



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202- _____

MEMORANDUM

DATE: August 28, 2009

TO: Bridget Dooling/Sharon Mar
Office of Information and Regulatory Affairs
Office of Management and Budget

THROUGH: Kathy Axt
Regulatory Information Management Services
U.S. Department of Education

FROM: Carmel Martin
Assistant Secretary
Office of Planning, Evaluation, and Policy Development
U.S. Department of Education

SUBJECT: Emergency Clearance of New State Educational Agency (SEA) and Local Educational Agency (LEA) Reporting Requirement on School-Level Expenditures as Required Under the American Recovery and Reinvestment Act (ARRA)

This submission requests approval on an emergency basis for a new information collection that would require LEAs and SEAs to submit data on school-level expenditures for the 2008-09 school year.

Approval is requested on an emergency basis by October 1, 2009. Approval is needed by October 1, 2009 so that states can inform LEAs of this reporting requirement, collect the required data from all LEAs that receive Title I funds, and compile and submit the data to the U.S. Department of Education by March 31, 2010.

The ARRA is an unanticipated event. The Department has had to work under extremely short timelines to design this data collection in a way that balances the goals of obtaining useful information about the equitable distribution of school resources while also minimizing burden on states and school districts. The Department wants to apprise states of the specific parameters for this reporting requirement as soon as possible so that states and LEAs will have sufficient time to comply with the rapidly approaching deadlines in the law for submitting these data. Issuing the reporting requirements on October 1 would give states six months to comply with the requirement to report these data by March 31, 2010.

Background

ARRA requires each school district receiving Title I, Part A *ARRA* funds to report a school-by-school listing of per-pupil educational expenditures from state and local funds for the 2008-09 school year to its state educational agency (SEA) by December 1, 2009, and also requires states to report these data to the Department by March 31, 2010. We understand the purpose of this requirement is to examine the extent to which school-level education resources are distributed equitably within and across school districts. Consistent with this understanding, we are asking States to report and collect this information for all LEAs that receive Title I, Part A funds, not just those that receive Title I, Part A *ARRA* funds.¹ Expanding the number of LEAs that would report expenditure information will provide us with a more comprehensive data base that would permit examination of potential differentials in personnel expenditures that may be more pronounced in lower-poverty districts than in higher poverty ones.

Providing these data will not be an easy task for many states and school districts, because state and district data systems that are currently in place for the 2008-09 school year often do not track expenditures for individual schools. However, school districts usually do have data systems that identify which staff are assigned to each school, and at a minimum they can extract and report salary data for school-level staff; indeed, many states already collect and compile such school-level personnel expenditure data. Data on personnel salaries would not provide a complete picture of school-level resources, but they would capture the bulk of expenditures that occur at the school level. In addition, some districts and states have more comprehensive data systems in place that can track and report non-personnel expenditures as well.

After careful consideration of various options, we have determined that the best approach for meeting this ARRA reporting requirement while also minimizing burden on states and school districts would be to collect two types of data:

- 1) Aggregate school-level expenditure data for each school from all states, including personnel expenditures and, if available, non-personnel expenditures.
- 2) More detailed data from five states, including personnel-level salary data as well as school-level expenditure data broken down by funding source.

The first type of data, aggregate school-level expenditures, will respond directly to the ARRA requirement. The second type of data, personnel-level salary data, will enable the Department to assess the quality and accuracy of the aggregate school expenditure data. The Department has never before collected school-level expenditure data for all Title I school districts (though it has collected similar data from a relatively small sample of districts), and data quality problems, if present, may be difficult to detect in aggregate data. One alternative that we considered was to require all states to report more detailed personnel-level data, which would likely provide more accurate data, but could also be very burdensome for many states and districts whose accounting systems may not have been designed to report this information. However, some states do already collect these detailed data from districts and have datafiles already available at the state level that

¹ Under ARRA, the Department allocated Title I, Part A funds to LEAs that are eligible for funds under the Targeted Grant and Education Finance Incentive Grant formulas. Expanding the collection to all LEAs receiving a Title I, Part A allocation, will result in the data collection including an additional 1,095 LEAs.

contain such information, and collecting these additional data from a small number of such states would impose a small amount of additional burden. Collecting these more detailed data from a few states would enable the study to assess the quality and accuracy of the aggregate school expenditure data and would also allow more in-depth analyses of variations in school-level resources.

We have tried to minimize the burden of this mandated data collection in several ways, including using expenditure classifications that are already used in existing NCES fiscal data collections; focusing on expenditures related to instruction and support functions and excluding expenditures for functions that are commonly accounted for at the district level; excluding employee benefits; and asking respondents to report only those non-personnel expenditures that are currently tracked at the school level in current district and state data systems.

Thank you for your prompt consideration of my request. If you have questions, please contact Stephanie Stullich of the Office of Planning, Evaluation, and Policy Development's Policy and Program Studies Service at 202-401-2342 or stephanie.stullich@ed.gov.