



Charter Schools Institute
The State University of New York



Draft Every Student Succeeds Act (ESSA) 2020 Financial Transparency Guidance For Charter Schools



New York State
EDUCATION DEPARTMENT

Knowledge > Skill > Opportunity

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Introduction

In December 2015, the Every Student Succeeds Act (ESSA) was signed into law as the successor to the No Child Left Behind Act enacted in the early 2000s, as amended by the Elementary and Secondary Education Act. Among a multitude of changes to the education landscape resulting from this federal legislation was the creation of a new financial transparency reporting requirement, whereby all local education agencies (LEAs)¹ would annually provide information about:

“[t]he per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local education agency and each school in the State for the preceding fiscal year.” (*Public Law 114-95, 129 STAT. 1802*)

States have wide latitude in determining how best to achieve compliance with this requirement. This guidance document outlines the expenditure categories that charter schools are required to report, and the procedures for submitting such data through the IRS Data Exchange (IDEx). Subsequent guidance documents will outline the report itself, other included contextual data, and how the data can be used by charter school officials and other stakeholders.

The purpose of this document is to provide charter schools with guidance on the Every Student Succeeds Act (ESSA) Financial Transparency Requirements, beginning with the fiscal year ended June 30, 2020. ESSA requires that all education corporations report actual expenditures at the charter level and management level to help charter leaders, parents, and community members better understand how charters are allocating funds and to help make future decisions on how federal, state, and local funds should be allocated. The state will also use this report to calculate per-pupil expenditures of the education corporation allowing charter school comparison data to be shared across the state. Charter schools will be required to report this data beginning November 1, 2020 using data from the 2019-2020 fiscal year. This document, along with a guided report template (below), will serve as guidance on how all New York State authorized charter schools will fulfill the ESSA reporting requirements. The following guidance provides explanation of each report section and the data needed to complete the ESSA Financial Transparency Report.

¹ The term “local education agency” refers to all public school districts and charter schools (from any authorizer) throughout New York State.

FACTS About ESSA Financial Transparency

- All LEAs in New York State are required to submit reports
- For School Districts, the first year of reported data is actual expenditures for the 2018-19 school year
- The State Education Department secured a 1-year waiver for Charter Schools, so 2019-20 will be the first year of actual expenditures to report.
- Reporting will be uniform for all LEAs and will align with other reporting requirements, such as the ST-3 form and the NYS School Funding Transparency Form

Guiding Principles

In consultation with experts, the field, and others, NYSED has developed a set of guiding principles that served as a foundation for the design of the report and definitions of its components. The guiding principles are shared here to provide additional context for local education agencies to consider when compiling their financial data and may help school officials make determinations in cases where existing guidance fails to anticipate particular contingencies.

- All actual expenditures at school and management level must be reported unless otherwise excluded.
- Each charter school, regardless of the status of the charter's shared governance or affiliation with a network, will submit one individual form. Expenditures that are incurred over multiple charter schools, such as charter management organization functions, must be accounted for in a manner that closely matches the actual expenditures among each school.
- Reports of per-pupil expenditures are intended to provide insight into policy decisions made by charter school leaders and align with the pupil counts being used for the calculation. Expenditures for students that are not included within the pupil counts will, in general, be excluded altogether. For example, capital costs are treated as an excluded expenditure because charter schools are limited in their ability to significantly adjust expenditures because of geographic considerations.
- Calculated total expenditures for the charter school must reconcile with audited financial statements. Charter schools are not required to submit ST-3 level data.
- Fiscal data reporting is by charter, not at the education corporation level for education corporations that operate more than one charter school, the network level, or the site level for charter schools that operate at multiple sites. Some costs may be incurred at a level other than the charter. These costs should be aggregated or disaggregated, following the guidance below.

Completing the Form

Reference Table

The Reference Table provided (on page 8 below) is from the current SUNY audit template spreadsheet required by SUNY for education corporations to report audited financials by charter on an annual basis and due November 1st each year. This form will be used by all charters, beginning in the fiscal year ending June 30, 2020, to submit audited financials for the purpose of ESSA reporting. The functional expense detail is cross-walked to the appropriate category in the ESSA report format. Each bolded number in parentheses below is a reference to this table.

Charter Average Fringe Benefit Calculator

Education Corporations should use the ESSA Fringe Benefit Calculator in the ESSA Financial Transparency Template to calculate an average fringe benefit rate percentage based on the total salary expenditures and the total employee benefit expenditures during the fiscal year. Total employee benefits will be found by summing the Fringe Benefits & Payroll Taxes **(5.8)** line item with any retirement cost expenses for charter school employees in line item **(6.8)**. This number is then divided by the total personnel service costs, or Total Salaries and Staff **(4.8)** line item, to give the charter school an average fringe benefit rate. This percentage will be used throughout the rest of the ESSA report to allocate employee benefits across the spending sections. If a charter school prefers, actual benefits may be used in lieu of the average fringe rate, but this section should be filled out regardless of choice.

Charter Level Spending

This section of the report calculates the total spending of the education corporation at the charter school level. This section does not include any management level expenses. Management level expenses will be calculated in a subsequent section of the report. This section places spending amounts into three categories: Instructional; Administration; and All Other Spending. Each of the sections has a similar structure. Many of the Administration expenses will be captured in the Management Level section of the report except for those directly tied to Program Services. This leaves the Instruction and All Other Spending Categories as the places where most expenses will be captured in this section.

A. Instruction

Under the Instructional category, the charter school will report total classroom salaries **(A1)**, which are made up of the Instructional Personnel costs related to Program Services in the functional expenses **(2.1, 2.2)**. Other Instructional Salaries will be made up of Other Education Instructional Salaries **(2.3)**. These numbers added together are then multiplied by the average fringe rate calculated in the benefit calculator to provide the total Instructional Benefits **(A3.)**. The charter school will also report professional development relating to program services **(17.4)** on **(A4)**. These categories will be combined to provide a total for Charter Level Instructional Spending **(A)**.

B. Administration

Charter Level Administration Spending will be made up of School Admin. Salaries **(B1)**, School Admin. Benefits **(B2)**, and Other School Admin. Expenses **(B3)**. School Admin. Salaries can be calculated by adding the salaries of Administrative Staff Personnel that relate to Program Services **(1.4)**. This number is then multiplied by the average fringe rate to give the School Admin. Benefits. These numbers are then totaled along with any Other School Admin. Expenses to give the Charter Level Admin. Total **(B)**.

C. All Other Spending

The All Other Spending Category will capture the costs of all other salaries, benefits, and any non-personnel expenditures. Non-Instructional Salaries relating to Program Services **(3.4)** will make up the All Other Salaries item **(C1.)**. This number will then be multiplied by the fringe rate to provide the charter a total for All Other Benefits **(C2)**. All Other Non-Personnel Expenditures **(C3)** will include all expenses related to program services that are not salaries or benefits. These will be the Program Services classification of all functional expense items that are not

excluded (7.4, 8.4, 9.4, 10.4, 11.4, 12.4, 13.4, 14.4, 15.4, 16.4, 18.4, 19.4, 21.4, and 22.4). These three categories are combined to provide the All Other Spending total (C).

The Instructional, Administration, and All Other Spending categories are totaled to report a Total Charter Level Expenditure amount (D).

Management Level Spending

As mentioned in the previous section, Management Level Spending will capture the administrative salaries and benefits along with a large portion of other non-personnel expenses that are not allocated at the charter level.

E. Instruction

This category will capture any Instructional Costs that are allocated to the Management Level of the charter school. Classroom Salaries (E1) will be made up of Fundraising, and Management and General Instructional Personnel Salaries (2.7). This total will then be multiplied by the average fringe rate to give the school Management Level Instructional Benefits (E3). Management Level Professional Development (E4) will also be captured in this section. This can be found by adding Fundraising and Management and General Professional Development Expenses (17.7). The sum of these numbers will give the Management Level Instructional Total Expense (E).

F. Administration

Under the Administrative category, Management Salaries (F1) will include the Management and General and Fundraising salaries of Administrative Staff Personnel (1.7) from the functional expenses. This amount will be multiplied by the fringe rate to give the charter a total Management Benefits (F2). These numbers are then summed to provide the Administrative Management Level total (F).

G. All Other Spending

The All Other Spending Category will capture All Other Salaries (G1), All Other Benefits (G2), and All Other Non-Personnel Expenses (G3). All Other Salaries will be made up of Non-Instructional Salaries that fall under the Supporting Services section of the functional expenses (3.7). This will be multiplied by the average fringe rate to come up with All Other Benefits (G2). All Other Non-Personnel Expenses will be calculated by summing the remaining expense categories that are classified under Supporting Services (7.7, 8.7, 9.7, 10.7, 11.7, 12.7, 13.7, 14.7, 15.7, 16.7, 18.7, 19.7, 21.7, and 22.7). The three categories will then be summed to calculate the Total of All Other Spending (G).

The categories in this section are summed to report a Total Management Level Expenditure Amount (H).

Total Charter School and Management Spending

The sum of Charter School Level Spending (D) and Total Management Level Spending (H) makes up Total School and Management Level Spending (I).

Charter Level Local/State/Federal Spending

This section should be completed by the charter school using the school's internal grant Federal/State/Local grant expenditure tracking system. This section should disaggregate

charter school spending by Total Local/State funded expenditures **(J)** and Federally Funded expenditures **(K)**. Expenditures of federal funds are further broken down by the federal title or source.

Management Level Local/State/Federal Spending

This section should be completed by the charter school using the school's internal grant Federal/State/Local grant expenditure tracking system. This section should disaggregate management level spending by Total Local/State funded expenditures **(L)** and Federally Funded expenditures **(M)**. Expenditures of federal funds are not broken down by federal title for management level spending.

Total Charter School and Management Level Spending

The sum of charter school level local/state expenditures **(J)**, charter school federal expenditures **(K)**, management level local/state expenditures **(L)**, and management level federal expenditures **(M)** will sum to total management and charter level spending **(N)**. This value must be equal to Total School and Management Level Spending **(I)**.

Charter Level and Management Level Program Detail Areas

This section will provide further detail for expenses incurred both at the charter and management level. The categories are the same for each section and it allows the charter to report expenses not captured by the categories in the previous sections. The categories in this section include: Special Education **(O&U)** (from the ESSA Financial Transparency Template), ELL Services **(P&V)**, Pupil Services **(Q&W)**, Community Charters Program **(R&X)**, BOCES Services **(S&Y)**, Pre-Kindergarten programs **(T&Z)**.

This data will not be used to calculate the total expenditures at the end of the report. Additionally, this data will not be added together, as a single expenditure may fall under multiple areas. For example, the salary for a special education ELL/MLL teacher would be reported under both special education **(O&U)** and ELL/MLL Services **(P&V)**.

Total Expenditures and Exclusions

This section of the report breaks down expenses that will be excluded from the final per-pupil expenditure calculation, but that is still needed in order to match the charter's total expenditures for the charter year.

The expenditures captured in the exclusion section are: Transportation **(1)**; Other Tuition paid **(3)**; Debt Service **(4)**; and, Other **(5)**.

Two categories will generate the majority of exclusions: Debt Service and Other Debt Service expenditures **(4)** will include the Building and Land Rent/Lease/Facility Finance Interest functional expense line **(11.8)**. The Other category **(5)** will capture expenses not allocated throughout the earlier sections of the report and that are excluded from the per-pupil expenditure calculation. These include Food Service Costs **(20.8)**, Depreciation **(23.8)**, and Other **(24.8)** functional expense line items.

This section will then be summed with Total Charter School and Management Spending **(I)** to calculate a Total Expenditures amount. This amount should closely align to the Audited

Financial Statement. This amount may not equal the total of the functional expenses schedule due to the allocation method of employee benefits utilizing a rate instead of a straight cost allocation. There will be an acceptable collar for the variance between the total expenditures calculated in the ESSA Financial Transparency report and the total expenses in the charter school audited financial statements.

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Reference Table: SUNY Audit Template Spreadsheet

	No. of Positions	Program Services				Supporting Services			Total
		Regular Education	Special Education	Other Education	Total	Fund-raising	Management and General	Total	
		\$	\$	\$	\$	\$	\$	\$	\$
Personnel Services Costs									
1	Administrative Staff Personnel	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8
2	Instructional Personnel	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8
3	Non-Instructional Personnel	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8
4	Total Salaries and Staff				4.4			4.7	4.8
5	Fringe Benefits & Payroll Taxes	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8
6	Retirement	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8
7	Management Company Fees	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8
8	Legal Service	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8
9	Accounting / Audit Services	9.1	9.2	9.3	9.4	9.5	9.6	9.7	9.8
10	Other Purchased / Professional / Consulting Services	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8
11	Building and Land Rent / Lease / Facility Finance Interest	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.8
12	Repairs & Maintenance	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8
13	Insurance	13.1	13.2	13.3	13.4	13.5	13.6	13.7	13.8
14	Utilities	14.1	14.2	14.3	14.4	14.5	14.6	14.7	14.8
15	Supplies / Materials	15.1	15.2	15.3	15.4	15.5	15.6	15.7	15.8
16	Equipment / Furnishings	16.1	16.2	16.3	16.4	16.5	16.6	16.7	16.8
17	Staff Development	17.1	17.2	17.3	17.4	17.5	17.6	17.7	17.8
18	Marketing / Recruitment	18.1	18.2	18.3	18.4	18.5	18.6	18.7	18.8
19	Technology	19.1	19.2	19.3	19.4	19.5	19.6	19.7	19.8
20	Food Service	20.1	20.2	20.3	20.4	20.5	20.6	20.7	20.8
21	Student Services	21.1	21.2	21.3	21.4	21.5	21.6	21.7	21.8
22	Office Expense	22.1	22.2	22.3	22.4	22.5	22.6	22.7	22.8
23	Depreciation	23.1	23.2	23.3	23.4	23.5	23.6	23.7	23.8
24	OTHER	24.1	24.2	24.3	24.4	24.5	24.6	24.7	24.8
Total Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Report Submission Instructions

Coming soon.

Draft of Sample Data Submission Form

ESSA Financial Transparency Report - Charter School Actual Expenditures 2019-2020

for NYS DEPT OF EDUCATION

(Bedcode: 010100870001)

ESSA Financial Transparency Report – Charter School Actual Expenditures

Charter School Average Fringe Rate Calculation

	Amount Spent	Fringe Rate (%)
Total Employee Benefits	5.8 + 6.8	N/A
Other Post Employment Benefits		N/A
Total Employee Benefits for Active Employees	5.8 + 6.8	N/A
Total Personal Service	4.8	N/A
Charter School Average Fringe Rate	N/A	(5.8+6.8)/4.8

Charter School Level Spending

Completion of one charter school level form will satisfy the Federal Every Student Succeeds Act Financial Transparency reporting requirement. Complete guidance on these requirements, including a crosswalk from SUNY Audit Template Spreadsheet to items on this report, is available above in this document

Instruction	Amount Spent
A1. Classroom Salaries	2.1, 2.2
A2. Other Instructional Salaries	2.3
A3. Instructional Benefits	(A1 + A2) * Fringe Rate
A4. Professional Development	17.4
A. Instruction Total	A1, A2, A3, A4
Administration	
B1. School Administrative Salaries	1.4
B2. School Administrative Benefits	B1 * Fringe Rate
B3. Other School Administrative Expenditures	
B. Administration Total	B1, B2, B3

All Other Spending	
C1. All Other Salaries	3.4
C2. All Other Benefits	C1 * Fringe Rate
C3. All Other Non Personnel Expenditures	7.4, 8.4, 9.4, 10.4, 12.4, 13.4, 14.4, 15.4, 16.4, 18.4, 19.4, 21.4, 22.4
C. Total of All Other Spending	C1, C2, C3
Total	
D. Total Charter School Level	A, B, C

Management Level Spending

	Amount Spent
Instruction	
E1. Classroom Salaries	2.7
E2. Other Instructional Salaries	
E3. Instructional Benefits	E1 * Fringe Rate
E4. Professional Development	17.7
E. Instruction Total	E1, E2, E3, E4
Administration	
F1. Management Salaries	1.7
F2. Management Benefits	F1 * Fringe Rate
F3. Other Management Expenditures	
F. Administration Total	F1, F2, F3
All Other Spending	
G1. All Other Salaries	3.7
G2. All Other Benefits	G1 * Fringe Rate
G3. All Other Non Personnel Expenditures	7.7, 8.7, 9.7, 10.7, 12.7, 13.7, 14.7, 15.7, 16.7, 18.7, 19.7, 21.7, 22.7
G. Total of All Other Spending	G1, G2, G3
Total	
H. Total Management Level	E, F, G

Total Charter School and Management Spending

	Amount Spent
I. Total School and Management Level Spending	D, H; must equal N below

Charter School Level Local/State/Federal Spending	
	Amount Spent
Local/State Spending	
J. Total Local/State	*
Federal Spending	
K1. Federal Title I Part A	*
K2. Federal Title II Part A	*
K3. Federal Title III Part A	*
K4. Federal Title IV Part A	*
K5. IDEA	*
K6. All Other Federal	*
K. Total Federal Spending	K1, K2, K3, K4, K5, K6

*Use Internal Grant Tracking Federal/State/Local

Management Level Local/State/Federal Spending	
	Amount Spent
L. Total Local/State	*
M. Total Federal Spending	*
N. Total Management and Charter School Level Spending	J, K, L, M; must equal I above

*Use Internal Grant Tracking Federal/State/Local

Charter School Level Program Detail Areas	
	Amount Spent
Charter School Level Costs	
O. Special Education	Total Special Ed.
P. ELL/MLL Services	
Q. Pupil Services	21.8
R. Community Schools Programs	
S. BOCES Services	
T. Prekindergarten	

Management Level Program Detail Areas	
	Amount Spent
Management Level Costs	
U. Special Education	
V. ELL/MLL Services	
W. Pupil Services	
X. Community Schools Programs	
Y. BOCES Services	
Z. Prekindergarten	

Total Expenditures and Exclusions	
	Amount Spent
Exclusions	
1. Transportation	
2. N/A	
3. Other Tuition	
4. Debt Service	11.8
5. Other	20.8, 23.8, 24.8
Total Exclusions	1, 2, 3, 4, 5
Expenditures	
Total Expenditures	I + Total Exclusions
Audited Financial Statement	

Total Expenditures on this form should closely align to the Audited Financial Statement. Discrepancies should be resolved with changes to the appropriate document. Minor variation due to the Average Fringe Rate may occur and need not be reconciled.

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Acknowledgement

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