



Illinois State Board of Education

ISBE Site-Based Expenditure Reporting

*Reporting Federally-Funded
Expenditures*

Spring 2019

Today's Discussion on Reporting Federally-Funded Expenditures

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- **Overview** of Site-Based Expenditure Reporting
- Specific **requirement** associated with disaggregation of funding source
- **Identifying** federally-funded expenditures
- How to handle **special situations**
 - Federal Impact Aid
 - Medicaid reimbursements
 - Food Service reimbursements

With the input of the Advisory Group, ISBE issued a Site-Based Expenditure Reporting guidance document, updated in April 2019, available at www.isbe.net/site-based

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This guidance provides general instructions on how to meet the reporting requirement and answers the following questions:

1. What does the reporting look like?
2. Which entities must report?
3. What expenditures must be included / should be excluded?
4. What student count should be used? Are there any exceptions?
5. How do we handle special circumstances, such as students educated outside the district or charter schools?
6. What are alternatives and recommendations for handling centralized expenditures?

Data table that will be collected from LEAs

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Sites	Student Count	Site-Level Per-Pupil Expenditures			District Centralized Per-Pupil Expenditures			Total Per-Pupil Expenditures			Total Exclusions	Total Expenditures
		Federal	State and Local	Subtotal	Federal	State and Local	Subtotal	Federal	State and Local	Total		
PK Ctr	150	\$500	\$8,020	\$8,520	\$660	\$3,514	\$4,175	\$1,160	\$11,534	\$12,695		
ES1	300	\$344	\$5,148	\$5,493	\$529	\$2,781	\$3,310	\$874	\$7,929	\$8,803		
Charter ES	250	\$634	\$7,563	\$8,197	\$127	\$986	\$1,113	\$761	\$8,549	\$9,310		
MS1	250	\$320	\$5,356	\$5,676	\$361	\$3,499	\$3,861	\$681	\$8,855	\$9,536		
HS1	320	\$458	\$6,910	\$7,368	\$371	\$2,919	\$3,290	\$829	\$9,829	\$10,658		
LEA	1,170	\$439	\$6,313	\$6,752	\$370	\$2,620	\$2,990	\$809	\$8,933	\$9,742	\$2,330,361	\$13,728,071

Based on input from the Advisory Group, this level of reporting detail will be the only mandated collection for Year 1. LEAs may also optionally submit narratives and notation of allocation methodologies.

Reporting Requirement for Disaggregation of Funding Sources



ESSA Site-Based Expenditure Reporting must be implemented for SY2018-19

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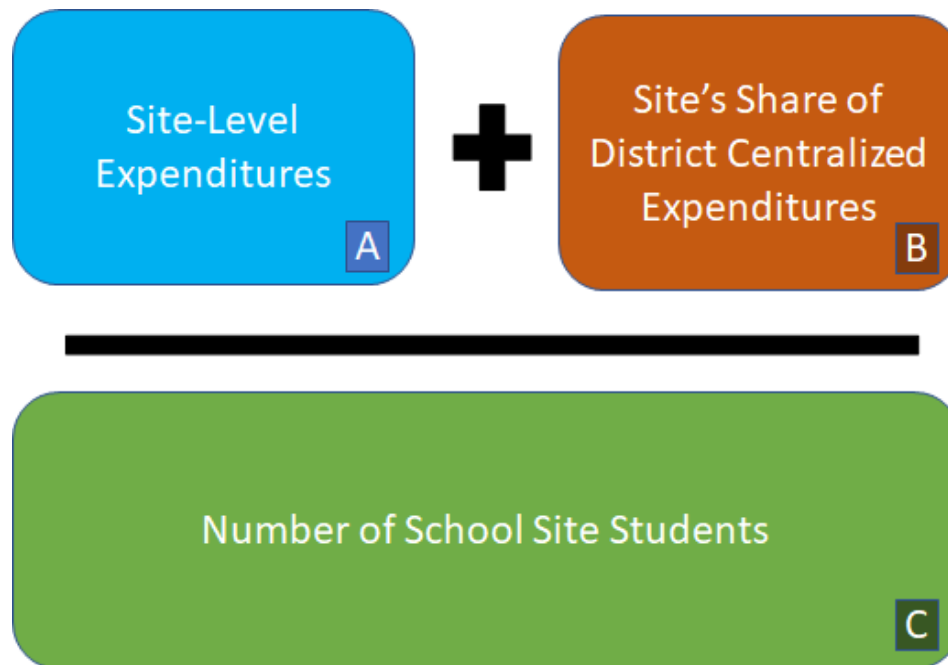
ESSA requires that SEAs report on their Report Card:

“The 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 educational agency and each school in the State for the preceding fiscal year.”

Reporting Guidance provides clarification on this requirement

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Per-pupil expenditures reported for each school shall comprise:



Sections A and B must be disaggregated by source of funds – **federal vs. state/local (with state and local combined)**.

Privately-funded expenditures, such as philanthropically-funded expenditures, should be included in the state/local category.

Identifying Federally-Funded Expenditures



Identifying federally-funded expenditures

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Expenditures funded by **Revenues from Federal Sources in [Part 100 \(Table C\) \(4000s\)](#)** should be considered federally-funded expenditures.

Connecting funding source to expenditures requires either:

1. Accounting codes for source of funds
2. Offline tracking

Typically, districts are already tracking source of funds in their ledger for federal grant reporting purposes.* If not, they likely have another tracking mechanism. What may be **new** for districts now is connecting funding source to expenditures **by location** for site-based expenditure reporting.

**Reminder: site-based expenditure reporting does not impact any other grant reporting.*

Approaches to identifying federally-funded expenditures

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To fulfill site-based expenditure reporting requirements, districts need to connect funding source to expenditures *by location*.

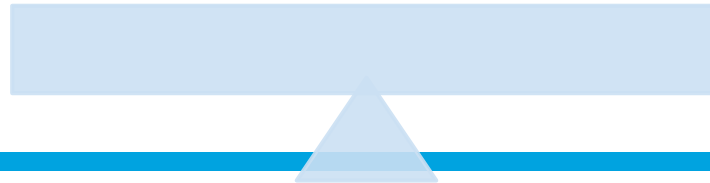
For FY19 Reporting: districts may need to do offline calculations if they have not included source and location codes in accounting for this current fiscal year

Recommendation for FY20: **embed location *and* source of funds codes in accounting**

- This is solely a recommendation and ***is not required***
- Districts can weigh whether following this recommendation is the right choice for them

Value of adding
new accounting
dimensions

Complexity of
managing any
accounting change



Recommended: Use Accounting Codes for Source of Funds and Location

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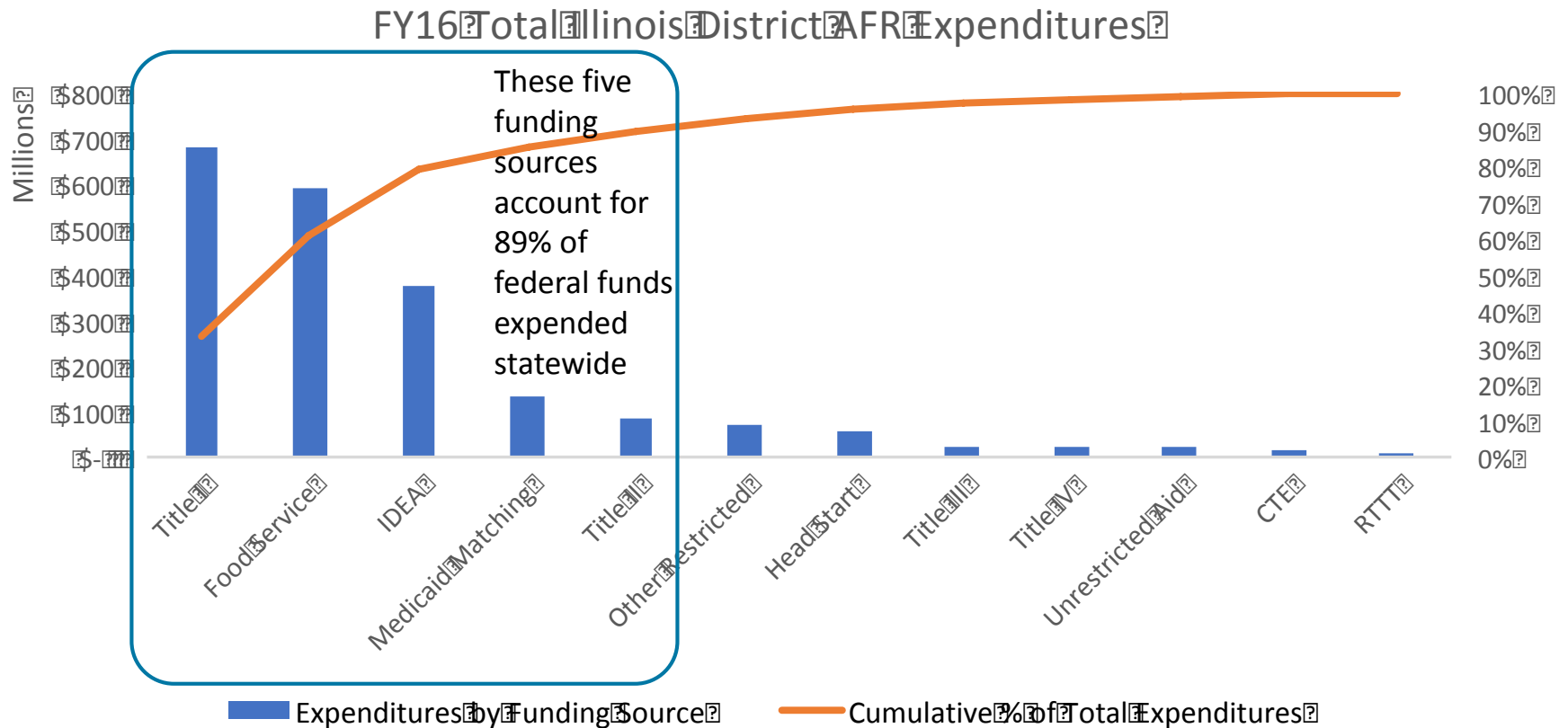
	A	B	C	D	E	H	I	K	L	M
1	Example District									
2	FY19 Budget - line item detail									
3										
4	FDTLOC FUNC OBJ SJ	FD	LOC	FUNC	OBJ	Source	FD name	FUNC name	OBJ name	FY19 Budget Amount
5	10E097 1110 1200 00 000000	10	097	1110	1200	000000	EDUCATION FUND	ELEMENTARY	SUBST/TEMP SALARIES	76,200
6	10E043 1110 1100 00 000000	10	043	1110	1100	000000	EDUCATION FUND	ELEMENTARY	CERTIFIED SALARIES	909,200
7	10E043 1110 1110 00 000000	10	043	1110	1110	000000	EDUCATION FUND	ELEMENTARY	NON-CERTIFIED SALARIES	58,300
8	10E024 1110 1100 00 000000	10	024	1110	1100	000000	EDUCATION FUND	ELEMENTARY	CERTIFIED SALARIES	68,500
9	10E024 1110 1110 00 000000	10	024	1110	1110	000000	EDUCATION FUND	ELEMENTARY	NON-CERTIFIED SALARIES	50,300
10	10E044 1110 1100 00 000000	10	044	1110	1100	000000	EDUCATION FUND	ELEMENTARY	CERTIFIED SALARIES	1,433,200
11	10E044 1110 1110 00 000000	10	044	1110	1110	000000	EDUCATION FUND	ELEMENTARY	NON-CERTIFIED SALARIES	88,300
12	10E044 1110 1111 00 000000	10	044	1110	1111	000000	EDUCATION FUND	ELEMENTARY	CLERICAL SALARIES	18,600
13	10E097 1110 2110 00 000000	10	097	1110	2110	000000	EDUCATION FUND	ELEMENTARY	RETIREMENT	4,200
14	10E097 1110 2111 00 000000	10	097	1110	2111	000000	EDUCATION FUND	ELEMENTARY	TRS ADDL BOARD PAID	700
15	50E097 1110 2160 00 000000	50	097	1110	2160	000000	MUNICIPAL RETIREMENT &	ELEMENTARY	BD SHARE MEDICARE	1,000
16	10E043 1110 2110 00 000000	10	043	1110	2110	000000	EDUCATION FUND	ELEMENTARY	RETIREMENT	89,900
17	10E043 1110 2111 00 000000	10	043	1110	2111	000000	EDUCATION FUND	ELEMENTARY	TRS ADDL BOARD PAID	14,100
18	10E043 1110 2220 00 000000	10	043	1110	2220	000000	EDUCATION FUND	ELEMENTARY	BD PORTION INSURANCE	110,200
19	10E024 1110 2110 00 000000	10	024	1110	2110	000000	EDUCATION FUND	ELEMENTARY	RETIREMENT	6,800
20	10E024 1110 2111 00 000000	10	024	1110	2111	000000	EDUCATION FUND	ELEMENTARY	TRS ADDL BOARD PAID	1,100
21	10E024 1110 2220 00 000000	10	024	1110	2220	000000	EDUCATION FUND	ELEMENTARY	BD PORTION INSURANCE	16,100
22	10E044 1110 2110 00 000000	10	044	1110	2110	000000	EDUCATION FUND	ELEMENTARY	RETIREMENT	141,500
23	10E044 1110 2111 00 000000	10	044	1110	2111	000000	EDUCATION FUND	ELEMENTARY	TRS ADDL BOARD PAID	22,400
24	10E044 1110 2220 00 000000	10	044	1110	2220	000000	EDUCATION FUND	ELEMENTARY	BD PORTION INSURANCE	182,100
25	50E043 1110 2120 00 000000	50	043	1110	2120	000000	MUNICIPAL RETIREMENT &	ELEMENTARY	BD SHARE IMRF	6,300

In this example, the district uses *LOC* for location code and *Source* for a funding source identifier. This increases the number of accounting lines, but, at end of year, reporting can be developed by adding by these two dimensions.



The largest federal funds are likely already tracked grant reporting purposes

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Alternative: Offline tracking

How could you approach disaggregation of funding source?

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While this process would be manual, the following approach would result in accurate site-based expenditure reporting:

1. If no funding source is included in accounting, begin reporting with ***all dollars in the state/local columns*** for each site – for now
2. For each federal fund, calculate the amount of expenditures that are funded federally A) at each site and B) at central
3. For the resulting federally-funded *centralized* expenditures, allocate them to sites based on a selected methodology
4. Move the total federal amount from the state/local column to the federal column for each site
5. Repeat for each federal funding source

Alternative: Offline tracking

Example quantification of federal funding per pupil

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	Sites			Central	Total
	ES	MS	HS		
Sum up the values of federally-funded positions and other expenditures at each location	\$250,000	\$150,000	\$200,000	\$100,000	\$700,000
Proportionately allocate central expenditures to each site based on selected methodology					
Ex: Title I eligible students*	250	125	200		575
Allocation of central expenditures	\$163,478	\$111,739	\$124,783		\$700,000

Data for Reporting Table:

Site-level Federal Expenditures	\$250,000	\$150,000	\$200,000	\$100,000
Site's Share of Central Federal Expenditures	\$163,478	\$111,739	\$124,783	\$700,000

These amounts would be **moved** from the “state/local” columns to the “federal” columns in the reporting table for each site

Tracking Options for Year 2 (FY20) and beyond: which is best for *your district*?

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Option	Funding Source Account Dimension (Coding)	Offline Tracking
Pros	<ul style="list-style-type: none"> Allows for easier aggregation at year end, particularly if paired with location codes 	<ul style="list-style-type: none"> Working with known processes and reports No need to update accounting practices
Cons	<ul style="list-style-type: none"> Increasing accounting complexity by multiplying the number of accounting lines 	<ul style="list-style-type: none"> Greater potential for manual error Increased complexity of offline reporting maintenance Potential for less accuracy and more complex creation of site-based reporting
Considerations	<ul style="list-style-type: none"> Are location codes in place already? Do you want a unique identifier for each fund source (ex: Title IV, 21st Century = 4421) or binary coding identifying federally-funded items (all federal funds = 1)? 	<ul style="list-style-type: none"> How robust are current grant reporting processes? How many unique federal funds does the district receive? (If not many, they may be easier to track offline)



Recommendations for handling special circumstances

Handling special circumstances with federal funds

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- In general, expenditures paid for with federal funds should be included in the Federal columns of the Reporting Table
- However, there are situations where applying this rule of thumb is not straightforward:
 - **Unrestricted federal funds (Federal Impact Aid):** these funds may be more difficult to associate expenditures to because they are discretionary
 - Some **reimbursements (Food Service, Medicaid):** due to fund processes and reimbursement timing, federal funds are not always directly associated with current year expenditures
- For these “special circumstances,” ISBE offers ***recommendations*** for how to account for these expenditures

Expenditures funded with Federal Impact Aid must be reported as federally funded

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- Because Federal Impact Aid is unrestricted, it can be used for any district expenditure – but expenditures paid for with these funds still ***must be reported as federal expenditures*** for reporting purposes
- In recognition of the difficulty of tracking these unrestricted funds, however, for FY 2019 a district may do a simple ***proportional calculation***:
 1. Separate out the easily identifiable federal fund spending (not including the Federal Impact Aid) from the state/local fund spending
 2. Take the total Federal Impact Aid collections for the year and consider this to be the district's amount of discretionary spending from federal sources. Allocate the Federal Impact Aid dollars as federal fund spending to each school either:
 - on a per pupil basis, or
 - based on the portion of discretionary spending assigned to each school
 3. Now that the Federal Impact Aid dollars are allocated as federal fund spending, subtract those dollars from each school's respective state/local fund spending

Food Service and Medicaid reimbursements in Site-Based Expenditure Reporting

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Two complicating factors:

<i>Challenge</i>	<i>Issue</i>	<i>Implication</i>
Split Funding	Eligible expenditures are typically only partially funded by federal funds.	These expenditures must be <u>split</u> for source of funds reporting between state/local and federal.
Timing of Reimbursements	Funding typically is not fully received until after the reporting period.	We must use a <u>proxy</u> for federally-funded expenditures during the time period (ex: current year revenues)

Rule of thumb – be as accurate as possible **without creating undue burden**

Recommended general process: Estimate the federally-funded portion of expenditures using relevant data, such as current year funding or total claims. Then move this federally-funded amount from the state/local columns to the federal columns.

- The following slides provide **example methodologies**; however, the LEA may calculate these expenditures in whatever way it deems appropriate

The portion of Food Service expenditures covered by federal funding needs to be estimated

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For some LEAs, food service may be fully federally-funded; for others, costs of services may exceed federal funding. Districts where costs of services exceed federal funding may consider the following approach as an example:

	Sites			Central	Total
	ES	MS	HS		
1 Identify Total Food Service Expenditures				\$771,000,000	\$771,000,000
2 Estimate the level of funding that can be expected*				\$777800,000	\$777800,000
3 Estimate the funding per qualifying pupil					
a Qualifying pupils	77777777350	77777777200	77777777250		77777777800
b Allocation per qualifying pupil					\$7777771,000
4 Allocate per qualifying pupil amount to federal expenditures at each school	\$77750,000	\$77700,000	\$77750,000		\$777800,000
5 Allocate remainder of expenditures across all students					
a Total students	77777777500	77777777200	77777777800		777777771,000
b Allocation per student					\$777777200
6 Allocate per qualifying pupil amount to federal expenditures at each school	\$77700,000	\$77700,000	\$77750,000		\$777200,000
Data for Reporting Table:					
Site's share of Central Federal Expenditures	\$77750,000	\$77700,000	\$77750,000		\$777800,000
Site's share of Central State/Local Expenditures	\$77700,000	\$77700,000	\$77750,000		\$777200,000

*Methodology to be determined by district. Options include but are not limited to funds received in the fiscal year, or anticipated claims

Expenditures anticipated to be reimbursed by Medicaid should be estimated and reported as federally funded

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- Medicaid Reimbursements are claimed and received for **qualifying services for Medicaid eligible students**. Typically, these are special education and administrative expenditures, which **may also be funded by federal IDEA funding, state/local funding, and other funding sources**
- For various reasons, Medicaid revenues will not typically be received fully in the current fiscal year; therefore, we must **estimate the level of special education and administrative expenditures that will be considered federally-funded**
 - Reasonable “estimations” include funds received in the fiscal year, or claims
- Reimbursable expenditures **may be central or school-level**, depending on the district’s staffing practices
 - For example, a therapist may be central, shared by two or more sites, or site-specific; some of her expenditures (but not all, given FMAP) may be reimbursed through Medicaid

Medicaid example for expenditures that are mostly centralized

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	Sites			Central	Total
	ES	MS	HS		
1 Estimate the Total Anticipated Medicaid Reimbursements*				\$156,450	\$156,450
2 Distribute to Sites Based on a Selected Allocation Methodology					
Ex: Medicaid Eligible Students with IEPs	40	20	25		85
Site-Level Allocation	\$14,800	\$7,400	\$34,250		\$56,450

Data for Reporting Table:

Site's Share of Central Federal Expenditures

\$14,800	\$7,400	\$34,250		\$56,450
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Note that this amount would be moved from State-local funded to Federal funded column

* Methodology to be determined by district. Options include but are not limited to funds received in the fiscal year, or anticipated claims



Medicaid example for expenditures that are both central and site-based

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	Sites			Central	Total
	ES	MS	HS		
1 Identify the total expenditures that could be considered eligible for Medicaid reimbursement*	\$200,000	\$180,000	\$165,000	\$550,000	\$789,500
2 Estimate the total Medicaid fee-for-service reimbursement funding					\$56,450
3 Apply anticipated federal funding to sites based on a selected allocation methodology (Ex: Total reimbursable spend)	\$102,000	\$91,800	\$84,150	\$178,500	\$56,450
Remainder is State/locally funded	\$98,000	\$88,200	\$80,850	\$171,500	\$38,550
4 Central federal expenditures are allocated to sites based on a selected allocation methodology					
Ex: Medicaid eligible students with IEPs	40	20	25		85
Allocation of federally funded central expenditures	\$84,000	\$72,000	\$52,500		\$178,500
Allocation of State/locally funded central expenditures	\$180,706	\$170,353	\$150,441		\$171,500

Data for Reporting Table:

Site-level, State/Locally Funded	\$98,000	\$88,200	\$80,850	\$267,050
Site-level, Federally Funded	\$102,000	\$91,800	\$84,150	\$277,950
Site's Share of Central, State/Locally Funded	\$180,706	\$170,353	\$150,441	\$171,500
Site's Share of Central, Federally Funded	\$84,000	\$72,000	\$52,500	\$178,500



Key Takeaways

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- Expenditures funded by **Revenues from Federal Sources** in [Part 100 Table C \(4000s\)](#) should be considered federally-funded expenditures.
- It is recommended that LEAs **track federal expenditures by site through accounting codes** through the course of the fiscal year, to support accurate and simplified calculation of site-based expenditure reporting
- For expenditures where federal funding is not yet fully known, LEAs should approximate federal funding and make their **best attempt at accuracy without incurring undue burden**.

For further information

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- See resources available at www.isbe.net/site-based
- Questions to site-based@isbe.net