

New Mexico Public Education Department

Every Student Succeeds Act (ESSA)
Site-Based (School Location Level)
Reporting

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Introduction

- New School Level Per Pupil Expenditure (PPE) Reporting Requirements.
- Please understand this is a new **federal** requirement.
- PED is requiring this information to meet ESSA requirements for contents of LEA and state report cards.
- Outline:
 - Site Based PPE Calculation Overview
 - Changes Since Spring
 - District/School Impacts

Introduction

Why the new requirement?

- Interest at the federal level regarding transparency of school allocation decisions at the LEA level.
- Designed to create and drive equity conversations within your LEA.
- Also federal interest in what the data collection and reporting at the school level will inform about potential relationships between resource allocation decisions and student outcomes (if any).
- Increases the burden of reporting requirements(no way around it).



Introduction

What has PED done to date?

- Originally, had a very short time frame to reach compliance.
- Drafted guidance in June of 2017 and Received a one-year delay for implementation from the USDE in June of 2017.
- Started soliciting feedback from internal PED staff, and limited stakeholders (NMASBO Board and others implementing early).
- Presented a March 2018 draft at Spring Budget that complied with now rescinded federal regulations and guidance.
- Joined a federal Community of Practice with ND, MT, ID, NV, OK and AR that leveraged best practices and facilitated by USDE contractors.
- Changed and drafted new guidance in light of continuous LEA feedback, repeal of proposed federal regulations and input from federal and state stakeholders.
- THIS MEANS PITCH YOUR OLD DRAFT GUIDANCE!!!!



Site Based PPE Calculation Overview

What does the law actually say?

- “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 education agency and each school in the State for the preceding fiscal year” ((P.L. 114-95 Part A, Subpart 1, Section 1111).
- Key words: *actual, disaggregated by source of funds and each school.*



Site Based PPE Calculation Overview

What happened to the federal regulations and Non-Regulatory Guidance?

- Good question.
- The answer is there are no more regulations or guidance.
- The proposed federal regulations and non-regulatory guidance issued by the previous administration were rescinded by the current administration and repealed by Congressional Review.
- Not necessarily good or bad; but it changes the legal landscape and leaves us having to re-examine our calculation.



Site Based PPE Calculation Overview

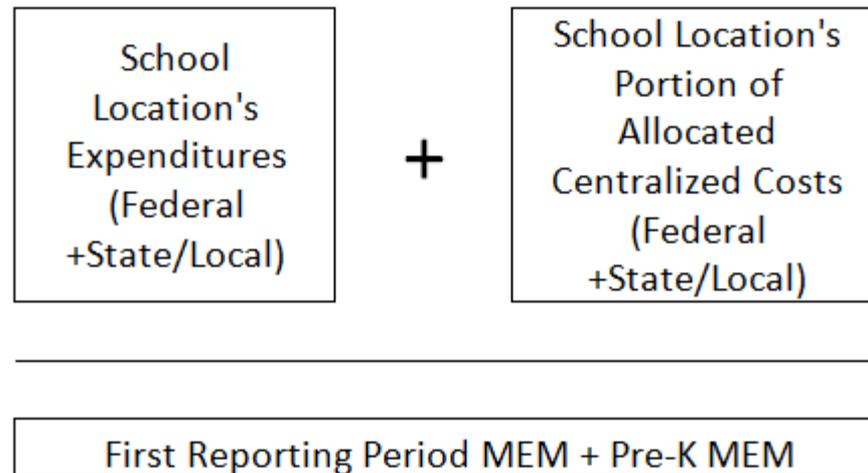
How did you develop a guidance document in the absence of any federal regulatory or non-regulatory guidance?

- Enter: The Community of Practice.
- After PED presented the working draft guidance at Spring Budget, it found its way to federal contactors that have been working with USDE on helping states reach compliance.
- Given that I was making reference to a lot of regulations and guidance the USDE had repealed, they made sure I participated.
- Which was great.
- Really. Because we were asking you to do more than was required.



Site Based PPE Calculation Overview

PPE Calculation Framework



Site Based PPE Calculation Overview

Example of Reporting Format

- Let's take a look at what you will be reporting:

| DRAFT SCHOOL-LEVEL AND LEA PPE REPORTING FORMAT | | | |
|---|-------------------|-------------------|-------------------|
| SCHOOL DISTRICT NAME | Elem. School 1 | Elem. School 2 | LEA Average |
| School Location State/Local PPE | \$6,248.83 | \$5,467.72 | \$5,832.24 |
| School Location Federal PPE | \$1,371.69 | \$1,200.23 | \$1,280.25 |
| School Location Subtotal PPE | \$7,620.52 | \$6,667.96 | \$7,112.49 |
| LEA Allocated State/Local PPE | \$1,562.21 | \$1,366.93 | \$1,458.06 |
| LEA Allocated Federal PPE | \$342.92 | \$300.06 | \$320.06 |
| LEA Allocated Subtotal | \$1,905.13 | \$1,666.99 | \$1,778.12 |
| MEM | 70 | 80 | 150 |
| Total PPE | \$9,525.65 | \$8,334.94 | \$8,890.61 |
| Exclusions | | | \$53,189.87 |
| Total Expenditures | | | \$1,386,781.00 |

Site Based PPE Calculation Overview

Report Contents/Calculation Explanation

- School Location State/Local PPE – State/Local PPE you are tracking to the school level.
- School Location Federal PPE – Federal PPE you are tracking to the school level.
- School Location Subtotal PPE – Total PPE you are tracking to the school level.
- LEA Allocated State/Local PPE – State/Local PPE you are cost allocating.
- LEA Allocated Federal PPE – Federal PPE you are cost allocating.
- LEA Allocated Subtotal – Total PPE you are allocated.
- MEM – Total first reporting date MEM (includes first reporting period Pre-K MEM).



Site Based PPE Calculation Overview

Other Report Contents

- A narrative section will be included so you may describe any variations or outliers in your school-level PPE.
- Reported schools must match the list of schools for which you have an associated school location code in the STARS database.
- Any additional report card data that must be collected from the LEA level may also be included.

Site Based PPE Calculation Overview

Calculation Details

- All LEA (school district) expenditures, except for those specifically excluded per this guidance, must be included in the numerator section and presented as a school location expenditure or LEA central expenditure that has been allocated to the school site.
- You will be required to allocate central costs to specific school sites, develop a written methodology for doing so, and have them approved by your Board.
- You must have some amount of Function 1000, 2100 2200 or 2400 function expenditures in your school level calculations.



Site Based PPE Calculation Overview

Exclusions

- The following either don't meet the definition of current expenditures for federal reporting or cannot be easily disaggregated by funding source:
 - all Capital Project fund expenditures (30000 series);
 - all Debt Service expenditures (40000 series);
 - all Community Services function expenditures, regardless of fund (3300);
 - all Capital Outlay function expenditures, regardless of fund (4000);
 - all Debt Service function expenditures, regardless of fund (5000); and
 - all Food Services fund (21000) expenditures.
- Designed to balance reporting of PreK-12th grade current activities with ease of reporting.

Site Based PPE Calculation Overview

Allocations

- If I'm not required to track centralized LEA expenditures to the school site how do I assign the expenditures to a school site.
- Using a board approved cost allocation methodology.
- This means that you will track the costs at the LEA level (likely in a way that you have done in the past) and when calculating and reporting school site PPE, place back shares of the costs/expenditures back to each school site.
- Huh?



Site Based PPE Calculation Overview

Two Primary Allocation Methodologies

- Allocating costs that are uniform across all schools in the LEA (all schools share some cost); or
- Allocating costs that are variable across all schools in the LEA (some schools share more cost than others).

Site Based PPE Calculation Overview

Uniform Allocation Methodology Examples

- For situations where all schools in an LEA receive some amount of service, some allocation methodologies may include:
 - the school location's share of enrollment or funded membership of the prior year (per pupil);
 - the school location's share of the school's budgeted revenues (if using site-based budgeting);
 - the school location's share of invoices or charges received for the cost;
 - the school location's share of salary amounts or benefit contributions paid; or
 - the school location's share of employee FTE's.

Site Based PPE Calculation Overview

Variable Allocation Methodology Examples

- For situations where all schools in an LEA receive some amount of service, some allocation methodologies may include:
 - the proportionate share of enrollment or funded membership of the prior year (per pupil);
 - the proportionate share of the school's budgeted revenues (if using site-based budgeting);
 - the proportionate share of invoices or charges received for the cost;
 - the proportionate share of salary amounts or benefit contributions paid; or
 - the proportionate share of employee FTE's.

Changes Since Spring

What Has Changed Since Last May's Guidance?

- Since we presented a Working Draft at Spring Budget:
 - proposed federal regulations requiring uniform calculations have been rescinded and repealed by Congressional review;
 - as such much of the federal non-regulatory guidance is no longer applicable;
 - PED participated in a Community of Practice to cooperate with other State Education Agency partners to review and provide/receive feedback on their methodologies; and
 - PED received and incorporated feedback from USDE contractors on the working draft from March.
- So – a lot.

Changes Since Spring

Version Control

- As we have discussed multiple times (including today) – the March Working Draft was always subject to change.
- PITCH YOUR OLD DRAFTS!
- Part of using the working draft process is only the newest guidance governs.
- However, as we discussed at Spring Budget; compliance with that document regarding the tracking of school-level expenditures will place you in compliance with the new guidance.



Changes Since Spring

Other Changes Since Working Draft Guidance

- **Same Calculations/Reports for All Entities** – Everyone will use the same reporting mechanism and calculations (rather than having different calculations based upon state/local charters or school districts).
- **Empowers LEA Decision Making** - LEA's will be determining how best to allocate expenditures, rather than having to track every single expenditure to the school location.
- **Eliminates Overly Technical Guidance** - PED will be far less prescriptive in its guidance – federal regulations were rescinded to encourage flexibility and we are keeping the spirit of that change.
- **Provides Example Calculations** - The prescriptive calculations required under the now rescinded regulations have been changed to meet the needs of the new reporting structure and moved to a recommended calculation in the back.



Changes Since Spring

Other Changes Since Working Draft Guidance

- **Example Reporting Format** – The guidance includes a sample reporting format that an LEA will use to compile and complete the end-of-year reports for reporting in December of 2019.
- **Removes Barriers to Implementation** – the ability to allocate centralized expenditures using an LEA-developed allocation methodology rather than having tracking every expenditure to a school site reduces training and system configuration costs.
- **Incorporates the spirit of deregulation** – If the federal regulations requiring more prescriptive guidance were rescinded to encourage flexibility and reduce the burden of reporting, PED wants to keep the spirit of that process.
- **Balances Guidance with Flexibility** – Some stakeholders will appreciate the additional flexibility; others will want more specific guidance and this document seeks to balance both needs.

District/Charter Impacts

Board Approved Policies and Procedures

- Since LEA's will be allocating costs from a centralized level, it will be necessary for school districts and charter schools to develop written allocation methodologies for all centralized costs being allocated.
- You are required to have the policies and procedures containing your centralized cost allocation methodologies approved by your school board or governing council.
- Discussed as implementation plan in Spring.



District/Charter Impacts

Board Approved Policies and Procedures

- The policies and procedures will be supporting documentation should the federal government or PED question compliance.
- It also should be used to address issues not covered by the PED's uniform calculation or guidance documents.
- It will need to be made available, together with your supporting calculations as requested by PED
- FLEXIBILITY WITH TRANSPARENCY = TRUST BUT VERIFY.



District/Charter Impacts

Tracking of School-level Expenditures

- YOU ARE GOING TO NEED TO USE THE OPTIONAL LOCATION CODES IN THE UCOA STRING STARTING THIS YEAR!!!
- See PSAB Supplement 3.
- The Location Code is the six digit number and the fifth component of the UCOA structure.
- Make sure you can track the expenditures by each school site for functions 1000, 2100, 2200, and 2400.
- If you haven't already – call your Accounting Information Systems contactor to discuss timelines.



District/Charter Impacts

Tracking of School-Level Expenditures

- Should be very redundant by now – but if you haven't started tracking the required FY19 expenditures by school location code you really need to set that up now while it is still easy to do so.
- Only in Q1 and its better to go back and assign location codes now before we get too deep in the year.
- Please again keep in mind that although this is the first time the fifth UCOA component of location code is being used for state and federal reporting, the PSAB requires it to match the school location codes in STARS.
- Please ensure that school location codes match data in STARS.



District/Charter Impacts

Discussion on Cost Allocation Methods

- Though ultimately you will be required to have written, board approved policies and procedures for your PPE calculation and reporting that include cost allocation strategies, that discussion starts much earlier.
- Who is in the room (e.g. Superintendent, Principals, Program or Department Chairs, budget staff, community members, others, maybe just you if you are all of the above)?
- There should be an LEA-level review and feedback process prior to developing the methodologies of all LEA stakeholders.
- We have over 9 months to work on this before you have to report, and over a year before LEA report cards are issued.



District/Charter Impacts

Review your Financial Reporting Readiness

- Can you track at least some of the expenditures required by this guidance to school locations?
- Can you track additional items to the school site if your administrator or Board/Governing Council asked you to?
- Is your accounting information system configured to run expenditures by location code in a subsidiary report?
- Can you classify expenditures as either a cost that is accounted for at a school's location, a centrally managed school cost, or a central cost?
- Taking inventory and self-diagnostic of your LEA reporting capabilities may be a very important place to start.
- See Additional Resources for a link to a good financial readiness tool.



District/Charter Impacts

Continue to Review and Provide Feedback

- Do you have something that you would like to see added?
- Do you see something you think needs to be addressed?
- Did you encounter something in your policies and procedures drafting?
- Reach out to your Executive Budget Analyst or myself for technical assistance.
- We can guide you and leverage your lessons learned the way we have done during the whole development process.
- We can discuss how to provide additional training or updates to guidance as needed.



District/Charter Impacts

Other Reminders

- PLEASE DO NOT TRY AND UPLOAD LOCATION CODE INFORMATION INTO OBMS.
- This functionality is not operational.
- It will kick your budget or actuals report out.
- You are only to track this information in your general ledger/a=financial information system.
- The guidance requires the LEA to be the repository of the supporting PPE calculation data.
- As such, you will need to save historical information on this (i.e. if you change systems, please retain your data).



Conclusion

Appreciation

- Input from NMASBO members and the Board has been tremendous.
- The guidance in its current form would not have been possible without your input.
- Any additional input you have will be well received.
- We appreciate your patience with the shifting legal framework for PPE reporting.
- We are trying to find the least burdensome methodology that works for everyone and without out everyone pitching in we are working in a vacuum.
- QUESTIONS?



Links

- New ESSA Law:
<https://legcounsel.house.gov/Comps/Elementary%20And%20Secondary%20Education%20Act%20Of%201965.pdf>
- Financial Reporting Readiness Tools:
<https://statesupportnetwork.ed.gov/resources/financial-transparency-and-reporting-readiness-assessment-tool>
- Financial Transparency Working Group recommendations:
<https://edunomicslab.org/interstate-financial-reporting/>