



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

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MEMORANDUM

DATE: June 21, 2018

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Kyle L. Guerrant, Deputy Superintendent *KG*

SUBJECT: School-Level Expenditure Reporting Under the Every Student Succeeds Act (ESSA)

The Every Student Succeeds Act (ESSA) contains a new requirement that all states' local public school districts (LEAs and PSAs) publish per-pupil expenditures by school building level.¹ Currently, Michigan publishes financial expenditures at the school district level. This requirement goes into effect as districts begin recording expenditures for the 2018-19 school year. The Michigan Department of Education (MDE) will report on expenditures for the 2018-19 school year in spring 2020 within MI School Data.

MDE continues to engage school district business officials on these financial reporting changes, and at this time, MDE is communicating to districts the necessary accounting changes beginning with the upcoming school year. Data quality will also play a vital role in this new financial reporting as calculations of per-pupil expenditures at the school building level will rely on districts using proper school codes when reporting expenditures. This information will be available to the public, and accurate coding will be essential for this data to be meaningful to districts' families, community members, researchers, and other stakeholders. As the 2018-19 school year begins, MDE encourages districts to review their accounting procedures and ensure expenditures attributable to a specific school building are being reported accurately and with the proper school code. Districts will continue submitting financial

¹ Section 1111(h)(1)(C)(x) of the Elementary and Secondary Education Act (ESSA) requires the reporting of: "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."

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data to the Center for Educational Performance & Information’s (CEPI) Financial Information Database (FID). Financial data reported to CEPI will be used to meet this ESSA reporting requirement for both the state and local districts.

For this reporting requirement, Michigan has identified ten categories of expenditures, at a minimum, for districts to report actual school building level expenditures. The Michigan Public School Accounting Manual Referent Group, which consists of school district business officials, auditors/CPAs, and others, provided input on identifying these categories. Since 2003, districts have, at least in part, been submitting school building level expenditures for these ten categories. For five of the identified categories, districts have been reporting a minimum 80 percent of expenditures at the school building level, and for the other five, districts have been reporting 100 percent of expenditures at the school building level. With the new reporting requirement, districts must now report 100 percent of expenditures for all ten categories at the school building level. These ten categories of district expenditures are listed below:

Description	2017-18 Requirement	2018-19 Requirement*
Instruction - Elementary	100%	100%
Instruction - Middle/Junior High	100%	100%
Instruction - High School	100%	100%
Instruction - Pre-Kindergarten	80%	100%
Instruction - Summer School	80%	100%
Instruction - Special Education	80%	100%
Instruction - Compensatory Education	80%	100%
Instruction - Career and Technical Education	80%	100%
School Administration - Office of the Principal	100%	100%
School Administration - Other	100%	100%

*See the [ESSA School-Level Financial Reporting web page](#) on the MDE Website for greater detail on these expenditure categories, including expenditures excluded within the categories.

ESSA has provided states latitude in defining what expenditures to report at the school building level. The selected categories provide financial transparency without a significant new reporting burden for districts. School districts, however, are encouraged to report additional expenditure categories at the building level where appropriate. Districts may want to engage with their families and community members to locally determine any desired additional expenditure categories for school building level reporting. Any additional expenditures submitted to the FID with a school building code will be considered school building level for per-pupil expenditure calculation purposes.

The new financial transparency report will display in MI School Data financial expenditures as per-pupil expenditures based on the Fall Full-Time Equivalency (FTE) count for the district’s school buildings. Calculations will itemize expenditures as site-level expenditures and site’s share of central expenditures for the district. Expenditures without a school building designation will be calculated within the site’s share of central expenditures. There will also be a line item for total expenses

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excluded from reporting. Furthermore, grant codes reported by districts will be used to disaggregate expenditures by source of funds (State/Local and Federal), as required by ESSA.

This memo is the first of several planned communications from MDE and CEPI on the new school-level expenditure reporting. Currently, the focus is the proper accounting of new expenses in the 2018-19 school year. MDE and CEPI will be providing additional guidance, including business rules and opportunities to review and preview district data, as we approach reporting deadlines. Additional information on this change and other updates will be available on MDE's [ESSA School-Level Financial Reporting web page](#).

Questions regarding school-level expenditure reporting and other financial accounting topics may be directed to Christopher May at 517-335-1263 or MayC@michigan.gov.

cc: Michigan Education Alliance