



New York State  
EDUCATION DEPARTMENT

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Knowledge > Skill > Opportunity

# Every Student Succeeds Act Financial Transparency Requirement

**Board of Regents**

**March 12, 2018**

# What is the Financial Transparency Requirement?

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**ESSA requires that beginning with the 2018-2019 School Year, State 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.”***

# What is the Financial Transparency Requirement?

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Currently, districts will have until December 2019 to report 2018-19 data.

Reporting will be on actual expenditures, meaning where possible spending will need to be reflected, in full, in the school where the spending occurred (rather than simply prorating across the district).

There will be some allowance for truly district-wide expenditures, such as the Superintendent's salary, to be identified at the district level.

# Why is this important?

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It is a federal legal requirement.

**But also:**

- **Transparency**
- **Equity**
- **Accountability**
- **Local decision-making**
- **Confirmation of best practices/Opportunities for improvements**

# Linkage to Accountability

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## **ESSA requires that SED:**

- **For Comprehensive Support and Improvement Schools**  
“Identify resource inequities, which may include a review of local educational agency and school-level budgeting, to be addressed through implementation of such comprehensive support and improvement plan.”
- **For districts with a “significant number” of schools identified for Comprehensive Support and Improvement or Targeted Support and Improvement** “periodically review resource allocation to support school improvement...”

**The per-pupil expenditure plans will support both LEA’s efforts to allocate appropriate resources for school improvement and SED’s efforts to ensure compliance with these requirements of ESSA.**

# Why is this important?

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**This should not simply be a compliance exercise.**

**Total school spending in New York State, from all sources, is nearly \$70 billion.**

## **By comparison:**

- The state spends \$70 billion in all other state operating funds programs.**
- New York City spends \$69 billion in total city funds for all programs.**

# Why should we look at per pupil expenditures?

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**Per-pupil comparisons are an additional tool for district leaders to examine their practices and answer some key questions:**

- **Do actual spending practices align with stated district goals?**
- **Is the district using its resources equitably?**
- **Are there areas where over- or underspending can be identified and reprogrammed?**

# Why should we look at per pupil expenditures?

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**However:**

**Per-pupil comparisons also present challenges that SED will need to consider in developing guidance:**

- **Are differences across schools, districts, or program areas properly contextualized?**
- **What role will this data play in audits by the Office of the State Comptroller?**



# What is an example of analysis that can be done with this information?

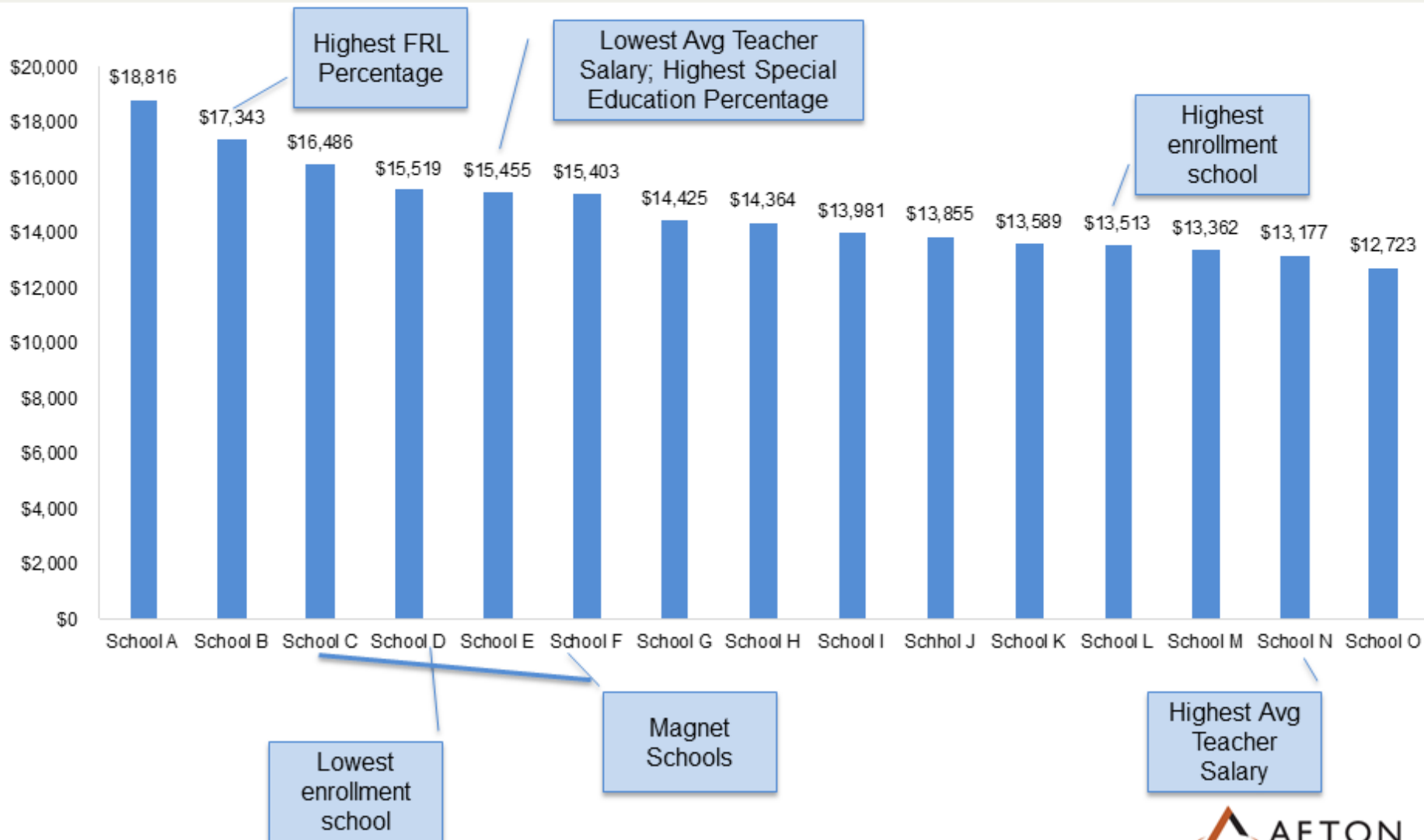
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There are a wide variety of ways that expenditure data can be reported, including in combination with accountability data.

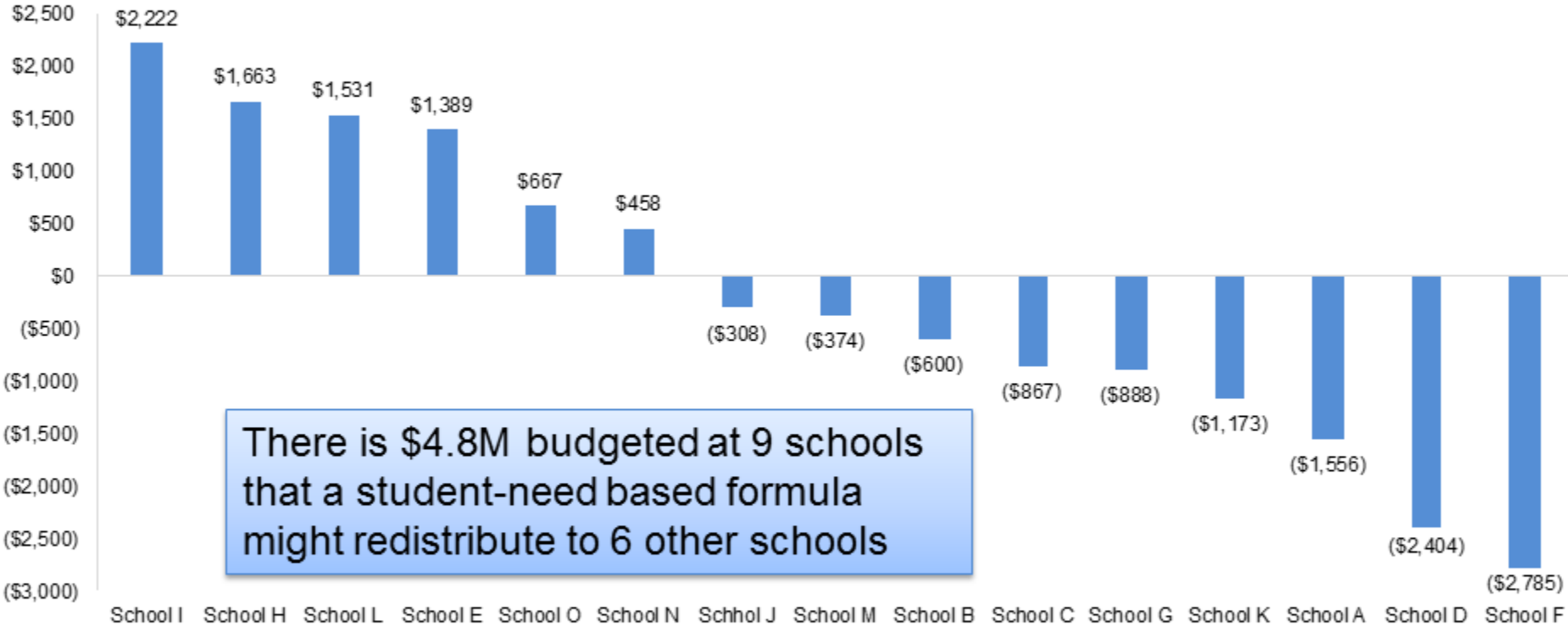
The actual reporting format for New York State schools still needs to be developed.

Let's look at a real example of a non-New York State school district.

Per pupil spending varies widely across the sample District's schools (range of \$6,093 per pupil). This had never been looked at on a school-level basis before.



# This chart shows how much more or less budget would be provided to each school if we implemented a weighted funding formula, based on student needs



# Potential Implementation Challenges

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**SED will work with stakeholders to overcome some challenges of which we are already aware:**

- **Budget accounting at the school level.**
- **Developing understanding in local communities about what this data does, and does not mean.**
- **Concern about accuracy and internal controls for future audits.**

# What has New York done to date?

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- **Engagement:**
  - **Multiple meetings with practitioners in the field and other stakeholder groups, including superintendents, business officials, and school board members.**
- **National Working Group:**
  - **CCSSO and Edunomics have partnered to facilitate a working group of over 35 states that meets every few weeks to discuss the requirement and share ideas and best practices.**
- **Planning:**
  - **Staff have been working to develop a plan that will meet the requirement in an effective way that is least burdensome to school districts.**

# What are the next steps for New York?

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- **Technical Working Group (Spring/Summer 2018)**
  - SED will convene a working group of experts to help establish the accounting guidelines for per pupil expenditure reporting, likely through using the existing ST-3 accounting structures.
  - This information will be used to pilot test financial data from volunteer school districts.
- **Reporting Feedback (August/September 2018)**
  - Standards for reporting, including how it will be linked with accountability data, will be developed with feedback from the field.
  - This will also be an opportunity for interested parties to assist in developing the contextual elements of the reports.

# What are the next steps for New York?

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- **2018-19 Budget Tracking**
  - Using guidance published by SED, school districts will begin tracking their 2018-19 expenditures on a per pupil basis at the school level.
- **Report Submissions (December 2019)**
  - Standards for reporting, including how it will be linked with accountability data, will be developed in the fall with feedback from the field.



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**Thank You**