



West Virginia DEPARTMENT OF
EDUCATION

ESSA Requirement for Per Pupil Expenditure Data by School

Presented by Amy Willard, CPA
awillard@k12.wv.us

7/19/17

Every Student Succeeds Act (ESSA) Language

ESSA requires that all State Education Agencies (SEAs) report the following:

“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 education agency and each school in the State for the preceding fiscal year.”

Reporting Deadlines

- The initial deadline to include this new data on the SEAs school report cards was December 31, 2018 for the 2017-18 school year.
- On June 28, 2017, the Acting Assistant Secretary for USDE released a letter to all State Title I Directors and State Fiscal Coordinators indicating that SEAS may delay until the reporting until the 2018-19 school year.
- If the SEA elects to delay the reporting, on the report cards for the 2017-18 school year, a brief description of the steps the SEA and LEAs are taking to ensure that information on per-pupil expenditures will be included beginning with the report cards for the 2018-19 school year.

Background Information

- The US Department of Education initially issued regulations in the Fall of 2016 regarding the Per Pupil Expenditure (PPE) requirement. Those initial regulations did the following:
 - Required each state to develop a single statewide procedure to calculate LEA current expenditures per pupil and a single statewide procedure to calculate the school-level expenditures per pupil.
 - Specified not to include expenditures for community services, capital outlay, debt service and privately generated.
 - Specified the denominator should be the student count on or around October 1st including pre-K students receiving free services.
 - Indicated that the data could be combined for state and local since it would be difficult to split those expenditures in most states.
- The regulations were repealed with the change in administration at the federal level.

Additional Guidance from USDE

The June 28, 2017 letter from the Acting Assistant Secretary indicates that the US Department of Education plans to review and revise non-regulatory guidance on State and LEA report cards, including on per-pupil expenditure reporting.

Sample of Minimum Reporting Requirement (Data from the State of Wyoming)

		School #1	School #2	LEA Average
School-Level Expenditures	Federal	\$1,047	\$1,204	\$476
	State & Local	\$11,969	\$9,910	\$14,876
	Total	\$13,016	\$11,114	\$15,352
LEA-Level Expenditures	Federal	\$526	\$526	\$526
	State & Local	\$2,751	\$2,751	\$2,751
	Total	\$3,277	\$3,277	\$3,277
GRAND TOTAL	GRAND TOTAL	\$16,293	\$14,391	\$18,629

Beyond the Minimum Requirements

- Some states are considering reporting information beyond the minimum requirements under ESSA because they have already been reporting data at the school level on their own that provides more detail.
- For example, Louisiana has been reporting information since roughly 2009 that shows the following data by functional area (ex: instruction, admin, transportation, etc.):
 - Salaries Per Pupil
 - Benefits Per Pupil
 - Other Current Expense Per Pupil
 - Central Office Expense Per Pupil

Expenditure Coding in West Virginia

- West Virginia is one of the fortunate states that has a statewide chart of accounts with an existing location code field.
- Approximately 80% of the expenditures in West Virginia are already coded at the location level because salaries and benefit costs are coded by location.
- That leaves 20% of the expenditures in a county that may or may not be coded to a specific location. As discussed at Spring ASBO, there are some costs that would not need to be recorded at the school location level because of the significant burden it would cause on LEA finance staff. Examples include central office expenditures, student transportation costs, etc.

Non-Personnel Expenditure Coding

- If you can easily identify an expenditure with a specific school or schools, charge that expenditure to the appropriate location code(s):
 - If a purchase is made for a particular school, it should be charged to that location.
 - If a purchase is made for a particular student, it should be charged to the location code of the school in which the student is enrolled in WVEIS. One example would be Mountaineer Challenge Academy (MCA) tuition – charge the tuition to the specific location level of the student sent to MCA.
 - Utility Costs should be coded at the specific location level (ex: electric, gas, water, sewer, etc.).

Examples of Central Office Level Expenditures that Do Not Require Allocation in WVEIS

- Student Transportation Costs
- Maintenance Supplies not specific to a school (purchases made for specific repairs at a school should be coded to the location level)
- Custodial Supplies not specific to a school (purchases made for custodial supplies at a specific school should be coded to the location level)
- Supplies purchased for central office staff
- Financial statement audit costs
- Most legal fees (unless directly associated with an issue for a specific school that can be easily identified)
- County-wide professional development programs (programs for a specific school should be coded to the location level)

Child Nutrition Purchases

- At Spring ASBO, we learned that some county boards code food and other child nutrition purchases to a particular location, but that most do not.
- In order to have consistency among the LEAs across the state regarding child nutrition expenditure coding, the LEAs that do not code every child nutrition transaction to the location level will instead perform a year-end entry to allocate the total costs for food, milk, paper products, etc. to the various locations.
- This will allow county boards to continue their current practice for recording invoices, budgeting, etc. but will ensure that child nutrition costs are included in the same bucket (school specific costs instead of allocated central office costs) for all LEAs in West Virginia.

Child Nutrition Allocation Method

- At Spring ASBO, two different allocation methods were discussed for the child nutrition end-of-year journal entries: enrollment versus meals served.
- Tony Crago from the WVDE Office of Child Nutrition did an analysis of all schools in Berkeley and Kanawha County for the 2015-16 school year using both methodologies to assist the WVDE Office of School Finance in determining which allocation methodology produced more accurate results.
- Based on his analysis, although the cost allocated to a specific school may not have been materially different for some schools, the two allocation methodologies tended to produce fairly significant differences at many of the middle and high schools in the counties.

Child Nutrition Allocation Method, Cont'd

- Because the more accurate reflection of the food and other non-payroll child nutrition costs is based on the number of meals served at each school instead of the number of students enrolled, the WVDE Office of School Finance believes that using the number of meals served is the appropriate allocation methodology for county boards of education to use in the year-end journal entry to move the costs to the location level.
- This year-end journal entry will be required for the 2017-18 school year, but counties are encouraged to book for the 2016-17 school year so that the per-pupil expenditure data will be more comparable between years.

Expenditures Requiring Additional Determination

- There are some types of expenditures that will require additional analysis and discussion before a final determination is made on how LEAs should code them. We do not want the additional burden on county financial staff to split the costs to outweigh the benefits of having the costs handled in a consistent manner.
- Textbook expenditures are an example of costs still under consideration for future guidance. For some types of textbooks that are used by all grade levels, not splitting the costs to the specific location wouldn't skew the financial data since all schools would benefit from the purchase. However, if textbooks are purchased for only certain grade levels (ex: foreign language), should those costs should be split over the schools that contain those grade levels so that none of the costs are allocated to the schools that didn't benefit from the purchase?
- Other examples are out of state tuition for special education students and for/on behalf expenditures such as Tools for Schools.

Other Issues to be Resolved

- There are several other issues that have been brought up during the course of discussions with Accounting Committee, at Spring ASBO, with other states, etc. that need further research before a final resolution can be reached.
 - Medicaid expenditures (report as federal or state/local?)
 - Expenditures for adult programs (should these costs be excluded?)
 - Expenditures for multi-county vocational centers (allocate to participating districts like we currently do for PPE?)
 - Expenditures for alternative schools (how to handle those that share a location with a regular school and do they even need to be reported as a separate school for PPE?)

Work in Progress....

- Please understand that implementing this new requirement is a work in progress.
- The WVDE Office of School Finance will be working with other offices within WVDE, such as the Office of Federal Programs, the Office of Data Management & Analysis, etc. to program a financial report that complies with the federal requirements.
- Although there was an extension granted, we still plan to proceed as though the original deadline is still in effect. This will give both WVDE and the county boards of education time to review the initial data and make modifications as needed before the data is publicly reported.
- Throughout the process, we will seek input from both the Accounting Committee as well as the full group of CSBOs depending on the nature of the inquiry. Thanks in advance for your participation!