Chapter 5

Program Cost Accounting and Reporting

Section 1010.20, F.S., requires program cost accounting and reporting on a school-by-school basis.

Cost reporting has two central elements:

1. Identification of direct program costs and aggregation of these costs by program, and

2. Attribution of indirect costs to programs on an appropriate basis.

Program costing is not accomplished solely by the day-to-day transactions as recorded on the school district's accounting records. In fact, such a transaction-based system is difficult and expensive to manage since many transactions involve more than one program and the attributed indirect costs would have to be adjusted several times during the fiscal year. Effective budgetary control, an essential component of the accounting system, becomes an increasingly complex matter under such a system. This is particularly true in Florida, where statutes direct that expenditures of funded programs be accounted for on a school-by-school and a district-aggregate basis. Exceptional education program funding follows the student into all classes, not just special education classes. Students identified as needing English for Speakers of Other Languages (ESOL) programming are generally taught in basic program-funded classes (which also may include exceptional education students). The financial accounting system provides the foundation for program costing; however, this system precludes capturing all funding and costs at the program level. At the time program costs are prepared, certain cost accounting procedures must be applied to the amounts produced by the financial accounting system. These procedures are applied on a systematic basis and are documented for audit trail purposes. The following sections detail Florida's program cost reporting procedures.

COSTS TO BE REPORTED

With the exception of capital object expenditures for land, land improvements, buildings and fixed equipment, and remodeling/renovations, ALL Function 5000-8200 expenditures from the General Fund and Special Revenue Funds will be included in program costs (except Functions 5500 and 5900). Separate cost reports for the General Fund and the Special Revenue Funds must be prepared for each school.

Each set of school reports is aggregated to produce reports for the General Fund and Special Revenue Funds. The aggregate reports include the following items, which should be reconciled to the annual financial report expenditure totals from the General and Special Revenue Funds:

Recreation & Enrichment Programs
Other Specified Programs
Nonprogram Capital Expenditures
Community Services (Function 9100)
Debt Service (Function 9200)

Food and student transportation service costs are reported on a school-by-school basis, but not attributed as costs of programs. On the other hand, charter school distributions are not attributed to traditional schools and should be reported as reconciling items on the program cost report.

COST ELEMENTS

Cost reporting elements include direct and indirect costs. Direct costs are classified into major objects. Indirect costs are classified as school-level or district-level. Rule 6A-1.014, F.A.C., distinguishes costs as

school-level or district-level. The distinction is made with regard to the nature of the cost, rather than the cost center to which the expenditure is charged.

The major objects of direct costs are:

Salaries (Object 100 as defined in the Red Book)
Employee Benefits (Object 200)
Purchased Services (Purchased Services, Object 300; and Energy Services, Object 400, excluding charter school distributions)
Materials and Supplies (Object 500)
Other (Object 700)
Capital Outlay (Object 600, except Buildings and Fixed Equipment (630), Land (660), Improvements Other Than Buildings (670), and Remodeling and Renovations (680))

Direct costs of programs are those costs identified with Function 5000 (Instruction), except costs under Functions 5500 (Prekindergarten) and 5900 (Other Instruction) and charter school distributions.

Direct salaries and benefits are the largest cost elements to be considered in program costing. In those instances in which a teacher serves more than one program, it is necessary to divide the total salary accurately among programs. This requires examining the teacher's schedule relative to the time devoted to teaching each program. The time structure of a teacher's schedule may vary from the traditional five or six periods of a secondary school to the daylong schedule of an elementary school teacher. The computer software provided by the DOE for program cost reporting examines a teacher's schedule from student database records and equates reported class periods with time modules. Whether determined manually or through the computer programming, the following procedure is followed:

1. Determine the number of class periods or instructional modules for each instructor.

2. Divide the instructor's salary by the number of class periods or modules.

3. Calculate the salary for each program as the product of the number of time modules in each of the designated programs and the time module salary.

4. In addition, if there are students from two grade groups (for example, 4-8 and 9-12), or two programs within a time module, it is necessary to split the time module salary accordingly. Examples include Basic Program students and Basic Program students with ESE services, and Basic Program students and ESOL students.

Example: Consider a teacher earning $50,000 with the following time schedule and Basic Program student load:

FEFP Program and Number of Students

Time Module/Period	Grade(s) Taught	Basic	Basic with ESE Services	ESOL
1	10th	20	0	0
2	10th	19	0	0
3	10th & 11th	15	5	0
4	10th	16	5	4
5	11th	16	5	4

Excluding any planning period and using five instructional modules, $10,000 will be assigned to each student contact period or time module ($50,000 ÷ 5).

Periods 1 and 2 are devoted to Basic Program students in the Grades 9-12 program. Therefore, $20,000 of the teacher's salary is allocated to that FEFP program. Periods 3, 4, and 5 are allocated to FEFP programs based on the number of students in each period relative to the total number of students in each period.

Salaries determined by this methodology in this illustration are as follows:

Period	Basic 9-12	Basic 9-12, ESE	ESOL
1	$10,000		
2	$10,000		
3	$7,500	$2,500	
4	$6,400	$2,000	$1,600
5	$6,400	$2,000	$1,600

This information will also be used to determine FTE staff positions for the staff attribution schedule. Indirect costs are attributed on three bases: staff (number of teachers), FTE students, and time/space. For this purpose, FTE teachers by program are determined concurrently with salaries by program and expressed as FTE positions.

The Program Cost Reporting System attributes salaries to programs and computes the FTE staff positions by program when assignment data by time module, annual salary data, and days worked of annual contract period are entered for each teacher. An alternative calculation using hours worked and hourly rate is provided for hourly rate teachers of Adult Education classes.

The other objects of Function 5000 are a relatively small part of total program costs. These costs may be specifically identified to particular programs or attributed on the basis of FTE teachers (staff).

Indirect costs (Functions 6100-8200) are those that cannot be readily or accurately identified with a program. For example, the custodial staff of a school cleans areas used by all programs of the school.

ATTRIBUTION OF COSTS

Two bases are used for attributing indirect costs to the instructional programs as follows:

Staff
Cost basis that tends to increase or decrease with the number of teachers or that is otherwise more related to staff than space usage (number of FTE teachers paid from General Fund and Special Revenue Funds).

Time and Space
Cost basis that varies with the amount of space used by programs.

Three bases are related to Instructional Support and General Support functions as follows:

FTE Students
Food Services and Student Transportation Services (allocated to schools, not to programs).

Staff
Student Personnel Services, Instructional Media Services, Instruction and Curriculum Development Services, Instructional Staff Training Services, Instructional-Related Technology, Board, General Administration, School Administration, Fiscal Services, Central Services, and Administrative Technology Services.

Instructional Time/Space
Operation of Plant, Maintenance of Plant, and Facilities Acquisition and Construction.

SOURCES OF ATTRIBUTION FACTORS

Annual FTE by school and by program will be taken from the FTE submitted to the DOE.

The staff figures are based on the FTE teachers by program. "Full-time" is defined as a teacher serving a regular teaching contract for the school year. Short courses and summer courses must be equated to the regular term. The Florida Inventory of School Houses (FISH) reports all spaces for each school. Time usage of space must be established with reference to the class schedule. School districts may use space models in which a typical program space is used for each teacher identified with the program.

ATTRIBUTION TABLES

The attribution factors (FTE, staff, and space) of all programs constitute the overall attribution table for indirect costs. These factors provide for the attribution of indirect costs for both school-level and district-level expenditures. One attribution table is not adequate for accurate distribution of all expenditures. For example, a school district's General Fund is involved with all schools and all programs, while expenditures benefiting only certain programs (Exceptional Education) should be restricted to specified schools and programs. Thus, school/program tables are used to attribute indirect costs and to prorate certain residual direct costs. All costs must be associated with a school/program table. Five mandated tables have been established to collect the ARRA funds and Education Jobs Act funds. Tables 43100 – State Fiscal Stabilization Funds, 43200 – Targeted ARRA Stimulus Funds, 43300 – Other ARRA Stimulus Grants, 43400 – ARRA Race to the Top, and 43500 – Education Jobs Act, must be used. Each school district designates additional school/program tables needed to accurately attribute costs to its programs.

For example:

General Fund

General Fund Expenditures. All General Fund expenditures except those specified to other tables. This table includes all schools and programs.

Transportation Expenditures. Exclude schools and programs not served, such as Adult Education.

Administrative and support costs restricted to specific programs. Exceptional Education, Career Education, Workforce Development Programs, and Basic Programs require separate tables.

Special Revenue Funds

ARRA Expenditures. Report on tables specified by the Commissioner of Education.

Food Service Expenditures. Include schools having Food Service and exclude nonparticipating programs such as Adult Education.

Title I Expenditures. Include only schools and programs served.

Migrant Program Expenditures. Include only schools and programs served.

Career Education Project Expenditures. Include only schools and programs served.

Adult Basic Education Project Expenditures. Include only schools and programs served.

ESE Federal Project Expenditures. Include only schools and programs served.

Since Special Revenue projects are generally directed to targeted schools and/or programs, a table including all schools and programs is usually not appropriate.

School districts will generally have more tables than indicated here. The number of tables will vary based on the school district's programs and the identification of programs in its accounting system.

SPECIAL CONSIDERATIONS

1. Paraprofessionals exclusively assigned to particular programs will be identified with those programs.

2. Contracted services expenditures that have been handled at the district level, but which are incurred for specific programs, will be reported as direct costs for the specific programs.

   For example, a district school board may have contracted for services for students reported in a physical or occupational therapy program, but because the contract was developed by the school district office, the expenditure may not have been reported as a direct program cost for ESE at schools where the services were rendered.

   Contractual expenditures that are similar to the cited example will be reported as costs of the program benefited. This can be accomplished through use of special tables in the cost reporting system.

3. ESE Programs

   a. Students receiving exceptional education services are reported in ESE for the full day. Therefore, all teachers instructing Basic, Career Education, and At-Risk programs who have ESE students in their classes will be reported as ESE in proportion to the number of ESE students to all students in their classes (period by period).

   b. All ESE teaching personnel (team teachers, co-teachers, facilitators, consulting teachers, and lab teachers) will be reported as ESE direct costs.

4. Adult Education

   a. Plant Operating Costs – When separate school numbers are assigned to day and evening programs conducted in the same plant, operating costs (utilities, custodial, and maintenance) will be attributed to both schools.

   b. Director of Adult Education Costs – When the Director of Adult Education also performs the function of principal of an adult school, administrative costs will be split between school-level and district-level indirect categories.

COMPUTER PROGRAMS FOR COST ACCOUNTING

The Program Cost Reporting System was developed by the DOE to accomplish the calculations required for distributing salaries to programs served, develop indirect cost attribution factors, and attribute indirect costs using these factors. The system distributes salary and develops staff and time/space factors; creates attribution tables; and using additional expenditure data, produces the required reports and supplemental cost analysis reports.

The logic of the Program Cost Reporting System is consistent with the requirements found in this chapter. Any alternative computer programming used by a school district for program cost reporting must employ the same logic for identifying direct costs by school and program and attributing costs as specified by this chapter. Alternative systems must produce edit reports that include the input data and calculated results like those produced by the state's Program Cost Reporting System.

COST REPORTING PROCESS

Direct salaries for teachers must be determined programmatically by the process described earlier and summarized as follows: If a teacher teaches more than one time module and different programs are involved in each time module, the year-to-date salary of the teacher will be divided by the number of time modules taught and then multiplied by the percent of students in the categories within the time modules.

Direct salaries for substitute teachers (when not specifically identified with a program because of the nature of the substitute service) are to be attributed on a staff basis. Direct salaries for classroom paraprofessionals serving more than one program are to be attributed on a staff basis, if the time of service for each program is not readily determinable. Salary supplements generally will be distributed in the same manner as regular pay; however, when the supplement is not related to regular duties, a staff attribution will be used to distribute the supplement. Other salary amounts paid to teachers (conversion of sick leave on retirement and sabbatical leave) will be handled with a district-wide staff attribution.

Employee benefits are calculated by the software system based on a school district percentage of benefits paid to salaries paid.

Direct purchased services may be recorded from transactions for programs. The balance of direct purchased services, after deducting transactions identified to specific programs, is prorated on a staff basis, either through school or district proration.

Other expenditures may be recorded directly from transactions for programs. The balance of direct other expenditures, after deducting transactions identified to specific programs, is prorated on a staff basis, either through school or district proration.

Capital outlay expenditures may be recorded directly from transactions for programs. The balance of direct capital outlay, after deducting for transactions identified to specific programs, is prorated on a staff basis, either through school or district proration.

Indirect school costs are those indirect costs that are either identified to the school by transaction or are prorated to the school on an approved basis. These indirect school costs are attributed to cost programs within the school on the basis of either the number of FTE staff members in the program or the space used by the program.

Indirect district-wide costs are those indirect costs that are identified to district-wide support activities.

Indirect district-wide costs are attributed to programs within schools based either on the number of FTE staff members or space used by the programs of the school.

District indirect costs applicable to all programs are distributed to all programs. Indirect costs applicable only to one program or to a subset of programs are distributed only to those program(s) through use of a school/program table.

Food and student transportation service costs are not attributed to programs, but are displayed below program costs on each applicable school report. These costs are attributed to schools on an FTE student basis using separate school/program tables.

DESCRIPTION OF ATTRIBUTION PROCESS

Within each school/program table, attribution bases are applied to indirect cost function codes as follows:

FTE	STAFF	SPACE
7600	6100	7400
7800	6200	7900
	6300	8100
	6400	
	6500	
	7100	
	7200	
	7300	
	7500	
	7700	
	8200	

Direct costs (Function 5000) that cannot be identified to specific programs are to be attributed by FTE staff.

Salaries and benefits will be directly identified to a program as described earlier in this chapter; however, salary amounts for instructional paraprofessionals (not exclusively assigned to particular programs) and substitutes, plus some supplemental salary payments as described previously, may be attributed. These small amounts not directly identified with a program are termed "residual amounts" and are direct in nature, but identification stops short of a program (school or district level). The other objects of direct costs constitute about six percent of program costs. The nature of a large portion of these items is such that direct identification to programs is impractical. Accordingly, these objects are frequently recorded in the financial accounting system only to the school level. The Program Cost Reporting System provides for attribution of these residual amounts to programs.

CALCULATION

Within each school/program table, the calculation of attributed amounts is the same. The school/program table defines the schools and programs within schools for which attribution factors are to be included in the distribution of costs associated with the school/program table. Calculations for each attribution base (FTE, staff, and space) are handled identically.

1. District-level indirect costs attributable to all schools and programs. An example is Function 7100 (Board). The amount will be attributed to all programs at all schools. For each program at each school, the amount will be the product of multiplying the dollar amount of Function 7100 by a fraction. The numerator of the fraction will be the number of staff for the program at the school and the denominator will be the number of staff for all programs at all schools.

2. District-level indirect costs attributable to a group of programs only. An example is the cost of supporting the office of the Assistant Superintendent for Career Education. This cost is part of Function 7200, General Administration, but the benefit is limited to career education. This cost will be attributed only to career education programs. Accordingly, through use of a table devoted to career education programs, the cost can be distributed to each career education program at each school by a fraction in which the numerator is the number of staff in the particular career education program at that school and the denominator is the number of staff in all career education programs in the school district.

3. District-level indirect costs attributable to a single program. An example is the salary and benefits of a Program Coordinator (Function 6300) who serves only one program. This situation calls for use of a special table devoted to the program. The cost can be distributed to each school by multiplying the dollar amount by a fraction in which the numerator is the number of staff in the program at the school and the denominator is the number of staff in the program for the school district.

4. School indirect costs recorded to school level. The amount attributed to each program at a given school will be determined by the factor (staff or space, as determined by the function) for each program relative to the aggregate of that factor for all programs at the school. For example, if one teacher is employed in the ESE program of a school and there are nine other full-time teachers, then one-tenth of school indirect costs to be attributed on a staff basis will be attributed to ESE.

5. School indirect costs recorded at district level. These amounts are identified as school level per Rule 6A-1.014, F.A.C., but practicality requires recording at district level. An example of such costs is maintenance labor. These amounts are attributed in the same manner as district indirect costs, but reported as additions to school indirect. See the Program Cost Report User's Guide, Form 4A, for additional information on accurate reporting of this data.

6. Residual direct amounts. The nature of these items is described in the preceding section. These amounts are attributed in the same manner as district or school indirect amounts, except that the amounts are added to the particular object of direct costs.

7. Food and student transportation services. These amounts are not attributed to programs, but are based on each school's share of FTE exclusive of Adult Education programs and off-campus Career Education programs. Schools not served will be deleted from the tables needed for the functions.