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Testimony on Assembly Bill 810

Assembly Committee on Education
Representative Mary Felzkowski
35th Assembly District
February 6, 2020

Good morning Chairman Thiesfeldt and Committee Members,

Thank you for taking the time to hear testimony on Assembly Bill 810, whose goal is to establish a school expenditure transparency portal accessible to all Wisconsin taxpayers.

As we are all well aware in the Legislature, spending on K-12 education accounts for over a third of our state's budget. Our school districts receive funding through a complex web of categorical aids, school funding formulas and increasingly, through referendums. School districts also have a wide array of costs many people often don't think about, such as IT, maintenance, administrative positions and overhead.

It can be very difficult for a member of the public to understand where their money is going. All our legislative offices have received phone calls from constituents frustrated that they are giving more of their tax dollars to schools- but aren't seeing the payoff.

This bill aims to make it easier for the public to track exactly how their school district is spending the funding they receive. The end result of this bill is an easy-to-access school expenditure portal that the Department of Public Instruction maintains on their website. Any member of the public, parent or teacher can look up their school district and see what funding their school is receiving and where the money is going.

This is information that DPI already collects from school districts, and there will be no new reporting requirements on schools. This portal will serve as a tool for members of the public as they interact with their school districts.

This bill will create an advisory committee comprised of individuals selected by the Governor, Assembly and Senate who will make recommendations on categories DPI must include in the school expenditure portal. Our bill also lays out the process through which DPI will react and take action on these recommendations.

I want to note that there is a substitute amendment we are working on. This amendment is the result of conversations with the Department and addresses their main concern that our original language was in a section of statute that might allow the committee to interfere with DPI's accounting system and manual, which was not the authors' intent.

At its core- our bill is about transparency and access, and about every taxpayer, parent, teacher, reporter, school board member and legislator who has at one point or another found our school funding data difficult to comprehend.

I want to thank my co-authors, Representative Gae Magnafici and Senator Alberta Darling for their partnership, and I want to thank the Department of Public Instruction for their willingness to work with us and I look forward to continuing our cooperation on this moving forward.

Advisory Committee on School Spending Transparency Portal- Membership

- The State Superintendent of Public Instruction or his or her designee
 - One representative of the Wisconsin Association of School Boards- appointed by the State Superintendent of Public Instruction
 - One individual who represents a Cooperative Educational Service Agency- appointed by the Governor
-
- The Speaker of the Assembly or his or her designee
 - One individual who represents a rural school board- appointed by the speaker of the Assembly
 - One individual who represents an entity that may authorize a charter school- appointed by the speaker of the Assembly
 - The Minority Leader of the Assembly or his or her designee
-
- The Majority Leader of the Senate or his or her designee
 - One individual who represents an urban school board, appointed by the Majority Leader of the Senate
 - One individual who represents a charter school, appointed by the Majority Leader of the Senate
 - The Minority Leader of the Senate or his or her designee



GAE MAGNAFICI

STATE REPRESENTATIVE • 28th ASSEMBLY DISTRICT

TESTIMONY IN SUPPORT OF AB 810

Good morning Chariman Thiesfeldt and members of the Committee, and thank you for taking the time to hear my testimony today.

I'm excited to be a co-author with Rep. Felzkowski and Senator Darling on AB 810. This bill will provide Wisconsinites with an easier way to access school district financial information. With school funding at all time highs, accounting for a third of the state's budget, it's crucial that taxpayers know where their money is going.

Unfortunately, many constituents I've talked with get frustrated when they try to find school budget info. While DPI publishes this info, the current system is not as user friendly as it should be.

Constituents I talk to often have to reach out a school district and ask for budget information directly. In many cases, I'm sure constituents never find the info they're looking for.

This bill will create a portal that will help the public better interact with their school districts. By consolidating financials that are already reported to DPI, I'm confident the public will have better access to the info they deserve.

School board members and a superintendent in my district have reached out to me specifically to voice their support for this bill.



GAE MAGNAFICI

STATE REPRESENTATIVE • 28th ASSEMBLY DISTRICT

Wisconsinites understand the value of strong schools, and they deserve a tool to ensure their tax dollars are being used to achieve that goal.

Thank you again to my co-authors for all of their hard work on this bill, and thank you to members of the committee for taking the time to hear my testimony. I'd be happy to answer your questions.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBs0245/1
FFK:cjs

**ASSEMBLY SUBSTITUTE AMENDMENT ,
TO ASSEMBLY BILL 810**

1 **AN ACT** *to create* 115.28 (13m) of the statutes; **relating to:** making school
2 district and school financial information available to the public.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 115.28 (13m) of the statutes is created to read:

4 **115.28 (13m)** FINANCIAL TRANSPARENCY OF SCHOOL DISTRICT AND SCHOOL
5 INFORMATION; INTERNET. (a) Make detailed information related to the receipt and
6 expenditure data collected through the uniform accounting system under sub. (13)
7 and financial information collected under s. 120.18 available on a single web page
8 of the department's Internet site in a format that allows the public to download, sort,
9 search, and access the information at no cost.

10 (b) To the extent feasible without collecting additional information solely for
11 this purpose, include on the web page required under par. (a) detailed information

1 related to receipt and expenditure data collected from charter schools established
2 under s. 118.40 (2r) or (2x).

3 (c) Ensure that information required to be available on the department's
4 Internet site under par. (a) is updated at least annually.

5 (d) Annually, conduct a public information campaign on the availability of
6 financial information on the department's Internet site.

7 **SECTION 2. Nonstatutory provisions.**

8 (1) COMMITTEE ON SCHOOL DISTRICT AND SCHOOL FINANCIAL INFORMATION
9 TRANSPARENCY.

10 (a) *Definitions.* In this subsection:

11 1. "Advisory committee" means the school district and school financial
12 information transparency advisory committee created under par. (b).

13 2. "Department" means the department of public instruction.

14 3. "Financial information portal" means the single web page required under s.
15 115.28 (13m).

16 (b) *Creation.* There is created a school district and school financial information
17 transparency advisory committee to advise the department on the creation and
18 design of the financial information portal.

19 (c) *Members.* The advisory committee shall consist of the following members:

20 1. The state superintendent of public instruction or his or her designee.

21 2. The speaker of the assembly or his or her designee.

22 3. The minority leader of the assembly or his or her designee.

23 4. The majority leader of the senate or his or her designee.

24 5. The minority leader of the senate or his or her designee.

1 6. One representative of the Wisconsin Association of School Boards, appointed
2 by the state superintendent of public instruction.

3 7. All of the following appointed by the speaker of the assembly:

4 a. One individual who represents a rural school board.

5 b. One individual who represents an entity that may authorize a charter school
6 under s. 118.40 (2r) or (2x).

7 8. All of the following appointed by the majority leader of the senate:

8 a. One individual who represents an urban school board.

9 b. One individual who represents a charter school authorized under s. 118.40
10 (2m).

11 9. One individual who represents a cooperative educational service agency,
12 appointed by the governor.

13 (d) *Duties; advisory committee.* By no later than January 1, 2021, the advisory
14 committee shall submit to the department an advisory report on the contents and
15 design of the financial information portal. In the advisory report, the committee
16 shall include recommendations to the department on all of the following:

17 1. *The categories of information that will be accessible to the public through*
18 *the financial information portal. In developing the recommendations under this*
19 *subdivision, the committee shall consider at least all of the following categories:*

20 a. Instructional programming.

21 b. Instructional personnel.

22 c. Instructional operations.

23 d. Facility maintenance and operations.

24 e. Pupil transportation.

25 f. School administration.

1 g. System administration.

2 h. Staff development or professional development.

3 i. Pension and health care costs.

4 j. Pupil participation in open enrollment under s. 118.51.

5 k. Pupil participation in part-time open enrollment under s. 118.52.

6 l. Pupil participation in the early college credit program under s. 118.55.

7 2. For each category recommended under subd. 1., the financial data that will
8 be accessible to the public through the financial information portal. In developing
9 recommendations under this subdivision, the committee shall consider at least all
10 of the following for each category:

11 a. The total amount of local, state, and federal funds received.

12 b. For state funds received, the appropriation or program from which the funds
13 were disbursed.

14 c. The costs and expenditures related to pupil enrollment.

15 d. The per pupil and per school costs.

16 3. On whether the department's hardware, software, data collection methods,
17 training, maintenance, communications, data security, and installation
18 specifications for reporting information are appropriate for the financial information
19 portal, as recommended by the advisory committee.

20 (e) *Duties; department.* By no later than 45 days after receiving the advisory
21 report under par. (d), the department shall do all of the following:

22 1. Respond in writing to the advisory committee as to whether the department
23 will implement each recommendation in the advisory report. If the department
24 responds that it will not implement a recommendation in the advisory report, the
25 department shall include its reasons for not implementing the recommendation.

1 2. Deliver a copy of the response under subd. 1. and a copy of the advisory report
2 the department received under par. (d) to the joint committee on finance.

3 (f) *Review by the joint committee on finance.* If the cochairpersons of the joint
4 committee on finance do not notify the department that the committee has scheduled
5 a meeting for the purpose of reviewing the department's response to the advisory
6 report within 14 working days after the date of receipt of the department's response
7 under par. (e) 2., the department may implement the recommendations, as modified
8 in the department's response. If, within 14 working days after the date of the
9 department's response, the cochairpersons of the committee notify the department
10 that the committee has scheduled a meeting for the purpose of reviewing the
11 department's response to the recommendations made in the advisory report under
12 par. (d), the department may not implement any of the recommendations until the
13 committee approves the department's plan to implement or reject each
14 recommendation in the advisory report.

15 (g) *Implementation of recommendations; department.* The department shall
16 implement the recommendations related to the financial information portal,
17 including any modifications approved under par. (f), by no later than the first day of
18 the 10th month following the date on which the department may implement the
19 recommendations under par. (f).

20 (h) *Termination.* The advisory committee terminates on January 1, 2024.

21 (END)

Assembly Education Committee
February 6, 2020

**Wisconsin Department of Public Instruction
Testimony on Assembly Bill 810**

I want to extend my thanks to Chairman Thiesfeldt and members of the committee for the opportunity to testify today and to Representative Felzkowski and her staff for their openness in listening and walking through the bill with the department.

My name is Daniel Bush. I am the director of the School Financial Services team at the Department of Public Instruction (DPI). Our team is responsible for the administration and payment of over \$6 billion in state and federal funds for public education in Wisconsin, as well as school district revenue limits and federal financial reporting. I am here to discuss the DPI's work to date on school financial transparency, provide information on Assembly Bill 810, and our interest in collaborating with the Legislature on the shared goal of better understanding our state's single biggest area of public expenditure.

Background

Historically, Wisconsin public school districts have submitted annual reports to DPI on their budgeted and actual revenues and expenditures under Wis. Stats. §§ 115.30(1) and 120.18. The statutes direct us to establish the form with which these reports are collected, and since 2003 we have had a web-based system to collect these budgeted and actual data.

Public reporting of financial data falls under § 115.38(1)(c). In order to provide a common understanding of certain financial concepts we developed definitions of comparative cost and revenue in partnership with the Wisconsin Association of School Business Officials. Examples of our public comparative cost and revenue information are included with my written testimony and can be accessed at dpi.wi.gov/sfs/statistical/cost-revenue/overview.

Along with a majority of other states, our historical financial data collections have been at the district level. This changed with the 2015 passage of the federal Every Student Succeeds Act (ESSA), which required for the first time that states make available spending information at the school level. DPI has worked with 38 other state education agencies and national school finance experts at Georgetown University to develop a common format for this new reporting requirement, which was endorsed last year by the U.S. Department of Education. Information on this reporting format is also provided with my written testimony.

To date, we have developed a parallel application to collect expenditure data by school from districts and independent charter schools. This application distinguishes costs between those funded by federal programs and those funded from other state and local sources, as is required under ESSA. We began collecting school level spending data with the 2018-19 school year. These are currently in our auditing and review process, and will be posted publicly through our

WISEdash public web portal (wisedash.dpi.wi.gov) in June of this year.

We are also in the late stages of development of a new system to collect information directly from public schools' financial systems, in a similar fashion as to how we collect student data through WISEdata. It will identify spending by school and feed into our other financial collection and management applications. This new system, which we call WISEdata Finance, is currently in a pilot phase involving the three major vendors of school finance software in Wisconsin. Next year is planned as a statewide beta test, with full implementation scheduled to begin in the 2021-22 school year.

Analysis

DPI is hard at work to increase financial transparency. We believe our work is aligned with the goals of AB 810. There are, however, implementation issues that need to be addressed.

AB 810 would amend § 115.28(13), which requires the State Superintendent to "prescribe a uniform fund accounting system" for school districts and county children with disabilities education boards. This statute does not refer to a public reporting system, but rather to our accounting manual for classifying revenues, expenditures, and the balance sheet. Our concern is that the bill as introduced would essentially repeal the accounting manual at the end of next school year. We have raised this with Representative Felzkowski's office and it is our hope an amendment will be forthcoming to address this concern due to the significant impact it would have on financial reporting.

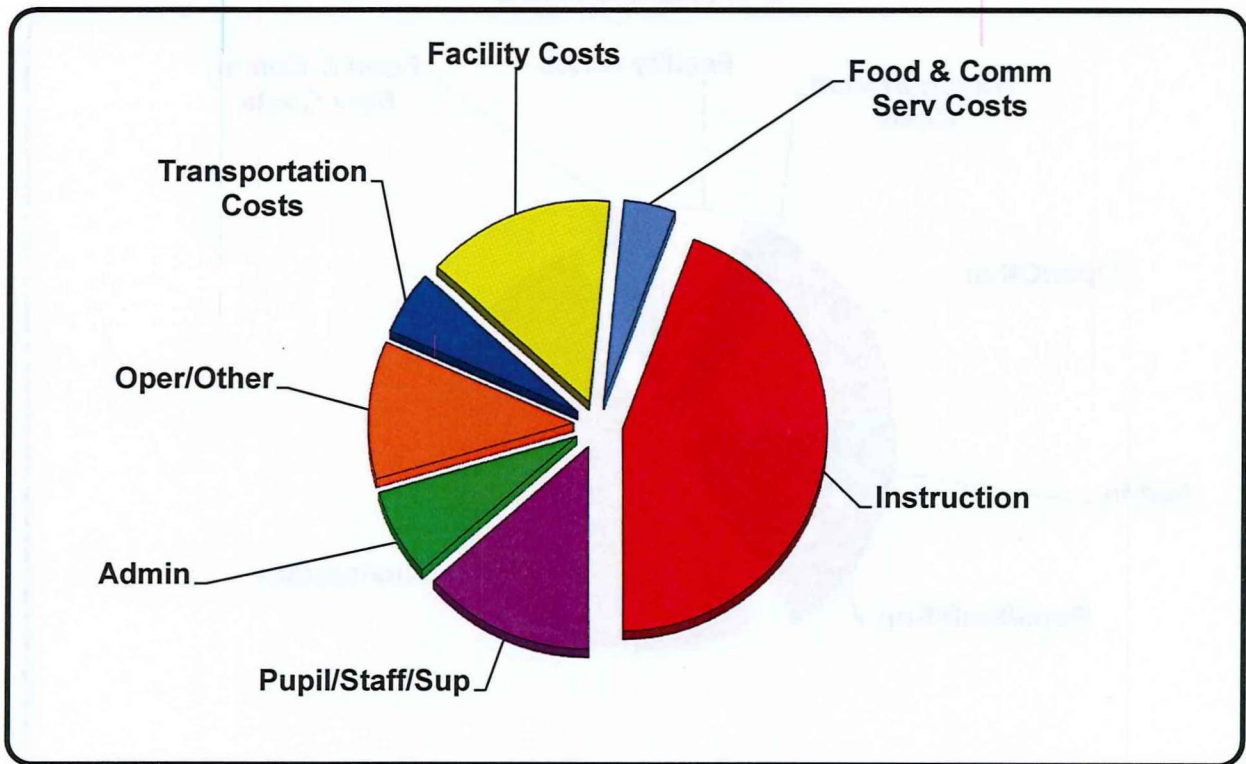
Additionally, we are concerned about the timeframe and resources needed to develop and implement a new school financial transparency system. As introduced, AB 810 would give us six months or less to put the advisory committee's recommendations into production, an extremely short time for any IT project, but especially for one of uncertain scope without any specific dollars or staffing to support it.

States with similar tools have devoted significant resources toward development of those projects. For example, Colorado's school financial transparency website cost approximately \$3 million over three years. Nevada has their project out to bid in the range of \$200,000 to \$300,000. The costs of a new Wisconsin system and DPI's ability to absorb those costs, with or without money and positions to support the project, will vary significantly depending on the scope recommended by the advisory committee.

Finally, while the Department has clear statutory authority to collect from public school districts the data necessary for a school financial transparency initiative, we do not have the same authority for independent charter schools. If the desire is to include them, then under the general school law exemption for charters, § 118.40(7)(b), there would need to be explicit provisions requiring that independent charter schools report financial data in a similar manner to school districts, and giving us the authority to prescribe the form needed for financial transparency reporting.

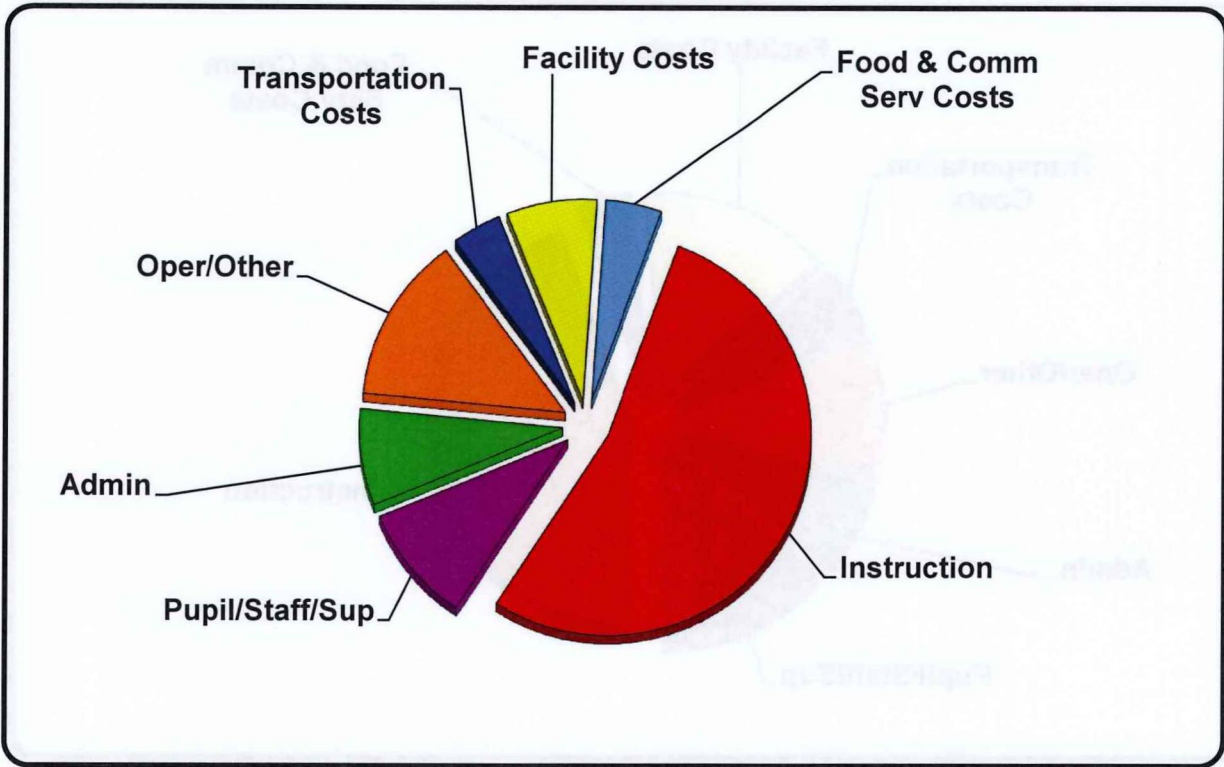
DPI welcomes the opportunity to work with the Legislature on identifying what is needed to move beyond the work we are already doing on school financial transparency. The Department appreciates the opportunity to testify today, and will take any questions you might have. Thank you.

2017-18 Comparative Cost *
Using Audited 17-18 Annual Report Data
Tomahawk



<u>Membership</u>	<u>1,225</u>	<u>Total Cost</u>	<u>% of Total</u>	<u>Cost Per Memb</u>
Instruction		\$8,364,431	44.3%	\$6,828
Pupil/Staff/Support		\$2,562,641	13.6%	\$2,092
Admin		\$1,330,698	7.0%	\$1,086
Oper/Other		\$2,089,918	11.1%	\$1,706
Transportation Costs		\$948,899	5.0%	\$775
Facility Costs		\$2,810,807	14.9%	\$2,295
Food & Comm Serv Costs		\$767,950	4.1%	\$627
TOTALS		\$18,875,343	100.0%	\$15,408

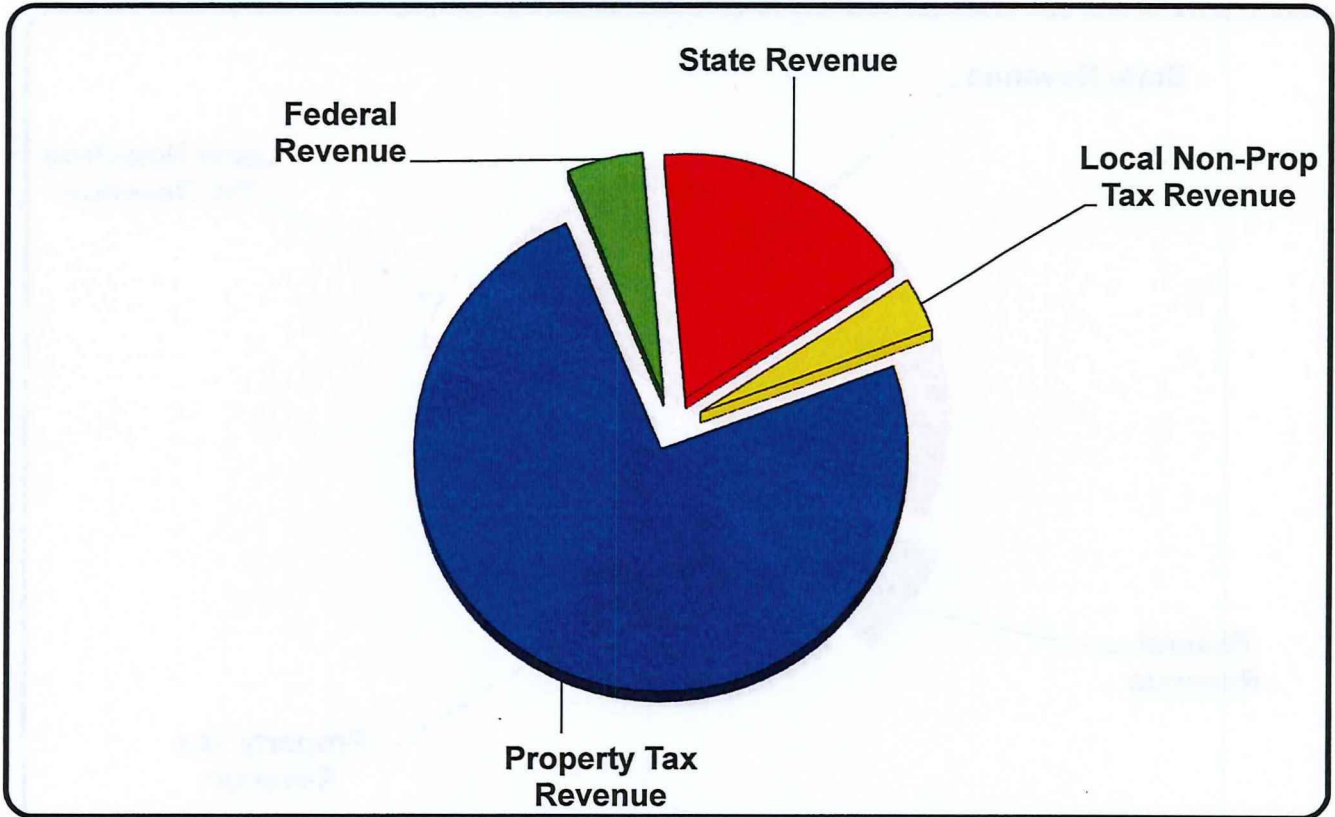
2017-18 Comparative Cost *
Using Audited 17-18 Annual Report Data
STATE TOTALS



State Totals

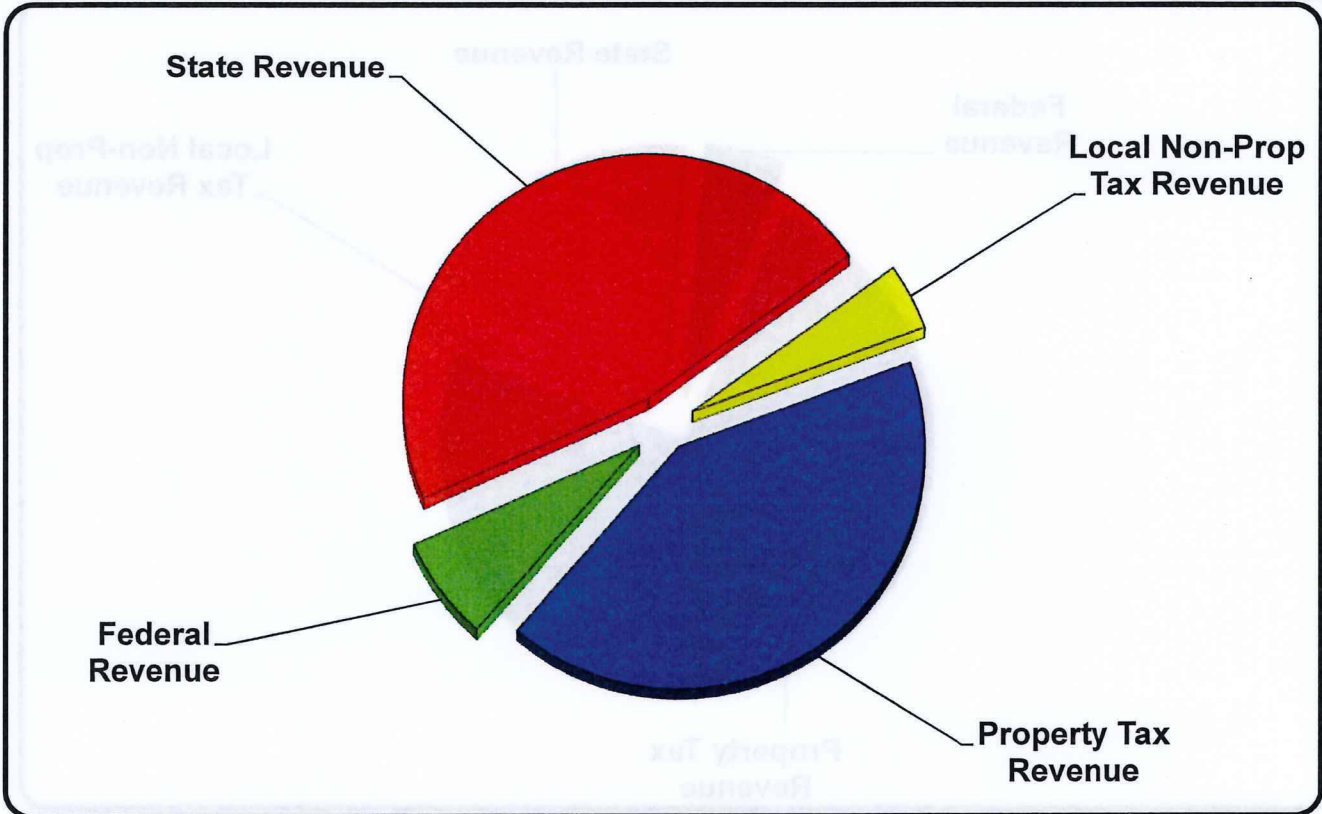
Membership	855,770	Total Cost	% of Total	Cost Per Memb
Instruction		\$6,200,173,477	53.6%	\$7,245
Pupil/Staff/Support		\$1,103,592,854	9.5%	\$1,290
Admin		\$893,058,196	7.7%	\$1,044
Oper/Other		\$1,549,574,289	13.4%	\$1,811
Transportation Costs		\$458,824,392	4.0%	\$536
Facility Costs		\$830,231,801	7.2%	\$970
Food & Comm Serv Costs		\$521,738,547	4.5%	\$610
TOTALS		\$11,557,193,555	100.0%	\$13,505

2017-18 Comparative Revenue *
Using 17-18 Audited Annual Report Data
Tomahawk



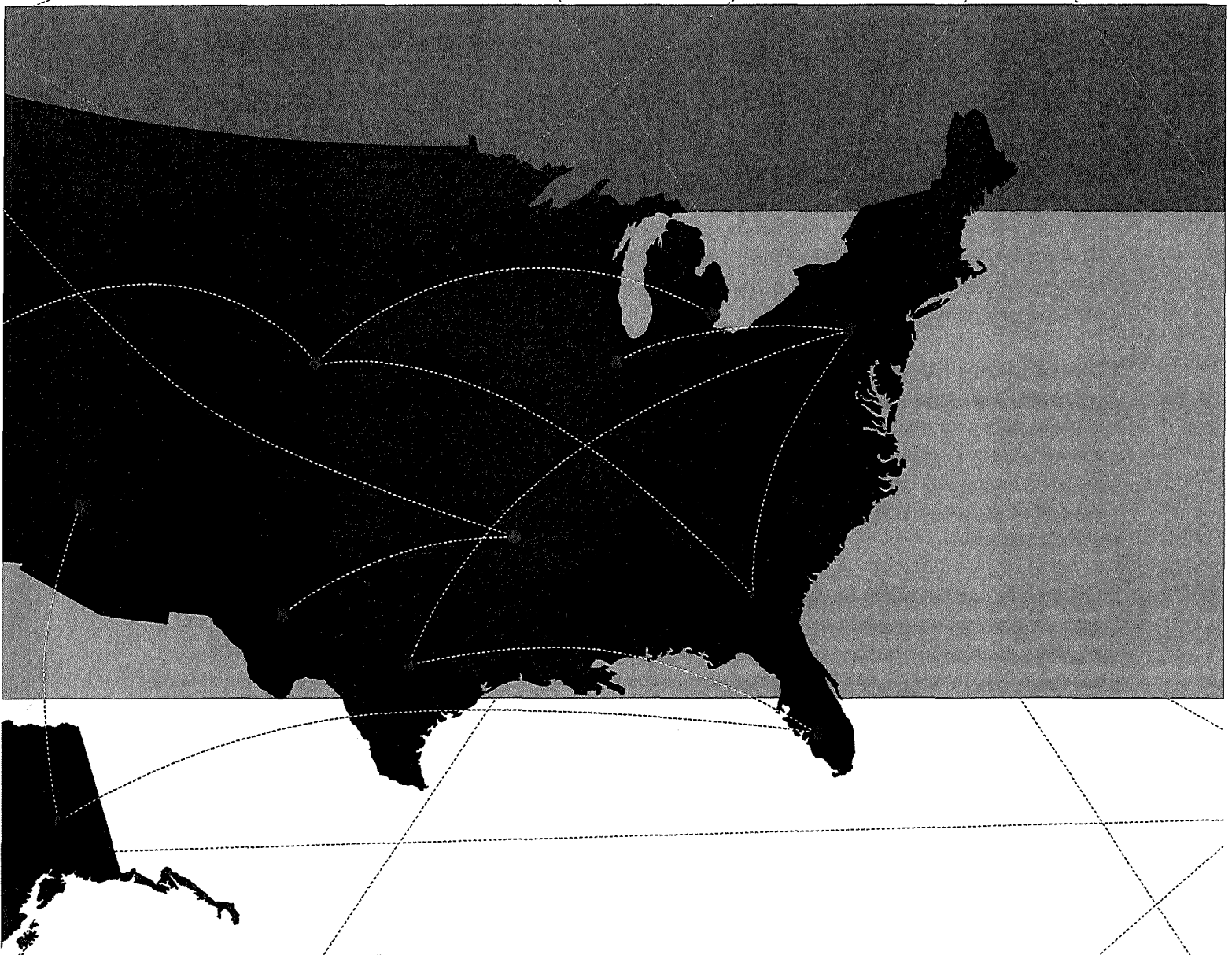
Membership	1,225	Total Revenue	% of Total	Rev Per Member
Property Tax Revenue		\$13,651,053	74.2%	\$11,144
Federal Revenue		\$911,067	4.9%	\$744
State Revenue		\$3,179,833	17.3%	\$2,596
Local Non-Prop Tax Revenue		\$663,819	3.6%	\$542
TOTAL REVENUE		\$18,405,772	100.0%	\$15,025

2017-18 Comparative Revenue *
Using 17-18 Audited Annual Report Data
STATE TOTALS



Membership	855,770	Total Revenue	% of Total	Rev Per Member
Property Tax Revenue		\$4,940,615,426	42.0%	\$5,773
Federal Revenue		\$818,957,967	7.0%	\$957
State Revenue		\$5,503,101,340	46.7%	\$6,431
Local Non-Prop Tax Revenue		\$512,565,057	4.4%	\$599
TOTAL REVENUE		\$11,775,239,790	100.0%	\$13,760

* Data for the Norris School District, a K-12 reform school, is excluded.



INTERSTATE FINANCIAL REPORTING

Making the most of school-level per-student spending data

Interstate Financial Reporting (IFR) was created by states, for states, to meet the financial data reporting requirement under ESSA—and maximize the value of their efforts. This document lays out a set of key per-pupil expenditure measures that if utilized, will have common meaning. Following these voluntary IFR criteria can help states and districts ensure that their school-level data is understood and can be used to surface opportunities toward equity, productivity and innovation to benefit students.

INTERSTATE FINANCIAL REPORTING

What is Interstate Financial Reporting (IFR)?

The Every Student Succeeds Act (ESSA) requires that all states publish per-pupil expenditures by school level. For the first time, education leaders, policymakers and the public will know what is spent on students in every school across the country. To date, what has generally been reported publicly are district and state per-pupil averages.

This new level of detail in financial data collection and reporting presents an unprecedented opportunity. By making school-level financial data public and accessible, states will make it much easier to investigate and understand the relationship between school outcomes (which states have been reporting for more than a decade) and school spending. And the public reporting will make it easier to explore patterns in areas like resource equity and productivity across school types within and across regions. Education stakeholders at all levels can then leverage that understanding to drive improvements that benefit students.

But the law itself is silent on many specifics of what states should include in their required reporting, such as how shared expenditures should be divvied up across schools in a district or what should be explicitly excluded in the per-pupil calculation. And (as of this writing) no current federal guidance has been issued, effectively leaving such decisions to states.¹ The most specific sentence in ESSA that state agencies can look to simply says that annual school and district report cards must include: *“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.”*

Based on a set of voluntary, minimal reporting criteria, IFR is designed to produce data that have common meaning and can be used to make valid, apples-to-apples comparisons of school-level per-pupil expenditures across states. Why is this important? Many schools do not have demographically similar peer schools operating at similar per-pupil levels within their own districts—or even their own states. With IFR, schools have the chance to learn from and measure progress against schools across the country that look like them both fiscally and demographically.

IFR starts with a set of voluntary, minimal reporting criteria that states designed to meet the ESSA financial reporting requirement. IFR includes 11 minimum data points, labeled A-K on page 2, to enable valid cross-state comparison.

Why did states create IFR?

A network of 39 state agencies and 20-plus school districts, known as the Financial Transparency Working Group (FITWiG), identified the opportunity to collaborate on operationalizing the broad ESSA provision and making the school-level financial data meaningful across states. IFR represents this network’s collective thinking on a set of key financial measures that, if used, have common meaning. States may find IFR useful as they grapple with key decisions around meeting the ESSA requirement.

1. Regulation and guidance on this provision from the Obama Administration were repealed by the Trump Administration. Further details or guidance from the current U.S. Education Department may emerge over time.

Minimum IFR criteria

		• District 1 •			
Criteria	Elementary School #11	Elementary School #12	Middle School #17	Criteria Descriptions	
A Enrollment	375	511	992	Students are counted at the school that serves them, regardless of district of origin. The counts reported here are not weighted. The method of student count (ADA, ADM) is up to each individual state.	
Site-Level Expenditures					
B Federal	\$456	\$209	\$164	Expenditures accounted for at the school site include at a minimum the <u>actual</u> salary and benefit costs of the school site's full-time staff (as ESSA requires). These three numbers represent expenditures directly assigned to school sites. D is the sum of B and C.	
C State/Local	\$6,111	\$4,756	\$5,998		
D Site-Level Total <i>(Sum of B+C)</i>	\$6,567	\$4,965	\$6,162		
Site Share of Central Expenditures					
E Federal	\$161	\$161	\$161	Any shared expenditures accounted for at a central level, but reattributed to the site level via state- or district-preferred method go here. Whether to prescribe site- versus central-level accounting and, if so, what methods to use to separate the two are decisions left to each state. For schools where all public funds are reported at school level, fields E, F and G can be zero. In this example, we have evenly distributed central expenditures across all schools using a per-pupil basis.	
F State/Local	\$5,378	\$5,378	\$5,378		
G Site Share of Central Total <i>(Sum of E+F)</i>	\$5,539	\$5,539	\$5,539		
H Total School Expenditures <i>(Sum of D+G)</i>	\$12,106	\$10,504	\$11,701	This is the number states can use to make apples-to-apples comparisons across states. Critically, the sum of D and G represents the total public funds expended on behalf of students at the school.	
I Total District Exclusions/ Total District Expenditures		\$2,416,986 \$21,514,686		These are total excluded expenditure amounts at the district level, remaining total district expenditures, and the list of excluded expenditures. IFR excludes certain expenditures and permits (but does not require) exclusion of others. See page 4 for chart listing IFR exclusions and optional exclusions and related NCES codes. If transfers are included in PPE reporting, student counts should be captured at the level of accountability. Effort should also be made to ensure funds are not counted twice: once at point of origin of transfer and again at level of transfer receipt.	
J Excluded Expenditures	<i>Debt, capital, equipment, special education transfers to private schools, adult education, community services</i>				
K Enrollment Count Procedure	ADA, student count Oct. 1			Each state determines its count method used for Criteria A.	

Over the last year more than 140 individuals from 39 state agencies and 20-plus school districts have participated in some point in the development of Interstate Financial Reporting, as reflected in this draft document. Edunomics Lab assembled the working group's content to produce this publication.

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INTERSTATE FINANCIAL REPORTING

States developed IFR along these **core principles**:

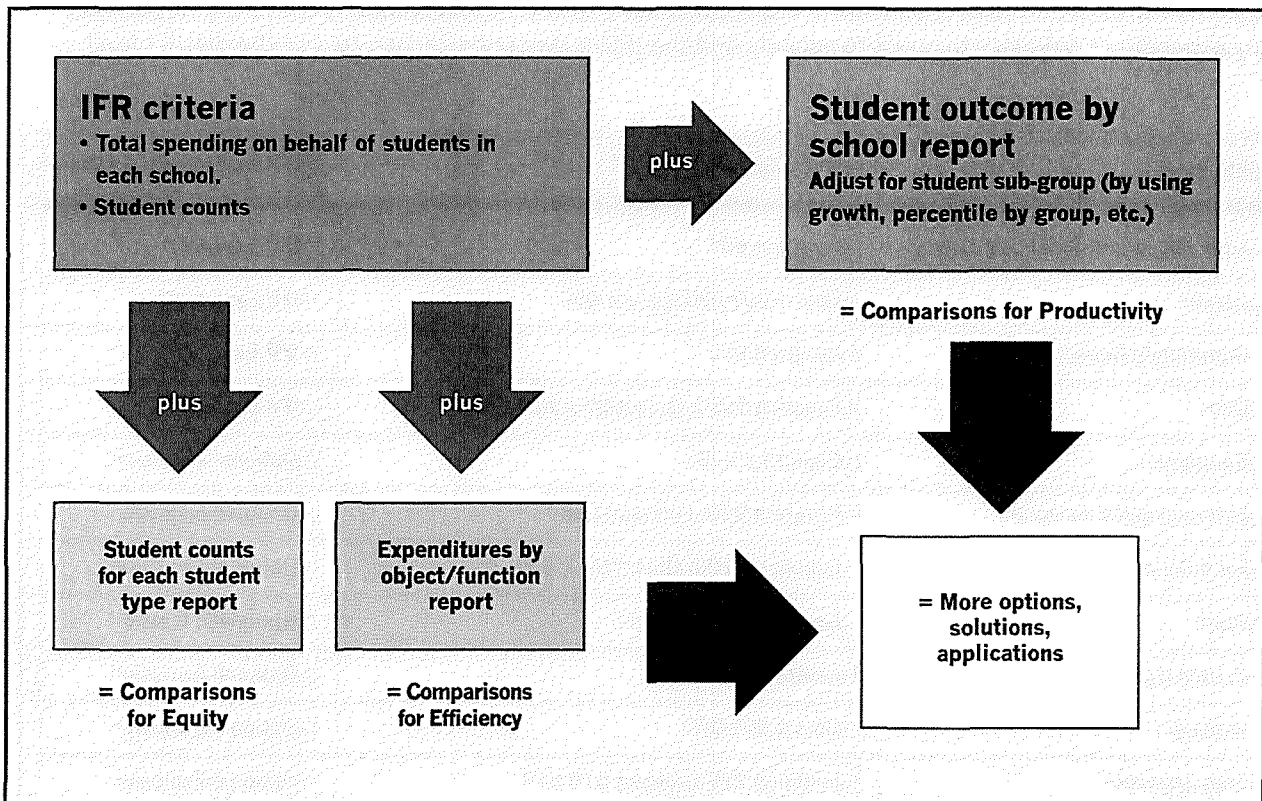
- **The most critical school-level dollar figure for comparison across schools, districts and states is the grand total public expenditures per-pupil versus spending on any one component.** IFR aims to capture all relevant public funds for schooling, minus defined exclusions, without regard to how the funds are spent or whether the funds are attached directly to the school, the district or another entity (like a CMO).
- **Flexibility is needed for districts to be able to create reports that reflect their actual spending decisions.** LEAs generally have fiduciary responsibility for the monies spent on behalf of schools; reporting is designed to reflect that reality. For example, IFR accommodates separating site-level costs and site's share of central costs, but does not require it or prescribe how to do so (other than restating ESSA's requirement for actual teacher salaries to be assigned to the site level.)
- **Reporting should accommodate variable practices around accounting, budgeting and service delivery.** These practices vary across states, districts and schools; IFR is designed to easily adapt. For example, states differ in how they capture student enrollment (ADA, ADM or others). Each state can define its own method in IFR, so long as student counts are not weighted.
- **States must be able to customize reporting beyond the minimum criteria.** The 11 minimum IFR data points outlined in the table on page 2 are a floor. States interested in building on top of that floor can easily do so by adding data fields, such as breaking out special education or pre-K expenditures and enrollment. IFR offers ample opportunity for states to capture and communicate the import of any relevant nuances in their data to aid accurate interpretation. Page 5 lists a few ways to customize reporting.
- **Financial data alone will not yield the information needed to drive improvements for students; pairing it with other relevant data can help surface strategies on equity, efficiency, productivity and innovation.** The per-pupil expenditure data needs to be put in context by marrying it with other school and student information. Knowing how much is spent on behalf of a school, on which types of students and to what effect will allow stakeholders at all levels to investigate patterns in resource equity, drive productivity improvements and uncover innovative practices.

Bottom line: State-designed IFR represents collective thinking on how states can both meet the ESSA financial transparency requirement and create vital, valid cross-state comparisons that can be used to drive improvements for students.

INTERSTATE FINANCIAL REPORTING

The Opportunity in the Data: Putting the Data in Context

If the goal is to identify inequities, states can pair IFR data with school-level information (such as urbanicity and program offerings) and rolled-up student information (such as percentages of students in special education, students living in poverty and/or students who are English learners). Data can be displayed in thoughtful and engaging ways for different purposes.² For productivity analyses, states can marry IFR with student outcomes to understand how schools are performing relative to their spending levels. To uncover efficiencies, states can report more detailed expenditure data, including breakouts by object or function. The graphic below shows ways to combine data to surface promising options around equity, productivity and efficiency.



2. Note that the IFR lays out the key data measures and is not intended as an exemplary data visualization.

INTERSTATE FINANCIAL REPORTING

IFR Data Elements

Site Share of Central-Level Expenditures (E F G): No single standard procedure exists for capturing the number in Field G across states, districts or schools. For example, some districts may simply divvy up expenditures on a per-pupil basis and assign dollars to schools based on their enrollment. With IFR, states can write their own rules around how to allocate shared costs back out to the school level or can leave those decisions to districts. See some options in "Four Approaches to Assigning Costs to Central Levels vs. School Levels When Calculating Per-Pupil Expenditures."

Exclusions & Total District Expenditures (I J): Several types of expenditures do not link directly to day-to-day schooling of students. If included in IFR, they could cloud school-level numbers and limit the usefulness of the data. To avoid this, IFR excludes certain expenditures and permits (but does not require) exclusion of others, as shown in the box below. With IFR, states clearly list in their reporting any expenditure category they opt to exclude and the dollar amount attached to it at the district level.

Exclusion ³	NCES Code ⁴	IFR or Optional Exclusion
Adult Education/Continuing Education	Program 600	IFR Exclusion
Capital	Object 700-720, Object 450	IFR Exclusion
Community Services	Program 800	IFR Exclusion
Debt	Function 5000, Object 800, 820-835	IFR Exclusion
Equipment	Object 730-739	Optional Exclusion
Extracurricular Activities	Program 900, Function 3300	Optional Exclusion
Food Service	Function 3100, Object 570, 630	Optional Exclusion
Pre-K	Level of Instruction 11	Optional Exclusion
Private Contributions	Revenue 1920	Optional Exclusion
Transfers	Object 900-960	Optional Exclusion
Transportation	Function 2700, Object 510-519	Optional Exclusion
Tuition	Object 560-569	Optional Exclusion

3. If transfers are included in PPE reporting, student counts should be captured at the level of accountability. Effort should also be made to ensure funds are not counted twice: once at point of origin of transfer, and again at level of transfer receipt.
4. "Financial Accounting for Local and State School Systems: 2014 Edition," Institute for Education Sciences National Center for Education Statistics, accessed January 2018, <https://nces.ed.gov/pubs2015/2015347.pdf>. These codes offer some examples but state practice in accountability may differ: and States should use their own practice.

INTERSTATE FINANCIAL REPORTING

How a state might customize while being consistent with IFR

States have several options for customizing the minimum IFR to fit their needs and practices. Below are two possible avenues to customization.

1. States can parse the financials with more detail or breakouts in their reporting, such as adding function and object breakouts, like special education and salaries, that put their data in context. The table below shows what this might look like. While the IFR includes pension spending, some states may choose to break out spending for pensions, due to the variation in how these expenditures are accounted for by states and districts. Pension payments are currently included in the Total Current Expenditure figure produced by the Annual Survey of School System Finances (F-33).

• Minimum IFR+ •	• District 1 •			• Charter •
Criteria	Elementary School #11	Elementary School #12	Middle School #17	Elementary School #13
A Enrollment	375	511	992	442
Site-Level Expenditures				
Teacher Salaries	\$4,956	\$3,323	\$4,123	\$8,769
Benefits	\$552	\$313	\$441	\$232
B Federal	\$456	\$209	\$164	\$818
C State/Local	\$6,111	\$4,756	\$5,998	\$11,887
D Site-Level Total	\$6,567	\$4,965	\$6,162	\$12,705
Site Share of Central Expenditures				
Special Education	\$964	\$964	\$964	\$1,121
Transportation	\$566	\$566	\$566	\$0
E Federal	\$161	\$161	\$161	\$0
F State/Local	\$5,378	\$5,378	\$5,378	\$0
G Site Share of Central Total	\$5,539	\$5,539	\$5,539	\$0
H Total School Expenditures	\$12,106	\$10,504	\$11,701	\$12,705
I Total District Exclusions	\$2,416,986			\$5,531,868
J Excluded Expenditures	<i>Debt, capital, equipment, special education transfers to private schools, adult education, pre-K</i>			<i>Debt, capital, equipment, special education transfers to private schools, adult education</i>
K Enrollment Count Procedure	<i>ADA, student count October 1</i>			<i>ADA, student count October 1</i>

2. While preserving the IFR fundamental that all public funds must be captured at some level, states can create rules for districts around whether or how to assign site-level and site share of central-level expenditures. With IFR, states have wide discretion in their degree of prescriptiveness. See more in: [“Four Approaches to Assigning Costs to Central Levels vs. School Levels When Calculating Per-Pupil Expenditures.”](#)



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Assembly Committee on Education
FROM: John Forester, Executive Director
DATE: February 6, 2020
RE: AB 810 – Uniform School Budget and Accounting System

The School Administrators Alliance (SAA) is registering for information only on Assembly Bill 810, relating to creating a computerized uniform school budget and accounting system. We greatly appreciate this opportunity to share the following thoughts, questions and concerns on this important bill.

- AB 810, as currently drafted, appears to repeal the WUFAR accounting manual at the end of the 2020-21 school year. Quite a few school business officials from around the state have contacted the SAA office to express their concerns about this provision. Representative Felzkowski's office has indicated to me that a substitute amendment is in drafting but that it is unlikely to be available for today's hearing. We look forward to reviewing the amendment. We hope it brings clarity to this important issue.
- Given the collective school finance and school accounting expertise possessed by the members of the Wisconsin Association of School Business Officials (WASBO), I question why a WASBO representative is not designated to be a member of the Committee on Uniform School Budget and Accounting.
- We note that the work of the Committee on Uniform School Budget and Accounting appears to conclude by January 1, 2021 under the bill. We wonder why the committee would terminate three years later.

Thank you for your consideration of our views. If you should have any questions on our thoughts on AB 810, please call me at 608-242-1370.



School District of Thorp

605 South Clark Street
P.O. Box 449
Thorp, Wisconsin 54771
www.thorp.k12.wi.us



February 6, 2020

Testimony to the Assembly Education Committee
In Support of AB 810

Good morning Mr. Chairman and Committee Members:

Thank you for the opportunity to comment on AB 810, a bill to increase the transparency of and access to financial information about Wisconsin's schools. My name is John Humphries. I am the Superintendent of the School District of Thorp, where we proudly educate about 600 students in rural NW Wisconsin. I have a 5-member School Board and consider myself lucky because my Board Treasurer has prior professional experience in financial services. She understands our budget system, spending, and accounting. This bill would serve to make that kind of understanding more readily available for all Board members, parents, and taxpayers.

Our budget process is complicated and has taken time to master. In just a few years, we have made major adjustments to maximize state aid, pay off debt, and maintain a low mill rate. I have already begun building next year's budget, with welcome increases in the low revenue limit and state aid. In July, I will seek a Board motion allowing me to continue spending at this year's levels, and at our annual meeting in October, I will present a budget for public review using final values for property wealth, student count, aids, and more. My final budget will then be monitored closely, especially as we approach the end of the year.

Last year we had a polar vortex and a very snowy February. This added significant costs, some of which were totally unexpected. Yes, utility and snow removal costs went up. I was ready for that. Then our Board decided to pay hourly staff for days that they couldn't work, a generous gesture that I had not budgeted for. This bill would have made it easier for the public to understand the implications of those events, both good and bad.

Two years ago, I was approached by a Massachusetts company that has created dashboards and clickable web links to disaggregate the large buckets of funds that our budget is based on. A subscription would have allowed my Board and community to better understand our budget, along with other demographic variables and trends. However, it was costly and I was concerned

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that without a strong background in Wisconsin's budget and finance system, that the company wouldn't provide adequate descriptions of the funds. It could have added to the confusion. Ultimately, we decided not to purchase a subscription. However, these issues are exactly the ones that a system such as could be envisioned under the bill addresses. The system could be transparent as well as easily understood.

Finally, I was reminded that publicly-traded companies are required to publish a uniform set of financial disclosures each quarter. Don't Wisconsin taxpayers deserve the same type of information?

I support AB 810 because it will help my whole School Board understand where we are spending our budget as well as learn more about our peer districts. It can also help Superintendents and Business Managers more easily track annual spending. Our monthly Superintendent meetings are filled with talk about ways to make our budgets work. AB 810 could help all districts share that type of information.

Thank you.



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Chairman Thiesfeldt and members of the Assembly Education Committee,

Thank you for allowing us to speak on AB 810, a financial transparency bill that would make it easier for the public to learn where their tax dollars are being spent at Wisconsin's K-12 public schools. Sadly, too many of Wisconsin schools are struggling: less than 50% of students are proficient in reading and math, Wisconsin has the largest racial achievement gap among all 50 states, and rural K-12 public schools lag far behind urban ones. AB 810 would help shine a much bigger light onto how K-12 public schools spend taxpayer money – what works and what does not.

All over the country, states are enacting bipartisan initiatives that require more transparency in public school spending because policymakers, school leaders, and parents lack basic information about how funds are being spent at the school and district level. AB 810 would put Wisconsin in-line with other states. Transparency in school spending is the first step in creating informed discussions about equity, academic performance, and education funding.

1. Wisconsin's current system does not provide enough transparency on public school spending

Wisconsin law does not require much uniformity in how school districts are required to report public information in their annual budgets. Most Wisconsin school districts' annual budget reports are tens – if not hundreds – of pages long and difficult to navigate to determine how the district is spending taxpayer money. In addition, there are thousands of different codes used by school districts to describe how taxpayer funds are being used. This makes the information nearly impossible to determine where districts are spending taxpayer dollars.

Consequently, it is nearly impossible to meaningfully compare one school district's expenditures to another since the Department of Public Instruction (DPI) only reports information on general finance data for school districts. For example, one category of information is "instruction." But that does not provide information about how much money is going to the classroom versus money towards programming costs.

These catch-all categories make it difficult for anyone to determine how each school district is spending local, state, and federal funds, and whether they are doing so efficiently or effectively.

Yet polling indicates that over 80% of Wisconsin voters want more transparency in public school spending. This includes 90% of Republicans, 71% of Democrats, and 81% of Independents.

2. Other states have enacted spending transparency legislation

In 2017, the Georgia legislature unanimously passed bipartisan legislation to expand the school finance information that must be reported, and create a financial efficiency rating system. To ensure this system creates fair and meaningful comparisons, the state determined how districts allocate spending down to the school level.

Georgia's website is an example of a gold star website for school transparency. Not only can a user look at data at the district level, but the information can be broken down by each school campus. In contrast, Wisconsin only tracks district-level spending, not individual school campuses. Georgia's system also reports over 30 categories of data for both district and school campuses, compared to Wisconsin's six general categories for districts.

Texas reports the spending by each district and individual school campuses, and categorizes them by student performance indicators, and then cross-indexes them with spending levels. Texas then rates each district and campus with a score, 1-5, indicating its success in combining cost-effective spending with student achievement compared to their fiscal peers.

Wisconsin does not track fiscal efficiency by districts, nor does Wisconsin analyze student achievement and school funding together. Texas' website is visually easy to understand and access by users. Wisconsin's information is difficult to access because it is located in spreadsheets or in several reports on WISEdash.

3. Why AB 810 is a step in the right direction for Wisconsin

Assembly Bill 810, authored by Representative Felzkowski and Senator Darling, requires the Department of Public Instruction to create more transparency in public school spending by requiring the following:

A. Improves the existing requirement for the Superintendent of Public Instruction to create a "uniform financial fund accounting system" for public schools.

State law requires that the Superintendent of Public Instruction create a uniform financial reporting system for all public schools, including school district and public charters. The existing system requires districts to report school spending data in large buckets, like instruction and administration. However, there is no requirement that the existing system provide transparency of specific expenditures at the school level or across the district.

This proposal improves the existing system by replacing the old accounting reporting requirements and creates a new system that will collect finance spending data based on the school level, rather than the district as a whole. The proposal requires the reporting of all types of funding – state, federal and local – received by the public school.

B. Requires the Superintendent to receive feedback from an advisory council.

The process to create transparency in public school spending includes feedback from an advisory council representing various entities that will be impacted by the proposed changes. The proposal creates a committee that includes members of the state legislature, urban and rural school districts, school associations, and public charter schools.

The committee will provide valuable feedback to DPI regarding how to create expenditure categories and how best to collect the data. DPI must respond to the committee's recommendations in writing, including reasons for declining to follow a committee recommendation.

C. The Joint Committee on Finance has passive review of DPI's response.

The committee's advisory report and DPI's response must be provided to the co-chairs of the Joint Committee on Finance. The co-chairs have 14 working days to respond and schedule a meeting to review DPI's response.

D. The new accounting system data must be displayed on a user-friendly website and promote the existence of the information.

The proposal requires that the new data must be collected at least annually and uploaded to a website that allows members of the public to access, sort, and download the information. Additionally, DPI must "conduct a public information campaign" about the data to help educate members of the public that this new data exists as a resource.

E. Delays the new system until 2021-22 school year.

The new accounting system with transparency measures does not go into effect until the 2021-2022 school year. At the start of the 2021-22 school year, the current accounting system can no longer be instituted by DPI.

Thank you so much for the time. Do not hesitate to reach out if you have any questions.

CJ Szafir
Executive Vice President

Libby Sobic
Education Policy Director

Policy Brief

Wisconsin Institute for Law & Liberty

February 2020

The case for public school spending transparency in Wisconsin

Libby Sobiech, Education Policy Director

CJ Szafir, Executive Vice President

Introduction

Despite recent historic spending on K-12 public schools (over \$14 billion last budget), too many of Wisconsin's schools are struggling – less than 50% of students are proficient in reading and math – Wisconsin has the [largest](#) racial achievement gap (of the 50 states), and rural K-12 public schools lag behind urban and suburban ones. With such a major investment into K-12, state lawmakers and taxpayers should expect better results and demand more accountability.

A major step in the right direction would be to enact public school spending transparency legislation to shine a much bigger light onto how K-12 public schools spend taxpayer money.

Wisconsin is comprised of 421 public school districts – each of which has its own

Takeaways:

1. Wisconsin lawmakers spent over \$14 billion in taxpayer money on K-12 public schools in last budget. Yet academic achievement is stagnant – and declining in urban and rural areas. There needs to be more accountability.
2. It's incredibly difficult, if not impossible, to figure out where the money is being spent and what reaches the classroom.
3. To fix this, states have recently enacted spending transparency laws in overwhelming bipartisan manner.
4. It's time for Wisconsin to join them. Over 80% of Wisconsin voters want more transparency in public school spending.
5. A proposed bill led by Rep. Felzkowski and Sen. Darling (AB 801) would help accomplish this.

annual budget report.¹ Despite the hundreds of public school districts, there is not a unified system to provide taxpayers, parents or policymakers easy access to comprehensive information how school districts are spending our tax dollars.

Transparency in public school spending achieves several goals, including promoting effective and efficient use of taxpayer dollars, empowering school leaders and parents to help understand how resources are flowing from the state to the classroom, and providing a base line to understand how schools are being allocated funds and whether schools are getting “fair funding.”

States are enacting bipartisan initiatives that require more transparency in public school spending because policymakers, school leaders, and parents lack basic information about how funds are being spent at the school and district level. Transparency in school spending is the first step in creating informed discussions about equity, academic performance, and education funding.

Wisconsin should join the national movement toward more transparency in public school spending.² It starts with passing AB 801.

Status Quo Not Working: Wisconsin lacks transparency measures for public school spending


Wisconsin law does not require much uniformity in how school districts are required to report information in their annual budgets.

Most Wisconsin school districts’ annual budget reports are tens – if not hundreds – of pages long and difficult to navigate to determine how the district is spending taxpayer money. Furthermore, it is nearly impossible to meaningfully compare one school district’s budget to another since the Department of Public Instruction (DPI) only reports information on general finance data.³

Previously, DPI’s school district performance reports, pictured in image B provided limited information about school finances, such as huge categories like ‘instruction’⁴ However, even this limited information was removed by DPI and now individuals must review dozens of Excel spreadsheets for information on school finances.⁵ Today, it is not possible to differentiate between teacher salary, cost of the district’s general expenditures on instruction, or special project funds (see image A).

A: [DPI's school district funding report \(12/4/19\)](#)

DPI's website, WISEdash, no longer includes information about school finances. Instead users are directed to [DPI's website](#) with the information reported in Microsoft Excel spreadsheets.



Wisconsin School District Performance Report

District: **Abbotsford**
Compare to Athletic Conference: **Marawood - North, 2015-16**
Number of Districts: 7 [Hide All Graphs](#)

Compare to : Athletic Conference Top 10 Enrollments District Schools

[SDPR Home](#) District:

Retention, ACT®, AP®	Achievement Tests	Attendance, Dropouts, Truancy	HS Completion, Post-grad Plans	Programs, Participation	Staffing, Finance	Suspensions, Expulsions
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Finance

Visit [School Financial Services](#) for Finance data.

[Glossary](#)
More Data Are Available at the [Wisconsin Finance Data Warehouse](#)

<http://dpi.wi.gov/wisedash/help/glossary>
http://sfs.dpi.wi.gov/SFS_data_warehouse_main

DPI implemented a new staff reporting system for the 2014-2015 school year. As with any new data system implementation, data reported through the system for both the 2014-2015 and the 2015-2016 carry a data cautionary advisory. DPI is working to improve data quality and going forward data users can expect to see continual improvement in data quality. This year's The 2016-2017 collection marks good progress towards improved data quality as enhancements to data validations and data review methods have been implemented into the WISEStaff data collection. For district submitted corrections to this information please see the [Data Errata after DPI Publication Page](#).

[Data Disclaimer](#)

[Missing background colors/images in print?](#)

B: DPI's previous school district funding report (5/14/19)

DPI used to provide information on school finances for each district below. This was a basic visual breakdown of large categories of spending – instruction, administration & operations, facilities, transportation, food services, and public and staff services.

Wisconsin School District Performance Report

District: **Abbotsford**

Compare to Athletic Conference: **Marawood - North, 2015-16**

Number of Districts: 7 Hide All Graphs

Compare to: Athletic Conference Top 10 Enrollments District Schools

SDPR Home District: **Abbotsford** 2015-16

Retention, ACT®, AP®
Achievement Tests
Attendance, Dropouts, Truancy
HS Completion, Post-grad Plans
Programs, Participation
Staffing, Finance
Suspensions, Expulsions

Staffing
Finance

Finance

Glossary Read about the Data

Abbotsford - Revenue per Member **

Abbotsford - Cost per Member **

Revenue per Member **

Download All District/School Data

District Name	Revenue Type	Revenue	Revenue per Member	Percent of Total
Abbotsford (711 Members)	State	\$5,904,999	\$8,305	67.6%
	Federal	\$719,907	\$1,013	8.2%
	Local: Property Taxes	\$1,796,392	\$2,527	20.6%
	Other Local	\$317,243	\$446	3.6%
	Total Revenues	\$8,738,541	\$12,290	100.0%
[Statewide] (854,363 Members)	State	\$5,104,104,672	\$5,974	45.5%
	Federal	\$799,799,381	\$938	7.1%
	Local: Property Taxes	\$4,845,054,428	\$5,671	43.2%
	Other Local	\$474,958,775	\$558	4.2%
	Total Revenues	\$11,223,917,256	\$13,137	100.0%

Cost per Member **

Download All District/School Data

District Name	Cost Type	Cost	Cost per Member	Percent of Total
Abbotsford (711 Members)	Current Education Cost	\$8,616,930	\$9,598	78.2%
	Instruction	\$4,173,253	\$5,870	46.7%
	Pupil and Staff Services	\$395,109	\$556	4.4%
	Admin. and Operations	\$2,248,567	\$3,183	25.1%
	Total Education Cost	\$8,452,025	\$11,898	94.5%
	Current Education Cost	\$8,616,930	\$9,598	78.2%
	Facilities	\$1,312,801	\$1,846	14.7%
	Transportation	\$322,295	\$453	3.6%
	Total District Cost	\$8,941,401	\$12,578	100.0%
	Total Education Cost	\$8,452,025	\$11,898	94.5%
Food and Community Service	\$489,378	\$688	5.5%	

Current state law requires the Superintendent of Public Instruction to “proscribe a uniform financial fund accounting system, applicable to all school districts ... which provides for the recording of all financial transactions inherent in the management of schools...”⁶ School boards are required to have a licensed accountant annually audit the district’s accounts and the district must file a financial audit statement with the DPI.⁷ School districts are required to report to DPI the amount of funds received each year and show the expenditures of “school money received from the state.”⁸

But the uniform accounting system established by DPI does not provide transparency. For example, there are over 16,000 different codes used by school districts to describe how taxpayer funds are being used.⁹ This makes the information nearly impossible to determine where districts are spending taxpayer dollars. Furthermore, the DPI- created reports on expenditures only compare costs by school districts in just a few buckets – transportation cost, facility cost, administration and operations, instruction, and food and community service cost.¹⁰ DPI reports revenue data of school districts in a similar manner – in large buckets of funding based on local property tax, federal, state, and local non-property tax revenue.¹¹

These catch-all categories make it difficult for anyone to determine how each school district is spending local, state, and federal funds, and whether they are doing so efficiently or effectively.¹² Furthermore, there is no easily accessible and centralized database that tracks the amount of debt a school district accrues.¹³ School districts can accumulate up to \$1 million for debt issuance without elector approval.¹⁴ School districts are also permitted to go to referendum twice a year to exceed the revenue limit set by state law.¹⁵ In the November 2018 election, Wisconsin taxpayers voted to add at least \$1.3 billion more into their local public schools.¹⁶

But data collection on school spending is changing – and this presents major opportunities for reform. The Every Student Succeeds Act (ESSA), the federal law K-12 education law, requires all states to track and report actual per-pupil expenditures of federal, state and local funds, disaggregated by the source of funds and broken down by district and school site.¹⁷

For many states, including Wisconsin, this is the first time that public school-level spending data will be collected. DPI started collecting this information from public school districts and independent public charters for the 2018-2019 school year.¹⁸ While this information is not yet¹⁹ available to the public, DPI’s guidance documents explain that funds will be identified as federal, state/local and total per-pupil expenditure by school.²⁰ However, good state policies shouldn’t be dependent on the federal government. Wisconsin should maximize on this opportunity and create a public school-level spending data collection and website that provides greater transparency.

Currently state law provides the Superintendent of Public Instruction the authority to create a uniform financial accounting system. However, the Superintendent has not prioritized creating a system that is transparent and easily accessible. Over 80% of Wisconsin voters want more

transparency in public school spending.²¹ Wisconsin policymakers should embrace the opportunity presented by ESSA and consider following the example of other states and require the Superintendent to change the reporting requirements to provide as much transparency as possible to public school spending.

Best Practices for public school spending transparency legislation

After reviewing the legislation in states like Georgia, Texas, and Oklahoma, any legislation for public school spending transparency should consider the following components:

1) Expenditure by school site and school district

The system must identify per pupil expenditures at the school site and school district level. But for this to be effective, the state must set consistency in how expenditures are reported. Consistency in definitions of expenditures will allow an “apples to apples” comparison between schools, as well as districts, to better understand how the local, state, and federal funds are being spent.

2) Revenue and expenditures by type of aid

Wisconsin’s funding system is comprised of a variety of types of state aid to serve students with specific demographics, such as students with disabilities or economically disadvantaged students. These state aids are referred to as categorical funds. Federal funds are similarly distributed by student demographics, such as Title III dollars for English Language Learners, or students whose first language is not English. To help understand how these different funds are reaching the students they are designed for, a transparency system must be able to break down the type of state and federal funds that are being used and spent at the district and school level.

3) School financial efficiency

The public should be able to access both financial and student achievement data together. This allows for a greater understanding of the districts who are achieving greater student achievement and how the district is investing taxpayer dollars. Ideally, this would result in a financial efficiency system, like Georgia or Texas that rates districts with comparatively low per pupil expenditures with higher student achievement.

4) Transparency website

This information must be provided in a user-friendly format that can be accessed easily by the public. The website should include a search feature so users can identify the school or districts that are relevant to them. The website should be a centralized location for all publicly available information that is in a user friendly format. Ideally the website would follow the Texas model to help identify districts that receive a similar amount of funding so users can compare the data.

A review of the Assembly Bill 801 (Rep. Felzkowski, Sen. Darling)

Assembly Bill 801, authored by Representative Felzkowski and Senator Darling, requires the Department of Public Instruction to create more transparency in public school spending by requiring the following:

1) Improves the existing requirement for the Superintendent of Public Instruction to create a “uniform financial fund accounting system” for public schools.

State law requires that the Superintendent of Public Instruction create a uniform financial reporting system for all public schools, including school district and public charters. The existing system requires districts to report school spending data in large buckets, like instruction and administration. However, there is no requirement that the existing system provide transparency of specific expenditures at the school level or across the district.

This proposal improves the existing system by replacing the old accounting reporting requirements and creates a new system that will collect finance spending data based on the school level, rather than the district as a whole. The proposal requires the reporting of all types of funding – state, federal and local – received by the public school.

2) Requires the Superintendent to receive feedback from an advisory council.

The process to create transparency in public school spending includes feedback from an advisory council representing various entities that will be impacted by the proposed changes. The proposal creates a committee that includes members of the state legislature, urban and rural school districts, school associations, and public charter schools.

The committee will provide valuable feedback to DPI regarding how to create expenditure categories and how best to collect the data. DPI must respond to the committee’s

recommendations in writing, including reasons for declining to follow a committee recommendation.

3) The Joint Committee on Finance has passive review of DPI's response.

The committee's advisory report and DPI's response must be provided to the co-chairs of the Joint Committee on Finance. The co-chairs have 14 working days to respond and schedule a meeting to review DPI's response.

4) The new accounting system data must be displayed on a user-friendly website and promote the existence of the information.

The proposal requires that the new data must be collected at least annually and uploaded to a website that allows members of the public to access, sort, and download the information. Additionally, DPI must "conduct a public information campaign" about the data to help educate members of the public that this new data exists as a resource.

5) Delays the new system until 2021-22 school year.

The new accounting system with transparency measures do not go into effect until the 2021-2022 school year. At the start of the 2021-22 school year, the current accounting system can no longer be instituted by DPI.

Examples of public school spending transparency in other states

Georgia

Georgia recently expanded its existing public school finance reporting system.²² Since 2005, existing state law required school districts to report their budgets and financial expenditures to the state department of education.²³ In 2017, the Georgia legislature unanimously passed bipartisan legislation to expand the school finance information that must be reported, and create a financial efficiency rating system.²⁴ To ensure this system creates fair and meaningful comparisons, the state determined how districts allocate spending down to the school level.

This information, pictured below in image C, is compiled into the state's K12 report card.²⁵ The system allows the public to see an analysis of the district's total income and expenditures as well as expenditures by school or facility. The Georgia system also identifies the certified personnel by district and school and information on educator professional qualification. The Georgia system collects information based on a defined terms so that the data is reported the same across school sites and districts.²⁶

This allows the system to provide significantly more information than is currently available in DPI's WISEdash system. For example, expenditure information for general administration is separate from school administration, and instructional support costs are separated from instruction costs. The Georgia system also defines the salaries and benefits by the source of funds.

Lastly, the Georgia financial efficiency system compares and analyzes district spending per student with overall academic performance and gives each district and school a rating.²⁷ The

Comparing Georgia's system of transparency to Wisconsin:

- Georgia's system is visually easy to understand and access by users.

Wisconsin's information is buried in spreadsheets or in reports on WISEdash.
- Georgia's system reports information by school district and by school or facility.

Wisconsin only reports information by district.
- Georgia's system includes specific categories of expenditures that apply to all schools. For example, each school or facility reports information on salary and benefits, instructional professional development, facilities and maintenance, among other categories.

Wisconsin's system only reports information in large buckets, like instruction.

system is designed to provide a measure of efficiency across each school and district. The law requires that the Governor's Office of Student Achievement and Georgia Department of Education collaborate to adopt and annually review indicators of the quality of learning by students, financial efficiency, and school climate for schools and school districts.²⁸ The rating is based on a five star system that analyzes how district spending impacts both student achievement and school improvement. Georgia has embraced transparency in its public school spending and the result provides taxpayers, parents, and policymakers access to valuable information on their school or district, as well as the other public schools across the state.

C: Georgia School System Finance Information

All System Expenditures



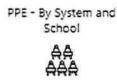
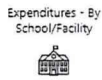
System: Appling County

i System Expenditures

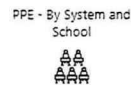
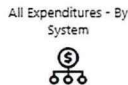
2016
\$41,400,736.01
Total Expenditures

2017
\$41,228,742.01
Total Expenditures

2018
\$39,467,213.29
Total Expenditures

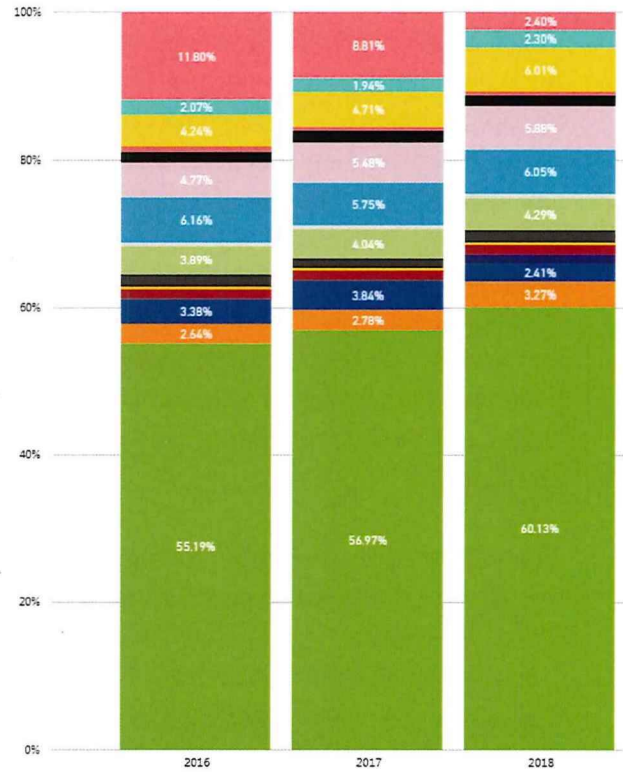


System: Appling County

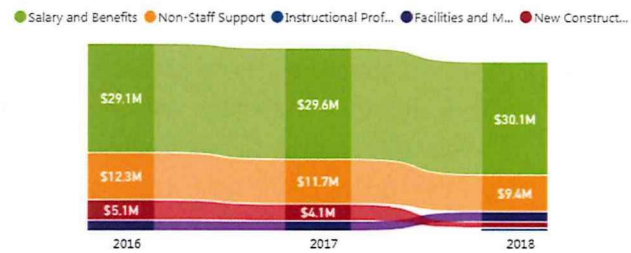


i Reconciliation of Salaries and Benefits and Non-Staff Support

- i** Salary and Benefits
- i** Non-Staff Support
- i** Instructional Professional Development
- i** Facilities and Maintenance
- i** New Construction



Total Expenditures by Fiscal Year



Actual Expenditures for Selected School/Facility

601-0103 Appling County High School

2018 Fiscal Year \$6,821,862.20 Salary and Benefits \$1,951,235.55 Non-Staff Support 125,410.02 Instructional Professional Develop... \$430,938.02 Facilities and Maintenance \$220,827.73 New Construction

School Budgeted Verses Actual Expenditures

Fiscal Year	2018									
	Budget					Actual				
Type	Salary and Benefits	Non-Staff Support	Instructional Professional Development	Facilities and Maintenance	New Construction	Salary and Benefits	Non-Staff Support	Instructional Professional Development	Facilities and Maintenance	New Construction
601-0103 Appling County High School	7,555,330.23	1,052,413.25	106,821.36	0.00	0.00	6,821,862.20	1,951,235.55	125,410.02	430,938.02	220,827.73
601-0177 Appling County Elementary School	4,291,258.59	292,933.26	111,203.60	0.00	0.00	4,342,824.43	552,041.28	102,129.81	126,384.30	24,368.85
601-0195 Appling County Middle School	5,782,468.50	1,509,347.58	82,548.60	0.00	851,445.00	5,093,735.13	1,627,267.68	67,931.69	144,131.27	681,450.75
601-0277 Appling County Primary School	6,318,635.16	824,722.64	105,702.86	0.00	0.00	5,827,458.02	1,111,457.14	99,041.94	138,431.41	9,344.97
Total	32,721,552.16	10,268,193.35	562,274.00	2,494,256.59	1,951,445.00	30,078,408.15	9,388,805.14	509,294.00	2,388,308.23	1,357,913.62

Texas

Texas became a leader in school level financial transparency with the Texas Smart Schools initiative.²⁹ Schools receive a 5 star rating based on their academic performance and spending per student. There is a comprehensive website that permits users to compare schools to a “fiscal peer”, i.e. schools that have the same or lower spending per student but are achieving more academic progress. This initiative was started by the Texas comptroller and is now independently managed.

The data used by the Texas Smart Schools initiative is collected in part through the Texas Education Agency and Texas Comptroller of Public Accounts. In 2001, the legislature also created the state’s school financial accountability system, known as the Fiscal Integrity Rating System of Texas (FIRST) system.³⁰ Under the FIRST system, all traditional public, and public charter schools, are given a rating on their fiscal practices. The rating is based on a variety of indicators, including information on debt service, student enrollment, staff to student ratios, and whether the district makes timely payments to the retirement service and other government agencies.

This system ensures that the public schools are held accountable for their fiscal management practices and encourages all schools to better manage their resources to provide the maximum allocation for direct instruction.

The Texas Comptroller also reports debt statistics on Texas government entities, including school districts.³¹ This system provides information on the district’s fiscal health. This system allows users to see the entity’s debt profile, which includes information on the district’s current debt obligations, debt trends, property tax rates and a comparison of the district to other similarly sized districts.

Comparing Texas’ system of transparency to Wisconsin:

- Texas reviews the spending by each district and individual school campuses and categorizes them by student performance indicators, and then cross-indexes them with spending levels. Texas then rates each district and campus with a score, 1-5, indicating its success in combining cost-effective spending with student achievement compared to their fiscal peers.

Wisconsin only tracks district-level spending, not individual school campuses. Wisconsin does not track fiscal efficiency by districts, nor does Wisconsin analyze student achievement and school funding together.

- Texas website is visually easy to understand and access by users.

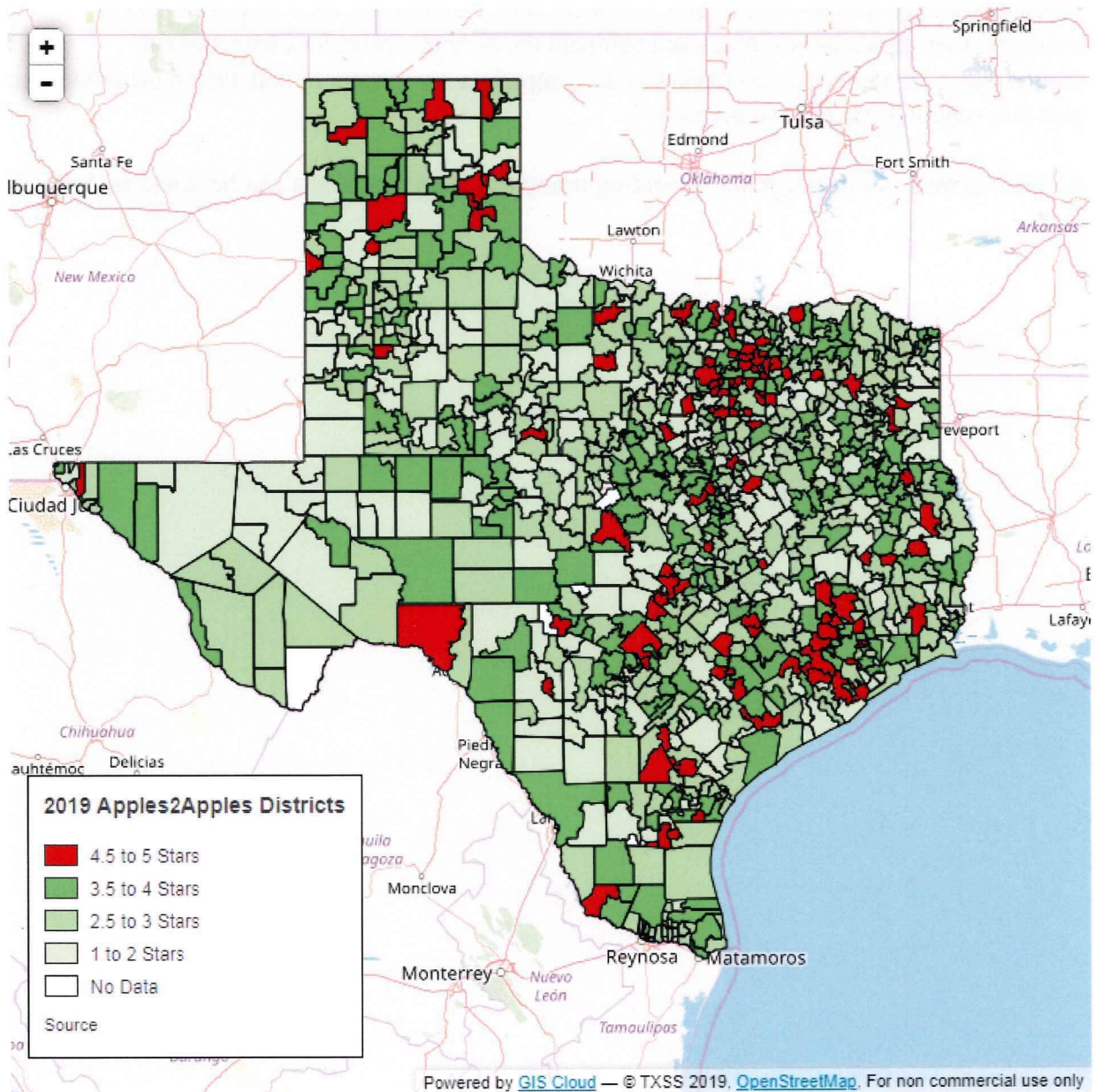
Wisconsin’s information is buried in spreadsheets or in reports on WISEdash.

Texans have access to comprehensive resources that analyze how each school district is managing their financial resources and compare the district's resources with student achievement. Meanwhile, Wisconsin has no comprehensive system to understand the amount of debt that school districts have accrued.

Another example of public school spending transparency in Oklahoma can be found in Appendix B.



D: Texas Smart Schools



Appendix A – WILL 2019 Poll

“To what extent do you agree or disagree with the following statement: More information should be readily available on how public school districts spend taxpayer money?”

Overall			SW Wisconsin		
	%	Total		%	
Strongly Agree	48.50%	81.14%	Strongly Agree	40.53%	76.14%
Agree	32.64%		Agree	35.61%	
Neither	10.43%	7.36%	Neither	15.15%	7.95%
Disagree	5.07%		Disagree	5.30%	
Strongly Disagree	2.29%		Strongly Disagree	2.65%	
Don't Know	1.07%		Don't Know	0.76%	
SE Wisconsin			SW Wisconsin		
	%			%	
Strongly Agree	51.86%	81.82%	Strongly Agree	40.53%	76.14%
Agree	29.96%		Agree	35.61%	
Neither	10.74%	6.41%	Neither	15.15%	7.95%
Disagree	4.34%		Disagree	5.30%	
Strongly Disagree	2.07%		Strongly Disagree	2.65%	
Don't Know	1.03%		Don't Know	0.76%	
NE Wisconsin			NC Wisconsin		
	%			%	
Strongly Agree	53.41%	84.47%	Strongly Agree	51.55%	87.57%
Agree	31.06%		Agree	36.02%	
Neither	7.58%	6.44%	Neither	6.83%	4.97%
Disagree	5.68%		Disagree	3.73%	
Strongly Disagree	0.76%		Strongly Disagree	1.24%	
Don't Know	1.52%		Don't Know	0.62%	
NW Wisconsin			Republican		
	%	Total		%	
Strongly Agree	43.58%	77.52%	Strongly Agree	62.29%	90.27%
Agree	33.94%		Agree	27.98%	
Neither	10.09%	11.01%	Neither	6.08%	2.68%
Disagree	6.88%		Disagree	1.46%	
Strongly Disagree	4.13%		Strongly Disagree	1.22%	
Don't Know	1.38%		Don't Know	0.97%	

Democrat			Independent		
	%			%	
Strongly Agree	32.58%	71.22%	Strongly Agree	52.73%	81.82%
Agree	38.64%		Agree	29.09%	
Neither	17.42%		Neither	9.55%	
Disagree	7.07%	10.35%	Disagree	4.55%	7.28%
Strongly Disagree	3.28%		Strongly Disagree	2.73%	
Don't Know	1.01%		Don't Know	1.36%	

Appendix B – Oklahoma’s public school spending transparency

In 2018, Oklahoma joined the movement of public school financial transparency by expanding the state’s existing School District Transparency Act to include district and school-level revenue and expenditure data.³² The law, which was passed with bipartisan support, includes specific types of revenue that must be reported, such as per-pupil expenditures³³, the type of expenditures, and descriptive purpose of the funding action or expenditure.³⁴ Oklahoma’s system is similar to the information collected by DPI, but it is organized in a centralized and easily accessible database. Additionally, the Oklahoma system creates standardized definitions of expenditures to provide an accurate comparison across districts.

Specifically, Oklahoma’s website is categorized by district and permits the user to see the district’s expenditures by general categories, the overall per pupil expenditure by the district, and a variety of reports, such as the superintendent compensation.³⁵

The Oklahoma system is not as robust as Georgia and Texas. But the system creates a more easily accessible database of information on the school district’s expenditures and fiscal practices than is currently available in Wisconsin and it is a good example of how Wisconsin could implement transparency reporting into law.

Oklahoma Cost Accounting System

DISTRICT SUMMARY

 District Name: **Achille 071003**

 Post Office Box 280
 Achille, OK 74720-0280

 Website: <http://www.achilleisd.org/> - Additional information on school district budget and expenditures may be available on the district webpage.

Year: 2017 - 2018

Expenditure Total: \$3,076,797.79

Enrollment as of Oct. 1st: 360

Enrollment PPE: \$8,546.66

Superintendent Total Compensation Report

EXPENDITURE DETAILS - ALL FUNDS

[Download](#)

Function Code	Description	Amount	Enrollment PPE
1000	Instruction	\$1,497,015.23	\$4,158.38
2100	Support Services—Students	\$227,522.70	\$632.01
2200	Support Services—Instructional Staff	\$27,097.81	\$75.27
2300	Support Services—General Administration	\$157,517.83	\$437.55
2400	Support Services—School Administration	\$181,817.88	\$505.05
2500	Support Services – Central Services	\$108,380.71	\$301.06
2600	Operation and Maintenance of Plant Services	\$333,226.63	\$925.63
2700	Student Transportation Services	\$67,322.55	\$187.01
3100	Child Nutrition Programs Operations	\$221,108.75	\$614.19
3200	Enterprise Operations	\$74,413.86	\$206.71
Total:		\$2,895,423.95	\$8,042.84

Input Details

Description	Amount
CareerTech	\$141,410.00
CommoditiesDHS	\$13,118.15
FederalStudentAssessment	\$3,914.88
StateStudentAssessment	\$4,516.25
TeacherRetirement	\$18,414.55
Total:	\$181,373.84

¹ Wisconsin Department of Public Instruction, "Public Schools at a Glance 2018-2019."
[//dpi.wi.gov/sites/default/files/imce/eis/pdf/schools_at_a_glance.pdf](http://dpi.wi.gov/sites/default/files/imce/eis/pdf/schools_at_a_glance.pdf)

² This includes neighboring states: Illinois, through its school report card, provides information about school and district revenue and expenditures in specific categories. See <https://www.illinoisreportcard.com/Default.aspx>. Michigan, through its Center for Educational Performance and Information's Financial Transparency Dashboard provides a variety of financial metrics to see how a district is performing financially. See <https://www.mischooldata.org/DistrictSchoolProfiles2/FinancialDashboard/FinancialDashboard.aspx>.

³ Wis. Stat. § 121.05(1)(c)

⁴ Wisconsin Department of Public Instruction, WISEdash School District Performance reports, <https://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>. Image capture on June 17, 2019.

⁵ Wisconsin Department of Public Instruction, WISEdash School District Performance reports, <https://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>. Website visited on November 26, 2019 which directs users to School Financial Services website. See <https://dpi.wi.gov/sfs/statistical/cost-revenue/overview>

⁶ Wis. Stat. § 115.28(13)

⁷ Wis. Stat. § 120.14(1)

⁸ Wis. Stat. § 120.18(1)(f)

⁹ Wisconsin Department of Public Instruction. "Annual Report Data Download." See FY 2017-2018 Annual Account Descriptions, https://dpi.wi.gov/sfs/reporting/safr/annual/data-download#Annual_2017-2018

¹⁰ Wisconsin Department of Public Instruction. "Comparative Cost Per Member." See 2017-2018 Comparative Revenue per member, <https://dpi.wi.gov/sfs/statistical/cost-revenue/comparative-revenue-member>

¹¹ Wisconsin Department of Public Instruction. "Comparative Revenue Per Member." See 2017-2018 Comparative Cost per member, <https://dpi.wi.gov/sfs/statistical/cost-revenue/section-d#Item%203c>

¹² Wisconsin Department of Public Instruction. "WISEdash, Wisconsin School District Performance Report." <https://apps2.dpi.wi.gov/sdpr/district-report?district=&year=>

¹³ Wisconsin Department of Public Instruction. "Debt Reporting Information." <https://dpi.wi.gov/sfs/finances/debt/overview>

¹⁴ Wis. Stat. § 67.05(6a)(b) and Wis. Stat. § 67.12(12)(e)(2g)

¹⁵ Wisconsin Department of Public Instruction. "Referendum Information." <https://dpi.wi.gov/sfs/reporting/safr/referendum/overview>

¹⁶ Johnson, Annysa. "Wisconsin school referendums break records in 'landslide for public education.'" Milwaukee Journal Sentinel (November 9, 2018).

<https://www.jsonline.com/story/news/politics/elections/2018/11/08/wisconsin-election-school-referendums-break-records/1920426002/>

¹⁷ Every Student Succeeds Act, 20 U.S.C.A. § 6311(h)(1)(C)(x) ("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.")

¹⁸ Wisconsin Department of Public Instruction. "SFS School Level Reporting Home Page." <https://apps4.dpi.wi.gov/sfsCombined/SchoolLevelReporting>

¹⁹ Wisconsin Department of Public Instruction, "Statement on Implementation of the ESSA Fiscal Transparency Requirement," April 12, 2019, <https://dpi.wi.gov/sites/default/files/imce/sfs/pdf/essa-implement-slr.pdf>

²⁰ Wisconsin Department of Public Instruction. "SLR Data Reporting Format." <https://dpi.wi.gov/sfs/reporting/slr/format>

²¹ Flanders, Will. "Wisconsin K-12 Education Poll and Memo." Wisconsin Institute for Law & Liberty. <http://www.will-law.org/wp-content/uploads/2019/04/will-poll-memo-final.pdf>

²² 2004 Act 449, § 8 eff. May 4, 2004 creating O.C.G.A. § 20-2-320. See also Georgia Department of Education. "School System Finance Information." <http://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Pages/School-System-Financial-Information.aspx>

²³ O.C.G.A. § 20-2-167

²⁴ Georgia House Bill 139, O.C.G.A. § 20-14-49.11

²⁵ Georgia Governor's Office of Student Achievement. "Accountability." <https://gosa.georgia.gov/accountability>

²⁶ Georgia Department of Education. "Revenues & Expenditures." http://gosa.georgia.gov/sites/gosa.georgia.gov/files/OBIEE-Help/Revenues_Expenditures.htm

²⁷ Georgia Department of Education. “Financial Efficiency Star Rating.” <https://gosa.georgia.gov/financial-efficiency-star-rating-0>

²⁸ O.C.G.A. § 20-14-33

²⁹ Texas Smart Schools Initiative. <http://txsmartschools.org/>

³⁰ TX EDUC § 39.082

³¹ Texas Comptroller. “Transparency Debt at a Glance.” <https://comptroller.texas.gov/transparency/local/debt/isds.php>

³² Oklahoma 2018 House Bill 2860, Senate Bill 1199, <http://www.oklegislature.gov/BillInfo.aspx?Bill=hb2860&Session=1800>

³³ 27 Okl. St. § 1-124

³⁴ 70 Okl. St. § 5-135.4

³⁵ Oklahoma State Department of Education. “Oklahoma Cost Accounting System School District Finance Information.” https://sdeweb01.sde.ok.gov/OCAS_Reporting/

Feb. 6, 2020

Wis. State Rep. Jeremy Thiesfeldt
AB 810

I have been a strong advocate of Open Government for many years and I have also been an advocate of transparency in school spending since about 1998 when my local school district attempted to pass a referendum that at the time would have been the 3rd largest referendum in Wis. History. I was instrumental in defeating 3 of those referendums and forcing the school district to listen to the residents and be reasonable with their demands for more of our tax dollars.

As an advocate of Open Government, I am very familiar with the Open Records process and I understand how do get information from schools and local governments. Unfortunately most people do not and they are completely confused by the entire process and find it difficult to navigate. Most of the time, they simply throw their hands up in the air and give up, which is exactly what school officials are hoping for.

With the above in mind, I am a strong supporter of AB 810 which will make it much easier for the average person to comprehend school finances and where the tax dollars are being spent.

This is vital for the average parent who is trying to understand how much of their tax dollars are going to their child's classroom and should their child need extra help with any particular subject, how they can pressure teachers and administrators to provide that help.

In today's digital era, it should not be much of a burden and possibly no burden at all to separate exactly where the money is being spent and post it on a school website.

With that I would hope that you would support this bill and move it forward into law.

Thank You

Orville Seymer

A handwritten signature in cursive script that reads "Orville Seymer".

P. O. Box 371086
Milw. Wis. 53237

810

3

Good morning. My name is Scott Frostman. I am a resident of Baraboo, and ~~Rep. Considine's district~~, and I simply represent myself, and am before you today to speak in favor of Assembly Bill 810.

As always, I sincerely appreciate the opportunity to appear before a legislative committee. It is here, at this level, that the sausage-making aspect of the legislative process occurs, and it is a fundamental part of our law making process that this process be undertaken, and citizens from across the spectrum of expertise be allowed input. ~~While we may often disagree on issues~~, I thank you for your service.

I come before you today with the experience of a former School Board member who served on both the Finance Committee and the Policy and Educational Legislation Committee of the Baraboo School Board. My experience also includes a term of service on the Board of ~~Directors of A Baraboo's Community~~ Christian School, part of which time I served as the Board's Treasurer. My professional background includes 35 years of private sector business experience in various aspects of financial services. I'm a "numbers" guy.

Part of that background as a numbers guy has led me to seek to understand the extraordinarily complex minefield that is school financing in Wisconsin. I have spent copious hours on a variety of home district and DPI websites trying to ascertain differences in the financial strengths, weaknesses, and attributes of both my home district, and similar districts.

Folks get lost in the concepts of categorical aids, value per member, three-year rolling averages, and the like.

Districts across the state will often provide data and statistics to provide rationale for referendums or tax increases that are skewed. Consider the examples of districts seeking referendum approval. Those districts, by design, will choose neighboring school districts with a lower value per member, so that the competing districts "show" a higher property tax mil rate than the district seeking the referendum. It is the challenge of selective data that creates a real issue with transparency and accountability.

I have also sought to dig below the rhetoric of the impact of the School Choice program in Wisconsin on districts. That often leaves me seeking input from those with skin in the game that fundamentally oppose the Choice program, such that it is a challenge to know where the numbers end, and the spin begins. *I specifically refer to what Rep. Pope mentioned regarding taxpayer information about the School Choice. It will only come*
It is not without understanding there is an inherent *one side of the* complexity in assisting our schools in financing when the *com* needs, characteristics, and economic makeup of districts across the state is so diverse. However, steps must be taken to provide school board members, parents, taxpayers, and school staff with more comprehensive comparative data that can be more easily discerned than the current system.

Doesn't show the savings in overall spending occurring when less money is spent. and savings in the choice program. Part of the reason we go down for roads is when the public

I would think those who lauded the arrival of the Common Core State Standards would be giddy with glee over a bill like this. It was those who supported common core who gushed – at last – we have standards – we have benchmarks, meaning we had gone through the previous 150 years of public education like a leaf in the wind. I guess that's what created those credulous boomer rubes and deplorables who.....by the way.....are often very skilled at reading maps, and even spelling.]

In particular, I was encouraged to review Section 8 – Non-statutory provisions c. Duties of the Advisory committee.

It lists a variety of example components of information to be made available in the computerized uniform budget and accounting system that are key to providing more transparency and accountability. Some are included in current data from most districts. Other information is not.

In summary, Assembly Bill 810 is not a cure-all to providing an understanding the complexities of school financing, but it is a step.

A necessary and needed step in the direction of simplicity.

A step in the direction of accountability.

A step in the direction of transparency.

Above all, I encourage this committee to take that step forward and support Assembly Bill 810. Thank you for your time.