

**2021-2022 School Year
Expenditure Rankings and Expenditure Per Pupil Calculations
Technical Documentation
Traditional District and School Report Cards**

Introduction

This document is intended to define and describe a select portion of financial data that is released along with the school and district report cards. [Ohio Revised Code 3302.20\(B\)](#) outlines the specific pieces of information that must be included in these releases.

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Definitions for Key Terms

This section will provide definitions for terms used in the calculations and the rest of this document.

Funds

Established by constitutional provisions or special statutes to help assure that money is spent for purposes specified in appropriations. Identification of funds usually is made in terms of their legal basis, in terms of objectives to be served, and sometimes in terms of both the source of receipts and type of activities which they finance. Fund codes are assigned by the Auditor of State.

Function

broad area of programs, sub-programs and activities into which expenditures are classified. These classifications assist managers by providing the capability of comparing costs through the setting up of ratios or measures for estimation and projection. For example, the ratio of the number of and cost of instructional staff to supporting services staff is an important measure in management. This dimension is designed to permit four levels of detail concerning each major function.

This dimension is designed to permit four levels of detail concerning each major function.

- 1000 (first level) indicates the district-wide Instruction program,
- 1200 (second level) indicates Special Instruction,
- 1230 (third level) indicates Special Instruction-Handicapped, and
- 1233 (fourth level) indicates Special Instruction-Handicapped-Visually Impaired.

Functions are assigned by the Auditor of State. An asterisk (*) indicates the required level of coding.

Object

Further identifies expenditures as it defines the goods and services for which the school district pays. The object dimension is very significant in the accounting system. As an example, decision-makers can compare the cost effectiveness ratios of two or more pieces of equipment, or that of a purchased service with the same type of service provided in-house. Objects are assigned by the Auditor of State. An asterisk (*) indicates the required level of coding.

Operational Unit (OPU)

The dimension which identifies facilities in the system. An operational unit is identified as a permanent operational entity, such as a school, administration building, warehouse, department, office, etc. This dimension is used to identify costs by unit or facility. Operational unit assignments are made by each school district.

Receipt (a.k.a. Source of Funds)

Dimension by which revenues are identified as they are recorded in various funds by the source from which they were received and by the purpose which they serve, such as restricted or unrestricted revenues. Receipt codes are assigned by the Auditor of State.

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Operating Spending Per Pupil

Sometimes called Expenditure per Equivalent Pupil, this figure is simply the quotient of Operating

- Expenditures/Weighted ADM

Comparison Group

Comparison groups are made up of districts or buildings with similar organization type and enrollment. In this case enrollment is defined by the unweighted ADM.

Joint Vocational School Districts (JVSDs) use a separate comparison group that is determined by 'Formula ADM'. JVSD numbers will vary somewhat from the unweighted Year-End Average Daily Membership numbers that are used for the expenditure per pupil calculations.

See [Enrollment Clusters](#)

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Expenditure Standards and Rules

The rules for categorizing and reporting the expenditure data for a given school year employs a narrowing approach. This involves taking all the expenditure data for a given district and excluding certain fund, function, and object codes (in that order).

Once that is done, the remaining expenditure data is disaggregated by function code (and OPU in some instances) into line items that roll up to Classroom Instruction and Non-classroom expenditures.

The following is a list of expenditure-specific definitions:

Operating Spending

The sum of Classroom Instruction and Non-classroom expenditures. This is the numerator in the expenditure per pupil calculations.

Non-operating Expenditures

The sum of Enterprise Operations, Non-instructional – Other, Community Services, Adult Education, Non-elementary-secondary programs – Other, Construction, Land and Existing Structures, Equipment (Instructional and Other), and Payment to Other Governments, and Interest on Debt.

Classroom Instruction

The sum of Instruction, Pupil Support Services, and Instructional Staff Support Services.

Non-classroom Spending

The sum of General Administration, School Administration, Operations, Transportation, Other and non-specified Support Services, and Food Services.

Instruction

Total current operation expenditure for activities dealing with the interaction of teachers and students in the classroom, home, or hospital as well as co-curricular activities. Report amounts for activities of teachers and instructional aides, or assistants engaged in regular instruction, special education, and vocational education programs. Exclude adult education programs.

Pupil Support Services

Report expenditures for administrative, guidance, health, and logistical support that enhance instruction. Including attendance, social work, student accounting, counseling, student appraisal, information, record maintenance, and placement services. This also includes medical, dental, nursing, psychological, and speech services.

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Instructional Staff Support Services

Include expenditures for supervision of instruction service improvements, curriculum development, instructional staff training, academic assessment, and media, library, and instruction-related technology services.

General Administration

Expenditure for board of education and executive administration (office of the superintendent) services.

School Administration

Report expenditure for the office of the principal services.

Operation and Maintenance of Plant

Expenditure for buildings services (heating, electricity, air conditioning, property insurance), care and upkeep of grounds and equipment, nonstudent transportation vehicle operation and maintenance, and security services.

Pupil Transportation

Report expenditure for vehicle operation, monitoring riders, and vehicle servicing and maintenance.

Other and Non-Specified Support Services

Includes business support expenditures for fiscal services (budgeting, receiving and disbursing funds, payroll, internal auditing, and accounting), purchasing, warehousing, supply distribution, printing, publishing, and duplicating services. Also includes central support expenditures for planning, research and development, evaluation, information, management services, and expenditures for other support services not included elsewhere.

Food Service

Gross expenditure for cafeteria operations to include the purchase of food but excluding the value of donated commodities and purchase of food service equipment.

Enterprise Operations

Include expenditure for business-like activities (such as a bookstore) where the costs are recouped largely with user charges.

Non-instructional – Other

Report the expenditure for other elementary-secondary non-instructional activities not related to food services or enterprise operations. Non-enterprise student activities should be included with "instruction".

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Community Services

Includes any local education agency expenditure for providing non-education services such as, operation of a swimming pool, public library, programs for the elderly, and childcare centers.

Adult Education

Expenditures for basic adult education classes, such as GED or high school equivalency. Post-secondary programs for adults should be reported in “non-elementary-secondary programs – Other”.

Non-elementary-secondary programs – Other

All other non-elementary-secondary programs such as any post-secondary programs for adults.

Construction

Production of fixed works and structures and additions, replacements, and major alterations thereto, including planning and design of specific projects, site improvements, and provision of equipment and facilities that are integral parts of a structure. Includes both construction undertaken either on a contractual basis by private contractors or through a government’s own staff.

Land and Existing Structures

Expenditure for the acquisition of land and existing buildings including purchases of rights-of-way, payments on capital leases, title searches, and similar activities associated with real property purchase transactions.

Equipment – Instructional

Capital expenditure for all equipment recorded by school systems in general or operating funds under the “instruction” function.

Equipment – Other

Capital expenditure for all non-instructional equipment.

Payment to Other Governments

Used only at a statewide level, currently not collected at local level.

Interest on Debt

Expenditure for interest incurred on both long-term and short-term indebtedness of the school system.

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Calculating Expenditure

For districts start with every expenditure reported in EMIS. Perform initial exclusions and classifications primarily to eliminate double counting (Steps 1-5 on the following chart). The specific coding rules that determine the expenditure categories are listed below.

- Instruction: function codes 1000-1390, 1900-1990, 4100-4390, and 4600-4690
- Pupil Support Services: function codes 2100-2190 (except 2110, 2121, 2131, 2141, 2151, and 2171)
- Instructional Staff Support Services: function codes 2200-2290 (except 2211, 2221, and 2231)
- General Administration: function codes 2300-2419 along with function codes 2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, and 2490 if OPU = central
- School Administration: function codes 2420-2429 along with function codes 2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, and 2490 if any other OPU
- Operation and Maintenance of Plant: function codes 2700-2790
- Pupil Transportation: function codes 2800-2890
- Other and Non-Specified Support Services: function codes 2500-2690 and 2900-2990
- Food Service: function codes 3100-3190
- Enterprise Operations: function codes 3300 and 3400-3431
- Non-Instructional – Other: function codes 3900 and 4500-4590
- Community Services: function codes 3200-3250 and 3290
- Adult Education: function codes 1400-1490
- Non-Elementary-Secondary Programs - Other: function code 3260
- Construction: function codes 5200-5900
- Land and Existing Structures: function code 5100
- Equipment – Instructional: Function codes 1000-1390, 1900-1990, 4100-4390, and 4600-4690
- Equipment – Other: Includes any function code **not** a part of Instruction
- Payment to Other Governments: No USAS codes currently exist to capture this at the local level
- Interest on Debt: function codes 6000-6100

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Step 1: Exclude by Fund	Step 2: Exclude by Object	Step 3: Exclude by Function	Step 4: Classify by Fund	Step 5: Classify by Object	Step 6: Classify by Function	Step 7: Classify by OPU	If Elementary-Secondary Expenditure is...		Expenditure			
017, 021, 022, 023, 024, 026, 027, 028, 200	470-479, 810-819, 881, 891, 900-969	7000-7990			1000-1390, 1900-1990, 4100-4390, 4600-4690			Instruction	II.1	Included in Classroom Instruction		
					2100-2190 (Except: 2110, 2121, 2131, 2141, 2151, 2171)			Pupil support	II.2			
					2200-2290 (Except: 2211, 2221, 2231)			Instructional Staff Support Services	II.3			
								2300-2419	2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, 2490 if OPU = Central	General Administration	II.4	Included in Non-Classroom
								2420-2429	2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, 2490 if any other OPU	School Administration	II.5	
								2700-2790		Operation and Maintenance of Plant	II.6	
								2800-2890		Pupil Transportation	II.7	
								2500-2690, 2900-2990		Other and Non-specified Support Services	II.8	
								3100-3190		Elementary-Secondary Non-instructional - Food Service	II.9	
						All Fund 011, 014, 020		3300, 3400-3431		Elementary-Secondary Non-instructional - Enterprise Operations	II.10	Non-Operating (Excluded)
								3900, 4500-4590		Elementary-Secondary Non-instructional - Other	II.11	
						All Fund 013		3200-3250, 3290		Non-Elementary-Secondary Programs - Community Services	II.12	
						All Fund 012, 413, 414, 426, 501, 535		1400-1490		Non-Elementary-Secondary Programs - Adult Education	II.13	
						All Fund 025, 401		3260		Non-Elementary-Secondary Programs - Other	II.14	
								5200-5900		Construction	III.1	
								5100		Land and Existing Structures	III.2	
							645 (when function = Instruction)			Equipment - Instructional	III.3	
							645 (any other function) 650, 660			Equipment - Other	III.4	
							Payments to Other Governments	IV.3-5				
					6000-6100		Interest on Debt	IV.6				

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Average Daily Membership (ADM)

Average Daily Membership (ADM) is calculated by dividing the total aggregate membership of the first full week of school in October, by the number of days in the week that the school is open for instruction. Aggregate membership is the sum of aggregate attendance plus authorized absences. ORC 3317.03

Unweighted ADM

Year-end enrollment reported in EMIS that has implemented the following exclusions:

- Exclude kids who have an attending home status of Non-Instructing/MRDD (code 26)
- Exclude kids in community schools who rollup to districts

Weighted ADM

Calculated using the unweighted ADM as a base where,

- The students are counted by educating district or school, not resident district.
- Full Time Equivalent (FTE) numbers are calculated for students attending multiple schools, or partial year, or part-time status.
- Pre-school special education students are included, but other pre-school students and all adult education students are excluded.

Many students will fit into multiple categories. Generally, this is ignored except in the following cases. If a student is identified as economically disadvantaged and a disability in categories 3, 4, 5 or 6 the student's ADM will only be weighted by the disability category. The calculations and weights are seen below.

Economically Disadvantaged Weighting: **Weighted ADM = (P/A)*0.1*N**, where

- P = percent of district's ADM reported as eligible for free or reduced-price lunch
- A = average statewide percent of ADM reported as eligible for free or reduced-price lunch
- N = ADM reported as eligible for free or reduced-price lunch

English Language Learners extra weight: **English Language Learners ADM *0.2906**

Special Education extra weight: **Disability ADM in each category * weight for that category**

Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
0.2906	0.7374	1.7716	2.3646	3.2022	4.7205

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Enrollment Clusters

Expenditure Rankings

The comparison group for districts is made up of districts with similar organization type and enrollment, in this case enrollment is defined as the unweighted ADM. The exception to this is Joint Vocational School Districts (JVSD). Comparison groups for JVSDs are determined by 'Formula ADM'. JVSD numbers may vary from the unweighted Year-End ADM numbers that are used in expenditure per pupil calculations.

Districts are grouped according to the following ADM clusters:

Traditional Public-School Districts

1. Enrollment less than 1,000
2. Enrollment between 1,000 and 2,499
3. Enrollment between 2,500 and 4,999
4. Enrollment between 5,000 and 9,999
5. Enrollment greater than or equal to 10,000

Brick and Mortar Community Schools

1. Enrollment less than 150
2. Enrollment between 150 and 499
3. Enrollment greater than or equal to 500

Joint Vocational School Districts

1. Formula ADM less than 500
2. Formula ADM between 500 and 999
3. Formula ADM greater than or equal to 1,000

STEM and E-Community Schools are their own clusters

Example

District A has unweighted ADM of 1,849 students. This would put them in the 'Enrollment between 1,000 and 2,499' group of public districts as a comparison group. If there are 214 other districts in that group, District A's percentage of Classroom Instruction would be compared against that group.

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Source of Funds (a.k.a. Revenue Standards)

When the school district accounts for the revenue it receives, the Auditor of State requires the school district to use a Receipt Code that identifies the source of the revenue. Which receipt code is used determines the category that revenue item is classified as (i.e. source of funds). The following is the breakdown.

Step 1: Exclude by Fund	Step 2: Classify by Receipt Code	Revenue Source	Rolls Up To
002, 003, 004, 005, 010, 011, 012, 013, 014, 017, 020, 021, 022, 023, 024, 025, 026, 027, 028, 033, 070, 071, 200, 401, 406, 409, 413, 414, 419, 426, 450, 453, 496, 498, 501, 505, 535, 569, 583	1100-1199	Local Sources	Operating Revenue
	1200 - 2999	Other Non-Tax Sources	
	3100 - 3499	State Sources	
	4100 - 4499	Federal sources	
	5000 - 5399	Other Revenue Sources	Non-Operating Revenue

Like the expenditure data, take all the receipt data for a given school year and exclude the following fund codes:

- 002, 003, 004, 005, 010, 011, 012, 013, 014, 017, 020, 021, 022, 023, 024, 025, 026, 027, 028, 033, 070, 071, 200, 401, 406, 409, 413, 414, 419, 426, 450, 453, 496, 498, 501, 505, 535, 569, and 583

From that dataset the following ranges of receipt codes are broken into 4 revenue categories:

- Local Funds: receipt codes 1100- 1199
- Other Non-tax Funds: receipt codes 1200 - 2999
- State Funds: receipt codes 3100 - 3499
- Federal Funds: receipt codes 4100 - 4499.
- Other Revenue Sources: receipt codes 5000 - 5399.

The sum of **Local + Other Non-tax + State + Federal = Operating Revenue**.

This is the denominator for determining the percentage each source of funds represents.

- Other Revenue Sources aren't counted as Operating Revenue and are therefore not a part of any source-of-funds calculations.

For more detailed information about the receipt codes and their specific definitions refer to the latest USAS manual (publicly available on the Ohio Auditor of State's [website](#)).

Expenditure/Financial Rankings

Once the amounts for Classroom Instruction, Non-Classroom, Unweighted ADM, and Weighted ADM have been calculated the rankings can be determined. What follows are simple rules for the calculations and rankings:

- Percentage spent on Classroom Instruction (CRI): CRI divided by Operating Expenditures * 100
- Percentage spent on Non-Classroom (NCR): NCR divided by Operating Expenditures * 100

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- Operating Spending per Pupil: Operating Expenditures divided by Weighted ADM
- CRI spending per pupil: CRI divided by Weighted ADM
- NCR spending per pupil: NCR divided by Weighted ADM
- Rank in Comparison Group for highest CRI %: Sort based on CRI% from highest to lowest within a given comparison group
- Lowest 20% of districts in Organization group (not Comparison Group) for expenditure per pupil (EPP): Sort based on EPP from lowest to highest within an organization; notate the district's that fall within the lowest 20%.
 - Of all public districts that receive a report card the 20% of them having the lowest EPP get this indicator.
- Ranking of each district's operating expenditure per pupil: Sort based on EPP from lowest to highest within the whole population of districts
- Ranking of each district's CRI%: Sort based on CRI% from [lowest to highest/highest to lowest] within the whole population of districts.

Federal, State and Local Expenditure Reporting

The federal Every Student Succeeds Act (ESSA) requires states to report financial data on school and district report cards. Specifically, states must report on a per pupil basis, how much of a districts or school's expenditures were paid with federal funds versus the amount paid with state and/or local funds. Federal guidance says that the following expenses should be **Included** in the calculation:

Current expenditures including expenditures for the functions of:

- Instruction
- Instructional staff support services
- Student support services
- General administration/School administration
- Operation and maintenance of plant
- Student transportation
- Other support services (e.g., business/central services)
- Food services
- Enterprise operations.

For the above functions, this includes expenditures for the objects of:

- Salaries
- Employee benefits

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- Supplies (e.g., physical textbooks, pens and pencils, paper, printing and copying supplies, CDs, flash or jump drives, monitor stands, etc.)
- Purchased services (e.g., the professional services of doctors, lawyers, architects, auditors, accountants, bankers, therapists, audiologists, dieticians, editors, negotiations specialists, paying agents, systems analysts, or planners; or training provided for teachers or other employees by a third-party vendor as part of their professional development)

The following items are **excluded** from current expenditures:

- Repaying debts (e.g., bond retirement and interest on long-term debt)
- Capital outlays (e.g., construction, purchases of land, etc.)
- Community services
- Adult education
- Payments to private schools
- Payments to other Local Education Authorities (LEAs)
- Payments to charter schools outside the LEA

Additional ESSA guidance:

- Expenses incurred at the district level only (e.g. – expenses made to support a district’s central board of education office) must be allocated back to schools. The law granted states flexibility on how to allocate these expenses back to each school.
- Expenditures must be reported on a ‘per pupil’ basis.
- States have flexibility on how to treat expenses paid for using federal Impact Aid and Payment in Lieu of Taxes. These are funds paid to districts that have a significant amount of tax-exempt federal land in their boundaries, and the payments make up for the fact that they are losing local property taxes because of the federal tax-exempt land. States can classify expenditures made with those funds as if they were in the state/local bucket since they are designed to make up for lost local dollars.

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Allocating District Expenses to Schools

When reporting expenditure data in EMIS, some expenditures considered to be incurred by the school while others are considered to be incurred at the district-level only.

For example, the salary of a teacher who is employed full-time in a single building most likely will be reported as a building level expense while the salary of the superintendent most likely is at the district level only.

The federal guidance says that states must allocate district-only expenses back to the schools operated by the district, but there is flexibility on **how** the allocation occurs. Ohio chose to use a weighted average daily membership calculation where we determine what percent of a district's total student enrollment is enrolled in each school. Those percentages then are used to allocate the funds back to the schools.

For example, if a district has a weighted ADM of 1000 students, and School A has 200 students (20% of all students), School B has 150 students (15%), School C has 350 students (35%) and School D has 300 students (30%), the district-only expenses would be allocated back on that same 20%-15%-35%-30% basis.

Allocating Expenditures on a Per Pupil Basis

The ESSA guidance requires ODE to display the expenditures on a per pupil basis to help readers easily compare expenditures across districts of different types and sizes. The per pupil amounts are obtained by taking the total expenditure amount and dividing by the number of weighted pupils to get the amount expended per enrolled student.

Federal Impact Aid and Payment in Lieu of Taxes

Ohio's school districts raise a significant amount of money from local property taxes. Land owned by the federal government is exempt from paying these taxes. However, if a district has a significant amount of federally owned land in its boundaries, it may be eligible for impact aid or payment in lieu of taxes. These funds are designed to make up for the lost local revenue and under the ESSA guidance, states can consider expenses paid for with these funds to be treated as state/local expenditures. Ohio has only a few districts that have enough federal property to qualify for Impact Aid, but for those that do qualify, the funds are a significant part of their budget. Ohio has chosen to take advantage of the flexibility and does consider this money to be part of the state/local bucket when sorting expenditures.