

## **Response to USDE Common Core of Data School-Level Finance Survey Request for Information**

The United States Department of Education (USDE) has proposed making an existing collection process, the School-Level Finance Survey (SLFS), mandatory. Due to fiscal and policy concerns about this optional collection process, many states have not participated. For those states, requiring this collection is a new mandate. I strongly advise against continuing in its present form.

New York State annually provides to USDE and the U.S. Census Bureau financial data at the State Level under the National Public Education Financial Survey (NPEFS), at the LEA level under the Annual Survey of School System Finances (F-33) Survey, and at both the LEA and school level under the Every Student Succeeds Act (ESSA) provisions on per pupil expenditure reporting.

The NPEFS survey collects approximately 200 fiscal items by state. To produce this data set, New York State created a crosswalk between the chart of accounts (the ST-3) established and maintained by the Office of the State Comptroller (OSC). This crosswalk rolls up thousands of account codes and objects of expenditure across multiple funds to provide consistent and reliable state level data.

The F-33 process collects hundreds of thousands of entries from the ST-3, for each school district and the closest analogue available for each charter school. To produce this data, New York invests a significant amount of time from its fiscal experts to prepare a large file to provide to the Census Bureau. The Census Bureau crosswalks this file to the chart of accounts utilized by the F-33.

The ESSA Financial Transparency (ESSA FT) process starts with detailed guidance on how to report expenses in each ST-3 account code and objects of expenditure within the general and other funds. Guidance is also provided to charter schools to report elements of their audited financial statements. Districts and Charter Schools must report more than 30 elements per school and double at the LEA level.

All of this adds up to a substantial body of financial data, available at each level, for USDE. Aside from the very meaningful burden on each LEA and SEA, these data elements give a very close look at the way in which the state allocates funds to each LEA, the way in which each LEA allocates funds among schools, and the level of revenue and expenditure at each level.

### **General concerns**

New York State has an existing chart of accounts, established by OSC. This chart of accounts is utilized by all municipalities in New York, from city and county governments to school and fire districts. The chart of accounts is designed to accommodate the needs of all types of municipalities across New York. The NY SEA has neither the ability nor authority to change the existing chart of accounts to match the proposed collection. New York and its LEAs lack the capacity to maintain two separate charts of account.

A crosswalk between the existing New York chart of accounts and the one used for F-33 and CRDC would lead to less accurate information than is provided in the ESSA FT data collection. New York spent several years working with LEAs and other agencies to generate a crosswalk between the ST-3 and the ESSA FT collection. Due to the flexibility within the ST-3, it is a permissive crosswalk that offers multiple options

for reporting certain expenses. This flexibility cannot be reflected in a crosswalk done at a state or federal level.

Charter Schools in New York State do not report ST-3 level data. Charter schools submit audited financial statements, which are not aligned to either the F-33 or the ST-3. Requiring the level of detail that is sought in this proposed data collection is likely to increase non-submittal rates among all LEAs for both this process and existing data collections, including the ESSA FT process.

New York has neither the staff nor systems capable of collecting, reviewing, and tracking well over 3,000 individual ST-3 items annually for approximately 5,000 schools and LEAs. New York will be unable to comply with this requirement for many years.

LEAs in New York do not have the capacity produce another rollup of school level financial data. This would require tagging all account codes at a school level and to aggregate the data based on the F-33 accounts differently than is done under the ESSA FT requirement. This approach would more than double the work of ESSA FT and undermine the reliability of both.

The use case for this data is unclear. Of the data collected through this process voluntarily, only [two years of data tables have been published](#) and both many years after the collection process. The ESSA FT data is more timely and complete. Inequity is evident in existing data collections, including at a school level through the ESSA FT data sets.

### **General recommendations**

USDE should utilize existing data collections in lieu of imposing a new collection process. The most appropriate existing collection is that of the ESSA Financial Transparency requirement. This data set has several years of history and both SEAs and LEAs have done the work to align this reporting requirement with the existing chart of accounts. This experience makes the data more reliable.

If USDE decides to go forward with requiring this school level reporting in the account codes that match the F-33, USDE should consider the following:

- This newly require data collection must replace all existing NPEFS, F-33, and ESSA FT federally mandated collections. The proposed data collection may be aggregated by USDE to the state level to replace NPEFS, the LEA level to replace the F-33, and kept at the school level to replace the ESSA FT data and reports. This decision must be made up front while LEAs and SEAs reconfigure data systems and charter of accounts, and not deep into the process or after-the-fact in order to avoid millions in needless costs. Collecting and reporting multiple inconsistent school level expenditure reports is simply not feasible for LEAs or SEAs.
- SEAs and LEAs must have at least the same runway as was provided for the ESSA FT data. The Every Students Succeeds Act was signed into law late in 2015. The first year of final expenditure data to be reported was for the 2018-19 school year. The data collection was completed in the Spring of 2020—about 4.5 years from enactment. This gave SEAs and LEAs sufficient time to undertake this very significant work. A single year where existing ESSA FT data may be submitted in lieu of this new requirement is insufficient and will not result in comparable or usable data.

- USDE must commit to a regular release schedule. The delay and frequency of the existing SLFS data set makes it of little use to policymakers and researchers.

For these reasons, as well as reasons raised by others in comment, I oppose mandatory SLFS reporting as presently proposed.

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Concerned Citizen