

Instructional Spending Percentage

Differences in Reporting Requirements

Annual Financial Reporting for Virginia School Divisions

- **Instructional percentage reporting for School Division Report Cards** is based on the instruction and support “buckets” defined by Joint Legislative Audit and Review Commission (JLARC) in the original SOQ funding formula in the mid/late 1980s. The 3 components of SOQ cost are 1) instructional positions, 2) support positions, and 3) non-personal support costs.
- **Reporting for State DOE’s Annual School Report and Auditor of Public Accounts Comparative Report of Local Government Revenues and Expenditures** is based on instructional costs as defined by the account code structure for the annual school report financial section and the Uniform Financial Reporting Manual (very similar language in each).

VA State Code § 22.1-90.1.

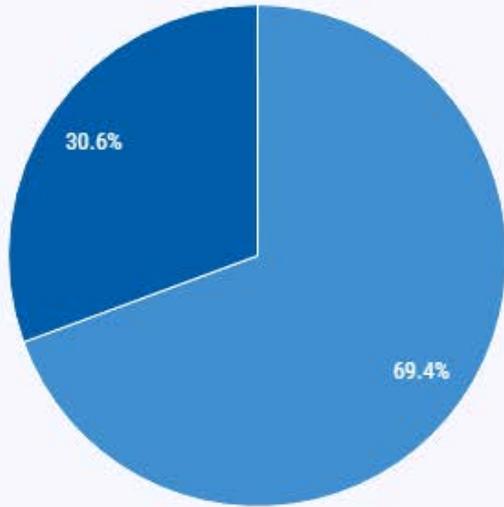
Inclusion of instructional spending in the School Performance Report Card.

The Department shall include in the annual School Performance Report Card for school divisions the percentage of each division's annual operating budget allocated to instructional costs. For this purpose, **the Department shall (i) establish a methodology** for allocating each school division's expenditures to instructional and noninstructional costs in a manner that, except in the case of the hardware necessary to support electronic textbooks, is **consistent with the funding of the Standards of Quality as approved by the General Assembly** and (ii) allocate to instructional costs each school division's expenditures on the hardware necessary to support electronic textbooks. Further, at the discretion of the Superintendent, the Department may also report on other methods of measuring instructional spending such as those used by the U.S. Census Bureau and the U.S. Department of Education.

2012, c. [212](#); 2015, c. [563](#).

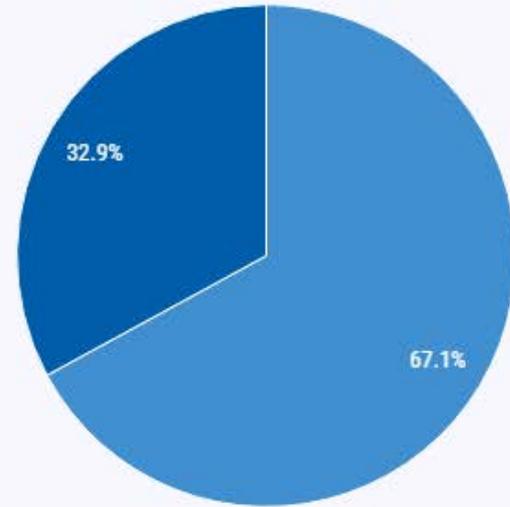
DOE Instructional Percent Calculation Comparison

2014 - 2015 Division Expenditures



■ Division Expenditures for Instruction ■ Other Division Expenditures

2014 - 2015 Statewide Expenditures



■ Statewide Expenditures for Instruction ■ Other Statewide Expenditures

[Chesterfield's 2014-15 Report Card](#)

Source: http://www.doe.virginia.gov/statistics_reports/school_report_card/index.shtml

Methodology for Instructional Spending on School Performance Report Card:

Costs included in numerator and denominator (those considered instructional):

- classroom teacher salaries
- instructional aide salaries
- librarians salaries
- guidance counselor salaries
- principal salaries
- assistant principal salaries
- fringe benefit expenditures (for positions shown above)
- tuition for outside instructional services (e.g., virtual programs, other school divisions, private schools, regional education programs)
- textbooks

Methodology for Instructional Spending on School Performance Report Card:

Costs included in the denominator only - those considered non-instructional:

1) All other positions and fringe benefits

2) Non-salary expenditures:

- instructional classroom

- instructional support

- principal's office operations

- administration

- attendance & health

- utilities

- communications

- insurance

Methodology for Instructional Spending on School Performance Report Card:

Costs included in the denominator only (those considered non-instructional):

2) Non-salary expenditures (continued):

- other operations & maintenance
- facilities
- unemployment insurance
- worker's compensation
- disability insurance
- substitute teachers
- professional development
- technology
- contingency reserve
- pupil transportation

Comparative Cost Report

Uniform Financial Reporting Manual (UFRM)

The *Uniform Financial Reporting Manual* (UFRM) sets the requirements for Virginia local governments for Comparative Reporting data submitted to the Auditor of Public Accounts. Section 15.2-2510 of the Code of Virginia requires all counties, cities, towns with a population of 3,500 or more, and towns operating a separate school division to submit a statement of revenues, expenditures, and other required data to the Auditor of Public Accounts annually. The UFRM should assist local governments in meeting this reporting requirement.

Chapter 3 of the UFRM:

Uniform System of Accounts, contains the chart of accounts recommended for use by local governments. Its use is **required** for preparation of the Comparative Report. The chart of accounts and accompanying definitions is included for revenue, expenditure, and object class. The chart of accounts does not address proprietary fund type activities, i.e., water and sewer utilities, and internal service funds.

State Annual School Report

§ 22.1-81. Annual report.

Unless for good cause shown an extension of time not to exceed fifteen days is granted by the Superintendent of Public Instruction, each school board, with the assistance of the division superintendent, shall, on or before September 15 of each year, make a report covering the work of the schools for the year ending the preceding June 30 to the Board of Education **on forms supplied by the Superintendent of Public Instruction.**

Code 1950, § 22-54; 1980, c. 559; 1987, c. 205; 1999, cc. [191](#), [492](#).

Annual School Report-Financial Section Instructions

(included in the State Superintendent of Public Instruction memorandum on this subject annually)

- Attachment A provides a review of changes, clarifications, and highlights of the 2015-2016 ASRFIN;
- Attachment B provides detailed instructions for completing the 2015-2016 ASRFIN, including a description of each section of the Excel template, important reminders, and tips for troubleshooting problems; and
- **Attachment C provides the 2015-2016 ASRFIN coding structure and definitions of expenditure functions**, cost centers, programs, object codes, and revenue source codes.

Attachment C:

The complete code structure and corresponding descriptions, from major classifications to cost centers, are included in Attachment C to the Superintendent's Memorandum.

[VDOE Chart of Accounts \(Attachment C\)](#)

Attachment C begins with the state statute system of accounting requirements

§ 22.1-115, Code of Virginia. System of accounting; statements of funds available; **classification of expenditures.**

The State Board, in conjunction with the Auditor of Public Accounts, shall establish and require of each school division a modern system of accounting for all school funds, state and local, and the treasurer or other fiscal agent of each school division shall render each month to the school board a statement of the funds in his hands available for school purposes. The Board shall prescribe the following major classifications for expenditures of school funds: (i) instruction, (ii) administration, attendance and health, (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other noninstructional operations, (vi) facilities, (vii) debt and fund transfers, and (viii) technology, and (ix) contingency reserves.

Annual School Report (ASR) Account Code Structure

- For purposes of this discussion, the functions in the account code structure listed here are limited to instruction
- The functions are very similar to those in the Uniform Financial Reporting Manual
- Each is required for the associated Annual School Report reporting.

61000 Instruction:

Instruction includes the activities that deal directly with the interaction between teachers, aides, or classroom assistants and students. Instruction may be provided for students in a school classroom, in another location such as a home or hospital, or in other learning situations such as those involving co-curricular activities. Instruction may also be provided through another approved medium such as television, internet, radio, telephone, or correspondence. The activities of aides or classroom assistants of any type (clerks, graders, etc.) that assist in the instructional process are included in this category.

61100 Classroom Instruction

All activities related to regular day schools, grades K-12, should be included in this section regardless of the source of funds (local, state, federal, other).

61200 Instructional Support includes:

61210 Guidance Services

61220 School Social Worker Services

61230 Homebound Instruction

61300 Instructional Support – Staff

includes:

61310 Improvement of Instruction

61320 Media Services

61400 Instructional Support – School Administration includes:

61410 Office of the Principal

61300 Instructional Support – School Administration

includes:

61410 Office of the Principal

Chesterfield County Public Schools Budget Document

Pie charts are provided as a visual aid for the readers of the document

- The budget document is built off of the account structure provided by the both the VA DOE and VA APA
- Reflects all costs, not just SOQ funded costs
- No legal mandate that requires the disclosure of percentages or how percentages are calculated

Observations

The Virginia Department of Education Instructional Percentage Calculation is limited to SOQ categorized instructional expenditures compared to the total SOQ recognized expenditures.

SOQ instructional expenditures are based on where each of those expenditures is categorized within the SOQ funding formula - not necessarily on where the Uniform Financial Reporting Manual (UFRM) classifies them.

Example: instructional supplies that are coded within the “Classroom Instruction” function on the ASR are considered “support” in the SOQ funding formula and not included as an instructional expenditure. As a result, there are “Classroom Instruction” identified expenditures that could actually lower a division’s instructional percentage.

While DOE’s calculation provides a uniform benchmark from which to draw comparisons between divisions relative to SOQ categorized expenditures, it does have its limitations. As a result, most localities publish their own Instructional Percentages that better represent the operations within their divisions

Instructional Percentage Reporting

- **School Division Report Cards**
 - **Required by** VA State Code § 22.1-90.1.
 - **Calculation performed by Virginia Department of Education**
 - **Source of data is Annual School Report**
- **Comparative Cost Report**
 - **Required by** [Virginia State Code § 15.2-2510](#).
 - Impacts local governments
 - Data reported to the [Auditor for Public Accounts](#)
- **Annual School Report**
 - **Required by** [Virginia State Code § 22.1-81](#)