/functions  
assigned to schools,  
which to central

Option 4:  
Hybrid: SEA specifies  
minimum costs that  
must be assigned to  
school level. LEA  
chooses remaining.

Option 3:  
LEAs make their own  
choices about which  
objects/functions  
assigned to schools,  
which to central

# Approach 4:

Hybrid: SEA specifies some expenditures to be assigned to schools but permits district discretion on others.

## Benefits:

- District must assign some bare minimum of costs to schools.
- Districts will face healthy questions about how money is assigned, and can change spending strategy and coding approach over time.
- Lower requirements for training, implementation.

## Considerations:

- Grand totals are comparable across all schools, although the partial sums coded to school and central will vary.



# Many SEAs will likely use a hybrid

## Hybrid Example:

- ✓ SEA specifies that some objects must be coded to schools (e.g. like salaries of real teachers assigned to schools)
- ✓ SEA requires that some categories be separated out (e.g. transportation, or possibly Special Ed)
- ✓ LEAs choose when to apportion/assign other costs to schools (e.g. some assign PD costs to schools while some keep those expenditures at central)
- ✓ All central costs are reported in per pupil terms alongside school level spending for a grand total.
- ✓ Hybrid examples: CO, GA, IL, IN, MA, MD, MI, MS, WY

# Criteria for IFR

## Interstate Financial Reporting

**Comparing PPE across states requires some areas of established commonalities in reports:**

1. Counting pupils. Defining schools.
2. Included/Excluded expenditures
3. Acceptable procedures for shared costs across schools (e.g. LEA costs)
4. Standard definitions of sub-categories
5. Preferable non-financial data in PPE reporting
6. Minimum fields reported

### *3. Acceptable procedures about shared costs across schools*

#### **Proposed IFR criteria:**

All costs (except exclusions) must be captured somewhere.

At a minimum, teacher (and most school-based staff) costs must be assigned to school level (using real salaries).

Beyond that, there are no interstate requirements for consistency on what counts as shared/central costs or how to apportion them. (Each SEA can choose whether/how to add more rules).

What gets compared across states is the school total (sum of school and central share).

***Do you agree with this criteria?***

***Use question box to respond Yes, No or Unsure***



# Questions to help select best approach for your state:

1. Who should make decisions about whether costs are shared and how they are assigned?
2. Who should answer the questions that will inevitably come up about expenditure reports?
3. What level of tolerance is there for variation in approaches to spending?
4. What considerations are there for implementation?

# One-on-One's with Edunomics Lab

*If your state or district is interested in a TA call, please indicate in chat box or email Katie to set up a time ([katie.hagan@georgetown.edu](mailto:katie.hagan@georgetown.edu)).*

*Don't have time for a call? Send us your feedback, questions, and topic requests via email!*



- Next virtual meeting: October 19, 1-2pm ET
  - Office Hours – email questions to Katie in advance, if possible
- CCSSO EIMAC: Oct. 23-25 – 4 sessions on FT

## FiTWiG Supporters



BILL & MELINDA  
GATES *foundation*



Potential backup slides

## Basic approach to site-level accounting

A. SEA specifies *objects and/or functions* (or programs) to be coded to schools

## Examples

DE, MO,  
NE, NJ, OR,  
RI

## Upsides, Considerations, Concerns

- More uniformity in how school vs central costs are parsed.
- Requires apportioning methodology (RI has one)
- Could be onerous for some LEAs to separate central from school level (charters, WSF districts, one-school districts, online, non-traditional schools)
- May work to constrain LEA spending choices

B. SEA specifies a set of *conditions* for when costs are to be reported to school-level

NY

- There is some “meaning” to the distinction between school and central level.
- Existing accounting structure may not map to conditions (like control).

C. Neutral/LEA choice (about what coded directly to schools), but also separately report all central costs by school

OH, UT

- Districts will be the ones to face (healthy) questions about how money is split/assigned (and can rethink their approach over time).
- Less uniformity in coding approaches (users will need to rely on totals (school + central)) for comparisons, but totals are comparable across different types of schooling.



# Approach 2:

SEA specifies a set of conditions about reporting school-level costs

## Benefits:

- Assigns a greater meaning to distinction between school and central level.

## Considerations:

- Existing account structure may not map to “conditions” (i.e., there may not be accounting notation for where control lies).
- LEAs may vary in their interpretation of conditions.
- Changes in districts strategy could shift accounting from year to year.



# Summary table of four approaches

<b>Approach</b>	<b>Benefits</b>	<b>Considerations</b>
<b>1. Specify objects and functions to be coded to schools.</b>	<ul style="list-style-type: none"> <li>• Uniformity in how school vs. central costs are assigned across all districts</li> </ul>	<ul style="list-style-type: none"> <li>• Requires an apportioning methodology (i.e. how transportation gets divided across schools, if it is assigned to schools)</li> <li>• Could be onerous for some LEAs, particularly small ones, to separate central from school-level</li> <li>• May constrain LEA spending choices and stymie creativity and flexibility</li> <li>• Large SEA role</li> </ul>
<b>2. Specify a set of conditions for when school-level costs are to be reported.</b>	<ul style="list-style-type: none"> <li>• Provides some LEA flexibility</li> <li>• Assigns meaning to distinction between school and central level</li> <li>• Over time, uniformity in expenditure assignments will increase</li> </ul>	<ul style="list-style-type: none"> <li>• Existing account structure may not map to conditions (i.e., reading coach could more easily map to central level, but would have to be at the school level if the rule is all personnel must be assigned to schools)</li> <li>• LEAs may vary in their interpretation of conditions</li> <li>• SEA role of validating data and enforcing uniformity</li> </ul>
<b>3. LEAs determine what should be coded to schools directly, so that what can be compared is the grand total of the school's cost plus shared LEA costs.</b>	<ul style="list-style-type: none"> <li>• Districts will face healthy questions about how money is assigned, and can change approach over time</li> <li>• Totals are comparable across all schools, even though amounts coded to school and central will vary</li> <li>• SEA plays smaller role (and incurs fewer costs)</li> </ul>	<ul style="list-style-type: none"> <li>• Less uniformity in coding approaches statewide</li> <li>• Potential for gaming by LEAs, such as coding all expenditures to central</li> </ul>
<b>4. Hybrid: SEA specifies some expenditures to be assigned to schools but permits district discretion on others.</b>	<ul style="list-style-type: none"> <li>• Maintain some SEA quality control without limiting LEAs by being too prescriptive</li> </ul>	<ul style="list-style-type: none"> <li>• Could lead to some variation across districts depending on the local choices</li> </ul>

Paper just released on these four approaches, can be found here:

<http://www.bscpcenter.org/ftresources/>

Do you have a sense of the method  
your state will use?

Use question box to respond...

- A. SEA specifies objects/functions assigned to schools
- B. SEA specifies “conditions” for when costs assigned to schools
- C. LEAs choose when to apportion/assign costs to schools
- D. Hybrid