

## MODEL POLICY #35

# FISCAL TRANSPARENCY

## Why Adopt This Policy?

Boards and Superintendents must have a clear understanding of district finances to ensure responsible fund management. Additionally, families and community members should have easy access to financial information. Every financial decision should prioritize student achievement and academic excellence. This policy guarantees regular updates on district finances, helping the Board make informed decisions while promoting transparency and accountability. Procedures for reviewing and approving school finances are outlined, including public comment periods and publishing approved financial reports.

**Note:** This model policy contains bracketed text for Boards to select details about an appropriate threshold amount which will trigger the notice requirement for updates on expenditures. Our recommendation is to set an amount that is appropriate based on the overall budget levels of the district. Similarly, there is bracketed text for Boards to determine the appropriate timeline to require reporting. This should be based on the district's fiscal year and distribution of funds by the state.

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## Policy

This policy compliments, not replaces, the annual budget process by providing regular updates on district finances to benefit the Board and community. Status updates shall be provided in an effort to ensure that the budget is responsibly managed. Each financial decision for the District shall be made in an effort to enhance student achievement and academic excellence.

For purposes of this policy, "operational costs" refer to the ongoing expenses incurred in the day-to-day running of educational facilities and programs. These costs include expenditures related to utilities, maintenance and repairs of buildings, technology infrastructure, and other necessities essential for the functioning of the District.

At least [quarterly / monthly], District administration shall send an accurate account of school finances to the Board. This account and report shall include the following:

1. Each expenditure exceeding [Insert threshold amount here. See note above.]. Expenditures include categories such as:
  - a. Leases;
  - b. Staff, administration, and employee contracts (including benefits);
  - c. Staff, administration, and employee anticipated retirement benefits;
  - d. Contracts and contracted services with vendors or consultants (including rates and what good or service vendor/consultant is providing);
  - e. Changes in any contract for vendors or employees;
  - f. Educational materials purchased;
  - g. Transportation;

- h. Co-curricular activities;
  - i. Professional development and any incurred expenses
  - j. Special Education;
  - k. Title I and Title IV;
  - l. Board, Staff, and Administrative Personnel travel costs and professional dues;
  - m. Bonds;
  - n. Facilities;
  - o. Interest;
  - p. Rentals;
  - q. Legal costs;
  - r. Settlement costs;
  - s. Temporary loans;
  - t. Land or other real property owned by the district.
2. Incoming revenue by source and projections of when the revenue will be expected to be available throughout the year. Each category of revenue should include information about whether it is ongoing or one-time. Revenue includes categories such as:
- a. State Revenue – General;
  - b. State Revenue – Categorical;
  - c. Local Revenue;
  - d. Federal Funds;
  - e. Grants (including State, Federal, and private);
  - f. Scholarships for students;
  - g. Fundraised / donations for operating costs;
  - h. Other.
3. Any significant deviations from the budgeted expenses or incoming revenue. For purposes of this policy, significant deviations means more than a 10% difference from the budgeted amount in either direction.

Within two weeks of the [*quarterly / monthly*] account and report being provided to the Board, the Board shall review to determine if the school finances need to be adjusted. When a draft of the school finances is complete, it shall be added as an agenda item for discussion and approval at the next Board meeting. The Board shall provide the opportunity for the public to comment on school finances. Nothing in this policy restricts the Board from establishing reasonable standards for the public comment period, including time limits and conduct standards.

When the school finances have been approved, the Board shall publish a copy of the approved school finances along with the meeting minutes. This copy shall not be edited to exclude any of the expenditures or revenue sources. This copy shall not contain any identifying or personal information regarding employment contracts.

If the expenditures are greater than available revenue at any time, the district shall state their plan and report to the community.



## Legal Analysis

The “Every Student Succeeds Act” or “ESSA” requires that each State report card (which is developed by the State educational agency) shall include “the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.” 20 U.S.C. § 6311(h)(1)(C)(x).

The State educational agency must ensure that the local educational agency (“LEA”), which is another way to refer to a school district, collects the appropriate data and includes that information on the LEA’s annual report card. 20 § U.S.C. 6311(h)(2)(C). This includes all the “per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.” 20 U.S.C. § 6311(h)(1)(C)(x).

ESSA also allows for the annual local educational agency (school district) report card to include “any other information that the local educational agency determines is appropriate and will best provide parents, students, and other members of the public with information regarding the process of each public school served by the local educational agency, whether or not such information is included in the annual State report card.” 20 U.S.C. § 6311(h)(2)(C)(iii).



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