

The ESSA New Requirement for Financial Transparency

States are required to annually report per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel expenditures, disaggregated by source of funds, for each local educational agency and EACH SCHOOL in the state for the preceding fiscal year.

Why is this new requirement such a big deal?

For years we've measured student outcomes by school, but haven't had the financial data to know how much is *spent* on behalf of each school. Accounting for and reporting spending by school will be a new challenge for many school districts where finances aren't currently tracked or reported by school. Often districts create budgets by allocating *staffing* positions to schools, not dollars, and then report total spending by district, not school.

Also of interest is what the financial data will show, particularly as it relates to equity. In many places, the new financial transparency will likely reveal that some schools receive a greater share of the district's dollars than other schools in the same district. For instance, the transparency requirement may reveal spending differences that result from uneven teacher salaries (where one school has higher spending due to a preponderance of more senior teachers). Districts will need to understand why and how the patterns happened as the data are made public.

The real upside of the requirement is that it presents an opportunity for SEAs to build an information system that helps schools/districts leverage their dollars to do the most for students. School and district leaders will be able to see what kinds of spending work best with different student populations and schooling contexts, and can benchmark their own progress toward getting the most for the dollars they have. Toward this end, the goal for states isn't only to promote a focus on equity, but also to build a useful tool and interface that have the effect of driving productivity improvements across the entire schooling system.

What support BSCP Center can provide toward meeting the financial requirements?

Given that the Edunomics Lab (a BSCP Center partner) has done substantial work on financial transparency systems, we are well poised to assist SEAs and regional labs on meeting this requirement.

Existing materials:

- Published paper: Edunomics Lab has a report on state information systems to support productivity which can help SEAs understand the relevance of such a system for supporting improvements throughout the state's schools.
- <http://www.bscpcenter.org/resources/publications/AStateInformationSystemtoSupportImprovementsinProductivity.pdf>
- Webinar: Edunomics Lab also hosted a webinar designed to help SEA leaders understand the value of such an information system. <https://vimeo.com/157633524>

Working Group (pilot of 7-10 states)

- For states wanting to be on the front end of meeting the requirement, with some capacity to tackle the issue, and better datasets, we will host a working group starting September 2016. BSCP Center expert partner Edunomics Lab will:
 - 1) Provide cross-state TA on the requirements, opportunities, likely models, data structures, etc. through phone/virtual meetings, webinars, and summary information;
 - 2) Inventory state's existing financial datasets to identify missing elements.

Proposed Timeline (*subject to change*)

- Dissemination of the State report cards no later than December 31 each year, beginning with report cards based on information from the 2017- 2018 school year. Likely some states will be able to apply for extensions.