



**CALIFORNIA DEPARTMENT  
OF EDUCATION**

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To the U.S. Department of Education:

Subject: Common Core of Data (CCD) School-Level Finance Survey (SLFS) 2022–2024 (OMB Control Number: 1850-0930)

The California Department of Education (CDE) appreciates the opportunity to review and comment on the Common Core of Data (CCD) School Level Finance Survey (SLFS) 2022-2024 as proposed in the Federal Register, Volume 88, on February 23, 2023. California has not participated in the voluntary SLFS in operation since 2014; this data collection would be a new requirement for CDE and the local educational agencies (LEA) in California.

Below is the CDE's response to the issues outlined in the Federal Register.

**Issues Outlined in the Federal Register**

**Issue #1: Is this collection necessary to the proper functions of the Department?**

The proposed SLFS data collection is duplicative of the Elementary and Secondary Education Act (ESEA) existing school level financial data collection, Every Student Succeeds Act Per-Pupil Expenditure (ESSA PPE) data collection, and it will place additional reporting burdens on LEAs and state education agencies (SEA). While the CDE embraces the concept of fiscal transparency and believes that equal educational opportunity is a fundamental civil right, the CDE believes that an additional data collection to capture school-level expenditures in more detail than the current federally mandated ESSA PPE collection is unnecessary, because the existing data collection already addresses the need that has been identified to substantiate the need for the SLFS. Additionally, financial data alone will not provide a valid measure of educational opportunity due to the data limitations CDE delineates below.

Schools are unique and diverse due to their need to be responsive to the needs of their communities. Spending may differ for several legitimate reasons. As examples:

- Some schools provide a “magnet” curriculum that attracts pupils with particular interests. That curriculum may involve greater or lesser costs than the curricula in other schools.

- Sometimes pupils are transported to another school for part of a day to participate in a particular program such as music. The costs of that school might appear more significant than the schools from which those pupils come.
- Some schools have a higher concentration of more costly classes, such as special education, than others. Even though there is the possibility of excluding special education costs from the comparison between schools, some schools serve special education pupils within the regular classroom, incurring higher costs than schools that do not, and those incremental costs are not easily identified.
- A school might incur higher substitute teacher costs because of a health epidemic that impacted only that school. However, that additional cost does not reflect a better educational opportunity for pupils.
- Even equal spending does not assure equal value. For example, a school could hire ten teachers earning \$120,000 each for the same cost of hiring fifteen teachers earning \$80,000 each, but class sizes would differ considerably.

The CDE believes that reviewing ESSA PPE data in conjunction with other pre-existing data collections would be a better measure to determine equity and educational quality.

## **Issue #2: Will this information be processed and used in a timely manner?**

The U.S. Department of Education's (ED) timeline for releasing financial data makes it hard for California LEAs to benchmark our data against that of others for use in continuous improvement. For communities to be able to constructively use this data to improve their delivery of services to students, the data needs to be released more quickly.

## **Issue #3: Is the estimate of burden accurate?**

The National Center for Education Statistics (NCES) is significantly underestimating the cost burden both at the SEA and LEA level to report SLFS data as well as under appreciating the reporting challenges.

California LEAs currently self-report school-level data to meet federal ESSA PPE reporting requirements. Furthermore, the amounts reported by California LEAs are calculated manually by the LEA, as the CDE does not require LEAs to track and report expenditures at the school level. Should the SLFS proposal move forward, CDE would take a similar reporting approach as the ESSA PPE because it is not feasible to modify the SACS financial reporting system used by LEAs in order to report school-level financial data given the considerable cost and resources that would be required. CDE would still need to develop a software application for LEAs to report SLFS data, provide

technical assistance to LEAs, and manage the data collection and submission process for over 1,900 reporting entities reporting for over 10,000 school sites.

Additionally, LEAs will incur time and cost to prepare SLFS data and report to CDE, which could be a significant burden depending upon the number of school sites in the LEA. The magnitude of these costs cannot be quantified as LEAs in California operate and manage their financial systems at the local level. In some cases, LEAs may need to make modifications to their local financial systems to be able to report SLFS data. For example, the five largest California LEAs (measured based on the number of school sites) have a combined total of almost 1,200 school sites. In contrast, the LEAs with the least number of school sites (829 LEAs) have almost 900 school sites.

Regardless of size, California's LEAs are experiencing severe staffing shortages and a lack of experienced business staff that would be responsible for this new workload. Local capacity continues to focus on pandemic recovery efforts, which includes Education Stabilization Fund (ESF) data collection and reporting requirements, as well as other state required financial data reporting requirements for new educational programs that have been recently enacted by the California Legislature. Consequently, if the SLFS were to continue as proposed, there would be high costs and additional burdens because site-level accounting and reporting are currently only required at the level necessary for ESSA PPE and with limited local resources available to meet the new requirements there may be a high probability of inaccurate reporting.

#### **Issue #4: How might the Department enhance the quality, utility, and clarity of the information to be collected?**

For ESSA PPE, there are no standardized protocols for attributing expenditures to individual schools. Due to the lack of standardized protocols for how ESSA PPE school-level expenditures are determined, schools, districts, and states have adopted various methods for determining PPE. As a result, the comparability and reliability of the resulting data are compromised as a basis in decision-making.

To avoid similar issues with the SLFS data collection, NCES should develop standardized protocols for reporting these data. This would require careful consideration of several important questions, with extensive input from local, state, and federal experts to make the data meaningful, which has not been done. Even if protocols were developed for determining school-level expenditures, those protocols would still only provide a degree of consistency in costs **attributed** to a school site. They would not provide an accurate measure of costs **actually incurred** at that school site. Attribution of expenditures to the school site level, no matter how elegant the method, does not produce school-level expenditures that are "real." Those expenditures would represent a very flawed basis for important conclusions on matters such as disproportionality.

Furthermore, California *Education Code* sets forth the minimum financial reporting requirements for charter schools, which does not align with the reporting requirements being proposed for SFLS data. The level of detail for the SLFS is greater than the minimum financial reporting that most charter schools in California utilize. To incorporate charter schools financial reporting requirements to comply with the proposed SLFS data collection, the CDE will need to do extensive consultation with stakeholders and, ultimately, propose reporting changes to the California Legislature.

**Issue #5: How might the Department minimize the burden of this collection on the respondents, including through the use of information technology?**

As the state with the most extensive education system in the country, should the NCES move forward with the mandatory SLFS data collection, the CDE urges adequate time be provided to the SEAs to implement, sufficient federal resources be provided, and clear federal guidelines be established.

SEAs that have not previously participated in the voluntary version of this data collection, like California, should be given time to appropriately prepare at the state and local level. California has over 1,900 LEAs that would need to complete the SLFS and over half of those are charter schools. Given the complexity and size of California and the challenges described above with relation to the reporting of charter school data, CDE requests an adequate implementation timeline be allowed prior to collecting data. This would allow adequate time to create a new LEA reporting data collection system, provide lead-time and training to LEAs, and address charter school financial reporting.

Thank you for the opportunity to provide comments on this important topic. If you have any questions regarding this letter, please contact John Miles, Education Fiscal Services Administrator, Fiscal Oversight and Support Office, by e-mail at [JMiles@cde.ca.gov](mailto:JMiles@cde.ca.gov).

Sincerely,

Elizabeth Dearstyne, Director  
School Fiscal Services Division

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