The National Center for Education Statistics (NCES) established the National Cooperative Education Statistics System (Cooperative System) to assist in producing and maintaining comparable and uniform information and data on early childhood education and on elementary and secondary education. These data are intended to be useful for policymaking at the federal, state, and local levels.

The National Forum on Education Statistics (the Forum) is an entity of the Cooperative System, and among its other activities, proposes principles of good practice to assist state and local education agencies in meeting this purpose. The Cooperative System and the Forum are supported in these endeavors by resources from NCES.

Publications of the Forum do not undergo the same formal review required for products of NCES. The information and opinions published here are those of the National Forum on Education Statistics and do not necessarily represent the policy or views of the U.S. Department of Education or the National Center for Education Statistics.

June 2007

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Task force members review all products iteratively throughout the development process. Documents prepared, reviewed, and approved by task force members then undergo a formal public review that is designed to reflect the nature of the product. Public review is carried out by pilot groups consisting of representatives of the product’s intended participants, in review sessions at relevant regional or national conferences, or through technical reviews by acknowledged experts in the field. In addition, all draft documents are posted on the Forum website prior to publication so that other interested individuals and organizations can provide comments. After task force members oversee the integration of public review comments and review the document a final time, all publications are subject to examination by members of the Forum standing committee that sponsors the task force. Finally, the entire Forum (approximately 120 members) must review and vote to formally approve a document prior to final publication.
The National Forum on Education Statistics (Forum) is pleased to release The Forum Guide to Core Finance Data Elements. This guide fulfills our responsibility to establish current and consistent terms and definitions to maintain, collect, report, and exchange comparable information related to education finances.

This new publication is designed to accompany the Financial Accounting for Local and State School Systems: 2003 Edition by identifying common reporting requirements and defining frequently used indicators and calculations using data elements from accounting and other data systems.

This national effort was undertaken by the Core Finance Data Task Force of the Forum, made up of representatives from state education agencies and local education agencies (school districts). Those individuals and organizations involved in the process truly reflect the interested stakeholders in elementary and secondary education. The work was coordinated by the Education Statistics Service Institute under contract to NCES.

NCES and the Forum have a strong commitment to provide technical assistance and support to the education community to facilitate the collection, reporting, and the use of high-quality education information. This guide is one outcome of that commitment. It is a key part of a series of related handbooks, manuals, and Forum guides that NCES has published and will continue to develop in the future.

We hope that you find this publication to be a useful document that will serve you well in many activities.
Chapter 1
Introduction

Purpose of this Guide

The *Forum Guide to Core Finance Data Elements* is intended to help readers better understand common finance data elements and measures derived from these data elements. Included in this guide are terms, definitions, adjustments, and common uses for these data elements and measures.

This guide is intended to serve as a reference for public and private education agencies and schools—for educators and managers using school finance data, as well as researchers, policymakers, and the general public. This guide is supplemented by the companion National Center for Education Statistics (NCES) handbook: *Financial Accounting for Local and State School Systems: 2003 Edition* (U.S. Department of Education 2003), which provides more extensive and detailed definitions of finance data elements categorized by account code as well as more detailed accounting information and guidelines.

Additionally, this guide contributes to the series of NCES Forum guides that address elementary and secondary education data-related topic areas to help state and local educators and policymakers better understand key education data and their uses. These Forum guides are developed with direct input from state and local educators so that appropriate topics and issues are addressed and to ensure that the information is focused to best meet the needs of the reader.

The terms, definitions, and procedures recommended in this handbook represent the combined best judgment of the many professionals who participated in its cooperative development. The content is presented as sound practices or principles that should be interpreted and applied according to local, regional, state, and federal needs and requirements. Each school or administrative unit should determine its own information requirements and specific processing procedures with guidance from its state education agency and in support of the policies of its governing board and administrative officers. The data elements in this guide represent the most basic essential information concerning education finance that could be maintained at a school or district level for purposes of financial reporting and to make finance-related decisions. Basic definitions of accounting and finance terms used in this guide can be found in the *Financial Accounting for Local and State School Systems: 2003 Edition* (U.S. Department of Education 2003), Barron’s Business Guides: *Dictionary of Accounting Terms* (Siegel and Shim 2005), and Barron’s Financial Guides: *Dictionary of Finance and Investment Terms* (Downes and Goodman 2006). Additional relevant financial information can be found in the Government Finance Officers Association’s *Governmental Accounting, Auditing, and Financial Reporting* (Gauthier 2005).

Contents of this Guide

Chapter 2 of this guide provides general information about basic concepts and terms used in school finance reporting as well as several federal data collections. This information includes descriptions of the collections, useful online tools for data analysis, and differences in the federal collections and their respective reporting requirements. Overview descriptions of finance data element categories are also provided. Chapter 3 identifies the key finance data elements by category and defines common finance measures that utilize these finance data elements.
elements. Definitions of pupil counts that are used for per pupil expenditure calculations are included. Chapter 4 contains a discussion of the methods for incorporating accounting and non-accounting finance elements as measures of financial condition, funding equity, and other education-related indicators. Additionally, common economic adjustment indexes are described. Information on federal dollars for education and data requirements is presented in appendix A. NCES education finance collection elements and key calculations are identified in appendix B, and differences between NCES and U.S. Census Bureau federal finance data collections are described in appendix C.

**Common Uses of Finance Data**

Education finance data provide powerful information for decisionmaking, policymaking, and evaluation within and across education systems. Uses can be far-ranging from state and national comparisons to individual school level management of resources. Below are four broad areas for which finance data are commonly used: reporting, management, budgeting, and research.

**External and Internal Reporting**

School districts play a central role in most of our communities. They are often one of the largest employers with responsibility for significant public resources. Few governments have as much impact on citizens as school districts.

Because of its prominent role, a school district must be responsive to policymakers, other governmental entities, special interest groups, taxpayers, and citizens monitoring the activities of the district. The foundation of accountability in the use of resources is the reporting function. Information provided through government reports facilitates the public’s oversight of the efficient and effective management of the school district.

To achieve the necessary public accountability reporting, in addition to other descriptive reports many school districts prepare financial statements or reports to achieve a number of purposes. School districts use financial statements to support state or federal aid applications; report financial activities to parent, taxpayer, and citizen groups; and prepare a financial report for use in an official statement for bond issuance purposes.

Among the most important types of communication is the annual financial report, which presents the financial position, operating results, and cash flows for a particular accounting period. All governments, including school districts, develop their annual financial reports in accordance with principles established by standard-setting authorities to provide consistency and comparability for users.

For the school district to achieve the objective of accountability, finance information must be available, relevant, reliable, and understandable. Additionally, financial reports and statements must satisfy numerous and diverse needs or objectives, including short-term financial position and liquidity, budgetary and legal compliance, and issues having a long-term focus, such as capital budgeting and maintenance. Specifically, the information provided should contribute to accountability in the following areas, depending on the specific purpose of the report: financial position and results of operations; actual financial results compared with adopted budgets; compliance with finance-related laws, rules, and regulations; efficiency and effectiveness of operations; and maintenance of governmental assets.

In addition to these needs and objectives, school districts also face a number of unique reporting requirements. These include student attendance, student activity funds, U.S. Department of Education reporting requirements, site-based management initiatives, and accountability requirements for state and national reform efforts. Each of these factors requires specific finance data elements and a variety of reporting mechanisms.
Management
Successful management of any education system requires extensive and effective use of information. Education finance data as a management tool is most commonly used at the school and school district level. Financial reporting for management is based upon the internal control structure within the school district. Internal control is the process designed to provide reasonable assurance of the effectiveness and efficiency of operations, compliance with applicable laws and regulations, and the reliability of the financial reporting system.

Internal control components most closely associated with the internal use of finance data elements are information, communication, and monitoring of operations. Information and communication represent the identification, collection, and reporting or exchange of information in a form and time frame that enable management to plan and control operations to ensure effectiveness and efficiency within the district. Through monitoring of operations, the data elements and respective measures are used to assess performance over time by measuring progress and operating results, and by assessing the variances between planned and actual results. The frequency and complexity of management reports are based on the size of operations, the organizational structure, the degree of decentralization, and the operating environment.

Internal financial reports are designed to meet management’s specific information needs and usually contain more detailed information than reports prepared for external users. In addition, management may have specialized information needs, which must be captured and reported. Reports prepared for managers need not follow the standard reporting formats required by the accounting profession for external financial reports.

Budgeting
Budgeting is the process of allocating finite resources based on the prioritized needs of an organization. Budgets are important tools not only to establish limitations on expenditures for a given time period, but also to control and evaluate sources and uses of resources. Adoption of a budget for an education organization is based on a set of decisions made by governing boards or entities and represents a final agreed-upon financial policy authorizing expenditures. Budgets are developed for decision-making based upon basic revenue, past expenditure, and other data elements. Through authorized budgets and established accounting systems, administrators use these finance data elements to monitor and control activities and evaluate financial performance by comparing actual expenditures to budgeted figures over the course of the budget time period.

The budget process is critical to the effective management of a school district’s operations. Key activities include accurate projections of student enrollment, the basis for formula-driven revenues. In addition, other types of revenues must be properly forecast to establish a realistic plan for the subsequent fiscal period(s).

Budget limitations are factors that affect the resources available to a school district either through the amount or timing of revenues, or by limiting the amount of discretionary expenditures. These factors may originate at the local, state, or federal levels through legislation, court-enacted provisions, negotiated contract agreements, or general economic conditions.

The local government structure may create budget limitations and constraints for a school district. Some states have dependent school districts, whereby other government bodies, such as cities or municipalities, may establish the school district budget. In other states, districts are independent governmental entities. Independent districts may experience fewer financial constraints because they have authority to generate local revenues. However, these districts may still be subject to tax or spending limitations established by state or local law, including balanced budget requirements. The constraints may exist in the form of mandated tax-rate or spending caps, or...
through local referenda in which voters determine the tax rates. Additionally, involvement of the public in the legal process used to establish the school district budget provides oversight and accountability.

At the state and federal levels, respective legislatures and courts can enact requirements or mandates that financially affect school districts. While additional funding may be provided to implement the requirements, school districts must sometimes reallocate discretionary funding in order to be in compliance.

State and federal revenues are generally allocated to school districts based on laws and regulations. School districts are required to spend the dollars in accordance with any restrictions associated with these laws and regulations. Similarly, earmarked revenues, such as categorical grants, are restricted in their use. School district spending may also be constrained by laws pertaining to the ability to maintain and carry over fund balances.

Major negotiated contracts and related certification requirements also have a budgetary impact. Multi-year employee salary and benefit agreements may encumber future resources in order to provide the associated increases. State laws regarding licensure and certification may also affect a district’s hiring processes and ability to recruit and retain necessary personnel. Some states have minimum salary schedules, which also constrain school district budgetary resources.

Finally, the budget of any government is subject to changes in economic conditions. The relative share of local to state revenues determines to some degree the impact that the economy may have on a district. Ad valorem property taxes are a more stable type of tax, and are often a major source of funding for public education. In most states, revenues from sales tax, income tax, or both are the sources for the state support of education. Both of these taxes are more readily affected by changes in the economy. Therefore, the greater the share of state revenues, the more susceptible the budget is to variations in economic conditions.

Research

Education researchers across the nation commonly rely on district- and state- level education finance data as well as other education data to test and evaluate new concepts in education finance and other areas. Such research provides useful information, tools, and theories that can be used for policymaking and evaluation, and supports reform efforts at the district, state, and federal levels.

Emerging Importance of Use for Managing Education Enterprise

The comparability of accounting structures is important to the usefulness of finance information. State and local education systems must be responsive to a number of different external groups and organizations, including elected officials, creditors, and citizens who are focused on external monitoring of the systems’ activities as a basis for accountability. Additionally, education systems must internally monitor activities in order to effectively administer programs and efficiently operate the system. All forms of internal and external monitoring include collecting and interpreting data, often through information provided in financial reports. Among the most important types of communication is the annual financial report, which presents the financial position, operating results, and cash flows for a particular accounting period. These reports are prepared in accordance with principles established by standard-setting authorities to provide consistency and comparability for users.

For an education system’s reported results of financial accountability to be usable both internally and externally, the finance information must be consistent over time, such that reliable trends can be developed and analyzed to determine changes in the education system’s position relative to its financial objectives. Additionally, finance information must be comparable across similar education systems (e.g., Local Education Agencies (LEAs) within
Integration of Finance Data with Student and Staff Data

Historically, the development of information systems in school districts typically has been highly self-contained. Financial systems, personnel systems, and student information systems have been developed independently of one another. These systems also have operated independently with few, if any, ways to easily link them. Each non-integrated system usually is managed by a different office within the district. Student information systems have supported such areas as report cards, student scheduling, institutional research (membership, etc.), and other similar areas. Staff information systems traditionally have been used for tracking all personnel-related functions, such as federal-compliance reporting functions, teacher qualifications, functions related to leave, and payroll functions. Finance information systems are used for, but not limited to, tracking payroll expenditures, paying bills, and retaining a balance of available fiscal resources versus desired expenditures.

However, the recent focus on student learning (as evidenced by the No Child Left Behind Act and requirements to demonstrate adequate yearly progress) has brought about the need for a higher level of integration across the student and staff information systems. Questions such as “What percentage of students enrolled in core subjects are taught by highly qualified teachers?” imply that the student and staff information systems can communicate. Extending this question to “What does it cost to have all teachers providing instruction in core courses be highly qualified?” requires the integration of the student, staff, and finance information systems. More recent developments, such as the Education Data Exchange Network (EDEN) being developed by the U.S. Department of Education, provide additional reasons for education data systems to become more integrated. EDEN will collect and manage the education data that reside in a number of different information systems, such as achievement and performance statistics, school characteristics, demographics, and program finance data.

Return on Investment

The emerging application of the business measure of “return on investment” or similar evaluative comparisons to education has created an even stronger need for bringing together student, staff, and finance information systems. This type of calculation done at the school level involves a comparison of return (as measured by student learning gains on an annual basis or other student assessment results) from the student database versus the investment as measured by costs of the operation (current expenditure per pupil) for achieving those gains. Return on Investment measures can also involve the type of staff in those schools, which, by necessity, requires the association of the personnel system with the student system.

Audiences

As costs continue to increase in public education, the pressures for greater accountability also grow. As indicated earlier in this guide, finance data are a primary tool to assess accountability. Greater accountability means that the audience of people and organizations interested in education finance continues to expand. Major consumers of education finance data typically can be classified into five major groups. These are: (1) the public; (2) oversight bodies, such as school boards, legislatures, policymakers, and state education agencies; (3) those who are involved in the lending process, such as investors or creditors; (4) leadership and managers of education systems at the district and school level; and (5) researchers. Each of these groups has both different and common needs for information regarding an education system. All are concerned with the design and implementation of an education system that is both programmatically and fiscally effective and efficient.

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1 As required by the U.S. Equal Employment Opportunity Commission (EEOC).
Chapter 2
Basic Concepts and Terms in Federal Reporting for School Finance

Education finance data for elementary and secondary school systems are reported to local, state, and national entities. At the local level, reporting is generally to the local school board and local education leadership, while state-level reporting is generally to the state education agency (SEA). Other reporting may be made to various organizations based on specific state and local situations. At the national level, finance data are generally reported to NCES and the U.S. Census Bureau. Their role is to collect and publish comprehensive national education data. Certain finance data are reported to education program offices within the U.S. Department of Education that provide grants to state and local education systems. This information is used to determine grant eligibility and allocations. Internet locations of available finance data collected by these government entities are identified in the following discussion. Tools to group and perform basic data analyses also are described. It should be noted that NCES continues to update the tools available online for users of the data that NCES publishes.

National Center for Education Statistics
The NCES website (http://www.nces.ed.gov) provides the general gateway to the Common Core of Data (CCD) and other education finance data elements collected by or through NCES. The CCD is the U.S. Department of Education’s primary database on public elementary and secondary education in the United States. Within this website, the link to the CCD (http://nces.ed.gov/ccd) provides the main portal to NCES school finance data. From this link, data can be accessed regarding all public schools, public school districts, and SEAs in the United States. Data are collected from a series of surveys providing both fiscal and nonfiscal data. These data are supplemented by school district level fiscal data collected through the Census Bureau’s F-33 report (described later in this chapter). CCD data include information that describes schools and districts, such as mailing and location information, student and staff information, demographics, and fiscal data. All of these are integrated into the CCD database. Data from the most current data collection as well as past collections are available for viewing and downloading. A direct link to CCD data files and documentation can be found at http://nces.ed.gov/ccd/ccddata.asp.

Additional resources or tools available in the CCD link of the NCES website include:
- Search for Public Schools;
- Search for Public School Districts;
- Build a Table;
- Public School District Finance Peer Search;
- Public School District Longitudinal Data Tool;
- Address Files; and
- Data Files.

The following sections of this chapter briefly describe each of these resources.
**Search for Public Schools and Search for Public School Districts**

These CCD tools allow the user to identify and find addresses, phone numbers, and other demographic information for schools and districts as well as their respective NCES and state ID codes. Minimal information is needed to browse listings and identify the appropriate school or district. These search tools can be found at [http://nces.ed.gov/ccd/schoolsearch/](http://nces.ed.gov/ccd/schoolsearch/) and [http://nces.ed.gov/ccd/districtsearch/](http://nces.ed.gov/ccd/districtsearch/).

**Build a Table**

This tool allows the data user to create customized user-specified tables of CCD public school data by selecting data elements, years, states, districts, and schools, among other parameters. Tables can be printed or downloaded in various formats. Build a Table allows the user to obtain necessary information without having to work with the complete CCD dataset. This search tool can be found at [http://nces.ed.gov/ccd/bat/](http://nces.ed.gov/ccd/bat/).

**Public School District Finance Peer Search**

This tool enables the data user to compare finances of a selected school district to districts that are identified as peers based on several fiscal and nonfiscal data elements. Peers can be selected automatically by preset criteria, or the data user can specify financial criteria by which to identify a set of peer districts. This search tool can be found at [http://nces.ed.gov/edfin/search/search_intro.asp](http://nces.ed.gov/edfin/search/search_intro.asp).

**Public School District Longitudinal Data Tool**

This application uses data from the NCES Longitudinal School District Fiscal-Nonfiscal File, Fiscal Years 1990 to 2002. The agencies included in the fiscal-nonfiscal data file are limited to regular school districts in the 50 states and the District of Columbia. Education service agencies, non-operational districts, and districts that are exclusively for special education, vocational education, or charter schools are not included in the data file. To facilitate longitudinal analyses and comparisons, districts that serve only the elementary school grades were linked to the secondary school districts that take their students. The data from these linked districts were aggregated to create “unified” elementary-secondary school districts. The data for these unified districts are used in this application. This tool can be found at [http://nces.ed.gov/edfin/longitudinal/index.asp](http://nces.ed.gov/edfin/longitudinal/index.asp).

**CCD Address Files**

These are not data tools but they are useful files that contain the names, mailing addresses, and phone numbers for each public school and each school district. They are designed for mass mailings and other commercial uses. The files include a limited amount of information, such as grade range, enrollment, and locale code, to help users target certain types of schools or districts. These address files can be found at [http://nces.ed.gov/ccd/address.asp](http://nces.ed.gov/ccd/address.asp).

**CCD Data Files**

These are not data tools, but they are files that contain all of the data collected through the CCD system. Detailed file documentation, definitions, and survey methodologies are available. These files and information can be found at [http://nces.ed.gov/ccd/ccddata.asp](http://nces.ed.gov/ccd/ccddata.asp).
U. S. Census Bureau

The Census Bureau provides online school district finance data that it collects as part of its Annual Survey of State and Local Governments (also known as the F-33 survey). These data are collected on a nationwide scale using common definitions and procedures. They provide information on local revenues by source, and state and federal revenues by program. Expenditures by function, with breakouts of salaries and benefits by function and information on debt, are also collected. This data collection is coordinated with NCES, which uses the information to provide CCD school-district-level finance data. School district records can be matched to the CCD Local Education Agency Universe (nonfiscal) Survey, enabling data users to match information about students and education staff with the finance data. NCES also makes adjustments to F-33 data that are described later in this guide. F-33 data information can be found at http://www.census.gov/govs/www/school.html.

U.S. Department of Education Federal Program Listing

Several federal education programs collect and report data related to program eligibility and other factors necessary to determine program allocations. Information on these programs, including associated finance and other data collected and reported, can be found at the U.S. Department of Education website http://www.ed.gov/programs. Specific programs can be searched by program title, eligibility, subject, or type of assistance provided (for example, formula grants, loans, contracts, etc.) The Catalogue of Federal Domestic Assistance (CFDA) provides an alternative method to search for federal program information. It includes links to the U.S. Department of Education website information for federal programs. CFDA information and links can be found at http://www.cfda.gov.

Accounting Standards

It is important to maintain consistency in accounting terms in order to ensure accurate and comparable data. Consistency in financial reporting by governments is provided through accounting standards. The Governmental Accounting Standards Board (GASB) is the standard-setting authority for generally accepted accounting principles (GAAP) for state and local governments, including school districts. In cases for which no GASB pronouncement is applicable, other authoritative sources of guidance exist. The Financial Accounting for Local and State School Systems: 2003 Edition (U.S. Department of Education 2003) represents a national set of standards and advice for school system accounting, incorporating guidance from GASB statements up to and including statement 39. Its purpose is to help ensure that education fiscal data are reported comprehensively and uniformly.

Special Considerations for Elementary and Secondary Education Financial Reporting

In addition to national-level data collection, finance data are collected and reported at the school district and state levels as required by state and local governments. This financial information is often made available to the public through reports, documentation, and websites. Care and attention must be exercised when using data from multiple sources for comparisons across school districts or states, since terminology can differ widely. Each state has its own definitions and legislative mandates for reporting that may not be directly comparable across geographic areas.

Differences in data reporting may exist between national data collections for legitimate reasons. Three key examples of these differences are found in the data reported in: (1) the U. S. Census Bureau’s Survey of Local Governments: School Systems (F-33) survey; (2) the NCES CCD Local Education Agency Finance Survey (F-33) data; and (3) the National Public Education Financial Survey (NPEFS). Brief descriptions of these data collections are provided below, followed by a summary of differences in reporting and definitions. More detailed descriptions of several of these differences are provided in appendix C.
Data Collection and Reporting Descriptions

CCD Local Education Agency Finance Survey
This survey, commonly called the F-33, is the Survey of Local Governments: School Systems at the Census Bureau. It is an annual collection of school district finance data. Local revenues by source and state and federal revenues by program are collected on the F-33. Expenditures by function, with breakouts of salaries and benefits by function and information on debt, are also collected. The F-33 data items are referenced to the NCES Financial Accounting for State and Local School Systems handbook (U.S. Department of Education 2003). School district records can be matched to CCD Local Education Agency Universe (nonfiscal) Survey, enabling data users to match information about students, staff, and institution characteristics with the finance data.

The F-33 has been augmented to satisfy CCD requirements, and thus provides data for both the Census Bureau and NCES. The survey has been a part of the Census Bureau’s Survey of Local Governments for many years, originally conducted as an annual sample survey, with data collected from the universe of school districts in years ending with “2” or “7.” NCES began publishing data provided from the F-33 in FY 1988 (school year 1987-88). Beginning with FY 1995 (school year 1994-95), the F-33 was changed to an annual collection of finance data from the complete universe of school districts. The survey content was also expanded to collect revenues from several federal education programs and to distribute state payments on behalf of school districts (also called direct support) to the function level data. The F-33, although collected by the Census Bureau, is included as a CCD survey. Since NCES makes adjustments to the Census-collected F-33 for reasons of comparability with other CCD data collections, there are differences between the Census Bureau and NCES versions of the F-33 data. These differences are outlined in table 1: Comparison of differences in major national finance data collections and publications.

The CCD Local Education Agency Finance Survey data files can be downloaded from the NCES website: http://nces.ed.gov/ccd/f33agency.asp. Detailed information about the data items, data collection, processing, and editing are included in the general documentation for each year of the survey. The Census Bureau F-33 data files and documentation are available from the Bureau’s website at: http://www.census.gov/govs/www/school.html.

CCD National Public Education Financial Survey
This survey, commonly called NPEFS, is an annual collection of state-level finance data. The CCD has included an annual state-level finance collection since FY 1982 (school year 1981-82). This survey reports many of the same data items as the F-33, but there are differences between the two collections. The NPEFS does not include state and local revenues by program whereas the F-33 does include this information. The NPEFS also provides function expenditures by salaries, benefits, purchased services, and supplies, while the F-33 provides only salary and benefit function expenditures. Many local revenue data items are reported differently in the NPEFS than in the F-33. Also, the NPEFS does not have the breakdown of state revenues that is found in the F-33, and the NPEFS reports federal revenues by how they are distributed to school districts. The NPEFS survey does not contain the detailed debt items that the F-33 survey includes. The NPEFS collection also includes data on state-run schools and data for other jurisdictions (such as Puerto Rico and America Samoa) that are excluded from the F-33. (Note that neither survey includes expenditures for the SEA.) More detailed information on the differences between the NPEFS and F-33 can be found in Table 1 and appendixes B and C.

The NPEFS data files are available at the NCES website: http://nces.ed.gov/ccd/stfis.asp. Information about the data items, data collection, processing, and editing is in the general documentation for each year of the survey.
Table 1—Comparison of differences in major national finance data collections

<table>
<thead>
<tr>
<th>Item</th>
<th>F 33 Census</th>
<th>F 33 NCES</th>
<th>NPEFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic Areas</td>
<td>50 U.S. states</td>
<td>50 U.S. States</td>
<td>50 U.S. states, the District of Columbia, Puerto Rico, American Samoa, Guam, Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands</td>
</tr>
<tr>
<td>State Payments on Behalf of School Districts</td>
<td>Only aggregated to the following expenditures: Total, Current, Total instructional, Total support services, Salaries across all functions, Enterprise operations and benefits, Total capital outlay, Construction, and Land and Buildings</td>
<td>Included in all data items</td>
<td>Included in all data items</td>
</tr>
<tr>
<td>Types of Charter Schools</td>
<td>Only includes Charter Schools identified as local government units*</td>
<td>Includes all charter schools**</td>
<td>Includes all charter schools**</td>
</tr>
<tr>
<td>Private Schools</td>
<td>Only includes public support for private schools</td>
<td>Only includes public support for private school</td>
<td>Only includes public support for private school</td>
</tr>
<tr>
<td>Expenditures on State-run Schools</td>
<td>Excluded</td>
<td>Excluded</td>
<td>Included</td>
</tr>
<tr>
<td>Debt-related Expenditures</td>
<td>Includes interest payments on debt</td>
<td>Includes interest payments on debt</td>
<td>Includes interest payment on debt but not detailed debt items, which are included in the F-33 NCES and Census versions</td>
</tr>
<tr>
<td>State and Local Revenues</td>
<td>Some revenues which NCES categorizes as state are categorized as local by the Census Bureau. The same is true for local revenues.</td>
<td>NCES categorizes state and local revenues as they are identified by each state submitting data</td>
<td>NCES categorizes state and local revenues as they are identified by each state submitting data</td>
</tr>
<tr>
<td>Student Counts</td>
<td>Fall enrollment</td>
<td>Fall enrollment</td>
<td>Average Daily Attendance (ADA)</td>
</tr>
</tbody>
</table>

* A charter school with an oversight board or entity that is either elected or appointed by an elected official is considered a government unit.
** NCES requests that states include all charter schools for these collections and reports. Most states comply with this request.
*** Private institution expenditures are estimated.

NOTE: Fall enrollment counts are collected from the CCD local education agency universe (nonfiscal) survey and are used by both NCES and the Census Bureau. Fall enrollment is not collected in the NPEFS; however, fall enrollment is included in the NPEFS data file and is collected from the CCD state nonfiscal survey.
The NPEFS data are used in calculating several federal program allocations. It must be noted that a complete, signed, NPEFS survey must be received from the SEA by the Tuesday following Labor Day of the collection period. After that date, only revisions resulting in a decrease in State per Pupil Expenditure (SPPE) may be accepted for Title I and other federal program funding purposes. SPPE is discussed later in this guide.

Differences in Reporting

Within the three national school finance data collections (Census, F-33, and NPEFS), the primary differences can be categorized into four broad areas: (1) how finance data elements are included or excluded from the collection; (2) how data elements are aggregated to derive common finance measures, such as total expenditures; (3) how data elements are categorized by source, such as the classification of certain revenues as being local revenues in one data collection and state revenues in another; and (4) how different methodologies are used for deriving measures (for example, whether to use average daily attendance or fall enrollment as a pupil count for per pupil expenditure calculations).

Specific differences between these collections include:

- **Items included or excluded from the collection**
  - Types of charter schools
  - Private schools
  - Expenditures on state-run schools
  - Debt-related expenditures

- **Items aggregated differently**
  - State payments on behalf of school districts

- **Differences in source classification**
  - State and local revenues

- **Differences in methodology**
  - Student counts (fall enrollment, daily attendance)

Table 1 compares these differences among the three data collections as well as how the data are reported in other NCES publications. A more detailed listing of data element differences between the F-33 Census Bureau and NCES versions is presented in appendix C.

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2 Digital signatures are accepted.
Finance Data Element Classifications

Most key finance data elements can be classified as account codes. Chapter 6 of *Financial Accounting for Local and State School Systems: 2003 Edition* (U.S. Department of Education 2003) established a hierarchical account code structure that provides for accurate and effective reporting of financial activities along with flexibility to segregate and group accounts to produce the most useful financial statements.

The remainder of this chapter briefly describes several key account code groupings used in education finance and provides a summary of adjustments that can be made for comparability. Chapter 3 provides a more detailed presentation of these and other account code groupings, as well as specific finance data elements identified by the NCES finance task force as being key data elements.

**Funds**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds are categorized into different classifications depending on the purpose or activity associated with the respective fund.

**Revenues**

Revenue is an increase in the assets or a decrease in liabilities during an accounting period, primarily from operating activities (Siegel and Shim 2005). Revenues are usually classified by source as indicated below:

**Federal**

Revenues from the federal government include direct grants-in-aid to schools or agencies, funds distributed through a state or intermediate agency, and revenues in lieu of taxes to compensate a school district for nontaxable federal institutions within its boundary.

**State**

Revenues from the state government include both direct funds from state governments, restricted and unrestricted grants-in-aid, and revenues in lieu of taxation. Revenues in lieu of taxes are paid to compensate a school district for nontaxable state institutions or facilities within the district’s boundary.

**Intermediate**

Intermediate revenues come from sources that are not local or state education agencies, but operate at an intermediate level between local and state education agencies and possess independent fund-raising capability. These revenues include restricted and unrestricted grants-in-aid, and revenues in lieu of taxation.

**Local**

Local revenues are funds collected and given to school districts without further allocation by the state government. These include revenue from local property and non-property taxes, investments, student fees and charges, and revenues from foundations and trusts, as well as other donations.

Additionally, revenues can be more explicitly identified by specific sources, such as local property tax revenues.
Expenditures

Expenditure is a decrease in net financial resources. In governmental funds, the recognition of expenditures occurs in accordance with the modified accrual basis of accounting. A more in-depth description of expenditure can be found in *Financial Accounting for Local and State School Systems: 2003 Edition* (U.S. Department of Education 2003; pages 69-70). Expenditure is delineated into categories of functions, objects, and programs, as defined below.

**Function**

Function describes the activity for which a service or material object is acquired. The functions of a school district are classified into five broad areas: Instruction, Support Services, Operation of Non-Instructional Services, Facilities Acquisition and Construction, and Debt Service. Functions are further classified into sub-functions.

**Object**

The object classification is used to describe the service or commodity obtained as the result of a specific expenditure. Major object categories include: Personal Services—salaries; Personal Services—employee benefits; Purchased Services, Supplies; Property; Debt Service and Miscellaneous; and other items. These categories can be further classified by sub-object.

**Program**

A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. Nine broad program areas are identified in this guide that are intended to capture similar instructional services delivered to public (including charter) schools: regular education, special education, vocational education, other instructional (PK-12), non-public school, adult/continuing education, community/junior college education, community services, and cocurricular/extracurricular activities. The program classification provides the school district with a framework to classify instructional and other expenditures by program to determine cost. For purposes of designating program codes for noninstructional expenditures, it may be necessary to create a designation for those costs that cannot be attributed to a specific program. Many state departments of education use a function/object matrix only for reporting financial information from the school district to the state. Under this system, the function is subclassified to gather instructional program information. This results in only direct instructional costs being classified to the instruction function. Those support costs, which provide support to specific instructional programs, are classified as a general support function.

**Adjustments Used for Data Comparability**

NCES may adjust some of the finance data reported by states in order to improve comparability. These changes are footnoted in the data files and NCES reports. A description of the adjustment process can be found in the general documentation for the data file. To better compare finance data across different school systems by compensating for differences in purchasing power or to compare data over time by removing the changes in general prices (inflation), economic adjustment indexes can be applied to education finance data elements. Listings of these indexes as well as descriptions of indexes that continue to be updated are presented in Chapter 4 of this guide.
Chapter 3
Commonly Reported Measures

This chapter presents more detailed descriptions of finance data elements by category and further describes common measures used and reported in the analysis of the funding of public elementary and secondary education. The measures incorporate financial and nonfinancial elements into common standardized definitions that can be used for all types of financial analysis, including ratio analysis, revenue and expenditure analysis, per pupil and per program calculations, salary-related indicators, and measures used for determining equity and adequacy.

It should be noted that the finance data elements identified are core account codes that provide the basic account structure necessary for uniform financial reporting by SEAs and public schools, including charter schools, and may also be used by private schools to report financial information that is comparable to that of the public education sector. Local and state needs and requirements may call for additional levels of account details and reporting requirements to be added to this basic structure. Account codes and definitions presented are based on codes from the NCES publication, *Financial Accounting for Local and State School Systems: 2003 Edition* (U. S. Department of Education 2003).

Finance Data Elements
The following fund classifications and account code groupings contain a more detailed set of the codes identified in Chapter 2. Incorporated in these groupings are a select set of account codes and definitions identified as core data elements for financial reporting and education policy. These elements were determined by the Forum Core Finance Data Task Force, with a membership composed of cross-sectional representation and expertise provided from local, state, federal, and academic backgrounds. The accounting definitions are organized by type of account code, and specific account code numbers are included for reference. All revenue, function, and object codes identified as core are also necessary for NCES reporting.
## Fund Classifications

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Fund Types</strong></td>
<td></td>
</tr>
<tr>
<td>1 General Fund</td>
<td>This fund is the chief operating fund of the school district. It is used to account for all financial resources of the school district, except for those required to be accounted for in another fund.</td>
</tr>
<tr>
<td>2 Special Revenue Fund</td>
<td>This fund is used to account for the proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditure for specified purposes.</td>
</tr>
<tr>
<td>3 Capital Projects Fund</td>
<td>This fund is used to account for financial resources to be used to acquire or construct major capital facilities (other than those of proprietary funds and trust funds).</td>
</tr>
<tr>
<td>4 Debt Service Fund</td>
<td>This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.</td>
</tr>
<tr>
<td>5 Permanent Fund</td>
<td>This fund is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the school district's programs.</td>
</tr>
<tr>
<td><strong>Proprietary Fund Types</strong></td>
<td></td>
</tr>
<tr>
<td>6 Enterprise Fund</td>
<td>This fund may be used to account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are required to be used to account for any activity whose principal revenue sources meet any of the following criteria:</td>
</tr>
<tr>
<td></td>
<td>• Debt backed solely by revenues from fees and charges (thus, not debt that is backed by the full faith and credit of the school district)</td>
</tr>
<tr>
<td></td>
<td>• Legal requirement to recover costs through fees and charges</td>
</tr>
<tr>
<td></td>
<td>• Policy decision of the governing board of management to recover the costs of providing services through fees or charges.</td>
</tr>
<tr>
<td>7 Internal Service Fund</td>
<td>This fund may be used to account for any activity within the school district that provides goods or services to other funds, departments, component units, or other governments on a cost-reimbursement basis. The use of an internal service fund is appropriate only for activities in which the school district is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.</td>
</tr>
</tbody>
</table>
## Fund Classifications (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiduciary Fund Types</strong></td>
<td></td>
</tr>
<tr>
<td>8 Trust Fund</td>
<td>These funds are used to account for assets held by a school district in a trustee capacity for others (e.g., members and beneficiaries of pension plans, external investment pools, or private purpose trust arrangements), and therefore cannot be used to support the school district’s own programs. Trust funds are accounted for on the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans). Trust funds include pension trust funds, investment trust funds, and private-purpose trust funds (described below):</td>
</tr>
<tr>
<td></td>
<td>• Pension Trust Fund. This fund is used to account for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other benefit plans.</td>
</tr>
<tr>
<td></td>
<td>• Investment Trust Fund. This fund is used to account for the external portion (i.e., the portion that does not belong to the school district) of investment pools operated by the school district.</td>
</tr>
<tr>
<td></td>
<td>• Private-Purpose Trust Fund. This fund is used to account for other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.</td>
</tr>
<tr>
<td>9 Agency Fund</td>
<td>This account is used for funds that are held in a custodial capacity by a school district for individuals, private organizations, or other governments. Agency funds may include those used to account for student activities or taxes collected for another government.</td>
</tr>
</tbody>
</table>
## Program Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>Regular Elementary/Secondary Education Programs. Activities that provide students in prekindergarten* through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers.</td>
</tr>
<tr>
<td>200</td>
<td>Special Programs. Special Programs include activities for elementary and secondary students (prekindergarten* through grade 12) receiving services outside the realm of “regular programs,” such as mental retardation, orthopedic impairment, etc.</td>
</tr>
<tr>
<td>300</td>
<td>Vocational and Technical Programs. Activities delivered through traditional comprehensive and vocational-technical high schools or recognized charter schools that prepare students to meet challenging academic standards, as well as industry skill standards, while preparing students for broad-based careers and further education beyond high school.</td>
</tr>
<tr>
<td>400</td>
<td>Other Instructional Programs—Elementary/Secondary. Activities targeted towards “at risk” students and students whose primary language is not English.</td>
</tr>
<tr>
<td>500</td>
<td>Non-Public School Programs. Activities for students attending a school established by an agency other than the state, a subdivision of the state, or the federal government, and that usually is supported primarily by other than public funds.</td>
</tr>
<tr>
<td>600</td>
<td>Adult/Continuing Education Programs. Activities that develop knowledge and skills to meet immediate and long-range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities.</td>
</tr>
<tr>
<td>700</td>
<td>Community/Junior College Education Programs. Activities for students attending an institution of higher education that usually offers the first 2 years of college instruction.</td>
</tr>
<tr>
<td>8000</td>
<td>Community Services Programs. Activities that are not directly related to the provision of educational services in a school district.</td>
</tr>
<tr>
<td>900</td>
<td>Co-Curricular and Extra-Curricular Activities. Activities that add to a student’s educational experience but are not related to educational activities. These activities typically include events and activities that take place outside the traditional classroom.</td>
</tr>
</tbody>
</table>

* Prekindergarten refers to all programs and ages preceding kindergarten, including infant and early childhood programs.
Balance Sheet Codes

The account code structure for balance sheet codes are organized by short- and long-term assets, liabilities, fund balances, and fund net assets. Management of the financial resources of a school district requires use of the balance sheet and net asset account codes necessary to maintain a double-entry accounting system. The major code classifications are listed below. A more extensive list of balance sheet and statement of net asset codes can be found in *Financial Accounting for Local and State School Systems: 2003 Edition* (U.S. Department of Education 2003).

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>Current/Long-Term Assets</td>
</tr>
<tr>
<td>200</td>
<td>Capital Assets</td>
</tr>
<tr>
<td>400</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>500</td>
<td>Long-Term Liabilities</td>
</tr>
<tr>
<td>700</td>
<td>Fund Balance/Fund Net Assets</td>
</tr>
</tbody>
</table>
## Revenue Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>1110</td>
<td><strong>Ad Valorem Taxes.</strong> Taxes levied by a school district on the assessed value of real and personal property located within the school district.</td>
</tr>
<tr>
<td>1120</td>
<td><strong>Sales and Use Taxes.</strong> Taxes assessed by the school district imposed on the sale and consumption of goods and services.</td>
</tr>
<tr>
<td>1130</td>
<td><strong>Income Taxes.</strong> Taxes assessed by the school district and measured by net income—that is, by gross income less certain deductions permitted by law.</td>
</tr>
<tr>
<td>1140</td>
<td><strong>Penalties and Interest on Taxes.</strong> Revenue from penalties for the payment of taxes after the due date and the interest charged on delinquent taxes from the due date of actual payment.</td>
</tr>
<tr>
<td>1190</td>
<td><strong>Other Taxes.</strong> Other forms of taxes the school district levies/assesses, such as licenses and permits.</td>
</tr>
<tr>
<td>1200</td>
<td><strong>Revenue From Local Governmental Units Other Than School Districts.</strong> Revenue from the appropriations of another local governmental unit.</td>
</tr>
<tr>
<td>1210</td>
<td><strong>Ad Valorem Taxes.</strong> Taxes levied for school purposes by a local governmental unit other than the school district.</td>
</tr>
<tr>
<td>1310</td>
<td><strong>Tuition From Individuals</strong></td>
</tr>
<tr>
<td>1320</td>
<td><strong>Tuition From Other Government Sources Within the State</strong></td>
</tr>
<tr>
<td>1321</td>
<td><strong>Tuition From Other School Districts Within the State</strong></td>
</tr>
<tr>
<td>1330</td>
<td><strong>Tuition From Other Government Sources Outside the State</strong></td>
</tr>
<tr>
<td>1331</td>
<td><strong>Tuition From School Districts Outside the State</strong></td>
</tr>
<tr>
<td>1340</td>
<td><strong>Tuition From Other Private Sources (other than individuals)</strong></td>
</tr>
<tr>
<td>1350</td>
<td><strong>Tuition From the State/Other School Districts for Voucher Program Students</strong></td>
</tr>
<tr>
<td>1410</td>
<td><strong>Transportation Fees From Individuals</strong></td>
</tr>
<tr>
<td>1420</td>
<td><strong>Transportation Fees From Other Government Sources Within the State</strong></td>
</tr>
<tr>
<td>1421</td>
<td><strong>Transportation Fees From Other School Districts Within the State</strong></td>
</tr>
<tr>
<td>1430</td>
<td><strong>Transportation Fees From Other Government Sources Outside the State</strong></td>
</tr>
<tr>
<td>1431</td>
<td><strong>Transportation Fees From Other School Districts Outside the State</strong></td>
</tr>
<tr>
<td>1440</td>
<td><strong>Transportation Fees From Other Private Sources (other than individuals)</strong></td>
</tr>
<tr>
<td>1500</td>
<td><strong>Investment Income.</strong> Revenue from short-term and long-term investments.</td>
</tr>
<tr>
<td>1600</td>
<td><strong>Food Services.</strong> Revenue from dispensing food to students and adults.</td>
</tr>
</tbody>
</table>
### Revenue Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1700</td>
<td><strong>District Activities.</strong> Revenue resulting from co-curricular and extra-curricular activities controlled and administered by the school district. These revenues are not to be commingled with the proceeds from student activities.</td>
</tr>
<tr>
<td>1800</td>
<td><strong>Revenue From Community Services Activities</strong></td>
</tr>
<tr>
<td>1910</td>
<td><strong>Rentals.</strong> Revenue from the rental of either real or personal property owned by the school district.</td>
</tr>
<tr>
<td>1920</td>
<td><strong>Contributions and Donations From Private Sources</strong></td>
</tr>
<tr>
<td>1930</td>
<td><strong>Gains or Losses on the Sale of Capital Assets</strong></td>
</tr>
<tr>
<td>1940</td>
<td><strong>Textbook Sales and Rentals</strong></td>
</tr>
<tr>
<td>1950</td>
<td><strong>Miscellaneous Revenues From Other School Districts.</strong> Revenue from services provided other than for tuition and student transportation services.</td>
</tr>
<tr>
<td>1960</td>
<td><strong>Miscellaneous Revenues From Other Local Governmental Units</strong></td>
</tr>
<tr>
<td>1970</td>
<td><strong>Operating Revenues.</strong> Goods and services provided for insurance, printing, or data processing. This account should be used only for Proprietary funds.</td>
</tr>
<tr>
<td>1980</td>
<td><strong>Refund of Prior Year’s Expenditures</strong></td>
</tr>
<tr>
<td>1990</td>
<td><strong>Miscellaneous</strong></td>
</tr>
<tr>
<td>2000</td>
<td><strong>Revenue From Intermediate Sources</strong></td>
</tr>
<tr>
<td>2100</td>
<td><strong>Unrestricted Grants-in-Aid.</strong> Revenue recorded as grants to the school district from an intermediate unit that can be used for any legal purpose desired by the school district without restriction. Separate accounts may be maintained for general source grants-in-aid that are not related to specific revenue sources of the intermediate governmental unit, and for those assigned to specific sources of revenue, as appropriate.</td>
</tr>
<tr>
<td>2200</td>
<td><strong>Restricted Grants-in-Aid.</strong> Revenue recorded as grants to the school district from an intermediate unit that must be used for a categorical or specific purpose. If such money is not completely used by the school district, it must be returned, usually to the intermediate governmental unit. Separate accounts may be maintained for general source grants-in-aid that are not related to specific revenue sources of the intermediate governmental unit, and for those assigned to specific sources of revenue, as appropriate.</td>
</tr>
<tr>
<td>2800</td>
<td><strong>Revenue in Lieu of Taxes.</strong> Commitments or payments made out of general revenues by an intermediate governmental unit to the school district in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the school district on the same basis as privately owned property or other tax base. It would include payment made for privately owned property that is not subject to taxation on the same basis as other privately owned property because of action by the intermediate governmental unit.</td>
</tr>
</tbody>
</table>
### Revenue Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2900</td>
<td>Revenue for/on Behalf of the School District. Commitments or payments made by an intermediate governmental jurisdiction for the benefit of the school district or contributions of equipment or supplies. Such revenue includes the payment to a pension fund by the intermediate unit on behalf of a school district employee for services rendered to the school district and a contribution of capital assets by an intermediate unit to the school district. Separate accounts should be maintained to identify the specific nature of the revenue item.</td>
</tr>
<tr>
<td>3000</td>
<td>Revenue From State Sources</td>
</tr>
<tr>
<td>3900</td>
<td>Revenue for/on Behalf of the School District. Commitments or payments made by a state for the benefit of the school district or contributions of equipment or supplies. Such revenue includes the payment of a pension fund by the state on behalf of a school district employee for services rendered to the school district and a contribution of capital assets by a state unit to the school district. Separate accounts may be maintained to identify the specific nature of the revenue item.</td>
</tr>
<tr>
<td>4100</td>
<td>Unrestricted Grants-in-Aid Direct From the Federal Government. Revenues direct from the federal government as grants to the school district that can be used for any legal purpose desired by the school district without restriction.</td>
</tr>
<tr>
<td>4200</td>
<td>Unrestricted Grants-in-Aid From the Federal Government Through the State. Revenues from the federal government through the state as grants that can be used for any legal purpose desired by the school district without restriction.</td>
</tr>
<tr>
<td>4300</td>
<td>Restricted Grants-in-Aid Direct From the Federal Government. Revenues direct from the federal government as grants to the school district that must be used for a categorical or specific purpose. If such money is not completely used by the school district, it usually is returned to the governmental unit.</td>
</tr>
<tr>
<td>4500</td>
<td>Restricted Grants-in-Aid From the Federal Government Through the State. Revenues from the federal government through the state as grants to the school district that must be used for a categorical or specific purpose.</td>
</tr>
<tr>
<td>4800</td>
<td>Revenue in Lieu of Taxes. Commitments or payments made out of general revenues by the federal government to the school district in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the school district on the same basis as privately owned property or other tax base. Such revenue includes payment made for privately owned property that is not subject to taxation on the same basis as other privately owned property because of action by the federal governmental unit.</td>
</tr>
</tbody>
</table>
### Revenue Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4900</td>
<td><strong>Revenue for/on Behalf of the School District.</strong> Commitments or payments made by the federal government for the benefit of the school district, or contributions of equipment or supplies. Such revenue includes a contribution of capital assets by a federal governmental unit to the school district and foods donated by the federal government to the school district. Separate accounts should be maintained to identify the specific nature of the revenue item.</td>
</tr>
<tr>
<td>5000</td>
<td><strong>Other Financing Sources</strong></td>
</tr>
<tr>
<td>5100</td>
<td><strong>Issuance of Bonds.</strong> Used to record the face amount of the bonds that are issued. Short-term debt proceeds should not be classified as revenue. When a school district issues short-term debt (debt of less than 12 months) that is to be repaid from governmental funds, a liability (notes payable) should be recorded in the balance sheet of the fund responsible for repayment of debt. (This includes account code 5110, bond principal.)</td>
</tr>
<tr>
<td>5200</td>
<td><strong>Fund Transfers In.</strong> Used to classify operating transfers from other funds of the district.</td>
</tr>
<tr>
<td>5300</td>
<td><strong>Proceeds From the Disposal of Real or Personal Property.</strong> Proceeds from the disposal of school property or compensation for the loss of real or personal property. Any gain or loss on the disposal of property for Proprietary or Fiduciary funds is recorded in account 1930. Account 5300 should be used only for proceeds from the disposal of assets that do not have significant value. The reporting of major asset sales should be recorded as Special Items using account 6300.</td>
</tr>
<tr>
<td>5400</td>
<td><strong>Loan Proceeds.</strong> Proceeds from loans greater than 12 months.</td>
</tr>
<tr>
<td>5500</td>
<td><strong>Capital Lease Proceeds.</strong> Proceeds from capital leases.</td>
</tr>
<tr>
<td>5600</td>
<td><strong>Other Long-Term Debt Proceeds.</strong> Proceeds from other long-term debt instruments not captured in the preceding codes (e.g., certificates of obligation).</td>
</tr>
</tbody>
</table>
### Function Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td><strong>Instruction.</strong> Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium such as television, radio, computer, Internet, multimedia telephone, and correspondence that is delivered inside or outside the classroom or in other teacher-student settings. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) assisting in the instructional process. If proration of expenditures is not possible for department chairpersons who also teach, include department chairpersons who also teach in instruction. Full-time department chairperson’s expenditures should be included only in 2490. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>2100</td>
<td><strong>Support Services—Students.</strong> Activities designed to assess and improve the well-being of students and to supplement the teaching process. The critical subfunctions identified within this area are: Attendance and Social Work Services (2110), Guidance Services (2120), Health Services (2130), Psychological Services (2140), Speech Pathology and Audiology Services (2150), and Occupational Therapy—Related Services (2160).</td>
</tr>
<tr>
<td>2200</td>
<td><strong>Support Services—Instruction.</strong> Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students. The critical subfunctions identified within this area are: Improvement of Instruction (2210), Library/Media Services (2220), Instruction-Related Technology (2230), and Academic Student Assessment (2240).</td>
</tr>
<tr>
<td>2300</td>
<td><strong>Support Services—General Administration.</strong> Activities concerned with establishing and administering policy for operating the school district.</td>
</tr>
<tr>
<td>2400</td>
<td><strong>Support Services—School Administration.</strong> Activities concerned with overall administrative responsibility for a school.</td>
</tr>
<tr>
<td>2500</td>
<td><strong>Support Services—Central Services.</strong> Activities that support other administrative and instructional functions, including fiscal services, human resources, planning, and administrative information technology.</td>
</tr>
<tr>
<td>2600</td>
<td><strong>Support Services—Operation and Maintenance of Plant.</strong> Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. The critical subfunctions identified within this area are Security (2660) and Safety (2670).</td>
</tr>
<tr>
<td>2700</td>
<td><strong>Support Services—Student Transportation.</strong> Activities concerned with conveying students to and from school, as provided by state and federal law. This includes trips between home and school and trips to school activities.</td>
</tr>
</tbody>
</table>
# Function Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2900</td>
<td><strong>Other Support Services.</strong> All other support services not classified elsewhere.</td>
</tr>
<tr>
<td>3100</td>
<td><strong>Operation of Noninstructional Services—Food Services Operations.</strong> Activities concerned with providing food to students and staff in a school or school district. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>3200</td>
<td><strong>Operation of Noninstructional Services—Enterprise Operations.</strong> Activities that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs are financed or recovered primarily through user charges. Food Services should not be charged here but rather to function 3100. One example could be the school district bookstore. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>3300</td>
<td><strong>Operation of Noninstructional Services—Community Services Operations.</strong> Activities concerned with providing community services to students, staff, or other community participants. Examples of this function would be parental training or the operation of a community swimming pool, a recreation program for the elderly, a childcare center for working mothers, etc. (Used only with Program 800.)</td>
</tr>
<tr>
<td>4000</td>
<td><strong>Facilities Acquisition and Construction.</strong> Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>5000</td>
<td><strong>Debt Service.</strong> Activities related to servicing the long-term debt of the school district, including payments of both principal and interest. This function should be used to account for bond interest payments, retirement of bonded debt (including current and advance refundings), capital lease payments, and other long-term notes. Interest on short-term notes or loans (repayable within 1 year of receiving the obligation) is charged to function 2513. The receipt and payment of principal on those loans is treated as an adjustment to the balance sheet account 451. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>100</td>
<td><strong>Personal Services—Salaries.</strong> Amounts paid to both permanent and temporary school district employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the school district. The third position in this group of objects has been left unused (i.e., “0”) so that a job classification code can be inserted by the school district if desired. (Used with all functions except 5000, Debt Service.)</td>
</tr>
<tr>
<td>200</td>
<td><strong>Personal Services—Employee Benefits.</strong> Amounts paid by the school district on behalf of employees (amounts not included in gross salary but in addition to that amount). Such payments are fringe benefit payments and, while not paid directly to employees, nevertheless are part of the cost of personal services. The third position in this group of objects has been left unused (i.e., “0”) so that a job classification code can be inserted by the school district if desired. (Used with all functions except 5000, Debt Service.)</td>
</tr>
<tr>
<td>300</td>
<td><strong>Purchased Professional and Technical Services.</strong> Services, which by their nature, can be performed only by persons or firms with specialized skills and knowledge. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc. It is recommended that a separate account be established for each type of service provided to the school district. Services purchased from another school district or from other government sources should be coded to one of the object codes from 590 to 597.</td>
</tr>
<tr>
<td>400</td>
<td><strong>Purchased Property Services.</strong> Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.</td>
</tr>
<tr>
<td>450</td>
<td><strong>Construction Services.</strong> Includes amounts for constructing, renovating, and remodeling buildings or infrastructure assets paid to contractors. This account should also be used to account for the costs of non-permanent site improvements such as fencing, walkways, and roads that are related to buildings and building sites. (Used only with function 4000.)</td>
</tr>
<tr>
<td>500</td>
<td><strong>Other Purchased Services.</strong> Amounts paid for services rendered by organizations or personnel not on the payroll of the school district (separate from Professional and Technical Services or Property Services). While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.</td>
</tr>
<tr>
<td>511</td>
<td><strong>Student Transportation Purchased from Another School District Within the State.</strong> Amounts paid to other school districts within the state for transporting children to and from school and school-related events. These include payments to individuals who transport themselves or their own children or for reimbursement of transportation expenditure/expenses on public carriers. Expenditures for the rental of buses that are operated by personnel on the school district payroll are not recorded here, but under object 442. (Used only with function 2700.)</td>
</tr>
</tbody>
</table>
## Object Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>561</td>
<td>Tuition to Other School Districts Within the State. Tuition paid to other school districts within the state.</td>
</tr>
<tr>
<td>562</td>
<td>Tuition to Other School Districts Outside the State. Tuition paid to other school districts outside the state.</td>
</tr>
<tr>
<td>563</td>
<td>Tuition to Private Sources. Tuition paid to private schools.</td>
</tr>
<tr>
<td>564</td>
<td>Tuition to Educational Service Agencies Within the State. Tuition paid to agencies such as regional educational service centers for educational services to students.</td>
</tr>
<tr>
<td>565</td>
<td>Tuition to Educational Service Agencies Outside the State. Tuition paid to agencies such as regional educational service centers for educational services to students.</td>
</tr>
<tr>
<td>566</td>
<td>Tuition to Charter Schools. Tuition paid to charter schools for services provided in accordance with the established charter for that school.</td>
</tr>
<tr>
<td>567</td>
<td>Tuition to School Districts for Voucher Payments. Tuition paid to school districts for students utilizing a state or local voucher program. School districts and state departments of education should utilize this code for all payments made to school districts for voucher programs.</td>
</tr>
<tr>
<td>569</td>
<td>Tuition—Other. Tuition paid to the state and other governmental organizations as reimbursement for providing specialized instructional services to students residing within the boundaries of the paying school district.</td>
</tr>
<tr>
<td>591</td>
<td>Services Purchased From Another School District or Educational Services Agency Within the State. Payments to another school district within the state for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing, and guidance. This code should be used so that all interdistrict payments can be eliminated when consolidating reports from multiple school districts at the state and federal levels (when a question arises about whether to code such payments to the 300 series of objects or to this code).</td>
</tr>
<tr>
<td>592</td>
<td>Services Purchased From Another School District or Educational Service Agency Outside the State. Payments to another school district outside the state for services rendered, other than tuition and transportation fees. Examples of such services are data processing, purchasing, nursing, and guidance. This code should be used so that all interdistrict payments can be eliminated when consolidating reports from multiple school districts at the state and federal levels (when a question arises about whether to code such payments to the 300 series of objects or to this code).</td>
</tr>
<tr>
<td>600</td>
<td>Supplies. Amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Equipment that has a cost lower than the school district’s capitalization threshold should be coded in this series rather than to a 700 series code.</td>
</tr>
</tbody>
</table>
## Object Codes (Continued)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>700</td>
<td><strong>Property.</strong> Expenditures for acquiring capital assets, including land, existing buildings, existing infrastructure assets, and equipment.</td>
</tr>
<tr>
<td>710</td>
<td><strong>Land and Land Improvements.</strong> Expenditures for the purchase of land and the improvements thereon. Purchases of air rights, mineral rights, and the like are included here. Also included are special assessments against the school district for capital improvements such as streets, curbs, and drains. Not included here, but generally charged to objects 450 or 340 as appropriate, are expenditures for improving sites and adjacent ways after acquisition by the school district. (Used with functions 4100, 4200, and 4600.)</td>
</tr>
<tr>
<td>720</td>
<td><strong>Buildings.</strong> Expenditures for acquiring existing buildings. Included are expenditures for installment or lease payments (except interest), which have a terminal date and result in the acquisition of buildings, except payments to public school housing authorities or similar agencies. Expenditures for the contracted construction of buildings, for major permanent structural alterations, and for the initial or additional installation of heating and ventilating systems, fire protection systems, and other service systems in existing buildings are recorded under object 450. Buildings built and alterations performed by the school district’s own staff are charged to objects 100, 200, 610, and 730, as appropriate. Used with governmental funds only. (Used with function 4500 only.)</td>
</tr>
<tr>
<td>730</td>
<td><strong>Equipment.</strong> Expenditures for the initial, additional, and replacement items of equipment, such as machinery, furniture and fixtures, and vehicles.</td>
</tr>
<tr>
<td>740</td>
<td><strong>Infrastructure.</strong> Expenditures for purchased infrastructure assets by the school district. These items may include water/sewer systems, roads, bridges, and other assets that have significantly longer useful lives than other capital assets. (Used with functions 4000 only, but primarily used with functions 4200 and 4600.)</td>
</tr>
<tr>
<td>810</td>
<td><strong>Dues and Fees.</strong> Expenditures or assessments for membership in professional or other organizations or payments to a paying agent for services rendered. (Used with functions 1000 and 2000.)</td>
</tr>
<tr>
<td>831</td>
<td><strong>Redemption of Principal.</strong> Expenditures to retire bonds (including current and advance refundings) and long-term loans. (Used only with function 5000.)</td>
</tr>
<tr>
<td>832</td>
<td><strong>Interest.</strong> Expenditures for interest on bonds or notes. (Used only with function 5000.)</td>
</tr>
</tbody>
</table>
Other Expenditure Classifications
Expenditures can also be categorized by other classifications, which include the following:

- The project for which funds are being spent (used mainly for reporting (e.g., grants));
- The level of instruction associated with the expenditure;
- The operational unit on which the funds are being spent;
- The subject matter on which the funds are being spent; and
- The job class associated with the expenditure.

Common Finance Measures
Data elements described in the preceding section of this chapter can be aggregated to create common revenue and expenditure measures that can also be combined with pupil counts and other nonfiscal measures. The following measures represent some of the most commonly reported finance measures.

Expenditures for Instruction
This category of expenditures is a key function code that includes the activities dealing directly with the interaction between teachers and students. Instruction may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium (such as television, radio, computer, Internet, multimedia telephone, and correspondence) that is delivered inside or outside the classroom or in other teacher-student settings. Included here are the activities of aides or classroom assistants of any type (clerks, graders, etc.) who assist in the instructional process. If proration of expenditures is not possible for department chairpersons who also teach, then department chairpersons who also teach are included as instruction expenditures. However, full-time department chairperson expenditures should not be included as an instruction expenditure.

A more detailed description of the data elements that comprise expenditures for instruction in the F-33 and NPEFS, including associated survey codes is located in appendix B.

Total Current Operating Expenditures for Public Elementary and Secondary Education
This measure is the sum of expenditures for instruction, support services, food services, and enterprise operations (under noninstruction services). Current operating expenditures exclude capital and debt service. The account codes that comprise the total current operating expenditures are further identified and defined below:
## Current Expenditure Functions

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td><strong>Instruction.</strong> Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, computer, Internet, multimedia telephone, and correspondence that is delivered inside or outside the classroom or in other teacher-student settings. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) assisting in the instructional process.</td>
</tr>
<tr>
<td>2000</td>
<td><strong>Support Services.</strong> Support services provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services, and enterprise programs, rather than as entities within themselves.</td>
</tr>
<tr>
<td>2100</td>
<td><strong>Support Services—Students.</strong> Activities designed to assess and improve the well-being of students and to supplement the teaching process.</td>
</tr>
<tr>
<td>2200</td>
<td><strong>Support Services—Instruction.</strong> Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.</td>
</tr>
<tr>
<td>2300</td>
<td><strong>Support Services—General Administration.</strong> Activities concerned with establishing and administering policy for operating the school district.</td>
</tr>
<tr>
<td>2400</td>
<td><strong>Support Services—School Administration.</strong> Activities concerned with overall administrative responsibility for a school.</td>
</tr>
<tr>
<td>2500</td>
<td><strong>Central Services.</strong> Activities that support other administrative and instructional functions, including fiscal services, human resources, planning, and administrative information technology.</td>
</tr>
<tr>
<td>2600</td>
<td><strong>Operation and Maintenance of Plant.</strong> Activities concerned with keeping the physical plant open, comfortable, and safe for use and with keeping the grounds, buildings, and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.</td>
</tr>
<tr>
<td>2700</td>
<td><strong>Support Services—Student Transportation.</strong> Activities concerned with conveying students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to school activities.</td>
</tr>
<tr>
<td>2900</td>
<td><strong>Other Support Services.</strong> All other support services not classified elsewhere.</td>
</tr>
<tr>
<td>3000</td>
<td><strong>Operation of Noninstructional Services.</strong> Activities concerned with providing noninstructional services to students, staff, or the community.</td>
</tr>
<tr>
<td>3100</td>
<td><strong>Operation of Noninstructional Services—Food Services Operations.</strong> Activities concerned with providing food to students and staff in a school or school district. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery. (Used with all programs 100-900.)</td>
</tr>
<tr>
<td>3200</td>
<td><strong>Operation of Noninstructional Services—Enterprise Operations.</strong> Activities that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs are financed or recovered primarily through user charges. Food Services should not be charged here but rather to function 3100. One example could be the school district bookstore. (Used with all programs 100-900.)</td>
</tr>
</tbody>
</table>
A more detailed description of the data elements that comprise current expenditures in the F-33 and NPEFS including associated survey codes, are located in Appendix B.

**Total Expenditures**

In general, the definition of total expenditures includes current expenditures as well as capital, facilities, construction, debt-related expenditures, and other programs outside of elementary and secondary education (for example, private schools, community services, and adult education). The combination of these expenditures can vary depending on the report, and the reporting organization. Therefore, it is important to understand which specific data elements are included as total expenditures, especially if comparisons are made using different reports that could have differing definitions.

For the NCES National Public Education Financial Survey (NPEFS), total expenditures comprise the total of current expenditures, and expenditures for construction, capital outlays, and other programs outside of elementary and secondary education (for example, private schools, community services, and adult education). For all other NCES collections and reports, such as the F-33 data collection, the *Digest of Education Statistics*, and the *Condition of Education*, total expenditures also cover interest on debt and direct support for private schools.

A more detailed description of the data elements that comprise total expenditures in the F-33 and NPEFS including associated survey codes is located in appendix B.

**Net Current Expenditures**

Net current expenditures are the key financial component of the State Per-Pupil Expenditure (SPPE), which is the primary financial measure used in the formula to allocate Title I and other federal funds to state and school districts. SPPE is used as an indicator of the level of effort that state and local governments are making in providing public education. Net current expenditures is defined as current expenditures less the following local revenues and expenditures: tuition paid by individuals; transportation fees paid by individuals; food service revenues; district activity revenues; textbook revenues; summer school revenues; and expenditures from funds received from the federal government through Title I and Title V, Part A programs (including expenditures from carryover funds received in the prior year). A more detailed description of data element components for this calculation is located in appendix B.

**Property Expenditures**

Of special note for NPEFS reporting is the calculation for property expenditures. Total Property expenditures comprise the aggregate of all property expenditures by function, including: instruction, support services and associated subfunctions, operation of noninstructional services, and direct program support; and land, buildings, and equipment under facilities acquisition and construction services. This total includes other programs outside of elementary and secondary education, including community services. Additional details, for this calculation are provided in appendix B.

**Per Pupil Expenditures**

Education finance information often is expressed relative to a particular base or denominator that allows for comparisons to be made across school districts or states. A common example is total expenditures per pupil. Dividing total expenditures by a pupil base provides a means to compare large and small school districts on a common basis—provided that both total expenditures and pupils are defined similarly among school districts. Common definitions must be used to ensure comparability.
This section describes pupil bases and important program bases used to create per pupil expenditure and other per pupil measures that are commonly used in education finance. All of these pupil and program bases may be weighted to account for relevant student factors, such as participation in special programs or distance required to transport students to school.

Below are some of the more commonly used pupil bases that are often used to calculate per pupil revenues and expenditures.

**Expenditure per Pupil Based on Fall Enrollment**
This expenditure per pupil calculation is based on the number of students on the membership roll on or about October 1 of a school year, or the time nearest to October 1 when a verifiable count of students can be made. This count is unduplicated. That is, each student is counted only once. A student who attends school only half a day is counted as one student. The majority of NCES reports utilize this fall enrollment definition as their standard pupil count, as do other federal offices, such as the Office for Civil Rights.

**Expenditure per Average Daily Attendance (ADA)**
This expenditure per pupil calculation is based on the aggregate attendance of a school, school district, or state during a reporting period (normally a school year) divided by the number of days school is in session during this period. Only days on which the pupils are under the guidance and direction of teachers should be considered days in session. ADA is not a count of students per se, but rather the average attendance for the year. It is calculated by summing the attendance figures for each day of the school year and dividing by the number of days of the school year.

**Expenditure per Average Daily Membership (ADM)**
This expenditure per pupil calculation is based on the average student enrollment over the course of the school year for a school, school district, or state. It is calculated by summing the number of students enrolled each day of the school year and then dividing that sum by the number of days school is in session during this period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. The ADM for groups of schools having varying lengths of terms is the average of the average daily memberships obtained for the individual schools. Like ADA, ADM is also not a count of students. It is an accumulated value of all days present and all days absent for each student on the membership role at any time during the school year divided by the length in days for the school year. As with student membership and ADA, each student is counted as one student, even if the student only attends school for half a day. NCES does not collect ADM data.

**Expenditure per Full-Time Equivalent (FTE) Membership**
This expenditure per pupil calculation is based on FTE membership, which is a calculated value based upon an established number of hours that vary by state. For example, one FTE student may be a single student enrolled in a school or a program for a total of 900 hours (180 days for 5 hours per day) during the regular school year. FTE membership may be expressed for a regular school year or the summer term, or both. A student attending school for only half a day is counted as 0.5. NCES does not collect FTE membership data.

**Average Number of Students Participating in National School Lunch and/or Breakfast Programs**
According to the U. S. Department of Agriculture, this base is calculated as the number of average daily lunches and/or average daily breakfasts served each month as reported by state agencies, divided by a national attendance factor of 0.927.
**Average Number of Students Transported**
The aggregate number of students transported to and from school is divided by the number of days that transportation is provided during a given reporting period.

**Average Contracted Salaries and Average Compensation**
Contracted salaries and compensation comprise the majority of operating expenditures of school districts. This section defines the differences between salary and compensation, both of which are used by policymakers and decisionmakers for budgeting and funding purposes. The following definitions are derived in part from the NCES *Staff Data Handbook for Elementary, Secondary, and Early Childhood Education* (U.S. Department of Education 2001a). Definitions are general descriptions that may be applied to selected groups of certified staff.

**Average Contracted Salary**
Average salary is the average annual contracted base salary for an individual employee. It includes the earned value of a contracted salary but does not include add-ons, such as supplements for coaching, student activities, or other extra-duty functions. The average salary is expressed only for the regular school year and does not include summer terms or extra-duty terms.

**Average Compensation**
Average compensation is the total annual compensation for a contract employee. This includes earned salary and benefits plus all salary supplements and add-ons for extra-duty functions. It includes items paid for by the district or items that are contributed on behalf of the employee, such as compensation for cocurricular, extracurricular and other activities, overtime, sabbatical leave, other salary, additional compensation, and in-kind compensation dollar amounts. Benefits include all benefits paid by the district as well as local and state governments, including retirement, health, worker’s compensation, Social Security, and all other benefits. Contributions made by the employee to these plans and services should not be included in the average compensation calculation.

**Employee Benefit Contributions**
Employee benefit contributions are contributions to a staff member’s benefit plan made by the staff member, employer, or others. Staff members receive employee benefits as compensation for service in compliance with the employment agreement. They include child care assistance, COBRA, dental care, educational assistance, employee assistance programs, health insurance, health promotion programs, investment programs, legal services, life insurance, long-term disability insurance, prescription plans, retirement income, short-term disability insurance, Social Security, vision care, unemployment insurance, and worker’s compensation. Greater detail on employee benefit contributions can be found in the NCES *Student Data Handbook for Elementary, Secondary, and Early Childhood Education: 2001 Update* (U.S. Department of Education 2001b).
Financial Condition and Key Ratios—Definitions and Uses

Analysis of a school district’s financial condition is generally based on data elements used to construct a series of ratios that depict the short- and long-term district financial situation. These ratios aid in the interpretation of finance data and are used in financial statements and reports to compare the relationship between financial elements. For example, it is difficult to assess whether revenues are sufficient by reviewing revenues alone. Rather, it is more meaningful to compare revenues with another financial element, such as liabilities or net assets. This produces a measure that is comparable for different fiscal periods for the same entity and among other similar entities. Ratios are useful tools for financial statement analysis because they conveniently summarize data in a form that is more easily understood, interpreted, and compared.

Several possible standards that might be used include:

- the planned ratio for the period being analyzed;
- the corresponding ratio during the preceding year, or some average of past years;
- the corresponding ratio from a peer school district or the state-wide average; and
- the legislatively mandated benchmark for the ratio.

As components of financial statements and reports, these ratios are used both internally by the school district to monitor and assess district finances and practices, and externally by legislators, taxpayers, parents, and others who wish to assess aspects of school district accountability.

Most financial statement analysis is directed at the financial soundness of the district through its ability to provide services in relation to the tax structure, tax base, state and local economic climate, supply and cost of staff and resources, enrollment, and demand for services. Reviewing current and past financial indicators in the context of these outside variables can provide some insight into the management decisionmaking process to maintain the solvency of the district.

Several states use financial information to set benchmarks based on multiyear trends of specific financial measures that determine whether districts are beginning to experience financial difficulty, so that internal or external policy actions can be taken to correct the situation. Additionally, rating agencies look at the current and past financial situation of the school district through a series of financial measures that represent a distinct and important composite of district financial indicators. Local taxpayers can also use district financial information to make informed decisions on local tax referenda as well as the need for participation in the local budget approval process.
Recently, there has been significant interest nationally in developing measures of efficiency in the use of resources. This involves linking student achievement with the financial resources expended to produce the desired academic performance. This measure is often referred to as Return on Investment, and provides another assessment of school and/or district accountability for performance.

The following sets of ratios are categorized into major areas and represent some of the more common financial ratios used (Meade 2001). These ratios can be modified to reflect per pupil or per capita figures, depending on the use of the measure. Some ratios incorporate a period of time and inherently reflect growth or change in the indicator. Others are point-in-time indicators, but can also be viewed sequentially through time-series analysis. Ratios can also be compared between districts through cross-sectional analysis. In either case, care must be taken to ensure the comparability of data either across districts or within the same district over time if major or one-time changes have occurred.

All definitions are presented in broad aggregate terms relating to assets and expenses, and can be further refined to address specific assets and expenses using the same methodology to evaluate a particular financial category within the school district. For example, financial position ratios can be based on unrestricted assets, restricted assets, or capital assets, as well as the more general ratio using total assets. Similarly, all definitions can be refined to incorporate particular funds, programs, or revenues. All ratios can also be modified to a per student basis. Basic definitions of accounting and finance terms used can be found in Siegel and Shim (2005) and Downes and Goodman (2006).

It should also be noted that no one ratio should be used to evaluate the financial condition or capacity of the school district. The ratio should be used to identify financial issues that may require further assessment.

**Financial Condition Indicators**

Key ratios of the financial condition of a school district assist in evaluating the district’s current financial situation as well as provide insight into the district’s ability to continue providing services in the future. In general, these financial ratios can be categorized as measures of financial position, liquidity, solvency, and fiscal capacity.

**Financial Position Ratios**

Financial position ratios are used to evaluate the current and past financial condition of a school district in terms of the nature of its debts and obligations and the resources available to repay them.

**Financial Position**

This ratio is used to evaluate a school district’s financial position at a given time based on a comparison of the resources it generally owns or controls with its obligations. It is calculated as:

\[
\frac{(\text{Assets} - \text{Liabilities})}{\text{Total Revenues}}
\]

This measure can be modified to use expenses (net assets divided by total expenses or operating expenses), fund balances (fund balance divided by total expenditures, revenues, or operating revenues), or unreserved fund balance (unreserved fund balance divided by total expenditures, revenues, or operating revenues).
Change in Financial Position

A change in financial position is measured in terms of change in net assets divided by total revenues. This ratio is used to evaluate the change in a school district’s financial position based on a comparison of the resources it generally owns or controls with the obligations it faces. It provides information as to how the financial position of the school district has changed over time. It is calculated as:

\[
\frac{\text{Net Assets}_e - \text{Net Assets}_b}{\text{Total Revenues}_e}
\]

Where:
\( b = \) beginning of time period, and
\( e = \) end of time period.

This indicator can be modified to use expenses (change in net assets divided by total expenses or operating expenses), fund balances (change in fund balance divided by total revenues, operating revenues, or expenditures), or unreserved fund balance (change in unreserved fund balance divided by total revenues, operating revenues, or expenditures). This ratio shows the direction of change in financial position over a period of time, whereas financial position is a point-in-time measure.

Liquidity Ratios

Liquidity ratios are used to evaluate whether a school district will be able to meet its obligations in the short run and whether it will have sufficient resources to cover ongoing operating costs.

Current Ratio

This ratio is used to evaluate a school district's ability to cover its obligations with existing resources. It is calculated as:

\[
\frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

Where:
Current Assets are defined as cash, accounts receivable, inventory, and other assets that are likely to be converted into cash, sold, exchanged, or expensed in the normal course of business, usually within a year; and Current Liabilities are defined as debt or other obligations coming due within a year (Downes and Goodman 2006).

Quick Ratio

The quick ratio is measured in terms of the sum of cash and current investments divided by current liabilities. This ratio is used to evaluate a school district’s ability to meet its current obligations using only the most liquid assets—generally cash, near cash assets such as money market funds, other short-term investments, and sometimes receivables. It is calculated as:

\[
\frac{\text{Cash} + \text{Current Investments}}{\text{Current Liabilities}}
\]

Where:
Current Investments (short-term investments) are defined as funds placed in securities that are expected to be held for one year or less (Siegel and Shim 2005).
**Solvency Ratios**
Solvency ratios are used to evaluate a school district’s ability to repay its long-term obligations, such as bonds, or to cover future costs, such as compensated absences and leave pay. Solvency ratios are categorized either as leverage ratios or coverage ratios. Leverage ratios are used to determine the degree to which a school district’s assets are financed through borrowing and other long-term obligations. Coverage ratios compare cash flows to a district’s debt repayments, both interest and principal.

**Debt-to-Assets Ratio**
This ratio is used to evaluate the degree to which a school district has resources necessary to repay its debt. It is calculated as:

\[
\text{Total Liabilities / Total Assets}
\]

**Debt-to-Net-Assets Ratio**
This ratio is used to evaluate the degree to which available resources for providing public services by the district are financed through debt. It is calculated as:

\[
\text{Total Liabilities / Net Assets}
\]

**Times-Interest-Earned Ratio**
This ratio compares cash flows generated by operations to interest payments on debt. It is calculated as:

\[
\frac{\text{(Cash Flow from Operations + Interest)}}{\text{Interest}}
\]

Where:
- Cash Flow = (General Funds Revenues + Special Funds Revenues - General Funds Current Expenditures - Special Funds Current Expenditures);
- Interest = Interest on Long-Term Debt for Governmental and Business-Type Activities.

**Debt Service Coverage Ratio**
This ratio compares cash flows to all debt repayments, both interest and principal. It is calculated as:

\[
\frac{\text{(Cash Flow from Operations + Debt Service)}}{\text{Debt Service}}
\]

Where:
- Debt Service = (Interest on Long-Term Debt for Governmental and Business-Type Activities + Principal Repayments for Long-Term Debt for Governmental and Business-Type Activities).

**Fiscal Capacity Ratios**
Fiscal capacity ratios measure a school district’s ability to generate resources that can be used to finance the provisions of services to students. Many of these indicators combine a school district’s financial statement information with economic, demographic, and tax-related data. These ratios compare revenues, expenses, and debt to measure the community’s ability to pay for school district services. Full-time equivalent student counts are used in many of the following ratios; however, other measures of student counts can be substituted.
**Taxable Property per Student**

\[
\text{(Total Taxable Property Value) / (Total Full-Time Equivalent Students)}
\]

**Property Tax Revenues per $100 of Assessed Property Value**

\[
\text{(Total Property Tax Revenues x 100) / (Total Assessed Property Value)}
\]

*Note: This produces an effective tax rate rather than the rate levied.*

**Taxes per Student**

\[
\text{(Total Tax Revenues) / (Total Full-Time-Equivalent Students)}
\]

**Debt per $100 of Assessed Property Value**

\[
\text{(Total Liabilities x 100) / (Total Assessed Property Value)}
\]

**Debt per Student**

\[
\text{(Total Liabilities) / (Total Full-Time-Equivalent Students)}
\]

**Revenue and Expenditure Analysis**

Revenues and expenditures are two key sets of elements used in the financial analysis of school districts. Both revenue and expenditure data elements are identified with account codes at their most detailed level and can be aggregated into larger levels of revenues and expenditures, depending on how the data will be used for reporting and analysis. Revenues and expenditures are the primary components used to create financial ratios by presenting an amount per specified base, such as revenue or current expenditure per pupil. Common revenue classifications include local, state, intermediate, and federal sources, and are further classified by the source of revenue generation, such as local property tax. Common expenditure classifications include operating (or current), capital, and debt service, and are generally reported at the school district level and aggregated to the state level. These classifications may be disaggregated into functional areas in order to provide a more detailed financial analysis. For example, community services expenditures may be excluded from total current operating expenditures in order to identify expenditures specifically related to public elementary and secondary education.

**Equity Measures**

The study of equity in funding public education is not a new concept. Elwood Cubberley in the early 1900s was the first to question the differences in resources available to school children. In the early 1970s, equity concerns were heightened by two landmark lawsuits: (1) Serrano v. Priest (487 P. 2d 1241, 1971) and (2) Antonio Independent School District v. Rodriguez (411 U.S. 1, 1972). Both of these lawsuits addressed equity, although many scholars argue that *Brown v. Board of Education* (1954) was the real beginning of legal tests of equitable resources and opportunities for all children.

The use of statistical equity measures to examine the differences in dollars available to students between districts within a state became prevalent with the increased litigation. The inequity that was examined focused on the inability of school districts with lower property wealth (fiscal capacity) to generate revenues comparable to those available to districts with higher property wealth.
Equity in education finance research is often viewed in two different but interrelated ways. School finance researchers look at equity as being either horizontal or vertical. Horizontal equity means that persons who are similarly situated (e.g., all students) are treated similarly. Vertical equity addresses persons with differing needs, such as students with disabilities, students with limited English proficiency, and students from families with low incomes. These students require dissimilar treatment to achieve equity.

In exploring issues of equity, the education research field and other disciplines have relied on a variety of measures, each of which incorporates different ways for gauging the magnitude of the equity of resource distribution. These measures focus on inputs for students (i.e., fairness in dollars available to purchase the resources needed to provide all students an equal opportunity for education). These measures address issues of horizontal equity only.

The funding of public education through local property taxes has tended to create the input inequities that school finance litigation tries to remedy. Traditionally, the choice for lower property-wealth districts was to either remain poor, creating inequities for students, or to impose higher tax rates, creating inequities for taxpayers. The disparity in local funding available between low property-wealth districts and high property-wealth districts meant that students living in higher property-wealth districts had greater resources and, therefore, better educational opportunities. In order to address inequities, states began taking a larger role in funding education. State legislatures, whether ordered by the state courts or to avoid litigation, developed formulas that would fund local school districts in an inverse relationship to the district’s local property wealth.

Funding that seeks to address differing needs of particular students or groups of students takes many forms. There are no standardized measures for vertical equity as there are for horizontal equity, although researchers have developed various weights and cost indexes that reflect the increased resources involved in providing additional services for students with needs above the regular education programs. Some states have chosen to incorporate these weights and indexes into the basic education funding formula or to apply them through categorical program funding.

Taxpayer equity is a less explored issue in school finance research. Through various mechanisms in state aid formulas, such as equalization funding, states fund local school districts inversely to what is raised locally. Statistical measures of taxpayer equity are not as prevalent or standardized as measures for student equity.

**Common Equity Measures**

Four of the most common and frequently used equity measures are identified and described below. Additional information and examples are provided to aid in the interpretation of the indicator results. More information about these and other measures can be found in *The Measurement of Equity in School Finance* (Berne and Stiefel 1984).

**Federal Range Ratio**

This measure identifies the difference between the per pupil financial variable at the 95th and 5th percentiles arranged in ascending order of per pupil values divided by the per pupil financial variable at the 5th percentile. The federal range ratio has a long tradition of being used to define disparity. Its limitation is that it only focuses
on two points to define an entire distribution. The ratio has a minimum value of zero with increasing values indicating higher disparity. The calculation for this ratio is:

\[
\frac{\text{District}_{95} - \text{District}_5}{\text{District}_5}
\]

Where:
- \(\text{District}_{95}\) = District at the 95th percentile; and
- \(\text{District}_5\) = District at the 5th percentile.

**Coefficient of Variation**

As an education measure of equity, the coefficient of variation is generally applied to per pupil expenditures or resources of each school district within a given state. It is defined as the standard deviation expressed as a percentage of the mean. A standard deviation is the average variance from the mean. Using these generally applied education finance terms, the calculation for the coefficient of variation is:

\[
\left[ \frac{\sum P_i (M - x_i)^2}{\sum P_i} \right]^{1/2} / M
\]

Where:
- \(P_i\) = Student Enrollment in District \(i\);
- \(X_i\) = Expenditures or Resources in District \(i\); and
- \(M\) = Mean Expenditure or Resources per Pupil for all Pupils.

Unlike the federal range ratio, the coefficient of variation takes into account all observations (e.g., expenditures or resources per pupil for all school districts within the state), rather than only extreme cases with the highest and lowest value of a specified range. As an example, a coefficient of 15 percent (or 0.15) indicates that approximately 68 percent of the observations (e.g., school districts within a state) have a value that is 15 percent above or below the average per pupil resources or expenditures (i.e., within one standard deviation of the mean) and 95 percent of the observations have a value that is 30 percent above or below the average (i.e., within two standard deviations of the mean). So if average expenditures per pupil in a given state is $4,000, then using this example, 68 percent of the districts in the state have an expenditure per pupil between $3,400 and $4,600 ($4,000 plus or minus 15 percent) (Odden and Picus 2004).

The value of the coefficient of variation generally ranges between 0 and 1, although the values can be higher. A value of zero indicates perfect equity while higher values indicate increasing inequity.

**Gini Coefficient**

The Gini coefficient is a statistical measure originally designed to measure competition within a given industry. If the market shares of a given industry are evenly distributed among all businesses in the industry, that industry is considered to be perfectly competitive. In a similar way, the Gini coefficient can measure school districts’ shares of resources, wealth, revenues, expenditures, or other comparable factors in a given state. If per pupil resources are evenly distributed across school districts, then the school system has perfect equity. The calculation of the measure in both instances is based on the Lorenz curve, which shows the cumulative share of the aggregated value of a variable plotted against the cumulative portion of units when units are ranked in ascending order by the variable. As an education measure of equity, per pupil expenditure or some other cost or resource figure is generally used as the variable of interest, with the school district or specified student count as the unit. The
Lorenz curve is calculated by first ranking school districts (or student counts) based on the magnitude of per pupil expenditures. Next, the cumulative percentage distribution is calculated by determining the total share of the variable (e.g., per pupil expenditures) attributed to the lowest 10 percent of school districts (or students) in the distribution, then calculating the percentage of the total received by the lowest 20 percent and so on, until all school districts (or students) are included. These figures, one for each 10 percent interval, are then plotted. The axes on the graph are measured in terms of the percentages. The Lorenz curve is created by connecting these points. A 45-degree diagonal is the perfect equity reference line for the Lorenz curve. The Gini coefficient is a summary statistic that measures the area between the Lorenz curve and the perfect equity reference line.

As an example, if the lowest 10 percent of school districts (or students) accounts for less than 10 percent of per pupil expenditures, the Lorenz curve would bow downward, displaying inequity. The closer the school system is to perfect equity, the closer the Lorenz curve will be to the reference line and the closer to zero will be the area between them. The coefficient ranges from 0 to 1, with 0 indicating perfect equity (King, Swanson, and Sweetland 2003).

The calculation for the Gini coefficient is:

$$\frac{\sum \sum (X_i - X_j) \cdot (P_i, P_j)}{2M}$$

Where:
- $P_i$ = Student Enrollment in District i;
- $P_j$ = Student Enrollment in District j;
- $X_i$ = Expenditures or Resources in District i;
- $X_j$ = Expenditures or Resources in District j; and
- $M$ = Mean Expenditure or Resources per Pupil for all Pupils.

**McLoone Index**

Unlike the variance and Gini coefficients, the McLoone index focuses only on districts below the median district by comparing the amount of expenditures or resources that recipients below the median of the distribution actually received with the amount received by the median recipient. It is the ratio of expenditures or resources for pupils below the median to the resources that would be required if all pupils below the median were actually receiving the per pupil amount of resources at the median. This index varies between 0 and 1 and becomes larger as equity increases. As an example, if state A had a McLoone Index of 0.85 and state B had a McLoone Index of 0.95, state B would have achieved greater equity.

The calculation for the McLoone Index is:

$$\frac{\sum P_i X_i}{\sum P_i (med)}$$

Where:
- $i$ = Districts Below the State Median per Pupil Level of Expenditures or Resources
- $P_i$ = Student Enrollment in District i;
- $X_i$ = Expenditures or Resources in District i;
- $med$ = Median Expenditures or Resources per Pupil for all Pupils.
Ad Hoc Procedures
Generally, the common equity measures cited in this guide are used independently, though often several measures are used to either verify or further enhance the equity findings of a single measure. In these cases, the findings of each indicator remain independent. However, some measures are created that use several common or less-than-common measures and weight each outcome to create a hybrid or ad hoc indicator. One major example of this type of equity measure is used by Education Week. In collaboration with the Pew Charitable Trusts, Education Week compiles data on more than 75 indicators across 5 categories. In 2006, the Quality Counts section of the annual Education Week report included a measure and grade for equity. The equity measure was constructed from two common equity measures: the McLoone Index and the coefficient of variation, as well as a less common wealth neutrality calculation. Each of these measures was equally weighted to create an overall equity grade or measure. Education Week analysis and measures may change in future publications.

Adequacy Measures
The study, definition, and measuring of adequacy in school finance is relatively new. In recent decades, equity was the major focus of study. In several instances, state funding systems were found to be equitable using within state comparisons. However, having a fair or equivalent funding distribution does not always mean that the amount given is enough or adequate. Recently, school finance litigation and research has begun to apply more of its focus to the adequacy of funding.

Although subtle in several instances, there are key differences between equity and adequacy. Equity deals with inputs. The concern, as discussed in an earlier section, is providing equitable resources to students regardless of the local school district’s wealth. Equity is related to the assumption that equal or equitable dollars provide an equitable opportunity to learn. Adequacy, on the other hand, deals with outputs. The concern is whether the amount of funding accomplishes a set goal or standard, such as increasing test scores, increasing graduation rates, decreasing dropout rates, or similar standards.

The goals of equity and adequacy also differ. Legislators and policymakers set a goal of redistributing tax dollars to bring about equity, usually providing additional dollars in an inverse relationship to fiscal capacity. While student learning is implicitly the end result, the explicit goal is fair distribution of funding. Adequacy, on the other hand, begins with establishing a targeted standard for student achievement. Funding in this case is based upon providing the resources necessary to bring all students up to the established standard. The explicit goal is fair funding of sufficient resources.

A major area of concern in the area of adequacy is which of the measures or standards should be targeted. Output measures focused on so far have been achieving defined levels of proficiency on some test, usually a state-developed criterion reference test.

However, in some lawsuits regarding adequacy, the courts have developed a list of abilities that students should possess upon exiting the K-12 public school system. The list developed with the Kentucky lawsuit (Rose v. Council for Better Education, Inc.) called for sufficient skills in communication, reading, making informed choices, and other areas. A more recent lawsuit over funding of New York City Schools (Campaign for Fiscal Equity, Inc. v. State) raised the bar even higher. New York decided that, in addition to other knowledge and skills, students should be able to serve on a jury, and therefore, understand such things as DNA evidence and election campaign reform. Other states have decided to identify the school district that is producing the desired outcome and fund all districts at the level of this identified district.
The Education Commission of the States (http://www.ecs.org) found three reasons that states have studied or moved to funding adequacy. Those reasons are compliance with court rulings, alignment of state accountability programs and funding, and reevaluation of the state funding system.

**Economic Adjustment Indexes**

Economic adjustment indexes can be used in education finance to put into context the value of education dollars. These adjustment indexes are often incorporated into adequacy funding formulas or research analyses. This is done by adjusting for differences in the purchasing power of different school systems or by adjusting for changes in general prices over time. Some economic adjustment indexes encompass broad areas of the economy and can be applied to areas other than education. Other indexes—called cost of education indexes (CEIs)—emphasize education-related factors. The common component in these CEIs is teacher salaries, because they make up the majority of education operating costs. Both the general and CEI indexes can be used in resource analysis to help estimate the funds needed for educational services. Additionally, many of these indexes can be used to compare the financial resources available across communities or school districts. Some of the more common indexes are identified below with additional descriptions for the indexes that continue to be updated.

**Comparable Wage Index (CWI)**

This index is the most recent addition to this growing set of education indexes and is also the most recent geographic cost index released by NCES (Taylor and Fowler 2006). It uses data from the 2000 Decennial Census and the Bureau of Labor Statistics’ Occupational Employment Statistics to develop a geographic wage index for states and metropolitan labor markets. The basic premise of the CWI is that all types of workers—including teachers—demand higher wages in areas with a higher cost of living or a lack of amenities. The CWI was released in May 2006. This is the only geographic index available from NCES as of July 2006. As of the time of publication for this guide, the CWI has been updated for use with 2004 education finance data. Periodic updates will be made to this index. Additional information about this index can be found at http://nces.ed.gov/edfin/prodsurv/data.asp.

**Consumer Price Index (CPI)**

This is a measure of the average change over time in the prices paid by consumers for a fixed market basket of consumer goods and services. The CPI provides a way to measure the change in prices over time for a single area. While the CPI was not designed specifically to be used with education finance data, it is a common measure that is continuously updated. However, the CPI cannot be used to measure differences in price levels or costs between one place and another; it measures only period-to-period changes for the nation as a whole. The CPI is published monthly, allowing for annual inflation to be defined for any 12-month period. Since most school districts operate on a fiscal year that begins on July 1, a CPI calculated for a July-to-June year is usually used to adjust public education finance data. Additional information about this index can be found at http://www.bls.gov/cpi (U. S. Department of Labor 2006).

**Economic Adjustment Indexes in the 1990s**

Several economic adjustment indexes that have been either used for or created for use with education finance data include: the Cost of Living Index (McMahon 1994); the Average Teacher Salary Index (Barro 1992); the Teacher Cost Index (Chambers 1995); and the Geographic Cost of Education Index (Chambers 1997 and 1998). These indexes were developed in the 1990s but have not been continuously updated, limiting their usefulness for more current financial analysis. Of these indexes, the Geographic Cost of Education Index has been one of the more commonly used because it measures cost-of-living, teacher salary, and other economic factors, and includes adjustments for inflation for education-related costs based on the prices of the inputs (personnel and non-personnel items used in the provision of school services) purchased by schools.


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Appendix A
Federal Dollars for Education and Data Requirements

Federal Dollars for Education
The federal government distributes well over $40 billion annually to schools and school districts, accounting for less than 10 percent of the money spent on public education.

These federal dollars are distributed through both formula and discretionary grants. Formula grants are distributed through a defined formula for allocating funds to eligible recipients (e.g., states or school districts). More than 90 percent of federal funds for public elementary and secondary education are distributed through formula grants. Discretionary grants are awarded competitively and are based on the requirements of the specific granting program.

Data are used to determine eligibility and allocation for federal funding to schools and school districts. How these data are used varies according to the program under which federal funds are distributed. A list of the programs within the U.S. Department of Education is on the Department’s website at: http://web99.ed.gov/GTEP/Program2.nsf. Links to individual programs are also on the site. These program links provide more information on data used, as well as eligibility and allocation criteria for the specified program. A current listing of U.S. Department of Education programs is available at the Catalog of Federal Domestic Assistance (CFDA) website, http://12.46.245.173/cfda/cfda.html.

The U.S. Department of Agriculture and the U.S. Department of Health and Human Services operate large programs that provide funds to public elementary and secondary schools. The Food and Nutrition Service within the U.S. Department of Agriculture operates the following food service programs (as of June 2005):

- School Lunch Program;
- Seamless Summer;
- School Breakfast Program;
- Special Milk Program;
- Team Nutrition; and
- Summer Food Service Program.

More information on these programs, including eligibility and data requirements, can be found on the Food and Nutrition Service website at: http://www.fns.usda.gov/cnd/.

The Administration for Children and Families within the U.S. Department of Health and Human Services operates the Head Start and other related programs. More information on these programs, including eligibility and data requirements, can be found on the Head Start Bureau website at: http://www.acf.hhs.gov/programs/hsb/.
Data Requirements
Each specific program has its own eligibility requirements and allocation methods.

Eligibility Requirements
Eligibility requirements establish which school districts or education programs are eligible to receive funds for a specific program. For example, in order to be eligible to receive Basic Grants under Title I, Part A, a school district must have at least 10 children who are within 1 or more of the 4 categories of eligibility listed below, and that number must represent more than 2 percent of its 5- to 17-year-old population.

1) Families with incomes at or below the poverty level (according to the U.S. Department of Commerce);
2) Families with incomes above the poverty level, but who receive local assistance through Part A of Title IV of the Social Security Act (i.e., Temporary Aid to Needy Families) (according to the U.S. Department of Health and Human Services);
3) Institutions for neglected and delinquent children that local governments administer (according to the U.S. Department of Education); and/or
4) Foster homes in which the foster parents receive payments from a state or county for the children’s support (according to the U.S. Department of Health and Human Services).

In addition to the specific program eligibility requirements, school districts must also meet the U.S. Department of Education’s maintenance of effort (MOE) requirements. For the Title I program, the MOE requirement is that the total current expenditures for public elementary and secondary education from state and local revenues be 90 percent or greater than they were for the previous year. Either the full dollar amount has to be 90 percent of the prior year full dollar amount, or the expenditure per pupil amount has to be 90 percent or greater than the prior year per pupil expenditure. Several other programs must also meet MOE requirements, which are presented in detail within each program’s regulations. In most cases, the state education agency is responsible for ensuring that MOE requirements are met.

Regulations regarding data maintenance requirements are established in the Education Department General Administrative Regulations (EDGAR). These are presented in Title 34 CFR (Code of Federal Regulations), maintained by the Office of the Chief Financial Officer. The Title 34 code and other information related to these requirements can be found on the EDGAR website at: http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html.

Allocation Requirements
Allocation methods for distributing federal funds are unique to each formula grant program, and are dependent on different data. In most cases, the only finance data that are used is the state per pupil expenditure from the Common Core of Data’s (database) National public Education Financial Survey. Other data come from other surveys by the federal government. For example, the allocations of Title I funds to school districts use the following data elements:

Counts of children aged 5-17 living in families at or below the poverty level, from the Census Bureau, U.S. Department of Commerce.

Number of neglected and delinquent children in each state, reported by state education agencies to Student Assistance and School Accountability (SASA), U.S. Department of Education.
Number of migratory children in each state, reported by state education agencies to Student SASA, U.S. Department of Education.

Eligibility count of neglected, delinquent, and migratory children from religiously affiliated schools, data reported to Title I Office, U.S. Department of Education.

Per pupil expenditure for each state and territory, from NCES, U.S. Department of Education.

Per capita income for each state and territory, from the Bureau of Economic Analysis, U.S. Department of Commerce.

Counts of children aged 5-17: living in families receiving Temporary Aid to Needy Families, living in institutions for neglected and delinquent children; and living in foster homes, from the U. S. Department of Health and Human Services.

Counts of children aged 5-17 in the population at large, from the Census Bureau, U. S. Department of Commerce.

Per pupil expenditures for each school district, from NCES, U. S. Department of Education.

Total resident population in each school district, from the Census Bureau, U. S. Department of Commerce.

Preceding year’s Basic and Concentration Grants, from SASA, U.S. Department of Education.
The following information identifies specific data elements for key education finance calculations described in this guide. Calculations reflect those used by the NCES F-33 and National Public Education Financial Survey (NPEFS) data collections. Both data element account codes and codes for the respective surveys are included for reference.

### Instruction Expenditures

Instruction expenditures are used for activities that are directly related to the interaction between teachers and students. In the NCES *Financial Accounting for State and Local School Systems* handbook (U.S. Department of Education 2003), a function code of 1000. Instruction expenditures include the salaries and benefits of teachers, teachers’ aides, and substitute teachers. Supplies and materials used in the classroom are included, as are any purchased services used in the classroom. (Expenditures for utilities, maintenance, and upkeep of schools are reported as support services, not as instruction.) Instruction expenditures refer to current expenditures for instruction, unless specifically stated otherwise. Table 2 identifies the data elements that comprise instruction expenditures for the F-33 and the NPEFS data collections. The calculation for instruction expenditures is presented in the leftmost column.

#### Table 2: Instruction expenditures (all funds)

<table>
<thead>
<tr>
<th>Data Element &amp; Calculation</th>
<th>Function</th>
<th>Object codes included</th>
<th>F-33 code</th>
<th>Object codes included</th>
<th>NPEFS code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction = 1000</td>
<td></td>
<td></td>
<td>E13</td>
<td>100-199</td>
<td>STE1</td>
</tr>
<tr>
<td>Salaries + 100-199</td>
<td></td>
<td>100-199</td>
<td>Z33</td>
<td>100-199</td>
<td>E11</td>
</tr>
<tr>
<td>Employee Benefits + 200-299</td>
<td></td>
<td>200-299</td>
<td>V10</td>
<td>200-299</td>
<td>E12</td>
</tr>
<tr>
<td>Purchased Services + 300-550, 570-592</td>
<td></td>
<td>300-550, 570-592</td>
<td>Included in E13</td>
<td>300-550, 570-592</td>
<td>E13</td>
</tr>
<tr>
<td>Tuition (purchased services) + 562, 563, 565, 569  (see note)</td>
<td></td>
<td>(see note)</td>
<td>V91</td>
<td>562, 563, 565, 569</td>
<td>E14</td>
</tr>
<tr>
<td>Supplies + 600-699</td>
<td></td>
<td>600-699</td>
<td>Included in E13</td>
<td>600-699</td>
<td>E16</td>
</tr>
<tr>
<td>Miscellaneous or Unspecified Current Expenditures + 800-899</td>
<td></td>
<td>800-899</td>
<td>Dues &amp; fees (810) miscellaneous expenditures (890)</td>
<td>Dues &amp; fees (810) miscellaneous expenditures (890)</td>
<td>E18</td>
</tr>
</tbody>
</table>

Note: The F-33 subtotal for instruction does not include capital outlay or property (object codes 700-799) or debt-related expenditures (830-840). Payments made by school districts to other school districts (object codes 560-569, and 590-592) are reported in payments to other school systems (Q11) and are excluded from the instruction subtotal. Tuition payments to private schools (V91) and tuition payments to charter schools (V92) are special exhibit items that consist of expenditures for students who are not included in the F-33 student count (V33). These expenditures are included in the F-33 instruction subtotal (E13).
The NPEFS subtotal for instruction does not include property (object codes 700-799) or tuition paid to other school districts in the state (object codes 561 and 564). Debt-related expenditures (object codes 830-840) are not assigned to functions 1000 to 3000, but are classified separately in function 5000.

**Special note for F-33 calculation of per pupil expenditures for instruction**

Instruction expenditures also include tuition payments to private schools (object code 563 and survey item V91) and payments to charter schools (object code 566 and survey item V92). For the purpose of calculating per pupil expenditures, these two payments should be subtracted from instruction expenditures. Further discussion of per pupil expenditures can be found later in this appendix. (See SPPE.)

F-33 per pupil expenditures for instruction are calculated as follows:

\[
\text{Per pupil expenditures for instruction} = \left[ \text{Instruction expenditures (survey item E13)} - \text{tuition payments to private schools (item V91)} - \text{payments to charter schools (survey item V92)} \right] / \text{fall membership (survey item V33)}.
\]

In the NPEFS survey, per pupil expenditures for instruction are calculated as: \( \frac{\text{STE1}}{\text{MEMBER07}} \) where \( \text{STE1} \) is the instruction subtotal and \( \text{MEMBER07} \), the student membership for 2007. The last two digits of the student membership variable indicate the relevant fiscal year.

**Current Expenditures**

Current expenditures on the F-33 and NPEFS surveys consist of expenditures for the day-to-day operations of schools and school districts. These exclude expenditures for capital outlays, equipment, school construction, and debt service. Current operating expenditures for adult education, community services, private schools, etc., are not included in the current expenditures on the F-33 and NPEFS data files and reports. Current expenditures on the F-33 and NPEFS surveys are for program codes 100, 200, 300, 400, and 900, and function codes 1000, 2000, 3100, and 3200, as defined in the NCES *Financial Accounting for State and Local School Systems* handbook. The object codes defining current expenditures vary with the survey.

**F-33 Calculations**

In the F-33 survey, current expenditures are calculated as follows:

\[
\text{Current expenditures} = \text{total current expenditures for instruction} + \text{total current expenditures for support services} + \text{total current expenditures for elementary and secondary noninstructional programs}.
\]

Within the survey, these components correspond to the following survey codes:

\[
\text{TCURELSC} = \text{TCURINST (item E13)} + \text{TCURSSVC (survey items E17, E7, E8, E9, V40, V45, V90, V85)} + \text{TCUROTH (survey items E11, V60, V65)}.
\]

In the F-33 survey, current expenditures, item TCURELSC on the data file, are defined as objects 100-153, 200-293, 300-352, 400-490, 510, 520-550, 563, some of 566, 570, 580, 600-650, 810, and 890 from the NCES *Financial Accounting for State and Local School Systems* handbook. Objects 511, 512, 561, 562, 564, 565, some of 566, 567, 590, 591, 592, and all 700 and 800 objects are excluded from current expenditures on the F-33. Some expenditures for object code 566 are included in TCURELSC. All expenditures paid to another
government agency are excluded from current expenditures, but are reported on the file as payments to other school systems (item Q11), payments to state governments (survey item L12), and payments to local governments (survey item M12).

Current expenditures in the F-33 survey also include payments to private schools (object 563 in the handbook, survey item V91) and payments to charter schools (object 566 in the handbook, survey item V92). Payments to charter schools are payments to those charter schools that are not affiliated with the school district. Since payments to private schools and charter schools are for students who are not included in the student membership count in the F-33, these items should be subtracted from current expenditures before calculating per pupil expenditures.

The term “current operations expenditures” in Census Bureau F-33 includes current operating expenditures for programs outside of elementary secondary education. Specifically, current operations expenditures are the sum of total current expenditures (item TCURELSC) and total nonelementary/secondary education expenditures (item TNONSELSE).

Special note for F-33 calculation of per pupil current expenditures
As with instruction expenditures, current expenditures include tuition payments to private schools (object code 563 and survey item V91) and payments to charter schools (object code 566 and survey item V92). For the purpose of calculating per pupil expenditures, these two payments should be subtracted from current expenditures. Further discussion of per pupil expenditures can be found later in this appendix. (See SPPE).

Per pupil current expenditures are calculated as follows:

\[
\text{Per pupil current expenditures} = \frac{\text{current expenditures (TCURELSC) - tuition payments to private schools (survey item V91) - payments to charter schools (survey item V92)}}{\text{fall membership (survey item V33)}}.
\]

NPEFS Calculations
In the NPEFS survey, current expenditures are calculated as follows:

\[
\text{Current expenditures} = \text{instruction expenditures} + \text{support service expenditures} + \text{noninstruction expenditures} + \text{direct program support (excluding private school students aid and property)}.
\]

Within the survey, these components correspond to the following survey codes:

\[
\text{TE5} = \text{STE1 + STE2T + E3A1 + E3B1 + STE4}.
\]

In the NPEFS survey, current expenditures (survey item TE5) exclude expenditures paid to other government agencies within the state. In terms of the object codes from the NCES Financial Accounting for State and Local School Systems handbook, current expenditures are made up of objects 100 through 650 and 810 and 890, with the exception of objects 561, 564, 566, and 567. Expenditures to other government agencies within the state (object codes 561, 564, 566, and 567) are reported as Tuition and Voucher Payments to Other LEAs and Charter Schools Within the State (survey item E15).
**Total Expenditures**

Total expenditures are all expenditures made by school districts, with the exception of expenditures made toward the principal of long-term debt (object 831). In addition to current expenditures, capital outlay, interest on debt, and payments made to other school systems and entities are included in total expenditures.

**F-33 Calculations**

In the F-33 survey, total expenditures are calculated as follows:

\[
\text{Total expenditures} = \text{total current expenditures for elementary and secondary education} + \text{total nonelementary and secondary expenditures} + \text{total capital outlay expenditures} + \text{payments to state governments} + \text{payments to local governments} + \text{payments to other school systems} + \text{interest on debt}.
\]

Within the survey, these components correspond to the following survey codes:

\[
\text{TOTALEXP} = \text{TCURELSC} + \text{TNONELSE} (\text{survey items V70, V75, V80}) + \text{TCAPOUT} (\text{survey items F12, G15, K9, K10, K11}) + \text{payments to state governments} (\text{survey item L12}) + \text{payments to local governments} (\text{survey item M12}) + \text{payments to other school systems} (\text{survey item Q11}) + \text{interest on debt} (\text{survey item I86}).
\]

**Special note for F-33 calculation of per pupil total expenditures**

Total expenditures include tuition payments to private schools (object code 563 and survey item V91), payments to charter schools (object code 566 and survey item V92), and payments to other school systems (object codes 511, 512, 561, 562, 564, 565, 567, 591, and 593, and survey item Q11). For the purpose of calculating per pupil expenditures, these payments should be subtracted from total expenditures. Further discussion of per pupil expenditures can be found later in this appendix. (See SPPE.)

Per pupil total expenditures are calculated as follows:

\[
\text{Per pupil total expenditures} = \frac{[\text{total expenditures (TOTALEXP)} - \text{tuition payments to private schools (survey item V91)} - \text{payments to charter schools (survey item V92)} - \text{payments to other school systems (survey item Q11)}]}{\text{fall membership (survey item V33)}}
\]

**NPEFS Calculations**

On the NPEFS survey, total expenditures are calculated as follows:

\[
\text{Total expenditures} = \text{current expenditures} + \text{nonproperty expenditures} + \text{community services expenditures} + \text{direct cost programs expenditures} + \text{property expenditures}.
\]

Within the survey, these components correspond to the following survey codes:

\[
\text{TE11} = \text{TE5} + \text{E61} + \text{E81} + \text{STE9} + \text{TE10}.
\]
Unlike F-33 total expenditures, NPEFS total expenditures do not include interest on debt or direct program support for private school students. However, in NCES publications, payments for interest on debt (NPEFS survey item E7A1) and state payments on behalf of school districts (NPEFS survey item E4D) are added to the total expenditures (NPEFS survey item TE11).

**Property**

A special note is warranted for property expenditures collected in the NPEFS. Property (object code 700) is collected for all of the following expenditures: instruction, support services, operation of noninstructional services, direct program support, and direct cost programs. However, property is excluded from the total of each of these groupings. Instead, property is aggregated and included in a single survey item (TE10) used in the calculation of total expenditures.

Within the survey, property is composed of the following survey codes:

\[
\text{TE10} = \text{E17} + \text{E252} + \text{E253} + \text{E254} + \text{E255} + \text{E256} + \text{E258} + \text{E3A2} + \text{E3B2} + \text{E4A2} + \text{E4B2} + \text{E4C2} + \text{E4E2} + \text{E62} + \text{E63} + \text{E82} + \text{E91}.
\]

**Net Current Expenditures**

Net current expenditures reflects a special adjustment made to current expenditures necessary for the calculation of SPPE which used to allocate Title I and other federal funds to states and school districts. Data elements for this calculation are collected through the NPEFS.

Net current expenditures are calculated as follows:

\[
\text{Net current expenditures} = \text{current expenditures} - \text{tuition paid to individuals} - \text{transportation fees paid by individuals} - \text{Title I expenditures} - \text{Title I carryover expenditures} - \text{Title V, Part A expenditures} - \text{Title V, Part A carryover expenditures} - \text{food service revenues} - \text{district activity revenues} - \text{textbook revenues} - \text{summer school revenues}.
\]

Within the survey, these components correspond to the following survey codes:

\[
\text{NCE13} = \text{TE5} - \text{R1E} - \text{R1G} - \text{X12C} - \text{X12D} - \text{X12E} - \text{X12F} - \text{R1J} - \text{R1K} - \text{R1M} - \text{R1N}.
\]

Survey code items R1E, R1G, R1J, R1K, R1M, and R1N are local revenues. Items X12C, X12D, X12E, and X12F are expenditures.

**Average Daily Attendance (ADA)**

ADA is collected solely in the NPEFS survey as defined in Chapter 3 of this guide. States may report ADA using one of two calculation methods; the NCES method or the state's own method. The NCES method is the aggregate attendance taken each day of the school year divided by the number of days in session during this period. This definition requires every school or school district in a state to collect attendance every day it is in session, and to record the number of days it is in session.
When state laws or regulations define ADA or provide methods for calculation, those definitions and methods should be used to report ADA in the financial survey. Federal law requires states to report ADA exactly as mandated by their laws and regulations even if state requirements differ from those of NCES regarding summer school attendance, partial-day attendance, excused absences, or for other reasons.

Regardless of which method is used for calculating ADA, states must be able to reconcile the total count of students in attendance with the number of students in attendance in programs covered by Net Current Expenditures. This means that a state must be able to identify the number of students in attendance for all of the programs covered by Current Expenditures, as well as expenditures for all programs, in order to calculate the students for ADA.

**State Per Pupil Expenditures (SPPE)**

SPPE is a calculation used by law within the U.S. Department of Education due to the Elementary and Secondary Education Act of 1965 (ESEA). SPPE is used as an indicator of the level of effort that state and local governments are making in providing public education. SPPE is used in determining state and school district allocations for certain programs in the U.S. Department of Education. It is calculated by dividing net current expenditures by ADA. Net current expenditures is calculated by subtracting certain exclusions from the total current expenditures for public education. The allocation is defined within each title of the ESEA. Definitions for each of the items referenced in the ESEA are in Title IX, section 9101. SPPE is called APPE (average per pupil expenditure) in the ESEA. ADA is defined as the sum of attendance for each day of the school year divided by the number of days in the school year. States are permitted to substitute their own methods of calculating ADA. The SPPE rates from the NPEFS data are used in the formulas for allocating Title I, Impact Aid, and Indian Education funds to school districts. In addition, other federal grants to school districts are based on the Title I allocations. States are not required to submit SPPE data. If a state does not submit data on time, or the data are not approved by NCES, then the prior year’s data are substituted for that state. Similar calculations for SPPE are made for net instructional expenditures and net total expenditures. Specific calculations for SPPE are identified earlier in this appendix.
Table 3 and the following explanatory information provide more detail on the differences between the U.S. Census Bureau and NCES versions of the F-33.

**Table 3: Differences between the NCES and Census Bureau versions of the F-33**

<table>
<thead>
<tr>
<th>Item</th>
<th>NCES</th>
<th>Census Bureau</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues (TOTALREV)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Local Revenues (LOCREV)</td>
<td>includes C24</td>
<td>excludes C24</td>
</tr>
<tr>
<td>State Revenues (TSTREV)</td>
<td>excludes C24</td>
<td>includes C24</td>
</tr>
<tr>
<td>Federal Rev. (TFEDREV)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Total Expend. (TOTALEXP)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Current Expend. (TCURELSC)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Total Instruction (TCURINST)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Instruction (E13)</td>
<td>includes: J13, J14</td>
<td>excludes J13, J14</td>
</tr>
<tr>
<td>Instruction Salaries (Z33)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Instruction Benefits (V10)</td>
<td>includes J13</td>
<td>excludes J13</td>
</tr>
<tr>
<td>Total Support Serv. (TCURSSVC)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Pupil Support (E17)</td>
<td>includes J17</td>
<td>excludes J17</td>
</tr>
<tr>
<td>Salaries (V11)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V12)</td>
<td>includes J17</td>
<td>excludes J17</td>
</tr>
<tr>
<td>Instruction Support (E07)</td>
<td>includes J07</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Salaries (V13)</td>
<td>same as Census</td>
<td>excludes J07</td>
</tr>
<tr>
<td>Benefits (V14)</td>
<td>includes J07</td>
<td>same as NCES</td>
</tr>
<tr>
<td>General Administration (E08)</td>
<td>includes J08</td>
<td>excludes J08</td>
</tr>
<tr>
<td>Salaries (V15)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V16)</td>
<td>includes J08</td>
<td>excludes J08</td>
</tr>
<tr>
<td>School Administration (E09)</td>
<td>includes J09</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Salaries (V17)</td>
<td>same as Census</td>
<td>excludes J09</td>
</tr>
<tr>
<td>Benefits (V18)</td>
<td>includes J09</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Operations &amp; Maint. (V40)</td>
<td>includes J40</td>
<td>excludes J40</td>
</tr>
<tr>
<td>Salaries (V21)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V22)</td>
<td>includes J08</td>
<td>excludes J08</td>
</tr>
<tr>
<td>Student Transport. (V45)</td>
<td>includes J45</td>
<td>excludes J45</td>
</tr>
<tr>
<td>Salaries (V23)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V24)</td>
<td>includes J45</td>
<td>excludes J45</td>
</tr>
<tr>
<td>Business Services (V90)</td>
<td>includes J90</td>
<td>excludes J90</td>
</tr>
<tr>
<td>Salaries (V37)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V38)</td>
<td>includes J90</td>
<td>excludes J90</td>
</tr>
</tbody>
</table>
Table 3: Differences between the NCES and Census Bureau versions of the F-33 (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>NCES</th>
<th>Census Bureau</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspecified Support (V85)</td>
<td>includes J85</td>
<td>excludes J85</td>
</tr>
<tr>
<td>Other El-Sec Programs (TCUROTH)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Food Services (E11)</td>
<td>includes J10</td>
<td>excludes J10</td>
</tr>
<tr>
<td>Salaries (V29)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V30)</td>
<td>includes J10</td>
<td>excludes J10</td>
</tr>
<tr>
<td>Enterprise Ops (V60)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Benefits (V32)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Other Nonspecified (V65)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Non-El-Sec-Ed Expend. (TNONELSC)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Total Capital Outlay (TCAPOUT)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Construction (F12)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Land and Buildings (G15)</td>
<td>same as Census</td>
<td>same as NCES</td>
</tr>
<tr>
<td>Instructional Equipment (K09)</td>
<td>may include J99</td>
<td>excludes J99</td>
</tr>
<tr>
<td>Noninstructional Equipment (K10)</td>
<td>may include J99</td>
<td>excludes J99</td>
</tr>
</tbody>
</table>

The direct support or state payments “on behalf” data items are reported on the Census version of the F-33 but are not on the NCES version of the file, since those values have already been added to the detail data items. Below is a list of the direct support items from the F-33 survey:

- J07 State payments on behalf - Instructional staff support benefits
- J08 State payments on behalf - General administration benefits
- J09 State payments on behalf - School administration benefits
- J10 State payments on behalf - Other benefits
- J13 State payments on behalf - Instruction benefits
- J14 State payments on behalf - Instruction nonbenefits
- J17 State payments on behalf - Pupil support benefits
- J40 State payments on behalf - Operation and maintenance of plant
- J45 State payments on behalf - Student transportation benefits
- J85 State payments on behalf - Nonspecified benefits
- J90 State payments on behalf - Business/central/other support services
- J96 State payments on behalf - Support services, nonbenefits
- J97 State payments on behalf - Noninstructional and nonbenefits
- J98 State payments on behalf - Nonelementary-secondary programs
- J99 State payments on behalf - Capital outlay.

The student counts on the Common Core Data (CCD) Local Education Agency Finance Survey come from the CCD Local Education Agency Universe (nonfiscal) Survey. In some cases, student counts are adjusted by the Census Bureau so that they match the sum of students enrolled in the district’s schools. (Because a district may serve some students in a nonschool setting, such as homebound instruction for the chronically ill, these totals can differ legitimately.) There are also cases where there are two or more districts reported on the CCD Nonfiscal Local Education Agency file that are represented as one district on the F-33 file. These cases change from year to year and are covered in the state notes section of the F-33 file documentation.