

Factors Impacting School District Administrative Costs Report Highlights

November 2000

The Office of the Auditor General performed a school district administrative cost study to help explain the factors impacting administrative costs for school districts identified by JLBC as having particularly high or low administrative costs per pupil. JLBC obtained the administrative cost data from school district Annual Financial Reports for fiscal year (FY) 1998-99 filed with the Arizona Department of Education and determined the administrative costs per pupil for each district in the State. This study was performed as a result of legislation enacted during the 44th Legislature, 1st Special Session, Chapter 4, §16.

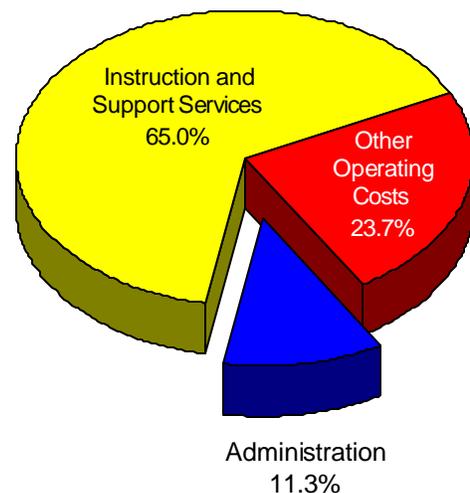
Our Conclusion:

We determined that particularly high and low administrative costs per pupil are most frequently caused by school districts inconsistently classifying and allocating their administrative costs. However, once we adjusted for those differences, we determined that high administrative costs per pupil were caused by low average daily membership (ADM), a larger administrative staff, higher salaries and benefits due to longevity and a higher pay scale, and higher purchased services. Low administrative costs per pupil were caused by lower salaries and benefits due to turnover and a lower pay scale, vacancy savings, and assigning two or more duties to an administrative employee.

What Are Administrative Costs?

Administrative costs are the costs associated with directing and managing a school district's responsibilities. These include costs such as salaries, benefits, supplies, and purchased services for *district* administration (governing board and superintendent's office, and business activities and central support services), as well as *school* administration (primarily the principal's office). Districts statewide spent \$364 million on administration in fiscal year 1998-99, or 11.3% of the total operating fund expenditures for that year. Other operating costs are 23.7% of total operating fund expenditures and consist of activities such as maintenance of grounds, buildings, and equipment; food services; bookstore operations; student transportation; athletics; and desegregation.

How Districts Spent Operating Fund Monies FY 1998-99



To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditorgen.state.az.us

- **Gregg Rickert, Accounting Services Manager**, is the contact person for this report.