Definitions/Background

1. What is the Uniform Chart of Accounts (UCOA) and what will it provide?

The UCOA is a system of numbers and method of accounts that all school districts and charter schools will use. The UCOA will provide transparency, uniformity, accountability, and comparability for the financial information from each district and charter school. The UCOA will comply with legislative and NCLB reporting requirements, enable districts and charter schools to comply with General Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) accounting standards, answer questions regarding return on investment, and provide overall improved financial information for administrators, parents, board members, legislators, and community members.

2. Why was the UCOA developed and why now?

R.I. General Law §16-2-9.4 charged the Office of the Auditor General and the R.I. Department of Elementary and Secondary Education (RIDE) with promulgating a uniform system of accounting for all school districts in Rhode Island, including a UCOA. RIDE and the Auditor General performed significant work over the past three years to fulfill the mandate and complete the UCOA, which will improve the level of decision-quality data for many users at the state and local levels. We need the UCOA data now more than ever, as the state and local communities continue to close major budget deficits while trying to maintain services for students.

3. Why do we need a UCOA?

Rhode Island invests more than $2.3 billion in elementary and secondary public education. Despite the large investments in education, Rhode Island has not established world-class schools and programs throughout the state. We can use the UCOA to identify effective practices by linking investments in education to 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.

4. Is the UCOA required to be used? If so, by whom?

Yes. By statute, all districts, charter schools and state-operated schools must use the UCOA and follow all of the requirements of the UCOA Accounting Manual.
5. What account period does the UCOA data released in March 2011 cover?

The financial information released in March 2011 represents fiscal year (FY) 2010, covering the period July 1, 2009, through June 30, 2010. This is Year One of the UCOA. As we collect additional data and get feedback from those using the UCOA reports, we will continue to improve and refine the UCOA system every year.

6. Who designed the UCOA?

The Department of Elementary and Secondary Education (RIDE), in partnership with the Auditor General and all school districts in the state, has implemented this unprecedented financial reform.

7. How was the UCOA developed?

The work performed to develop the UCOA included the following:

- gathered information from six (6) states concerning their Chart of Accounts structure and reporting requirements;
- surveyed a wide variety of policymakers and stakeholders from the state to the local level to determine their information needs;
- surveyed all districts to update information concerning their current accounting structures and systems to assist in the needs-analysis;
- met with representatives from the New Mexico Department of Education concerning their implementation of a statewide Uniform Chart of Accounts;
- surveyed all vendors of accounting software currently in use in Rhode Island districts concerning the capabilities and limitations of their systems;
- met several times with the R.I. Association of School Business Officials to update them on the project and answer questions;
- met with software vendors representing two or more Rhode Island district clients to view their accounting software in more specificity;
- conducted follow-up surveys with all vendors to gather vendor and district specific cost information concerning the implementation of the Uniform Chart of Accounts;
- reviewed the vendor cost estimates with districts to validate the estimates for both external and internal costs;
- met with the Advisory Council on School Finances to review the project status; and
- met with independent auditing firms to discuss and obtain feedback on the audit requirements mandated in the UCOA Accounting Manual.
In addition, to gather necessary input and to provide additional guidance for the successful outcome of this project, RIDE and the Office of the Auditor General established a hands-on committee, the UCOA Workgroup.

The UCOA Workgroup consisted of representatives from the membership of the Advisory Council on School Finances along with districts involved in piloting the UCOA. This group spent more than a year working on the structure, coding, and content of the UCOA, providing feedback as well as reviewing and approving the components developed during the process.

A second group, the UCOA Focus Group, which encompassed school finance officers and school finance staff members not involved as pilot districts met several times for the purpose of expanding the input, guidance, and direction available to RIDE throughout this process.

8. What is the main objective of the UCOA?

The UCOA is meant to ensure that all public-school providers are using a uniform accounting system so that data are comparable across Rhode Island. A primary objective of the UCOA is to meet both the *internal* and *external* reporting needs of the districts, charter schools, and the State by providing consistent detail in the general ledger to address questions and informational needs of stakeholders at all levels. For example, because teacher salaries are captured using matching codes for salaries, job class (title), and subject, the UCOA will answer questions such as: “How much did we spend on salaries and benefits for mathematics teachers in our middle schools?”

9. What are the other objectives of the UCOA?

The UCOA was designed to accomplish the following key objectives:

- to establish a uniform, comprehensive, minimum chart of accounts statewide to improve financial-data collection, reporting, transmission, accuracy, and comparability across Rhode Island school districts and charter schools;
- to meet the needs of both small and large districts and charter schools while retaining comparability of collected and reported data;
- to ensure that districts and charter schools comply with GAAP developed by the GASB;
- to allow for timely and accurate recording of financial transactions;
- to create a logical framework that all can use to determine where monies for education originate and how schools, districts, and the state use these funds;
- to provide comprehensive, full disclosure of the financial position of the reporting district or charter school to parents, administrators, board members, RIDE, legislators, and other interested parties; and
• to reduce the administrative burden on districts and charter schools, as well as RIDE, in preparing required financial reports.

10. What are the main attributes of UCOA?

The UCOA data provides a detailed, school-specific representation of revenues and expenditures. Specifically, the UCOA provides:

**Transparency** – Clear, detectable view of how dollars are invested in logical, granular detail;

**Uniformity** – Conforming to the same principles, standards, or rules used from district to district to ensure consistency;

**Accountability** – Precise rules for capturing and reporting data aligned to specific goals and objectives; and

**Comparability** – Uniformity of method and content to allow comparison between different districts and charter schools.

UCOA Data

11. How does the UCOA allow for comparability?

The UCOA provides uniformity of method and content to allow comparison between different districts and charter schools. The UCOA standardized account-code structure allows for every district and charter school to use the same account codes and methods for tracking costs. For example, account codes for mathematics textbooks in Providence are the same as in Warwick and Cranston.

12. Why do some costs vary significantly from district to district?

The UCOA data may reveal significant spending discrepancies among schools and districts. We caution users of the UCOA against jumping to conclusions or making assumptions. If you note an apparent discrepancy – an especially high or low district expenditure in any area – ask for an explanation. For example, you may ask: “Why is my district spending so much for nutrition services compared with other districts?” One should not assume that the district is spending too much on nutrition and should redirect those resources to instruction. A viable explanation would be that the district is an urban district with high numbers of students enrolled in the free- and reduced-price lunch program and receiving significant USDA federal dollars that the district must spend only on nutrition services.
13. Does the UCOA data include only expenditures?

No. The UCOA establishes a complete fund accounting system, including the recording of assets, liabilities, fund balance (fund equity for business-type funds), revenues, and expenditures.

14. Why are there negative values within the financial data in some districts?

School districts and charter schools routinely make adjustments to financial data, and there are times that a particular line item is over-adjusted, which results in a negative number in the budget object code. The standard accounting rules within UCOA identify specific revenue that must be offset against expenditures. In some cases, that revenue credit may have been erroneously coded to a different account line than the actual expense, creating a negative value. The expectation is that as districts become more experienced with the UCOA, they will be able to identify these corrections prior before they submit data to RIDE.

15. Does the UCOA allow for districts to provide budget information?

Budget figures, as opposed to actual expenditures, were optional in the FY2010 data but will be required for FY2011 data.

16. Does the information RIDE receives contain all transactions of the district?

No, RIDE receives summary-level data only.

17. How do districts submit the information to RIDE?

The district uploads a text file into the eRIDE portal on the RIDE Web site. Currently, districts use this password-accessible portal to access other reporting modules. An existing module was amended in the system to accept the UCOA data. The text file uploaded contains the account number along with the dollar values for budget and actual.

18. How often will RIDE receive data uploads?

Districts are required to upload their data files on a quarterly basis on the 15th of the month following the end of the quarter. Each upload file contains cumulative data from the beginning of the fiscal year through the end of the reporting period. A final post-adjustment/closing file is due on September 30th.

19. Will the quarterly, cumulative data files be comparable to the prior-year data?

Though there will be a great deal of comparability, the quarterly files will not contain data that has been fully allocated. The allocation of data is an annual, year-end process that will be applied to the September 30th file.
20. How can we be assured that the UCOA data are accurate?

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.

Use of UCOA

21. How is the UCOA related to the Funding Formula and the Basic Education Program?

The UCOA is part of an overall system for financial accountability, along with the Basic Education Program (BEP) and the Funding Formula for aid to education. The BEP sets standards for all public schools and districts in Rhode Island. Based on calculations of what it costs to pay for the education system that the BEP describes, the Funding Formula determines how much state aid each district receives. The UCOA can provide a transparent look at district finances so that district staff can plan and use funds wisely in order to provide the best possible education for all students. One must bear in mind, however, that all districts are not alike and that districts may have unique circumstances that do not allow them to use funds in the same manner to attain the same high-quality results.

22. Could this information result in cuts to school budgets or school closings?

Since most school districts and charter schools have almost completed or are close to completing their FY2012 budget, this year districts should use the UCOA data for future budget considerations. Districts and charter schools will need time to analyze the data to determine if they will need more or fewer resources or if they need to redirect resources in order to meet the BEP expectations. The UCOA is only one of three elements to the overall financial-accountability system. (Please see the response to the last question, #21.)

23. Will there be detailed data available for analysis?

Yes, data will be available in Frequently Requested Education Data (FRED), and the public access the data through a link on the UCOA page of RIDE Web site. By May, the data will also be available in the RIDE Data Warehouse, which will link the code information with descriptive information.

24. What is the Data Warehouse?

A Data Warehouse is a software application designed for archiving and analyzing an organization’s historical data, such as revenues, expenditures, student demographics, student achievement/assessment data, teacher data, and other information from education operations. School districts and other education-related entities will provide information from their operational systems to the RIDE Data
Warehouse quarterly and annually. Once data is entered into the Data Warehouse, software tools can analyze, sort, aggregate, disaggregate, and compare the data.

The RIDE Data Warehouse will store the financial and other data from every local educational agency in Rhode Island along with other state-level data. Also, users may perform complex queries and analyses on the data reports that link financial information with nonfinancial information.

25. How can the UCOA help districts determine better ways of investing resources to help improve student achievement?

RIDE will put the UCOA data into the RIDE Data Warehouse, which already contains a wealth of data on student achievement. We soon will be able to examine our data to see where investments in education have led to improved student achievement.

UCOA Reporting

26. Is the UCOA information available for FY2008-09 or earlier years?

No. Previously, RIDE used In$ite for financial data-collection and reporting.

27. How does the UCOA data differ from In$ite?

In$ite provided a vehicle for comparable reporting, but users were unable to look beyond pre-defined classifications that contained multiple types of expenditures. For instance, the category of “instructional materials, trips, and supplies” contained expenditures for both textbooks and general supplies. If the user wanted to find out the cost of textbooks alone, it was often difficult or impossible to do, as there was no common core to the information. Not all districts had specific codes to track these expenses separately. Moreover, codes would vary widely from district to district. In$ite was a once-a-year process, mapping expenditures into reporting categories.

Districts use the UCOA in their daily accounting. Another hallmark of the UCOA is that the same code is used for expenses on a statewide basis. Though the function is still “instructional materials, trips, and supplies,” one can look at the object level of the accounts and readily see the cost of textbooks as opposed to supplies. Not only can you see the cost of textbooks, you can also see the cost of textbooks by location, program, and subject. This level of detailed information is unprecedented in Rhode Island school-district financial data.

28. How is the per-pupil expenditure (PPE) calculation determined?

RIDE determines the total per-pupil expenditure by dividing the total expenditures by the Average Daily Membership (ADM) for the district. ADM calculates an average of the number of days all students are formally members of a district or school per year.
RIDE also publishes an equalized per-pupil expenditure, which uses the same calculation but excludes from the total those expenditures related to capital and debt service. Rhode Island public-school districts are dependent school districts with no independent taxing authority. With the exception of the regional districts and charter schools, debt service is found on the books of the governing city or town. Capital projects can be found on the books of either the city or town or the district. In order to properly compare expenditures, RIDE excludes these categories to arrive at an equalized per-pupil expenditure. UCOA provides both total and equalized per-pupil expenditures.

29. Why do the reports related to account segments use a weighted per-pupil expenditure and what is it?

The total amount per pupil in these reports is determined on a weighted average basis. The purpose of the weighted average is to remove the distortion that can occur in an arithmetic average by the occurrence of a few items that vary drastically from the other data points and distort the information. The use of this method is applicable only to the Statewide Total of per-pupil expenditures and not to individual LEAs. A weighted average is similar to an arithmetic average, except that whereas an arithmetic average counts each data point equally to determine the final average, a weighted average provides for some data points to contribute more than others based on another factor. For the PPEs, the factor used to weight the average is the number of students of each LEA.

30. Do higher per-pupil costs mean that students in those districts are receiving a better education than those in districts with lower per-pupil costs?

No, there are several factors that you must take into account when considering per-pupil expenditures, such as student demographics and compensation levels, which contractual obligations determine. For example, a school that has a student population in which 100 percent of the students have an individual education plan will have higher costs than a school that serves general-education students in addition to those who need additional services. In addition, research shows that students living in poverty generally need additional academic and social supports to succeed in school. Finally, even if two districts had identical teacher contracts, if one of the districts had a higher percentage of teachers at the top step of the salary scale, that district would be paying more for the same number of teachers than would the district with teachers on lower steps.

31. What is meant by a district grouping basis and what is its purpose?

Based on a comparison of several demographic indicators such as the number of students eligible for free- and reduced-price lunch and students with individual educational programs, RIDE assigned districts to specific groups. These groups are urban, urban ring, suburban, regional, state-operated schools, and charter schools. The purpose for the groups is to assist the user with analysis of the data. We can more easily compare data when comparing districts assigned to the same group.
32. **What kinds of reports will be available?**

Initially, we will present reports based on the specific segments of the account number. These reports will be prepared at the summary, intermediate, and detail level. The logical sequence built into the codes allows the information to be summarized or detailed, depending on the needs of the user. Reports will include both Excel charts showing all districts as well as graphical representations of the data.

33. **What specific reports will be provided?**

The initial reports will include breakouts by location, function, program, subject, object, and job class. The majority of the reports will contain detail showing the particular item or area as a percentage of total expenditures as well as on a per-pupil basis.

The UCOA also provides a report that presents the breakout of revenue by federal, state, and local sources, as well as an additional report that which further defines the federal and state sources of revenue into restricted and unrestricted amounts. The UCOA further separates local sources of revenue into appropriations from the city or town, donations and contributions from private sources, and other local revenue.

In addition, an Excel workbook is available to provide the information for all districts on a district-by-district basis. The information in this workbook also contains the minimum, maximum, and average percentages and per pupils on a statewide and district-grouping basis.

34. **How can I access the UCOA Reports?**

We have taken a staggered approach to the availability of this data to allow RIDE to complete the update of systems. The steps of our approach are as follows:

a. First, we will post the predefined charts and graphs, accompanied by written explanations, on the RIDE Web site. Links will allow the user to both access and download the Excel files. We will put into FRED an Excel file with all of the raw, summary-level data for each district, and users can access this file either directly through FRED or through a link on the UCOA page of the RIDE Web site. Users can access FRED on the RIDE Web site, under School and District Data. Please see the link at the bottom of the document;

b. We will add the UCOA data to the RIDE Data Warehouse, and these data will be available by May. When a user queries the data in the Data Warehouse, tables within the Warehouse will provide the descriptions for each segment of the codes. As this is a new data set, this level of detail will be useful for the user. In addition, because the RIDE Data Warehouse already contains many
other data sets, users can combine other data with the UCOA information and conduct many analyses to determine the effectiveness of investments;

c. The new and improved InfoWorks Live! Web site will also contain the UCOA data in the coming months. Initially, the data sets will be limited, but they will expand quickly over time; and

d. We are upgrading current systems to allow users access to a Sharepoint site. This Sharepoint site will allow the entire UCOA database in Excel 10 to be available to users. In addition, a power-pivot feature will provide users with an additional tool to query, sort, and analyze data. The benefit of the Sharepoint site is that users will not need to have Excel 10 or the power pivot on their own computer in order to use the system.

35. Why is debt service removed from the PPE calculation; isn't that part of a district's expenses?

With the exception of the state-operated schools and charter schools, debt service is found on the books of the governing city or town. Capital projects can be found on either the books of the city or town or the district. In order to properly compare expenditures, we have excluded these categories to arrive at an equalized per-pupil expenditure. A report is available that includes only debts and capital by district and charter school.

District-specific Questions

36. Why are New Shoreham expenses so much higher than those in all the other districts? Is New Shoreham throwing off the state averages?

There are several factors that drive a district per-pupil expenditure (PPE), such as the number of students. It is not uncommon for districts with very small student populations to have higher per-pupil costs. Given the small number of districts in Rhode Island that fall within this criteria, the total statewide PPE is not significantly impacted.

37. There are two communities, Jamestown and Little Compton, who don’t have high schools and send their students to other districts. Why aren’t these costs reflected in a high school per pupil for them?

Districts sending students to other communities for educational services pay tuition which is captured in an “Out of District Tuitions” budget category. The UCOA reporting counts students based on LEA providing the services, therefore, the students are counted in the receiving districts enrollments. However, the tuition costs are reflected in the total expenditures of Jamestown and Little Compton which will skew the PPE for these communities.
38. What types of questions from school committees and parents can UCOA answer?

The UCOA as designed has seven (7) segments that divide data into logical groupings, such as the funding source, the program benefited, and the appropriate location. This design provides both the ability to segregate by group and also the ability to aggregate data with multiple segments. The following is a sample of questions that school officials can answer using the UCOA, as well as some general information that may apply if your district costs are significantly above or below the statewide average:

a. How much of our PPE is dedicated to post-retiree benefits? These costs could be skewed if a district has a high number of retirees still receiving benefits paid by the district or if a district has an extensive benefits package.

b. How much are we spending on snow-plowing, garbage-removal, and grass-cutting? Some districts share services with municipalities and no fees are assessed to the district, which could result in lower costs when compared with other districts that contract for these services.

c. How much money is our district spending on science instruction? Some districts are investing heavily in closing the achievement gap for mathematics and science, UCOA can provide information on the investments being made in academic areas.

d. What are our district’s total costs for specific programs and interventions such as special education or educating English language learners? When reviewing differences in cost of specific programs, there are considerations users should keep in mind:

- Federal requirements for the provision of education for children in specific categories such as special education, English language learners and children in poverty, affect district expenses.
- Users should also consult the revenue reports for the federal funding associated with these programs.
- What portions of the services provided to these children are provided directly by district personnel versus contracted to out of district providers or supported with out of district tuitions?
- Whether the district has specialized programs that are unique to the needs of students that do not appear in other districts such as regional programs.

e. What are we spending on maintenance and custodial services and why are our costs higher than costs in other districts? There are several areas that should be reviewed in this situation, including:
• the delivery of custodial or maintenance services - outsourced or district employees;
• the number and the size of the buildings in your district;
• the age and condition of your buildings;
• the ratio of the number of custodians to building square footage; and
• the number of hours that buildings are open.

f. How much is our central office costing? This cost is based on the size and management structure of your district, so it is important to consider the following when you are reviewing these costs:

• the range of services your central office provides;
• the extent of school-reform efforts and associated staffing;
• the number of central-office administrators and support-staff members;
• the delivery of services based at schools versus central office; and
• the total number of students in your district.

Contacts

39. If I have questions about specific accounts, should I contact RIDE or my district?

Please visit the RIDE Web site http://www.ride.ri.gov/Finance/funding/Uniform%20Chart%20of%20Accounts/Default.aspx, which includes additional information about the UCOA, including a link to the UCOA Users manual. You may also e-mail your questions or concerns to UCOA.efficiencies@ride.ri.gov. Call the business manager in your district or charter school if you have a specific question regarding their financial data.