



**TO:** The Honorable the Members of the Board of Regents

**FROM:** John L. D'Agati *John L. D'Agati*

**SUBJECT:** ESSA Financial Transparency Requirement for the 2018-19 School Year

**DATE:** May 28, 2020

**AUTHORIZATION(S):** *Sharam L. Tahaee*

## SUMMARY

### **Issue for Discussion**

Department staff will present a summary of the Every Student Succeeds Act (ESSA) Financial Transparency reporting requirement for the 2018-19 school year and present next steps in the process.

### **Reason(s) for Consideration**

For information.

### **Proposed Handling**

Not applicable.

### **Procedural History**

At its May 4, 2020 meeting, the Board of Regents adopted §170.14 of the Regulations of the Commissioner of Education to implement the financial transparency reporting requirement for all local educational agencies in the federal ESSA.

### **Background Information**

The ESSA requires that every school district and charter school submit a financial transparency report for inclusion in its report card that provides "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," beginning with actual expenditures from the 2018-19 school year for school districts

and the 2019-20 school year for charter schools.<sup>1</sup> The United States Education Department (USED) has provided states with significant flexibility to develop these reports in a way that meets the individual needs of the state. As a result, every school district and charter school in New York State will report per pupil expenditures, disaggregated for each school, pursuant to the regulations and guidelines promulgated by USED.

This requirement under ESSA will provide important opportunities for school districts, parents, taxpayers, the State, and other stakeholders to cultivate a better understanding of school finances and help spur local discussions about transparency, equity, accountability, confirmation of best practices, and opportunities for improvements in financial management and educational programming.

Over the past two years, the Department has undertaken a rigorous approach of outreach to stakeholders to develop a report template and uniform guidance in submitting expenditure data. Preliminary draft guidance was published in May 2019, and many stakeholders reviewed the document and provided additional feedback that has been reflected in the final adopted regulation and NYSED's guidance.

School districts were required to submit the required financial data by March 1, 2020, based on guidance NYSED released with the proposed regulation at the beginning of 2020. A majority of school districts met the March 1 deadline, with the vast majority of districts submitting their data within a few weeks after March 1. NYSED staff have been reviewing data and asking districts to clarify and/or correct fidelity issues. This work was completed in mid-May.

Due to ongoing constraints stemming from the COVID-19 pandemic, the final report will be rolled out to the public in multiple phases. The first phase will incorporate the basic financial data required by ESSA, with some additional contextual information. The second phase will incorporate additional contextual information, as well as statewide average information.

The report will be divided into the following sections, which will provide the required expenditure data, as well as important contextual information to inform the reader of each school and school district's financial and student needs:

### **Phase 1 (June Report)**

- **District-level context:** District enrollment, student needs, and fiscal capacity;
- **School-level context:** School enrollment, percentage of economically disadvantaged students, students with disabilities, and English language

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<sup>1</sup> Charter schools currently report actual expenditure data pursuant to section 119.3 of the Commissioner's regulations, which satisfies the ESSA financial transparency reporting requirements for the 2018-19 school year. Charter schools shall begin reporting actual expenditures pursuant to the process outlined in the proposed amendment commencing in the 2019-20 school year, and a separate regulation to propose an amendment to Section 119.3 will be presented to the Board of Regents tentatively in July of 2020.

learners/multi-language learners (ELL/MLLs), student ethnicity, and percentage of teachers with 0-3, 4-24, and 25 or more years of experience;

- **Per-Pupil Expenditures by Instruction/Administration/Other:** School-level and district-level expenditures, including costs for classroom teachers, other instructional salaries and benefits, and administrative salaries and benefits;
- **Per-Pupil Expenditures by Local/State and Federal funding sources:** School-level and district-level expenditures, including details for Title I Part A, Title II Part A, Title III Part A, Title IV Part A, IDEA, and all other federal funds;
- **Per-Pupil Expenditures in selected program detail areas:** School-level and district-level expenditures, including special education, ELL/MLL services, pupil services, community schools programs, BOCES services, and prekindergarten;
- **Total Expenditures and Funds Excluded from Per-Pupil Expenditures:** Total dollars expended, including items excluded from the per-pupil amounts such as transportation, charter school tuition, other tuition, debt service, and other categories; and
- **District Average Fringe Benefit Rates.**

## **Phase 2**

- **School-level Context:** Certified teacher-to-student ratio and average years of teacher experience;
- **Cost drivers:** Student need, fiscal capacity, and regional costs;
- **Total Per-Pupil Expenditures:** School-level expenditures, compared to other schools with similar grades served across the State, county, and school district, where applicable; and
- **School District and Charter School-Developed Website Link:** A link for readers of the report to go to the school district or charter school website for a page developed exclusively for providing additional important information related to this reporting.

Phase 1 of the report will be published on June 10, 2020. Elements included in Phase 2 will be rolled out in the reports at a later date.

## **Related Regents Items**

### **May 2018 Board Update**

(<https://www.regents.nysed.gov/common/regents/files/Full%20Board%20-%20Monday%20--%20Every%20Student%20Succeeds%20Act%20Financial%20Transparency%20Requirement.pdf>)

### **April 2019 Board Update**

(<https://www.regents.nysed.gov/common/regents/files/419p12d1.pdf>)

#### **April 2019 Board Update - PowerPoint Presentation**

(<https://www.regents.nysed.gov/common/regents/files/P-12%20Education%20-%20Every%20Student%20Succeeds%20Act%20-%20Financial%20Transparency%20Requirement.pdf>)

### **July 2019 Board Update**

(<http://www.regents.nysed.gov/common/regents/files/719p12d2.pdf>)

#### **July 2019 Board Update - PowerPoint Presentation**

(<http://www.regents.nysed.gov/common/regents/files/P-12%20Education%20-%20Every%20Student%20Succeeds%20Act%20Financial%20Transparency%20Requirement.pdf>)

### **January 2020 Board Update**

(<https://www.regents.nysed.gov/common/regents/files/120p12a3revised.pdf>)

#### **January 2020 Board Update - PowerPoint Presentation**

([https://www.regents.nysed.gov/common/regents/files/P-12%20-%20Every%20Student%20Succeeds%20Act%20Financial%20Transparency%20Requirement\\_0.pdf](https://www.regents.nysed.gov/common/regents/files/P-12%20-%20Every%20Student%20Succeeds%20Act%20Financial%20Transparency%20Requirement_0.pdf))

## **Recommendation**

Not applicable.

## **Timeline for Completion**

Not applicable.