

ESSA'S NEW FISCAL REPORTING REQUIREMENT

What Is It? Under the Every Student Succeeds Act, state report cards must, for the first time, include data on per-pupil spending at each public school in the state.¹

Why Is This Important? Today, advocates, parents, and researchers have very little information about spending at the school level. We have reliable spending data at the *district* level — data that show [disturbing patterns](#) of shortchanging districts that serve high concentrations of students living in poverty and students of color.² Those data are used to fuel advocacy and policy efforts to eliminate those inequities. But prior efforts to report spending at the *school* level have been low quality, and state education agencies have never been required to report the information publicly. These data — *if calculated and collected well* — will allow us to identify funding inequities for individual schools serving high concentrations of students living in poverty and students of color and can fuel advocacy and policy efforts to eliminate those inequities.

Three Critical Steps: Calculating, Displaying, and Using the Data. To make this requirement meaningful, state leaders must make decisions about how to calculate the data, how to display the data, and how to use the data (or encourage districts to use the data). Each of these is a critical step, but today the most timely issue is getting the calculation right, which is the focus of this document.

Questions to Ask Your State About Calculating Data

1. Will there be statewide rules that all districts must follow in calculating the data?

What to look for: State-issued business rules that all districts must follow when calculating and submitting financial data to the state. This will allow advocates to compare data from one district to another, and uncover inequitable spending patterns across district lines.

Watch out for: State leaders who do not plan to issue statewide rules. If districts have no direction from the state, they will all do things differently, which severely limits the comparability of data. For instance, if certain expenditures (e.g., pensions) are included in some districts but not others, the data will not allow for cross-district comparisons.

2. How will central office expenditures be treated in school spending data?³

Districts pay for many things in the central office on behalf of the schools they serve. These expenditures include everything from curriculum development to superintendent salaries. Some things, such as professional development and instructional coaches, are treated as central office costs in some districts but school site costs in others. These costs must be included when the state reports spending at the *district* level, but how are they captured in *school* level expenditure data, if at all?

What to look for: State reporting that includes all of the following:

- Each school's site level expenditures (the dollars actually tracked to the school)
- Each school's "share" of central office expenditures

- Each school’s “grand total.”

The grand total allows for comparisons across districts; the school site expenditure data allows for comparisons among schools within districts.

Watch out for: State plans to do any of the following:

- **Exclude central office expenditures entirely.** This will make data very different from district to district and will make comparisons of spending in traditional public schools and charter schools nearly impossible. Since many charter schools do not have central offices, those things would be reported as school site expenditures for the charter schools but not for traditional public schools.
- **Report central office expenditures and school site expenditures as a single number.** This would mask real inequities in spending between schools on things like teacher salaries that are “true” school-level expenditures.

3. Who defines the terms “school site expenditure” and “central office expenditure”?

In addition to deciding how to treat central office expenditures in school level reporting, state leaders must decide how to *define* “central office expenditures.” Should the state insist that all spending on professional development be counted as a central office expenditure so that the data are more comparable? Or should the state issue a “decision rule” that says if professional development is offered in a particular school, it should be considered a “school site” expenditure, but if offered in a central location, it should be considered a “central office” expenditure?

What to look for: At a bare minimum, state guidelines that define salaries for personnel who work in a single school as school site expenditures. Ideally, the state would also issue decision rules for other costs. For instance, the state might say that all spending on personnel or resources that are present in a school at least 70 percent of the time must be tracked to the school site.

Watch out for: State plans to do the following:

- **Be too prescriptive.** If a state categorizes every single line item as uniformly “school site” or “central office” expenditures, it will likely make decisions that don’t reflect reality in many districts. For instance, by categorizing all professional development as a central office expense even though in some districts it is more often offered for teachers in individual schools, the data becomes less meaningful.
- **Give too much flexibility.** In no case should districts be able to choose to report classroom teacher salaries (or salaries of any personnel who work solely at a single school) as central office expenditures.

¹ 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.” (emphasis added), ESEA section 1111(h)(1)(C)(x).

² Natasha Ushomirsky and David Williams, *Funding Gaps 2015: Too Many States Still Spend Less on Educating Students Who Need the Most* (Washington, DC: The Education Trust, 2015).

³ The Education Trust appreciates and has drawn meaningfully from M. Roza and K. Hagan, [Four Approaches to Assigning Costs to Central Levels vs. School Levels When Calculating Per Pupil Expenditures](#), Financial Transparency Requirements 4, Building State Capacity and Productivity Center (2017).