In the first paper in this series, we outlined a data inventory process that state education agencies (SEAs) can use to meet the new Every Student Succeeds Act (ESSA) financial transparency requirement: reporting spending by school. (Of course, SEAs can also use the process to meet their own transparency goals.) Accounting for and reporting spending by school will be a new challenge for many states where finances are not currently tracked or reported by school.

In the sections below, we lay out some ways states can acquire the spending data they need if they do not yet have full access to financial information by school, and outline next steps SEAs can take once they have the necessary data. Ultimately, this document is intended to help position SEAs to move beyond taking inventory of the data to taking action based on what the data reveal.

**STEP 1: GAINING SEA ACCESS TO SCHOOL-LEVEL SPENDING DATA**

SEAs will need to move quickly in order to obtain data. Doing so will likely require one of the following:

**Already have data** (Lucky You!) Some SEAs maintain expenditure data coded by school, and accessing data is a matter of logging into the system.

**SPECIAL CONSIDERATIONS:**
- SEA data reduces chance for error.
- Next step: explore data to gauge portion of expenditures coded by site.

**Ask LEAs for electronic files** LEAs may already capture school-level data or have salary files that can be used to create school-by-school expenditures. F-33 (School District Finance Survey) data can be used to determine remaining LEA expenditures to add in for a more complete spending picture.

**SPECIAL CONSIDERATIONS:**
- SEAs can check LEAS coding errors.
- A potentially solid interim strategy until SEAs mount their own school-level data inventory systems.

**Survey LEAs** If electronic files are too inconsistent or insufficient, the next-best option is to survey LEAs with either a custom-made survey instrument or the tested School-Level Finance Survey (SLFS). Any survey must include break-out of expenditure by school.

**SPECIAL CONSIDERATIONS:**
- Uniformity will be higher if there is common COA.
- Variation in LEA interpretation may introduce errors.

**Longer term option** SEAs can build a state-wide school-level financial accounting system that includes a COA with a location code and a mechanism to integrate data into one network with state access.
STEP 2: INVOLVING LEAS EARLY AND OFTEN

States that have had the most success implementing transparent financial reporting systems to date credit that success to engaging LEAs early and often. SEAs have many ways to communicate and work with LEAs throughout the system creation, data collection, analysis, and reporting processes.

Specific options that have proven successful include the following:

- identifying multiple opportunities to communicate the financial reporting requirement to LEAs, such as regular emails, newsletters, or webinars;
- creating a working group or adding the financial transparency requirement as an agenda item to another standing meeting; and
- sharing data runs and seeking feedback to improve LEA financial reporting.

STEP 3: AGGREGATING AND EXPLORING DATA, THEN ACTING ON THE DATA

SEAs do not need a complete dataset to begin the analysis stage. States can use the template below to guide initial aggregation efforts and explore a subset of districts and/or schools within districts. How SEAs choose to aggregate their data will set in motion a domino effect: Such choices will shape what SEAs report at the school level, which in turn will shape local and state reactions to—and subsequent action on—the spending patterns the data reveal.

As the template below illustrates, data aggregation can reveal disparate spending across schools in the same district and across districts within the state.

<table>
<thead>
<tr>
<th>School district: Central District</th>
<th>School district: Valley District</th>
<th>School district: Charterama LEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maple Elementary</td>
<td>Ceder Elementary</td>
<td>LEA average</td>
</tr>
<tr>
<td>Federal dollars</td>
<td>$1,101</td>
<td>$432</td>
</tr>
<tr>
<td>State &amp; local dollars</td>
<td>$8,722</td>
<td>$7,759</td>
</tr>
<tr>
<td>School total</td>
<td>$9,823</td>
<td>$8,191</td>
</tr>
<tr>
<td>LEA level</td>
<td>Federal dollars</td>
<td>$421</td>
</tr>
<tr>
<td>State &amp; local dollars</td>
<td>$4,597</td>
<td>$4,597</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$14,841</td>
<td>$13,209</td>
</tr>
</tbody>
</table>

SEAs can draw on these early analyses to do any number of the following:

- revise data collection as needed (to collect missing data or report further detail);
- determine what level of detail makes the most sense for the school-level reports;
- develop communications and reporting standards (such as notes about exclusions or enrollment that impact school spending reports); or
- build capacity among LEAs to respond to stakeholder concerns or questions that will likely arise from disaggregation.

Existing analyses within states often reveal a range of expenditures accounted for at the school level. In three recent Edunomics Lab analyses we found a range of results. Our examination of three districts in Rhode Island showed 65 percent to 89 percent of expenditures were accounted for at the school level. Our analysis of two Wyoming districts revealed a range of 77 percent to 81 percent, and our analysis of one Colorado district demonstrated that 78 percent of expenditures were coded to the school level. This prompts thoughts about the complex task ahead for SEAs to collect and aggregate data in order to meet the ESSA school-level spending reporting requirement as well as accomplish its own transparency goals.

Guiding Questions

States are likely to have many questions as they grapple with both the complex task of disaggregating spending to the school level and how best to act on what they find. Below are five fundamental questions SEAs can ask as a starting point to guide their work:

1. What expenditure types typically cause problems when parsing to the school level (e.g., food services, Junior Reserve Officer Training Corps, facilities, debt)?
2. How much of an LEA’s total expenditure is already accounted for by school?
3. How much consistency already exists across LEAs and schools?
4. What equity issues emerge from the data patterns in school-by-school spending?
5. Are LEAs or SEAs best positioned to answer questions about school-level expenditures?