



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

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Financial Reporting Requirements under the Every Student Succeeds Act

Introduction

The Every Student Succeeds Act (ESSA), enacted in 2015, requires the District of Columbia and all states to publish per-pupil expenditures for each local education agency (LEA) and school on the annual state report card. This document will provide guidance to LEAs on the reporting, collection, and dissemination of the per-pupil expenditure data.

The Office of the State Superintendent of Education (OSSE) worked with LEAs including charter schools and District of Columbia Public Schools (DCPS), the DC Public Charter School Board (PCSB), national experts, and other state education agencies to develop guidelines that are flexible for the different school systems, different accounting systems, and different financial audit timelines that exist in our city's diverse education sector. The financial reporting guidelines as outlined herein will provide transparency and meet the requirements of the federal law, while also limiting the burden on LEAs.

Publishing per-pupil expenditure data for each school and each LEA will give the public useful information about how much federal and local dollars are spent in every school in the District. This financial data can be used by families, school leaders, policymakers, and other stakeholders to make informed decisions about all DCPS schools and public charter schools.

The financial reporting guidelines outlined in this document are for the state report card and are a separate reporting requirement from the Resource Equity Analysis financial reporting (required under ESSA for school improvement) and other financial reporting requirements that are required by OSSE. However, OSSE will make every effort possible to limit the burden on LEAs by using the financial data collected under this requirement for other LEA financial reporting requirements when possible.

The Law

Section 1111(h)(1)(C)(x) of the Elementary and Secondary Education Act of 1965, as amended by ESSA, requires the state to report, "The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel 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."

Guidelines

- While the per-pupil expenditures data will be published on the annual state report cards, this information will **not** be used by OSSE in its statewide accountability rating system, the School Transparency and Reporting (STAR) Framework.
- All public LEAs in the District are required to report financial expenditure data to OSSE.
- All financial expenditures reported by schools and LEAs will be based on audited financial data. Expenditure data will be reported based on the LEA's fiscal year. For charter LEAs, the fiscal year reporting is July 1 to June 30. For DCPS, the fiscal year reporting is Oct. 1 to Sept. 30¹.
- Only expenditures with a source of federal or state/local funding will be reported as per-pupil expenditures. Expenditures with a source of private funds will not be included in the per-pupil expenditures. However, expenditures with a source of private funds will be considered an excluded expenditure.
- Expenditures need to be broken out into two categories: (1) Federal and (2) State/Local.
- Expenditures need to be broken out between "school-level expenditures" and "centralized expenditures." All centralized expenditures will need to be allocated to the school-level per-pupil expenditure total. This is referred to as the "school's share of centralized expenditures."
- OSSE believes that LEAs are the most knowledgeable about their actual school-level and centralized-level expenditures. Therefore, it is the LEA's discretion as to how expenditures are accounted at the school-level and the centralized-level and how centralized expenditures will be allocated to the school-level. However, all expenditures that are reported need to be *actual* expenditures (not *average* or *budgeted* expenditures) and *all* school-level and LEA-level expenditures of federal, state, and local funds need to be reported. LEAs will be required to provide their methodology for how centralized expenditures are allocated at the school level.
- OSSE may request additional information, including financial statements, to verify the completeness and accuracy of reported financial data.

Timeline for financial reporting

Financial data collection will begin in December 2019, following the completion of the LEAs fiscal year. LEAs will have until February 2020 to submit their financial data to OSSE. OSSE will then review submitted data and publish final financial data to the DC State Report Card website in May 2020.

For the first year of data collection, OSSE will adhere to the following schedule:

¹ Even though DCPS is reporting on a different fiscal timeline, the expenditures that are reported will be for a single school year.

December 2019	Data collection portal opens
February 2020	Data collection portal closes
March 2020	OSSE verifies and calculates data
May 2020	Final financial data published on report card

Reporting Per-Pupil Expenditure Data

LEAs are required to report the following financial expenditure data, for *each school* in the LEA:

School-level Expenditures

Total Federal Expenditures

Total State/Local Expenditures

School's Share of LEA's Centralized Expenditures

Total Federal Expenditures

Total State/Local Expenditures

Total Excluded Expenditures (for the entire LEA)

Methodology for allocation of centralized expenditures

Financial information will be collected through an online Quick Base application. LEAs will have the option to input financial information directly into the Quick Base application, or upload a spreadsheet template that will automatically populate financial information into the Quick Base application.

See Appendix A and B for a sample of the submission template that LEAs will complete.

School-level Expenditures

School-level expenditures must include all personnel salaries, benefits, and other personnel-related costs that are accounted for directly to the school. Personnel expenditures must be the *actual* expenditures that are accounted for at the school-level (schools cannot report budgeted or average salaries/benefits).

School-level expenditures must include all non-personnel expenditures that are accounted for directly at the school-level. Non-personnel expenditures must be the *actual* expenditures that are attributed to the school. (Schools cannot report budgeted or average non-personnel expenditures.)

School's Share of LEA's Centralized Expenditures

An LEA's centralized expenditures are the costs that are attributed to a central office that services the schools in the LEA, or costs that are attributed to multiple schools in the LEA. It is possible that an LEA has no centralized expenditures. For example, a single-school LEA should account for all expenditures at the school-level.

As part of the financial reporting, the LEA will need to allocate the centralized expenditures to each of the LEA's schools. This amount is referred to as the "school's share of centralized expenditures." It is at the LEA's discretion how centralized expenditures are attributed to each of the LEA's schools. For example, an LEA may choose to allocate all of its centralized expenditures on a per-pupil basis. Some LEAs may choose to allocate centralized expenditures using multiple methods.

The methodology that the LEA uses to allocate its centralized expenditures will be reported as part of the financial reporting submission. LEAs will be required to submit a detailed description that explains how different methods were used for different expenditures.

To assist LEA's in their planning, OSSE is providing some examples of methods for allocating centralized expenditures. This list is not exhaustive and LEAs may allocate centralized expenditures however they choose, so long as the methodology is detailed in the submission (see Appendix B).

- *Per-pupil basis:*
For centralized services that benefit all students across all schools, these expenses can be allocated to schools on a per-pupil basis. As an example, the salaries and non-personnel expenses of the executive office could be allocated across all students in the school system.
- *Per-staff basis*
For centralized services that benefit all staff across the entire organization, these expenses can be allocated to schools on a per-staff basis. For example, the human resources office expenses could be allocated to schools based on the number of staff at the school-level.
- *Selected per-pupil basis*
For centralized services that benefit a specific sub-section of students, these expenses can be allocated to schools based on a selected per-pupil basis. For example, for an office that provides services specifically to students with disabilities, these expenses could be allocated across schools based on the number of students with disabilities at the school-level.
- *Per-square foot basis*
For centralized services that are related to the school facilities, these expenses can be allocated to schools based on the size of the facility (if the LEA has accurate facility sizes). For example, a janitorial contract for the

entire school system could be allocated across schools based on the size of the school facility.

- *Per-school basis*

For centralized services that are related to specific schools, these can be allocated to a school or a group of schools. For example, if there is a centralized contract that provides services for two specific high schools, these expenses can be allocated across the two high schools.

Excluded Expenditures

The purpose of this financial-reporting requirement is to capture the expenditures that are tied to the regular operation of the school and the LEA. Therefore, there are some expenditures² considered outside of the day-to-day operation of the school system that do not need to be included in the per-pupil financial reporting requirement.

- Debt service
- Capital expenditures
- Construction and capital improvements
- Community services operations
- Supplemental expenses made as a result of a presidentially declared disaster³
- Expenditures sourced from private funds

Even though these expenditures are excluded from the per-pupil financial reporting, the *total* excluded expenditures will still need to be reported at the LEA-level. LEAs will also provide a summary description detailing the expenditures that are excluded from the per-pupil calculation.

Calculating Per-Pupil Expenditures

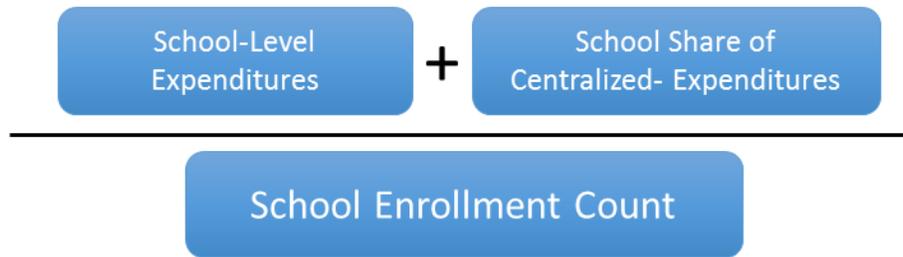
LEAs will report their total school-level and school share of centralized expenditures. The financial reporting that is published on the state report card will be converted into a per-pupil expenditure.

OSSE will calculate the per-pupil expenditure amount by adding school-level expenditures to the school's share of centralized-expenditures, and dividing by the school's audited enrollment count for that school year. This calculation will be done for both federal expenditures and state/local expenditures.

² Excluded expenditures listed in this section are defined as per the National Center for Education Statistics – Financial Accounting for Local and State School Systems.

https://nces.ed.gov/pubs2015/fin_acct/chapter6_5.asp

³ See <https://www.fema.gov/disasters> for a searchable list of presidentially-declared disasters by year and location.



Financial Data Reporting on the State Report Card

The following sample data shows how financial information will be reported on the DC State Report Card for each school and the LEA:

	School 1	LEA
School-Level Expenditures		
Federal	\$400	\$5,000
State/Local	\$12,000	\$1,000
Total School-Level Per-Pupil Expenditures	\$12,400	\$6,000
School Share of Centralized Expenditures		
Federal	\$100	\$950
State/Local	\$2,000	\$5,500
Total School Share of Per-Pupil Centralized Expenditures	\$2,100	\$6,450
Total Per-Pupil School Expenditures	\$14,500	\$12,450
Total LEA Excluded Expenditures		\$5,000,000
Total LEA Expenditures		\$55,950,000
Enrollment Count	500	1,000

The “methodology for allocating centralized expenditures” will not be published directly on the state report card, but will be made publically available.

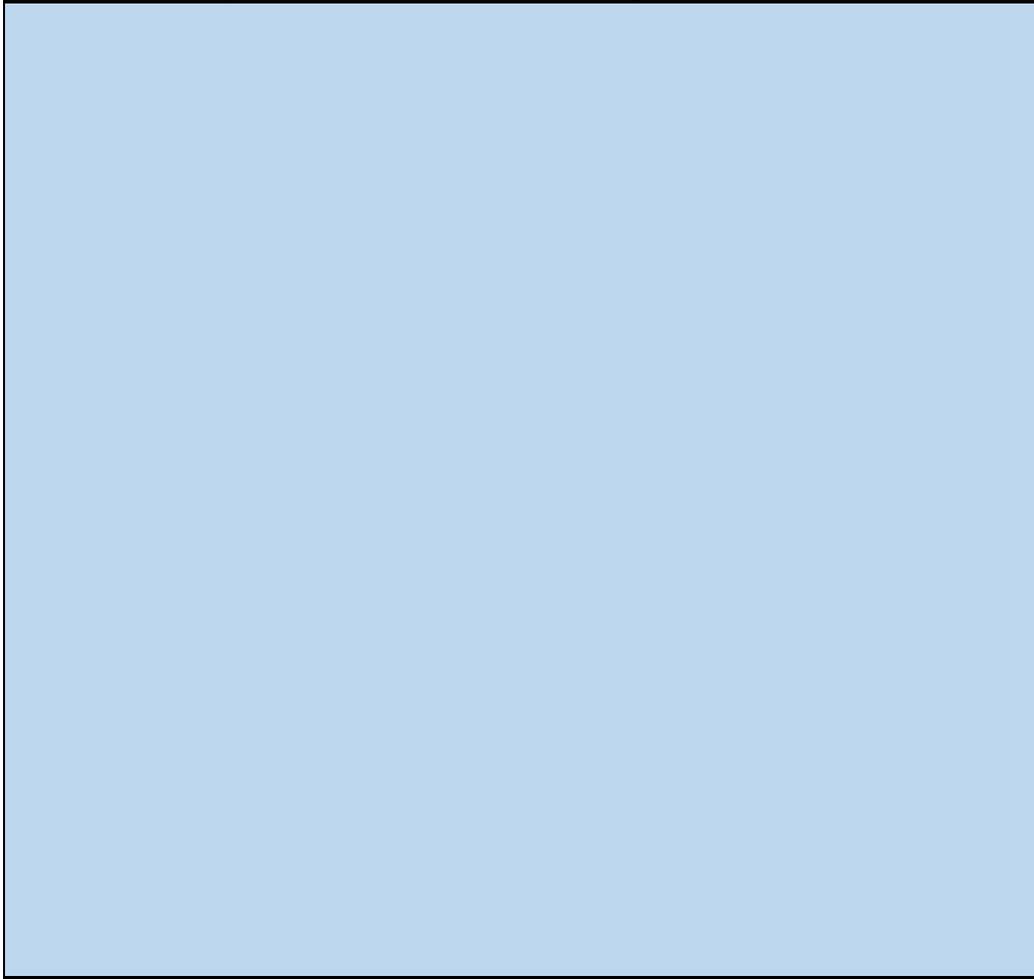
Appendix

Appendix A: Sample Data Submission Template

	School 1	School 2	School 3	School 4	School 5
School-Level Expenditures					
Federal					
State/Local					
Total School-Level Expenditures	\$0	\$0	\$0	\$0	\$0
School Share of Centralized Expenditures					
Federal					
State/Local					
Total School Share of Centralized Expenditures	\$0	\$0	\$0	\$0	\$0
Total School Expenditures	\$0	\$0	\$0	\$0	\$0
Total LEA Excluded Expenditures					
Total LEA Expenditures	\$0				
Key:					
LEA-provided Data					
Calculated cell					

Appendix B: Methodology for Allocating Centralized Expenditures

Describe the method(s) used to allocate centralized expenditures to school expenditure totals. If multiple methods are used, be specific about which expenditures are allocated using each method.



Appendix C: Revisions to the Guidelines

March 19, 2019

- Page 2 – Clarified that expenditures with a source of private funds are not included in the per-pupil expenditure total, but are considered an excluded expenditure.
- Page 5 – Included two items as excluded expenditures: 1) supplemental expenses made as a result of a presidentially declared disaster, 2) expenditures sourced from private funds.