

Uniform Chart of Accounts Executive Summary – 3/25/11

The Department of Elementary and Secondary Education (RIDE), in partnership with the Auditor General and all school districts, has implemented an unprecedented financial reform: the Uniform Chart of Accounts (UCOA).

Background

Rhode Island invests more than \$2.3 billion in elementary and secondary public education. Despite these large investments in education, Rhode Island has not yet established world-class schools and programs throughout the state. For years, school budgets have grown approximately 6 percent a year, making the Rhode Island per-pupil expenditure the fifth-highest in the country, according to the National Center for Education Statistics. The General Assembly wanted a better understanding of how funds were being invested before increasing education aid since we were not receiving a higher return on this investment.

Led by the efforts of Representative Paul Crowley, Deputy Chairman of the House Finance Committee, the General Assembly enacted R.I. General Law §16-2-9.4, charging the Office of the Auditor General and RIDE with promulgating a uniform system of accounting, including a UCOA. The work on UCOA began in 2005.

In 2008, as the national economy began an economic downturn, Rhode Island was already feeling the effects of the “Great Recession.” The impact on the state has been severe. With a jobless rate that peaked at 13.0 percent in 2009, the state had the third-highest unemployment rate in the nation. The high level of unemployment led to a precipitous drop in revenues, creating major budget deficits in our state and in local municipalities. The state and local school districts have faced, and continue to face, difficult choices, as we try to close budget gaps while fulfilling the expectations of the Basic Education Program (BEP). The information that the UCOA data provides is needed now more than ever so that stakeholders at every level can make informed investment decisions.

Now fully implemented, the UCOA is part of an overall system for financial accountability, along with the BEP and the Funding Formula for aid to education.

Uniform Chart of Accounts

The UCOA is a system of numbers and a method of accounts that all school districts, charter public schools, and state-operated schools use. The UCOA provides transparency, uniformity, accountability, and comparability regarding the finances of each district, charter, and state school. The UCOA complies with legislative and No Child Left Behind reporting requirements, enables districts and charter public schools to comply with General Accepted Accounting Principles and with Governmental Accounting Standards Board and Financial Accounting Standards Board accounting standards. The UCOA enables us to answer questions regarding return on investment. In order to be sure that the UCOA data are accurate and valid, independent accounting firms, which the Auditor General will monitor, will follow agreed-upon procedures to review UCOA data annually.

We can use the UCOA to identify effective practices by linking investments in education with increases in student achievement. For the first time, school leaders, teachers, parents, legislators, and other education stakeholders can compare financial data across school districts in a reliable, consistent manner. The UCOA standardized account-code structure allows every district and charter public school to use the same account codes and methods for tracking revenue and expenses in their daily accounting. For example, account codes for mathematics textbooks in Providence are the same as the codes in Westerly and the International Charter School.

In May, we will enter the UCOA data into the RIDE Data Warehouse, which already contains a wealth of data, including information on teachers, courses, student demographics, and student achievement. Users will be able to perform complex queries and analyses, linking financial information with nonfinancial information. We will be able to examine our data to see where investments or declines in education funding have led to changes in student achievement. We will be able to answer questions such as: “What science investments did school X make related to teachers, educational materials, professional development, etc., and have those investments resulted in gains over a period of time for students on the 8th-grade NECAP science assessment?” Or we can ask more focused questions about student groups, such as English-language learners, students living in poverty, students with disabilities, and so on - questions such as: “Have our reading investments in school X in new literacy programs and professional development resulted in gains over a period of time not only for all students but also for students in particular racial-ethnic groups on the 8th-grade NECAP reading assessment?”

The data may reveal significant spending discrepancies among schools and districts. Users of the UCOA must take care not to jump to conclusions or make assumptions. If there is an apparent discrepancy – an especially high or low district expenditure in any area – school officials can provide clarification.

This is Year One of the UCOA, and it represents financial information for Fiscal Year 2010 covering the period July 1, 2009, through June 30, 2010. As we receive more data and as we receive feedback from those using UCOA reports, we will continue to improve and refine the UCOA system.

RIDE, the Office of the Auditor General, and school business officers have worked hard over several years to fulfill the mandate and to complete the UCOA. Fiscal Year 2009 was our Phase I pilot year, with 13 districts participating. We used the experiences we encountered during the pilot year to improve the UCOA so as to ensure that we met the needs of all districts and all users of the data. In Fiscal Year 2010, all districts, charter public schools, and state-operated schools began operating under UCOA and provided the first set of statewide uniform data, which we are now releasing. This unprecedented reform will improve the level of data across the state for many educators, policy-makers, and Rhode Islanders interested in public education. The UCOA is a major step toward investing our resources wisely, preparing all students for success, and transforming education in Rhode Island.

For more information about UCOA, please visit the RIDE Web site at:

<http://www.ride.ri.gov/Finance/funding/Uniform%20Chart%20of%20Accounts/Default.aspx>. You may also e-mail your questions or concerns to UCOA. efficiencies@ride.ri.gov.