



INTERSTATE FINANCIAL REPORTING

Making the most of school-level per-student spending data

Interstate Financial Reporting (IFR) was created by states, for states, to meet the financial data reporting requirement under ESSA—and maximize the value of their efforts. This document lays out a set of key per-pupil expenditure measures that if utilized, will have common meaning. Following these voluntary IFR criteria can help states and districts ensure that their school-level data is understood and can be used to surface opportunities toward equity, productivity and innovation to benefit students.

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What is Interstate Financial Reporting (IFR)?

The Every Student Succeeds Act (ESSA) requires that all states publish per-pupil expenditures by school level. For the first time, education leaders, policymakers and the public will know what is spent on students in every school across the country. To date, what has generally been reported publicly are district and state per-pupil averages.

This new level of detail in financial data collection and reporting presents an unprecedented opportunity. By making school-level financial data public and accessible, states will make it much easier to investigate and understand the relationship between school outcomes (which states have been reporting for more than a decade) and school spending. And the public reporting will make it easier to explore patterns in areas like resource equity and productivity across school types within and across regions. Education stakeholders at all levels can then leverage that understanding to drive improvements that benefit students.

But the law itself is silent on many specifics of what states should include in their required reporting, such as how shared expenditures should be divvied up across schools in a district or what should be explicitly excluded in the per-pupil calculation. And (as of this writing) no current federal guidance has been issued, effectively leaving such decisions to states.¹ The most specific sentence in ESSA that state agencies can look to simply says that annual school and district report cards must include: *“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.”*

Based on a set of voluntary, minimal reporting criteria, IFR is designed to produce data that have common meaning and can be used to make valid, apples-to-apples comparisons of school-level per-pupil expenditures across states. Why is this important? Many schools do not have demographically similar peer schools operating at similar per-pupil levels within their own districts—or even their own states. With IFR, schools have the chance to learn from and measure progress against schools across the country that look like them both fiscally and demographically.

IFR starts with a set of voluntary, minimal reporting criteria that states designed to meet the ESSA financial reporting requirement. IFR includes 11 minimum data points, labeled A-K on page 2, to enable valid cross-state comparison.

Why did states create IFR?

A network of 39 state agencies and 20-plus school districts, known as the Financial Transparency Working Group (FiTWiG), identified the opportunity to collaborate on operationalizing the broad ESSA provision and making the school-level financial data meaningful across states. IFR represents this network’s collective thinking on a set of key financial measures that, if used, have common meaning. States may find IFR useful as they grapple with key decisions around meeting the ESSA requirement.

1. Regulation and guidance on this provision from the Obama Administration were repealed by the Trump Administration. Further details or guidance from the current U.S. Education Department may emerge over time.

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Minimum IFR criteria

		• District 1 •		
Criteria	Elementary School #11	Elementary School #12	Middle School #17	Criteria Descriptions
A Enrollment	375	511	992	Students are counted at the school that serves them, regardless of district of origin. The counts reported here are not weighted. The method of student count (ADA, ADM) is up to each individual state.
Site-Level Expenditures				Expenditures accounted for at the school site include at a minimum the actual salary and benefit costs of the school site's full-time staff (as ESSA requires). These three numbers represent expenditures directly assigned to school sites. D is the sum of B and C.
B Federal	\$456	\$209	\$164	
C State/Local	\$6,111	\$4,756	\$5,998	
D Site-Level Total (Sum of B+C)	\$6,567	\$4,965	\$6,162	
Site Share of Central Expenditures				Any shared expenditures accounted for at a central level, but reattributed to the site level via state- or district-preferred method go here. Whether to prescribe site- versus central-level accounting and, if so, what methods to use to separate the two are decisions left to each state. For schools where all public funds are reported at school level, fields E, F and G can be zero. In this example, we have evenly distributed central expenditures across all schools using a per-pupil basis.
E Federal	\$161	\$161	\$161	
F State/Local	\$5,378	\$5,378	\$5,378	
G Site Share of Central Total (Sum of E+F)	\$5,539	\$5,539	\$5,539	
H Total School Expenditures (Sum of D+G)	\$12,106	\$10,504	\$11,701	This is the number states can use to make apples-to-apples comparisons across states. Critically, the sum of D and G represents the total public funds expended on behalf of students at the school.
I Total District Exclusions/ Total District Expenditures	\$2,416,986	\$21,514,686		These are total excluded expenditure amounts at the district level, remaining total district expenditures, and the list of excluded expenditures. IFR excludes certain expenditures and permits (but does not require) exclusion of others. See page 4 for chart listing IFR exclusions and optional exclusions and related NCES codes. If transfers are included in PPE reporting, student counts should be captured at the level of accountability. Effort should also be made to ensure funds are not counted twice: once at point of origin of transfer and again at level of transfer receipt.
J Excluded Expenditures	<i>Debt, capital, equipment, special education transfers to private schools, adult education, community services</i>			
K Enrollment Count Procedure	ADA, student count Oct. 1			Each state determines its count method used for Criteria A.

Over the last year more than 140 individuals from 39 state agencies and 20-plus school districts have participated in some point in the development of Interstate Financial Reporting, as reflected in this draft document. Edunomics Lab assembled the working group's content to produce this publication.

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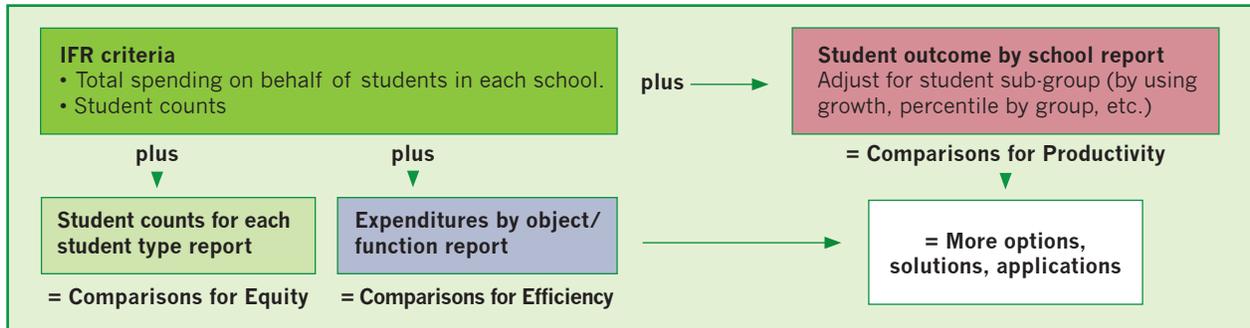
States developed IFR along these **core principles**:

- **The most critical school-level dollar figure for comparison across schools, districts and states is the grand total public expenditures per-pupil versus spending on any one component.** IFR aims to capture all relevant public funds for schooling, minus defined exclusions, without regard to how the funds are spent or whether the funds are attached directly to the school, the district or another entity (like a CMO).
- **Flexibility is needed for districts to be able to create reports that reflect their actual spending decisions.** LEAs generally have fiduciary responsibility for the monies spent on behalf of schools; reporting is designed to reflect that reality. For example, IFR accommodates separating site-level costs and site's share of central costs, but does not require it or prescribe how to do so (other than restating ESSA's requirement for actual teacher salaries to be assigned to the site level.)
- **Reporting should accommodate variable practices around accounting, budgeting and service delivery.** These practices vary across states, districts and schools; IFR is designed to easily adapt. For example, states differ in how they capture student enrollment (ADA, ADM or others). Each state can define its own method in IFR, so long as student counts are not weighted.
- **States must be able to customize reporting beyond the minimum criteria.** The 11 minimum IFR data points outlined in the table on page 2 are a floor. States interested in building on top of that floor can easily do so by adding data fields, such as breaking out special education or pre-K expenditures and enrollment. IFR offers ample opportunity for states to capture and communicate the import of any relevant nuances in their data to aid accurate interpretation. Page 5 lists a few ways to customize reporting.
- **Financial data alone will not yield the information needed to drive improvements for students; pairing it with other relevant data can help surface strategies on equity, efficiency, productivity and innovation.** The per-pupil expenditure data needs to be put in context by marrying it with other school and student information. Knowing how much is spent on behalf of a school, on which types of students and to what effect will allow stakeholders at all levels to investigate patterns in resource equity, drive productivity improvements and uncover innovative practices.

If the goal is to identify inequities, states can pair IFR data with school-level information (such as urbanicity and program offerings) and rolled-up student information (such as percentages of students in special education, students living in poverty and/or students who are English learners). Data can be displayed in thoughtful and engaging ways for different purposes.² For productivity analyses, states can marry IFR with student outcomes to understand how schools are performing relative to their spending levels. To uncover efficiencies, states can report more detailed expenditure data, including breakouts by object or function. The graphic below shows ways to combine data to surface promising options around equity, productivity and efficiency.

2. Note that the IFR lays out the key data measures and is not intended as an exemplary data visualization.

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Bottom line: State-designed IFR represents collective thinking on how states can both meet the ESSA financial transparency requirement and create vital, valid cross-state comparisons that can be used to drive improvements for students.

IFR data elements

Site Share of Central-Level Expenditures (**E F G**): No single standard procedure exists for capturing the number in Field G across states, districts or schools. For example, some districts may simply divvy up expenditures on a per-pupil basis and assign dollars to schools based on their enrollment. With IFR, states can write their own rules around how to allocate shared costs back out to the school level or can leave those decisions to districts. See some options in [“Four Approaches to Assigning Costs to Central Levels vs. School Levels When Calculating Per-Pupil Expenditures.”](#)

Exclusions & Total District Expenditures (**I J**): Several types of expenditures do not link directly to day-to-day schooling of students. If included in IFR, they could cloud school-level numbers and limit the usefulness of the data. To avoid this, IFR excludes certain expenditures and permits (but does not require) exclusion of others, as shown in the box below. With IFR, states clearly list in their reporting any expenditure category they opt to exclude and the dollar amount attached to it at the district level.

Exclusion ³	NCES Code ⁴	IFR or Optional Exclusion
Adult Education/Continuing Education	Program 600	IFR Exclusion
Capital	Object 700-720, Object 450	IFR Exclusion
Community Services	Program 800	IFR Exclusion
Debt	Function 5000, Object 800, 820-835	IFR Exclusion
Equipment	Object 730-739	Optional Exclusion
Extracurricular Activities	Program 900, Function 3300	Optional Exclusion
Food Service	Function 3100, Object 570, 630	Optional Exclusion
Pre-K	Level of Instruction 11	Optional Exclusion
Private Contributions	Revenue 1920	Optional Exclusion
Transfers	Object 900-960	Optional Exclusion
Transportation	Function 2700, Object 510-519	Optional Exclusion
Tuition	Object 560-569	Optional Exclusion

3. If transfers are included in PPE reporting, student counts should be captured at the level of accountability. Effort should also be made to ensure funds are not counted twice: once at point of origin of transfer, and again at level of transfer receipt.

4. “Financial Accounting for Local and State School Systems: 2014 Edition,” Institute for Education Sciences National Center for Education Statistics, accessed January 2018, <https://nces.ed.gov/pubs2015/2015347.pdf>. *These codes offer some examples but state practice in accountancy may differ: and States should use their own practice.*

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How a state might customize while being consistent with IFR

States have several options for customizing the minimum IFR to fit their needs and practices. Below are two possible avenues to customization.

1. States can parse the financials with more detail or breakouts in their reporting, such as adding function and object breakouts, like special education and salaries, that put their data in context. The table below shows what this might look like. While the IFR includes pension spending, some states may choose to break out spending for pensions, due to the variation in how these expenditures are accounted for by states and districts. Pension payments are currently included in the Total Current Expenditure figure produced by the Annual Survey of School System Finances (F-33).

• Minimum IFR+ •		• District 1 •			• Charter •
Criteria		Elementary School #11	Elementary School #12	Middle School #17	Elementary School #13
A	Enrollment	375	511	992	442
Site-Level Expenditures					
	Teacher Salaries	\$4,956	\$3,323	\$4,123	\$8,769
	Benefits	\$552	\$313	\$441	\$232
B	Federal	\$456	\$209	\$164	\$818
C	State/Local	\$6,111	\$4,756	\$5,998	\$11,887
D	Site-Level Total	\$6,567	\$4,965	\$6,162	\$12,705
Site Share of Central Expenditures					
	Special Education	\$964	\$964	\$964	\$1,121
	Transportation	\$566	\$566	\$566	\$0
E	Federal	\$161	\$161	\$161	\$0
F	State/Local	\$5,378	\$5,378	\$5,378	\$0
G	Site Share of Central Total	\$5,539	\$5,539	\$5,539	\$0
H	Total School Expenditures	\$12,106	\$10,504	\$11,701	\$12,705
I	Total District Exclusions	\$2,416,986			\$5,531,868
J	Excluded Expenditures	<i>Debt, capital, equipment, special education transfers to private schools, adult education, pre-K</i>			<i>Debt, capital, equipment, special education transfers to private schools, adult education</i>
K	Enrollment Count Procedure	<i>ADA, student count October 1</i>			<i>ADA, student count October 1</i>

2. While preserving the IFR fundamental that all public funds must be captured at some level, states can create rules for districts around whether or how to assign site-level and site share of central-level expenditures. With IFR, states have wide discretion in their degree of prescriptiveness. See more in: [“Four Approaches to Assigning Costs to Central Levels vs. School Levels When Calculating Per-Pupil Expenditures.”](#)