

This Q&A stems from AASA's December 5, 2017 webinar [ESSA Fiscal Transparency: Whats and Whys of Per Pupil Funding & the New Reporting Requirement](#). The Every Student Succeeds Act (ESSA) includes a new fiscal transparency reporting requirement, whereby states will have to detail per pupil expenditures at the school and district level. This will have implications for districts in ensuring they understand their own allocation constructs, what it means for the schools they serve, and how it can be perceived in the community. The webinar detailed what the requirement entails, what it will mean for state and district leaders, and things for districts to consider as they share this information with their communities. The questions below were submitted by participants. While they were answered during the Q&A portion of the webinar, they are provided in print for continued reference.

Questions (Some repeated from the webinar, for clarification)

- **What happens if a state or district is not in compliance? What is the risk for schools and states that cannot comply with the requirement and the stated timeline? Will bad data reporting result in the loss of federal funding?**
 - This is a requirement that attaches to receipt of Title I money. Not complying with a federal requirement generally threatens receipt of that federal money. However, the US Department of Education has not commented on the specific consequences for noncompliance with this new reporting requirement.
- **Why is it important to school specific data (as opposed to district average) when it comes to salaries? *Our district uses a formula to allocate FTE event. The varying school salary discrepancies merely illustrate which schools have more senior/long-term teachers because their salaries are higher.***
 - This is a really important issue. In most districts, our allocation formulas have embedded in them the premise that all teachers are equal – that we can fairly distribute teacher resources just based on ratios, without adjusting for some teachers being more effective than others. The reality is, however, that effectiveness varies greatly. Lots of research points to experienced teachers being more effective than novice. And compensation systems in most districts provide higher salaries for experience teachers than novice. As such, a school that has disproportionately more experienced teachers is getting more/better resources even when a uniform staffing ratio is being used and those teachers will generate a higher per pupil spending level for that school than those will more junior teachers. Given that, to understand the equity of spending levels across schools, it's necessary to look at the actual costs of salaries, and not the average across all. In a district that has been effective in spreading teacher experience across all schools evenly, there shouldn't be a difference between actual and average. In districts where novice teachers are clustered in a subset of schools, the difference between actual and average will be more dramatic. We would argue that highlighting this difference through the use of this actual per pupil spending data is a good thing – and presents an opportunity for district leaders to build support for policy and practice changes that would more equitably distribute teaching effectiveness across schools, including by redirecting some money to provide supports for novice teachers clustered in certain schools.
- **How do these rules apply to educational service agencies (ESAs)?**
 - The requirement applies to all schools and LEAs - your state should be working through this question now.

- **As we prepare to report on school-level spending, how will this include central office-level spending? Office level spending can be lumped into district reporting; how can/should those expenditures be reflected, if at all, in school-level reporting?**
 - **How do we handle administrative costs not associated with a specific school? How do we allocate this within per-school reporting, or can/will there be a separate column for reporting 'district level' expenditures?**
 - ESSA doesn't require any particular treatment of central office expenditures, so SEAs are having to figure this out themselves. We think it's important for comparative purposes across districts that central expenses be included in some way. See attached handout from the Education Trust for additional information (please note that it was written for our state level advocacy partners). ERS is also releasing a [tool](#) to help districts understand how expenses are currently reported between schools and centrally and identify potential items to track at the school level moving forward.

- **What type of data is to be included in the reporting? Does ESSA define what is to be reported or do the states make that determination? If the data required to be collected is specified in ESSA, are states free to add more items for inclusion/reporting, beyond what the statute requires?**
 - The law does not specify which expenditure categories are to be included or excluded in the school level reporting, nor in the LEA level reporting. Again, SEAs are having to figure this out for themselves.

- **What resources are available to states and districts as they seek to comply with this requirement? Do you have a set of 'best business practices'?**
 - For an overview of the Education Trust's recommendations, please see the attached handout (please note that it was written for our state level advocacy partners).
 - Also check ERS's School Finance Toolkit for AASA: https://www.erstrategies.org/tap/aasa_toolkit

- **How should we account for when financials are not closed, or an audit is not yet finished, as it relates to data that should be included in the report card?**
 - **Will these rules be included in the auditor steps of compliance when testing federal funds under 2 CFR 200/A-133?**
 - ESSA is, again, silent on this issue except to say that the report card must include data "for the preceding fiscal year." SEAs should be grappling with these timing questions now.

- **Does this apply to all schools/sites, or just those receiving federal funds under ESSA? (If there is a school in a district that doesn't receive ESSA funding, would they be bound to this requirement?)**
 - This applies to all public schools, regardless of whether those schools receive federal funds, so long as the State receives Title I funding under the ESSA.

- **Given the requirement to disaggregate expenditures by source (federal/state/local), does that mean there will be three separate amounts, or will state and local be reported together?**
 - The US Department of Education has not issued relevant guidance or regulation on this issue under the new Administration, and so it is not clear. SEAs are likely going to make this decision.

Please direct any questions to Noelle Ellerson Ng (nellerson@aasa.org).