



# FISCAL TRANSPARENCY: Reporting requirements and what we are currently doing

Stakeholder Meeting

October 25, 2018



# Ten Minnesota Commitments to Equity

**1. Prioritize equity.**

**2. Start from within.**

**3. Measure what matters.**

**4. Go local.**

**5. Follow the money.**

**6. Start early.**

**7. Monitor implementation of standards.**

**8. Value people.**

**9. Improve conditions for learning.**

**10. Give students options.**

The condition of justice, fairness and inclusion in our systems of education so that all students have access to the opportunities to learn and develop to their fullest potentials.

# Equity-Focused Guiding Questions

- **What groups are impacted by the decision and what is the nature of the impact? Groups may include:**
  - Students of color and American Indian students
  - Ethnic background
  - Lesbian, gay, bisexual and transgender students
  - Students with disabilities
  - Students in poverty
  - English Learners
  - Gender
- **What are the potential positive, neutral or harmful impacts on the identified groups?**
- **Have representatives from these groups been collaboratively engaged on the decision?**
- **How will the decision advance equity, address structural barriers, and reduce or eliminate disparities?**

# Grounding Questions

- Who is primary audience? Who will be using this fiscal data?
- Why is fiscal data important in telling the story of a school?
- How can parents and educators use fiscal data to inform decision-making to better support students?

# What does ESSA say about fiscal transparency?

- The report card is required to 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.”*

- Implementation delayed until the 2018-2019 school year, due to the technical challenges associated with meeting this requirement.

# Example meeting minimum ESSA requirements

<b>FISCAL YEAR 2019 EXPENDITURE PER STUDENT BY SITE REPORT</b>				
<b>DISTRICT:</b>	<b>Site #1</b>	<b>Site #2</b>	<b>Site #3</b>	<b>District Total</b>
<b>Number of Students</b>	400	500	1000	1,900
<b>Site-Level Expenditure / Student:</b>				
Federal	500	800	700	684
State / Local	8,500	9,200	8,800	8,842
<b>Total</b>	<b>9,000</b>	<b>10,000</b>	<b>9,500</b>	<b>9,526</b>
<b>Site Share of District-Wide Expenditure / Student:</b>				
Federal	200	200	200	200
State / Local	1,000	1,000	1,000	1,000
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
<b>Total School Expenditure / Student</b>	<b>10,200</b>	<b>11,200</b>	<b>10,700</b>	<b>10,726</b>
<b>Total School Expenditures</b> (Expenditure /Student x number of Students)	<b>4,080,000</b>	<b>5,600,000</b>	<b>10,700,000</b>	<b>20,380,000</b>
<b>Excluded Expenditures</b> (e.g., Debt service, building construction, community education)				<b>4,000,000</b>
<b>Grand Total District Expenditures</b> (Ties to district financial statements)				<b>24,380,000</b>

# What does Minnesota law say?

## Revenues and expenditures by building:

- Districts must maintain separate accounts in UFARS for instructional, support service and administrative expenditures at each building.
- Salary expenditures reported by building must reflect actual salaries, not districtwide averages.
- MDE must annually report on its website:
  - per pupil expenditures by major program category for each building, and
  - revenues generated by pupils at each building
- On MDE web site under Data Center > Data Reports and Analytics > School Finance Reports.



# Example meeting minimum state requirements

<b>FISCAL YEAR 2019 EXPENDITURE PER STUDENT BY SITE REPORT</b>			
DISTRICT:		Site: (one page per site)	
Number of Students:			
Program Category	Site-Level Expenditure / Student	Site Share of District-Wide Expenditure / Student	Total Expenditure / Student
District Level Administration			
School Level Administration			
Regular Instruction			
Career and Technical Instruction			
Special Education			
Student Activities and Athletics			
Instructional Support Services			
Pupil Support Services			
Operations & Maintenance and Other			
Student Transportation			
Subtotal - General Fund Operations			
Capital Expenditures			
Total - General Fund			
(Ties to General Fund Totals on District Financial Statements)			
(Other Funds Excluded - e.g., food service, debt service, building construction, community education)			

# Comparing state and federal requirements

- **ESSA:** Expenditures broken down by funding source but not by program.
- **State of Minnesota:** Expenditures broken down by program but not by funding source.
- **Both** require salaries to be reported based on actual salaries of staff at each building rather than using district average salary per staff member.
- These are **minimum** requirements.

# What would meeting both sets of requirements look like?

- **To meet both federal and state requirements, a report would need to include both:**
  - A breakdown by funding source (federal vs. state/local)
  - A breakdown by program

# Example meeting both sets of requirements

FISCAL YEAR 2019 EXPENDITURE PER STUDENT BY SITE REPORT					
DISTRICT:		Site: (one page per site)			
Number of Students:					
Program Category	Site-Level Expenditure / Student		Site Share of District-Wide Expenditure / Student		Total Expenditure / Student
	Federal	State / Local	Federal	State / Local	
District Level Administration					
School Level Administration					
Regular Instruction					
Career and Technical Instruction					
Special Education					
Student Activities and Athletics					
Instructional Support Services					
Pupil Support Services					
Operations and Maintenance and Other					
Student Transportation					
Capital Expenditures					
Subtotal - General Fund					
Food Service Fund					
<b>Total School Expenditure / Student</b>					
<b>Total School Expenditures</b>					
(Expenditure /Student x number of Students)					
<b>Excluded Expenditures</b> (e.g., Debt service, building construction, community education)					
<b>Grand Total District Expenditures</b> (Ties to district financial statements)					

# UFARS Data Source

- In 1977, Minnesota implemented the **Uniform Financial Accounting and Reporting Standards (UFARS)** for reporting district revenues, expenditures, and fund balances.
- Modified accrual accounting:
  - recognizes revenues when they are both measurable and available, and
  - recognizes expenditures when liabilities are incurred.
- Multi-dimensional system, with six codes recorded for each transaction:

Fund

Organization/Site

Program

Finance

Object/Source

Course

- The Finance dimension is used to record both revenues and expenditures for categorical programs that require separate accounting.
  - All expenditures from federal sources are tracked using finance codes, which can be used to distinguish expenditures using federal funds from expenditures using state / local funds.
  - Finance codes are used for some state/local categorical programs, but not for general-purpose revenues, and the source of funds (state or local) is not tracked separately, so we are generally unable to identify which expenditures are made using state funds versus local funds.
- Data reported to MDE are summary level data by account code.
- MDE does not receive UFARS data from school districts on individual transactions or salaries of individual staff members.

# MARSS Student Data System

- Minnesota collects data on each individual student through the **Minnesota Automated Reporting Student System (MARSS)**.
- Data collected include both enrollment at a certain point in time, and Average Daily Membership (ADM), which is the average number of students enrolled throughout the school year.
  - ADM is used for most purposes because it provides the most accurate measure of the number of students served throughout the school year.
  - Enrollment is used for certain purposes, such as calculation of compensatory revenue based on free and reduced lunch counts for students enrolled on October 1, and special education child counts for students enrolled on December 1.
- ADM is currently used as the student count for state per pupil expenditure reports.

# The School District Consolidated Financial Statement

Minnesota Statutes 123B.77 , Subd. 1a.

*The commissioner...shall develop and maintain a school district consolidated financial statement format that converts uniform financial accounting and reporting standards (“UFARS”) data...into a more understandable format.*



# The School District Consolidated Financial Statement

- District-level data (not by school building), for two fiscal years.
- For the school district general fund, shows:
  - Sources of funds (revenues), broken down into local, state and federal
  - Uses of funds (expenditures), broken down personnel/nonpersonnel within each major program category
  - Fund balances
  - Per student expenditure by major program category
  - Students served per licensed instructional staff
- For other funds, shows total sources of funds, total uses of funds, and fund balance.
- MDE website: [Data Center > Data Reports and Analytics > School Finance Reports](#).

# What approach should we use to meet requirements?

- Should MDE create one combined report or separate reports to meet federal and state reporting requirements?
- Should there be a summary report with key information, linked to a more detailed report for those who would like more details?
- If a summary report is used, what are the key pieces of information that should be included?
- Should the reports include only the minimum required information, or should additional information be added?
- If additional information should be added, what types of information would be most helpful?

# Upcoming Meetings

Tuesday, November 13  
6 - 7:30 pm  
Room CC16, MDE

## Agenda

What should the report look like?

Thursday, December 13  
6 - 7:30 pm  
Room CC 15 & 16, MDE

## Agenda

Wrap Up and Next Steps

Questions?

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