What does the ESSA financial transparency requirement mean for districts?

June 28, 2017
Marguerite Roza
Katie Hagan
ESSA – includes a new requirement to report spending by school!
Requires states to make public and report to the Secretary:

The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.
ESSA Title I, Part E

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Outcomes by school

Spending by school
Why Focus on School Level Finances

The school is an important unit in the ed system. SEAs already report outcomes by school. Now adding expenditures.

• Bipartisan support

• Not about compliance

• Many SEAs have been building school-level financial transparency systems already

⇒ An opportunity to build an information system that is useful for school improvement
Sample Data Display

Q2: Lower Spending, Higher Outcomes
Q1: Higher Spending, Higher Outcomes
Q3: Lower Spending, Lower Outcomes
Q4: Higher Spending, Lower Outcomes

Per-Pupil Expenditures

Interactive Filters

Schools: $ Spent by Student vs. Math Score (circle color is school's %FRL)
Sample Data Display

Per-Pupil Expenditures

Apple Elementary
FRL: 27%
SPED: 12%
ELL: 18%
Total enroll: 220

General Instruction: $4,746
Counselors: $176
Art, Music: $596
Special Ed: $2,685
School office: $708
Grants: $1,001
Transportation: $1,874
Supplemental services: $774
School safety: $186
Nutrition: $506
Apple ES PPE: $12,751
District PPE: $11,987
State PPE: $12,234
More on implementation

• ESSA states that the financial transparency requirement begins with the 2017-18 school year.

• We anticipate more guidance forthcoming from the DoEd related to timing.

• We are facilitating a working group of SEAs on implementation (called the FiTWiG): AZ, CO, CT, DC, DE, FL, HI, IL, IN, LA, MA, MD, ME, MS, MO, MT, NE, ND, OH, OR, SD, TN, UT, VT, VA, WV, WY

• SEAs are interested in developing common reports to enable school comparisons across states.
State Planning Process

Inventory Data
- Tap into existing data at SEA level, or collect new data from some or all LEAs

Access Data
- What data is needed to meet the requirement, and what does the state have access to?

Involve LEAs
- Bring LEAs into the planning process early and consult often to ensure success of SEA plan

Analyze Data
- Once SEA has data, start analyzing it for trends or inconsistencies in coding or inequities

Design Display
- State determines the primary goals of the public display, and designs the system
Where might LEAs start? Try filling out this chart.

<table>
<thead>
<tr>
<th>School-</th>
<th>Central District</th>
<th>Valley District</th>
<th>Charterama LEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td>Maple Elementary</td>
<td>LEA Average</td>
<td>Charterama School #1</td>
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<td>Federal</td>
<td>$1,101</td>
<td>$301</td>
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<tr>
<td>B</td>
<td>State/Local</td>
<td>$8,722</td>
<td>$5,493</td>
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<tr>
<td>C</td>
<td>School total</td>
<td>$9,823</td>
<td>$5,794</td>
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<tr>
<td>D</td>
<td>LEA-Level Federal</td>
<td>$421</td>
<td>$589</td>
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<tr>
<td>E</td>
<td>State/Local</td>
<td>$4,597</td>
<td>$5,573</td>
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What districts might look for in their early analysis of per pupil spending across schools

1. Are your policies shortchanging any schools?
2. Do allocations for high need students augment spending at high needs schools?
3. Are salary patterns driving uneven spending in ways that are concerning?
4. What share of the dollars are centrally managed?
5. Relative to meaningful peers, how well are dollars being leveraged at each school to drive outcomes?
6. Are there more purposeful ways that you could be deploying funds?
Questions?

More info: 
www.bscpcenter.org/financialtransparency/

Additional questions, contact:
Katie Hagan at Katie.Hagan@georgetown.edu
Or
Marguerite Roza at MR1170@georgetown.edu
Financial Transparency Reporting Requirement: Where to Start

The real upside of the new ESSA financial transparency requirement or even better go beyond to inform system-wide student outcomes by school, but haven’t had the financial data to know how much is spent on instructional staff.

We found that most states will fall into one of four buckets in terms of data readiness. (Some SEAs fell into multiple buckets but are categorized into their bucket based on the state of their data readiness.)

- **BUCKET 1**: SEA has a common chart of accounts (COA) including a field for location.
  - SEA has not yet collected general ledger data with COA and location OR is in pilot phase.
  - SEA collects general ledger data with COA and location.
  - COA uses real salaries.
  - COA uses average salaries.
  - WY, RI, DE, OH, MA, MS, HI, FL, ME

- **BUCKET 2**: SEA has a School Level Finance Survey OR similar data by school.
  - SEA has not yet collected general ledger data with COA and location.
  - COA uses real salaries.
  - COA uses average salaries.
  - MD, OR, NE

- **BUCKET 3**: SEA has real salaries/benefits of personnel with location.
  - SEA has not yet collected general ledger data with COA and location.
  - All school personnel.
  - Only certificated/ instructional personnel.
  - IL

- **BUCKET 4**: SEA does not yet have access to financial information by school.
  - ND, VA, AZ, SD, MO, TN

Authors: Edunomics Lab: Marguerite Roza and Katherine Hagan

- **Notes**: ESSA financial transparency is a key component of ESSA's focus on equity and accountability. Financial data can provide insights into how resources are allocated and used, which is crucial for improving educational outcomes. States are required to report financial data in a standardized format, which can help educators and policymakers make informed decisions about resource allocation and program effectiveness. However, the implementation of financial transparency requirements varies across states, with some states already having robust systems in place and others in the early stages of implementation.