



A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Special Study

Factors Affecting School Districts' Administrative Costs

NOVEMBER • 2002



Debra K. Davenport
Auditor General

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OFFICE OF THE
AUDITOR GENERAL**

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November 26, 2002

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

I am pleased to present our report, *Factors Affecting School Districts' Administrative Costs*, prepared in response to Laws 2002 Chapter 330 §50. The law required the Joint Legislative Budget Committee to determine the average per-pupil administrative costs for each school district in fiscal year 2001. Our Office was then required to identify factors that help explain differences in districts with particularly high and particularly low per-pupil administrative costs in fiscal year 2001, and factors that explain why some districts had particularly high or low per pupil administrative costs in either fiscal year 2001 or fiscal year 1999, but not in both. I am also including a copy of the Report Highlights to provide a quick summary for your convenience.

Based on our analysis, Arizona school districts' administrative expenditures on a state-wide basis were in line with the national average at 10.8 percent in fiscal year 2001. This equates to approximately \$560 per pupil on average; however, costs in individual districts range from approximately \$370 per pupil to \$6,013. Factors associated with higher per-pupil administrative costs include smaller student populations, and above-average salaries, staffing levels, benefits, and purchased services costs on a per-pupil basis. The opposite was generally true for districts with low per-pupil administrative costs. Changes in these same factors, as well as accounting changes or errors, caused districts to move into or out of the high- or low-cost categories.

In addition, based on analysis of available state-wide data, the report discusses some additional factors that are associated with higher administrative costs. These include smaller school sizes, rural or isolated locations, significant amounts of federal impact aid, lower spending on classroom instruction, and large fund balances. This report also presents a ranked listing of each district's total and per-pupil administrative costs.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on November 27, 2002.

Sincerely,

Debbie Davenport
Auditor General

SUMMARY

The Office of the Auditor General has conducted an analysis of Arizona school districts' administrative costs. The analysis was conducted pursuant to Laws 2002, Chapter 330 §50, which required the Joint Legislative Budget Committee and the Office of the Auditor General to analyze why certain Arizona school districts have particularly high or particularly low administrative costs. The law required our Office to pay particular attention to districts with changing administrative costs. These districts had particularly high or particularly low costs in either fiscal year 1999 or 2001, but not both.

Administrative costs are those associated with directing and managing a school district's responsibilities. They include salaries, benefits, purchased services, and supplies associated with the governing board, superintendent, principal, and business offices. For its portion of the study, JLBC analyzed those administrative costs associated with district regular and special education programs that are paid from the Maintenance and Operations Fund. Although these costs constitute the largest portion of districts' administrative costs, there are some additional administrative expenses associated with other programs and funds. For our analysis, we included these additional expenses in keeping with the expenditure categories the U.S. Department of Education's National Center for Education Statistics (NCES) uses in its reports. This allowed us to identify any significant administrative costs occurring in these other categories and to develop data that can be compared to national data on administrative costs. For example, NCES statistics show that since 1994, districts nationwide have spent approximately 11 percent of their day-to-day operating monies on administration. On a statewide basis, spending by Arizona school districts was in line with the national average, at 10.8 percent in fiscal year 2001.

The average 10.8 percent administrative cost equates to approximately \$560 per pupil for the 206 districts statewide for which data was available. On average, including the additional administrative costs from NCES expenditure categories represented approximately \$65 of this amount.

Factors affecting selected districts' administrative costs (see pages 5 through 13)

We analyzed costs in 20 districts with particularly high or particularly low administrative costs in fiscal year 2001, and in 14 districts with changing costs. Several key factors affected costs in these districts, some of which are more subject to district control than others. The primary factor affecting per-pupil administrative costs in any one year is the number of students. Most districts with particularly high costs had fewer than 600 students, while most districts with particularly low costs had more than 5,000 students. Size is such a significant factor because larger districts can spread costs across more students. Changes in the number of students also played a significant role in several districts with changing costs; however, this is largely outside district control.

Other factors that are more within district control include salary and staffing levels, benefit costs, and purchased services. Districts with the highest costs tended to be above average in these categories relative to comparably sized districts, while the lowest-cost districts tended to be below their peers. In addition, we found that some districts had made changes to how they accounted for some costs or had accounting or other data errors that affected whether their costs appeared particularly high or particularly low.

Other factors associated with administrative costs statewide (see pages 15 through 16)

In addition to the analysis required by the session law, we also reviewed available accounting data for 206 districts to determine what factors, other than the number of students, salaries, and other expenses, may affect administrative costs statewide. We found that smaller schools, rural or isolated locations, and/or significant amounts of federal impact aid are associated with higher administrative costs. In addition, districts with higher per-pupil administrative costs have two other conditions in common. These districts typically spend a lower percentage of each dollar they receive on instruction and, while we are unable to explain why, are more likely to have a large fund balance.

District-by-district administrative costs (see pages 17 through 24)

This report also provides a summary overview of districts' total and per-pupil administrative costs. Costs associated with operating regular and special education programs for each district are included, along with information about additional administrative costs that are identified when the NCES cost categories are considered, and when all remaining funds and programs are considered.

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INTRODUCTION & BACKGROUND

During the 45th Legislature, 2nd Regular Session, the Legislature passed Laws 2002, Chapter 330 §50, requiring the Joint Legislative Budget Committee and the Office of the Auditor General to analyze why certain Arizona school districts have particularly high or particularly low administrative costs per pupil.

- The Joint Legislative Budget Committee (JLBC) was required to determine, for each school district, the average per-pupil current expenditure for administrative functions in fiscal year 2001, and whether each district exceeded its predicted cost level for those functions based on data reported by districts of similar size and type. JLBC reported this information to the Legislature on June 27, 2002.
- Our Office was required to report to the Legislature before December 1, 2002, about factors that explain cost differences between districts with particularly high and particularly low per-pupil administrative costs in fiscal year 2001. The analysis was directed to emphasize districts that moved into or out of the high and low administrative cost categories between fiscal years 1999 and 2001.

Definition and overview of administrative costs

Administrative costs are associated with directing and managing school district responsibilities. (See text box and Figure 1 on page 2.) As shown in Figure 2 (see page 2), most administrative costs are associated with a district's regular and special education programs and are paid for from its Maintenance and Operations (M&O) Fund.

What are administrative costs?

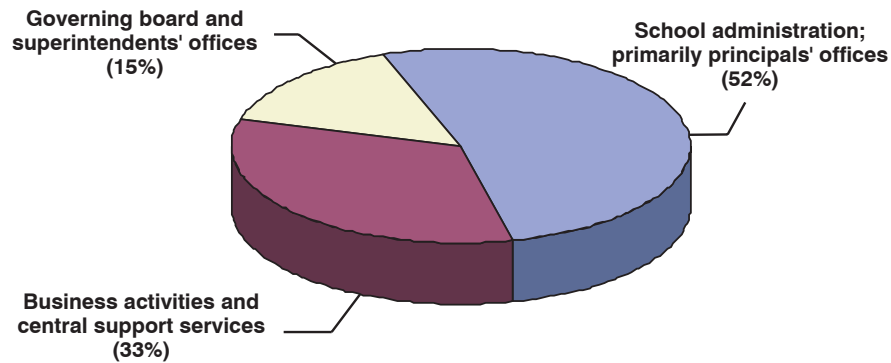
Administrative costs are monies spent for the following items and activities:

- General administrative expenses associated with governing boards and superintendent's offices, such as elections, staff relations, and secretarial, legal, audit, and other services; the superintendent's salary, benefits, and office expenses; community, state, and federal relations; and lobbying;
- School administration expenses such as salaries and benefits for school principals and assistants who supervise school operations, coordinate activities, evaluate staff, etc., and for clerical support staff;
- Business support services such as budgeting and payroll; purchasing, warehousing, and distributing equipment, furniture and other supplies; and printing and publishing; and
- Central support services such as planning, research, development, and evaluation services; informing students, staff, and the general public about educational and administrative issues; recruiting, placing, and training personnel; and data processing.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

Figure 1

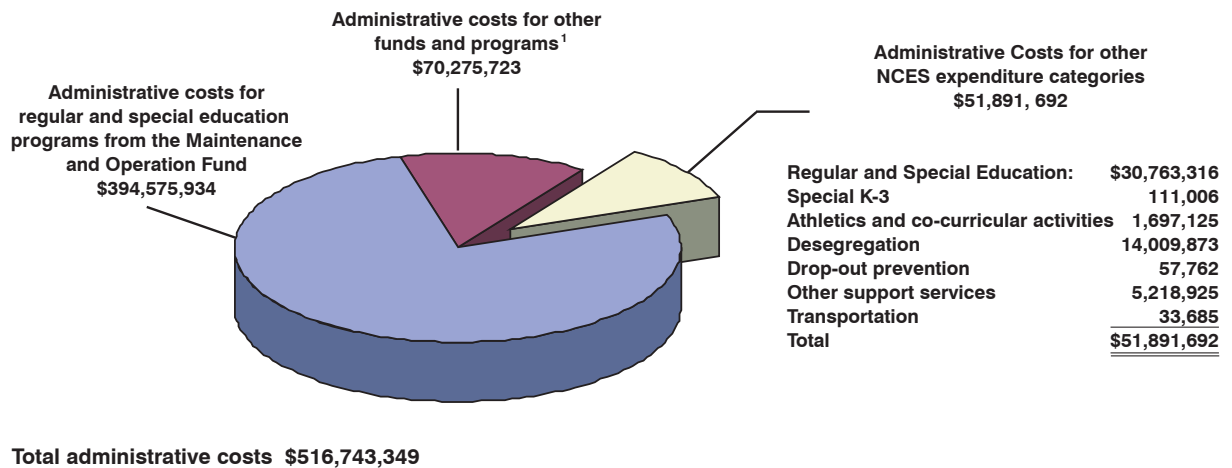
Administrative Costs by Functional Area
Fiscal Year 2001
(Unaudited)



Source: Auditor General staff analysis of district-reported accounting data.

Figure 2

Administrative Costs by Fund and Program
Fiscal Year 2001
(Unaudited)



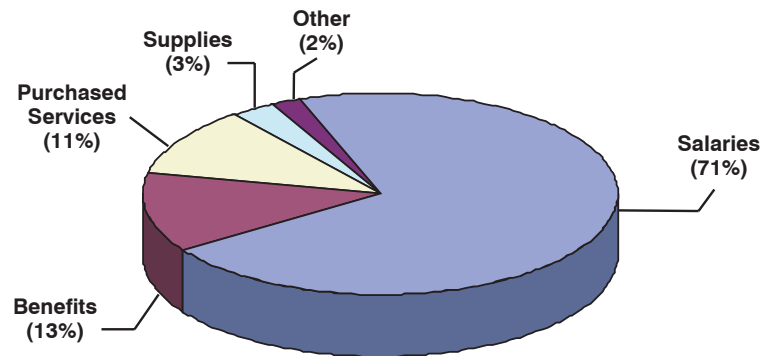
¹ These are administrative costs paid through the Adult Education, Civic Center, Community School, Debt Service, Fiduciary, Proprietary, and Capital Projects funds. They also include administrative costs associated with capital expenditures and administrative costs from all funds for Adult/Community College Education and Community Service programs.

Source: Fiscal year 2001 M&O Fund data as reported JLBC to the Legislature on June 27, 2002. Additional fund and program data compiled by Auditor General staff from district-reported fiscal year 2001 accounting data.

However, most districts have additional administrative costs that are associated with other programs and funds. The U.S. Department of Education's National Center for Education Statistics (NCES) collects school district revenue and expenditure data from all states and annually publishes comparative statistics.¹ The NCES expenditure categories for administrative costs include activities involved in the day-to-day operation of schools, not just regular and special education programs paid for from the M&O Fund. Considering these additional costs provides a more complete picture of administrative costs and the factors affecting them.

Based on NCES statistics, districts nationwide spend about 11 percent of their day-to-day operating monies on administration. This average has remained about the same since 1994. In fiscal year 2001, the statewide average for Arizona's school districts was in line with the national average, with approximately 10.8 cents of each dollar being spent on administrative functions. This equated to approximately \$560 per pupil on a statewide basis. Among individual districts, however, per-pupil administrative spending varied widely, ranging from about \$370 in the lowest-cost districts to \$6,013 in the highest. The key components that comprise these administrative expenditures include salaries, benefits, and purchased services, as shown in Figure 3.

Figure 3 Administrative Costs by Type
Fiscal Year 2001
(Unaudited)



Source: Auditor General staff analysis of district-reported fiscal year 2001 accounting data.

Scope and methodology

For its study, JLBC analyzed those administrative costs associated with a district's regular and special education programs that are paid from the M&O Fund. JLBC obtained its information from the Arizona Department of Education's (ADE) *Annual Report of the Superintendent of Public Instruction*. The report includes annual financial report (AFR) information that the districts compile to summarize their financial activities for the year. JLBC used this information to calculate a total administrative cost for 209 districts, \$394,575,934, and the per-pupil administrative cost for each of those districts. JLBC also calculated a predicted administrative cost per pupil for each district and determined the difference between each district's actual and predicted amounts. JLBC previously performed this same analysis on fiscal year 1999 data, which was used as the basis for our November 2000 administrative cost study (*Factors Impacting School District Administrative Costs*).

¹ The NCES expenditure categories for administrative costs include all activities except for those associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community services that are outside the scope of preschool to grade 12 education.

As specified by law, we then reviewed JLBC's fiscal year 1999 and 2001 results and identified 20 districts that appear to have had particularly high or low per-pupil administrative costs in fiscal year 2001. These districts included those with the highest per-pupil administrative costs for their particular types, as well as one large district with the highest per-pupil cost for its size. We also identified 14 districts with changing costs. These districts had particularly high or low per-pupil costs in either fiscal year 2001 or fiscal year 1999. After determining the districts that were high or low based on JLBC's analysis, we analyzed administrative costs using the NCES expenditure categories to identify any significant administrative costs in programs other than regular and special education, and to parallel our previous analysis of dollars spent on instruction in Arizona. (see also the OAG report, *Arizona Public School Districts' Dollars Spent in the Classroom* issued in March 2002).

Approach and analysis

To produce our March 2002 classroom dollars study, auditors compiled a database of district-reported fiscal year 2001 accounting data. Using that information, we compared the districts with particularly high or low administrative costs with districts of similar size and type. Auditors also analyzed the districts' administrative staffing using data obtained from ADE School District Employment Reports (SDER). This data is reported to ADE by the school districts. For the districts with changing costs, we compared administrative costs reported in fiscal years 1999 and 2001 to identify potential areas of cost increases or decreases. However, the accounting data available for 1999 was limited to summary financial information reported on district AFRs.

After analyzing cost information, we interviewed district officials to gather information that could help explain variations in reported data. Based on our analysis and interviews, auditors noted that accounting errors affected per-pupil costs reported in some districts. However, the district-provided data is unaudited, and errors were difficult to identify and quantify. Therefore, auditors focused on analyzing factors that affected districts' actual administrative costs rather than on the erroneous data. Finally, we identified the common factors that help explain particularly high, low, and changing per-pupil administrative costs for selected districts as well as for districts statewide.

The Auditor General and her staff express their appreciation for the cooperation and assistance of the school districts contacted during this study.

CHAPTER 1

Factors affecting selected districts' administrative costs

Several key factors affect district administrative costs. Our review found that the primary factor determining whether a district has high, low, or in some cases, changing per-pupil administrative costs is the number of students (ADM).¹ Districts with particularly high costs were more likely to have small numbers of students while districts with low costs were more likely to have large numbers of students. Other key factors included salaries, staffing levels, benefits, and purchased services. Districts with particularly high per-pupil costs were more likely to have higher costs associated with these factors; districts with particularly low per-pupil costs were more likely to be the opposite. Districts with changing costs were impacted by shifts in key cost factors. In addition, some of these districts changed how they accounted for some costs or made other accounting errors.

Key cost factors are:

- Number of students (ADM)
- Salaries
- Staffing levels
- Benefits
- Purchased services

High-cost districts are usually small

We reviewed 11 districts with particularly high fiscal year 2001 per-pupil administrative costs and found that they had a number of factors in common. Generally, most were small, serving fewer than 600 students. In addition to being small, these districts typically had higher-than-average administrative salaries, benefits, and purchased services expenses, and higher staffing levels on a per-pupil basis when compared to similarly sized districts, as shown in Table 1 (see page 6).

Low ADM—Districts have certain administrative functions that must be performed, such as purchasing supplies and accounting for the expenditure of public monies. Consequently, small districts are more likely to have higher per-pupil administrative costs because there are fewer students over which to spread these costs. For example, two districts had similar total administrative expenditures, but one district's per-pupil administrative cost was \$677 compared with the other's \$6,013. The

¹ ADM, or average daily membership, represents the number of students attending school in a district.

Table 1 Per-pupil costs and staffing levels in selected high-cost districts (Unaudited)

District Name	Size ¹	As compared to peer districts, selected districts have higher than average				
		Salaries	Staffing Level	Benefits	Purchased Services	Supplies
Antelope UHSD	Small	✓				
Canon ESD	Small	✓	✓	✓		
Cochise ESD	Small	✓	✓	✓	✓	
Joseph City USD	Small	✓	✓	✓	✓	✓
Mobile ESD	Small	✓	✓	✓	✓	✓
Oracle ESD	Small	✓	✓	✓	✓	✓
Sacaton ESD	Small	✓	✓	✓	✓	✓
Santa Cruz Valley UHSD	Small		✓		✓	
Valley UHSD	Small	✓				
Phoenix UHSD	Large	✓	✓	✓	✓	
Roosevelt ESD	Large	✓	✓	✓	✓	✓

1 Small districts have less than 600 students; medium districts have 600 to 4,999; and large districts have 5,000 or more.

Source: Auditor General staff analysis of district-reported fiscal year 2001 accounting data.

difference was primarily due to the first district having 117 students and the second district having 15 students.

In addition, expenditures that would have a minimal impact on a large district's per-pupil cost can be significant for small districts. For example, districts can receive a variety of services by joining professional organizations. These services include school board member training, research, reference materials, and policy guidance. To obtain these services, one small district with 41 students belonged to three associations in fiscal year 2001, and paid approximately \$3,570 in dues and related fees. However, this amount translated into approximately \$87 per pupil. Similarly, supply costs in small districts can be significant. One district spent approximately \$9,030 for administrative supplies in fiscal year 2001, which translated into approximately \$602 per pupil.

Salaries—Salary is the largest component of all school district operating costs, including administration. The higher-cost districts generally had higher per-pupil salary costs in comparison with similarly sized districts. These higher salary costs resulted from higher employee salaries, higher numbers of administrators per pupil, or both. District salaries per full-time equivalent (FTE) employee varied for several reasons. In some cases, higher salary levels were related to the district's ability to

recruit or retain staff. One district, for instance, opted to increase its salary level by approximately \$10,000 per year to recruit a new superintendent. Another district indicated it was able to retain employees for longer periods and therefore had higher compensation costs based on more years of service.

Staffing levels—District staffing decisions also impact salary costs because some districts choose to employ additional people to oversee specific programs or to increase staffing in schools. For example:

- In addition to a superintendent, two principals, and four secretaries, one small district employed four director-level administrators to oversee special programs, special education, technology, and finance. The district's administrative salary costs per pupil were approximately twice as much as similarly sized districts that employ fewer administrators.
- Another district averaged the highest number of administrators on a per-pupil basis among large districts. It employs a special education facilitator, a dean of students, and an additional secretary at each of its ten high school campuses. The district's per-pupil administrative salary costs average \$556 compared to an average of \$380 for similarly-sized districts. The district operates a number of magnet programs offering vocational education and other programs that draw students from throughout the metropolitan area. According to the district, the facilitators coordinate services and help ensure compliance with special education requirements. The district indicated that the deans were hired to address discipline issues that consumed assistant principals' time and to bring consistency to the various campuses.
- A third district employs a minimum of one principal, one assistant principal, and an attendance clerk at each of its 20 elementary schools, which range in size from 160 to 890 students. The district's per-pupil administrative salary costs averaged \$526 compared to an average of \$380 for similarly sized districts. According to district officials, attendance clerks are needed at each school since many of the district's students are considered "mobile." The district also indicated that the assistant principals help foster community involvement and provide needed support to principals.

Although the district's circumstances may warrant increased staffing levels, most districts this size generally employ fewer administrative staff on a per-pupil basis. For example, a low-cost district that operates 26 elementary schools generally does not employ an assistant principal in schools with fewer than 1,000 students.

Benefit costs—For most districts, benefits are another large component of per-pupil administrative costs and, like salaries, higher benefits typically lead to higher administrative costs. More than half of the high-cost districts averaged higher benefit

costs on a per-pupil basis than similarly-sized districts. Districts have little control over some benefit costs such as social security taxes and worker's compensation insurance. However, district decisions about the level of insurance coverage to provide, whether to provide coverage for retirees, and whether to offer early retirement packages can have an impact on administrative costs. For example,

- One small district chose to pay all health, dental, and vision insurance costs for its employees and their dependents. Other districts do not always provide this level of coverage.
- Another district paid approximately \$1.1 million to provide health insurance coverage for its retirees in fiscal year 2001.
- Two districts offered employees early retirement packages in the mid-1990s and in 2000 and were still paying costs associated with those programs. The districts make contracted payments to a retirement plan that distributes monthly benefits to early retirees. In one of the districts, the fiscal year 2001 costs totaled approximately \$517,000 for all participating early retirees. Costs for all participants, whether they were teachers or administrators, were charged to administration. The second district charged administration for the costs of participating administrative retirees, which totaled more than \$740,000 in fiscal year 2001. According to this district, early retirement was offered in an effort to reduce salary and benefits costs by replacing higher-earning employees with newer employees who would be lower on the pay scale.

Purchased services—Districts purchase services from vendors with specialized skills or knowledge. Computer experts, accounting firms, and lawyers are examples. Districts also purchase communication, travel, advertising, and other services. Although these costs vary depending on a district's needs, they can significantly impact overall administrative costs. For example:

- **Technical services**—Technical support and data processing are examples. For instance, one district paid approximately \$162,000 for accounting and student records software licenses and technical support in fiscal year 2001.
- **Financial audits**—Districts that expend \$300,000 or more in federal financial assistance each year must obtain an annual financial audit. Some large districts, as well as districts that have had financial or management difficulties, appear to have higher total audit costs. For example, one district that had experienced numerous accounting problems paid \$107,000 for a financial audit. In contrast, audit costs at other districts of a similar size and type were more typically between \$10,000 and \$25,000. This district also spent an additional \$50,000 on employee training to address issues identified in the audit.

- **Legal services**—A district's legal expenses can increase its per-pupil administrative costs. The districts we analyzed generally had limited legal costs in fiscal year 2001; however, one district indicated it paid approximately \$100,000 in attorney's fees to resolve contract and personnel-related issues.
- **Telephone**—Districts' decisions about accounting for telephone costs had an impact on their per-pupil administrative costs. Some districts included telephone charges in their administrative costs and other districts included telephone charges with building operation costs. For example, one large district charged \$1.2 million, or approximately \$58 per pupil, to administrative functions for telephone service and systems upgrades. Consequently, this district's per-pupil costs appeared higher in comparison with districts that did not include telephone charges in their administrative costs.
- **Travel**—District employees participate in workshops, training sessions, professional association meetings, and other conferences. Sometimes participation requires travel and these costs can lead to higher per-pupil administrative expenditures. In 6 of 11 districts with high administrative expenses, travel costs were higher on average than in similarly sized districts. For example, one district chose to send multiple employees to various conferences and workshops, including several held out-of-state. Travel costs for this district totaled more than \$42,000, or about \$75 per pupil. Travel costs for similarly sized districts were more typically around \$10,000, or about \$25 per pupil.

Low-cost districts are usually large

Auditors also reviewed 9 districts that appeared to have particularly low per-pupil administrative costs. However, in examining these districts, we found that one district had a data error that made its costs appear lower than they actually were. This district operates charter schools, and its charter school enrollment was included in its pupil counts, but the related expenditures were not included in reported costs. This resulted in the district incorrectly appearing to have particularly low per-pupil administrative costs.

The remaining 8 districts, which did have particularly low per-pupil administrative costs, typically have higher ADM, which enables them to spread costs over a larger student population and to benefit from economies of scale. As shown in Table 2 (see page 10), most low-cost districts have below average per-pupil administrative expenditures in nearly every area, and each administrator typically serves a greater number of pupils when compared with similarly sized districts.

More than half of the districts with particularly low per-pupil costs serve 5,000 or more students and are better able to reduce or control some per-pupil costs. For example,

Table 2 Per-pupil costs and staffing levels in selected low-cost districts (Unaudited)

District Name	Size ¹	As compared to peer districts, selected districts have lower than average				
		Salaries	Staffing Level	Benefits	Purchased Services	Supplies
Kirkland ESD	Small	✓		✓	✓	✓
Bullhead City ESD	Medium	✓	✓	✓	✓	✓
Casa Grande UHSD	Medium	✓	✓	✓	✓	✓
Snowflake USD	Medium	After adjusting for charter school enrollment, district costs are not low				
Cartwright ESD	Large	✓	✓	✓	✓	✓
Gilbert USD	Large	✓	✓	✓	✓	✓
Paradise Valley USD	Large	✓	✓	✓	✓	✓
Washington ESD	Large	✓	✓	✓	✓	✓
Yuma UHSD	Large	✓		✓		✓

1 Small districts have less than 600 students; medium districts have 600 to 4,999; and large districts have 5,000 or more.

Source: Auditor General staff analysis of district-reported fiscal year 2001 accounting data.

larger districts can purchase and warehouse supplies in bulk and can develop service centers to serve multiple schools.

Low-cost districts also typically had lower-than-average salary and staffing levels. For example, one district indicated it pays for fewer vacation days than some other districts. Another district indicated that its salaries are lower than those in peer districts. Base salaries for high school principals in this district are about \$7,500 to \$9,300 lower than base salaries for high school principals in a higher-cost district. Staffing levels in the low-cost districts are also relatively low on a per-pupil basis. Some districts reported that their student populations are growing and staffing has not kept pace. For example, each administrator in four of the five large, low-cost districts serves 80 or more students, compared with an average of 75 students for districts of this size.

In addition, the low-cost districts appear better able to manage health insurance costs. Some were able to negotiate competitive health insurance rates because of their size and metropolitan locations. Other low-cost districts participated in or developed self-insurance programs. For example, one district contracts with a third-party administrator to process the district's payments for employee health costs up to \$115,000 per individual. To protect against potentially large claims, the district purchases coverage from an outside company to pay for costs in excess of its \$115,000 limit, and also contracts with outside companies for components such as prescription drug benefits. The district estimates its savings at more than \$1 million per year when compared to contracting with a single outside healthcare provider.

Multiple factors affect districts with changing costs

The session law asked our Office to place particular emphasis on factors that caused districts to have particularly high or low costs in either fiscal year 1999 or 2001, but not both. Auditors identified 14 of these changing districts, 9 whose costs increased, and 5 whose costs appeared to decrease between the two years. However, a preliminary analysis showed that data or accounting errors were responsible for the cost decreases in 2 of the decreasing-cost districts. A third decreasing-cost district, Blue Elementary, is unique. The district has only two pupils and the county school superintendent has taken responsibility for performing the district's administrative functions at no cost.

After examining the remaining 11 districts, auditors found that 7 of the districts experienced fluctuations in ADM between the two years that affected whether their per-pupil costs changed (as shown in Table 3). Most districts also experienced some changes in costs for salaries, benefits, and purchased services. In addition, 5 districts changed the way they accounted for expenditures between the two years, or made accounting errors in one year or the other that gave the appearance of cost changes.

Table 3 Factors affecting districts with changing costs
(Unaudited)

Districts with Increased Costs	Decreased ADM	Increased Costs			Accounting Changes/ Errors
		Salaries	Benefits	Purchased Services	
Alhambra ESD		✓	✓	✓	
Bouse ESD	✓				✓
Colorado City USD	✓	✓	✓	✓	
Ganado USD	✓	✓	✓	✓	✓
J.O. Combs ESD		✓	✓	✓	✓
Quartzsite ESD	✓	✓		✓	
San Simon USD	✓	✓	✓	✓	
Scottsdale USD		✓	✓	✓	✓
Skull Valley ESD	✓	✓	✓	✓	

Districts with Decreased Costs	Increased ADM	Decreased Costs			Accounting Changes/ Errors
		Salaries	Benefits	Purchased Services	
Blue ESD	Administrative functions shifted to county school superintendent				
Buckeye UHSD	After adjusting for accounting errors, district costs did not decline				
Pomerene ESD				✓	✓
Red Mesa USD	✓		✓	✓	
Peach Springs USD	After adjusting for charter school enrollment, district costs did not change				

Source: Auditor General staff analysis of districts' 1999 Annual Financial Report information obtained from ADE, district-reported fiscal year 2001 accounting data, and interviews with district officials.

Fluctuations in ADM—Changes in ADM can affect the per-pupil amounts.

Districts with declining enrollment will generally have increased per-pupil costs while growing districts will generally have reduced per-pupil costs. For example, between fiscal years 1999 and 2001, one district gained approximately 121 students, which was a major reason per-pupil administrative costs declined by approximately \$306.

Districts are required to provide educational services to all students within their boundaries. Therefore, when ADM suddenly declines, they may not be able to reduce costs sufficiently to keep per-pupil costs in line and still provide mandatory services. For example:

- One district's per-pupil administrative costs increased by approximately \$1,970 in fiscal year 2001 primarily because of a sudden decrease in its student counts. Approximately one month before the 2001 school year started, the district learned that nearly two-thirds of its students—about 640 students out of 1,000—would be attending private schools and would not be returning to the district. The district had hired staff and made other preparations for the coming school year and could not immediately reduce staffing levels and other costs.
- Another district's per-pupil costs nearly doubled, increasing approximately \$660 between fiscal year 1999 and 2001. While the district's total administrative costs increased by approximately 30 percent, or about \$6,800, most of the per-pupil cost increase is related to the district's ADM declining by approximately one-third.

Salary and staffing—Changes in these areas impacted most of the districts with changing costs. Eight of these districts increased salaries, added staff, or both. For example, one small district increased its secretary's salary by \$4,300. This alone accounted for more than half of the district's total administrative cost increase. Another district added a principal. Salary costs for this one new position accounted for most of its administrative cost increases.

Benefits—Two districts prepaid health insurance premiums in fiscal 2001 for the next fiscal year. The prepayments significantly increased the amount these districts paid for benefits in fiscal year 2001 and are one reason these districts were identified as having changing administrative costs. However, one of the districts indicated that the prepayment was anticipated to reduce total fiscal year 2002 healthcare costs.

Accounting changes or errors—In addition to the factors discussed previously, changes in how districts accounted for administrative expenses and some accounting errors significantly affected several of the districts. For example, in fiscal year 1999, one district paid approximately \$2.9 million in salaries and benefits for principals and assistant principals from a fund other than the operating fund. In fiscal year 2001, the district opted to pay costs for principals from the operating fund. This change alone accounted for much of the district's apparent administrative cost

increase in fiscal year 2001. Another district had an administrator who also taught part-time. In fiscal year 1999, this employee's salary and benefits were charged entirely to administration, but the costs were allocated between administration and instruction in fiscal year 2001. This change accounted for nearly all of the district's \$16,111 decrease in administrative costs. A third district incorrectly charged administration for approximately \$127,000 associated with acquiring a baseball field.

CHAPTER 2

Other factors associated with administrative costs statewide

In addition to analyzing districts with particularly high, particularly low, or changing administrative costs, auditors also reviewed available accounting data for 206 districts to determine what other factors may affect administrative costs statewide.¹ Besides the number of students and expenditures for salaries, benefits, and purchased services, auditors identified three other factors that are associated with administrative costs. These are school size, location, and significant amounts of federal impact aid. These relationships remain statistically significant even when the smallest districts are excluded from analysis.² We also identified two conditions that appear to be related to administrative costs. These are low classroom dollar percentages and high fund balances.

In addition, because of questions raised following a previous administrative cost study, auditors also examined special education expenditures and district type. However, we found that these factors do not appear to impact administrative costs.

Average school size—Larger schools are associated with lower per-pupil administrative costs. This school-size concept parallels the smaller-versus-larger-district concept in terms of the resulting economies of scale. The economy of scale effect can be seen in Table 4, where the average administrative cost per pupil is lower for districts operating larger schools.

Table 4 Average administrative costs per pupil by school size
Fiscal year 2001
(Unaudited)

Average number of students per school	Average administrative costs per pupil	Number of districts ¹
Fewer than 200	\$1,193	12
200-399	876	50
400-599	712	36
600-799	566	37
800 or more	535	21

¹ Excludes the 50 smallest districts.

Source: Auditor General staff analysis of fiscal year 2001 Maintenance and Operation fund data, district-reported fiscal year 2001 accounting data, and information about the number of schools obtained from ADE.

¹ District-reported accounting data was available for 206 of the 209 districts JLBC analyzed.

² Auditors excluded 50 of the smallest districts that had available data. These districts had fewer than 200 students and they had wide variation in their administrative costs. Consequently, these districts were not readily comparable with the majority of districts in the State.

Small-isolated school districts

- Have fewer than 600 students grades K-8, or 9-12;
- Have schools that are geographically separated. If driving conditions are reasonable, schools must be 30 miles or more apart. If driving conditions are hazardous, 15 miles must separate the isolated district's schools from any other district's schools teaching the same grade levels; and
- Are designated as a small-isolated school district by the Superintendent of Public Instruction.

Source: A.R.S. §15-901 (24).

However, a research review suggests that, under certain circumstances, small schools may provide better social, emotional, and educational settings. While there is no agreement on an optimal school size, studies recommend a maximum of 300-400 students for elementary schools and 400-800 for secondary schools.¹

Rural or isolated location—Arizona's 94 rural districts average \$1,055 in administrative costs per pupil, whereas the 112 urban districts average \$853. Similarly, "small-isolated" districts, excluding those with fewer than 200 students, average \$1,101 per pupil, while non-isolated districts of comparable size average \$840.

Significant federal impact aid—Federal impact aid compensates districts affected by the loss of property taxes due to Native American reservations, Department of Defense sites, or other federal property. Generally, these districts can carry forward unspent impact aid monies from year to year without affecting the level of aid they receive. In contrast, districts with property tax revenues must adjust their property tax rates for carry forward amounts. Districts that receive a

significant amount of federal impact aid have higher per-pupil administrative costs, on average. For instance, the 15 districts that spent \$2 million or more from federal impact aid in fiscal year 2001 averaged administrative costs of \$1,086 per pupil. Other districts averaged \$707 in per-pupil administrative costs.

In addition to these factors, we identified two conditions that districts with high per-pupil administrative costs have in common. These are:

Low classroom dollar percentage—As administrative costs per pupil increase, the percentage of each dollar spent on instruction, or in the classroom, decreases. Districts with the lowest per-pupil administrative costs spend \$1 on administration for every \$7 spent on instruction; the ratio for districts with the highest per-pupil administrative costs is \$1 spent on administration for every \$3 spent on instruction.

Large fund balance—Auditors analyzed financial statement information for 145 districts and found that districts with large fund balances generally also had higher per-pupil administrative expenses. While most districts operate with fund balances that typically range between 1 and 33 percent of total current expenditures, 21 districts had fund balances that were more than 50 percent of their total current expenditures. While we are not able to explain why, we noted that these districts averaged \$939 in administrative costs per pupil, compared to \$701 in districts with lower fund balances.

¹ "Are small schools better? School size considerations for safety and learning." October 2001, WestEd Policy Brief [http://www.wested.org/online_pubs/po-01-03.pdf].

CHAPTER 3

District-by-district administrative costs

Using JLBC's analysis and summary accounting data from school districts, auditors summarized administrative cost information. We also developed district-by-district information showing per-pupil costs as reported by JLBC, as well as the effect of different administrative cost definitions. Per-pupil costs statewide, as reported by JLBC, averaged approximately \$495. On average, including costs from the NCES expenditure categories added approximately \$65, thus bringing the per-pupil administrative costs to approximately \$560. If all remaining administrative costs, which include those associated with capital expenditures, are added, per-pupil administrative costs increase another \$90 on average. Information about districts' administrative costs is presented in the following tables:

- Table 5 summarizes administrative costs based on NCES expenditure categories by district size.

Table 5 Summary of Administrative Cost by District Size¹
Fiscal Year 2001
(Unaudited)

Districts		Total Administrative Cost	ADM	Cost per Pupil
Size	Number			
Very Small	51	\$ 5,829,436	4,493	\$1,297
Small	37	14,227,198	13,902	1,023
Medium	85	118,330,408	178,108	664
Large	36	308,080,584	595,350	517
Total	209	\$446,467,626	791,853	

¹ Size categories are broken down by ADM: very small districts have less than 200 ADM; small have 200 to 599 ADM; medium have 600 to 4,999 ADM; and large have 5,000 or more ADM.

Source: Fiscal year 2001 M&O Fund data as reported by JLBC to the Legislature on June 27, 2002, combined with additional NCES expenditure category data compiled by Auditor General staff from district-reported fiscal year 2001 accounting data.

- Table 6 presents a listing of individual districts' total and per-pupil administrative costs as reported by JLBC. The districts are ranked from the highest to the lowest average per-pupil cost based on this data. The table also shows the amount of added administrative costs when all NCES administrative cost categories are considered and their effect on each district's total per-pupil administrative cost. The last two columns in the table show the same information when administrative costs for remaining district funds and programs, which include such things as capital expenditures and adult and community education, are added. (See pages 19 through 24)

Table 6

JLBC-reported administrative costs ranked from highest to lowest on a per-pupil basis, and additional administrative costs and cumulative per-pupil totals associated with other NCES administrative cost categories, and all remaining funds and programs

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Mobile ESD	\$ 90,190	\$6,013	\$ 0	\$6,013	\$ 0	\$6,013
Bouse ESD	89,560	3,732	0	3,732	0	3,732
Cochise ESD	131,516	3,208	0	3,208	0	3,208
Hackberry ESD	119,383	2,985	0	2,985	0	2,985
Union ESD	209,463	2,869	0	2,869	7,416	2,971
Colorado City USD	962,722	2,682	70,151	2,877	248,264	3,569
Ash Creek ESD	131,189	2,624	6,906	2,762	1,176	2,785
San Fernando ESD	64,069	2,464	24	2,465	1,513	2,523
Sentinel ESD	79,254	2,331	790	2,354	0	2,354
Patagonia UHSD	236,138	2,293	16,519	2,453	110,713	3,528
Young ESD	153,424	2,102	0	2,102	0	2,102
Vernon ESD	170,073	1,978	0	1,978	20,236	2,213
Maine Consolidated ESD	165,257	1,967	0	1,967	0	1,967
Hillside ESD	22,762	1,897	0	1,897	125	1,907
Bowie USD	161,501	1,835	100	1,836	7,387	1,920
Crown King ESD	10,129	1,688	0	1,688	211	1,723
Joseph City USD	718,604	1,656	0	1,656	82,598	1,846
Yarnell ESD	94,296	1,654	0	1,654	0	1,654
Alpine ESD	65,963	1,649	0	1,649	0	1,649
Bicentennial UHSD	233,045	1,618	2,700	1,637	0	1,637
Paloma ESD	112,900	1,613	0	1,613	5,720	1,695
Ganado USD	3,384,310	1,605	216,788	1,707	85,142	1,748
Bonita ESD	109,201	1,538	0	1,538	0	1,538
Sacaton ESD	843,711	1,499	404,752	2,218	48,062	2,303
Owens-Whitney ESD	52,092	1,488	771	1,510	0	1,510
Yucca ESD	38,231	1,470	1,659	1,534	0	1,534
Seligman USD	247,034	1,462	0	1,462	0	1,462
Salome Consolidated ESD	156,991	1,454	0	1,454	0	1,454
Skull Valley ESD	28,715	1,367	0	1,367	10	1,368
Canon ESD	272,601	1,350	1,022	1,355	6,012	1,384
Ash Fork Joint USD	285,974	1,238	41,041	1,416	6,469	1,444
Oracle ESD	476,698	1,225	28,229	1,298	15,896	1,339
Sonoita ESD	154,614	1,189	30	1,190	1,192	1,199
Indian Oasis-Baboquivari USD	1,243,522	1,179	121,891	1,294	49,575	1,341

Table 6 continued

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Santa Cruz ESD	\$ 117,480	\$1,175	\$ 2,613	\$1,201	\$ 679	\$1,208
Gila Bend USD	578,387	1,161	16,929	1,195	57,145	1,310
Wenden ESD	110,357	1,150	0	1,150	0	1,150
Patagonia ESD	142,975	1,126	2,943	1,149	6,319	1,199
McNeal ESD	34,275	1,071	0	1,071	0	1,071
Elfrida ESD	200,239	1,071	5,544	1,100	1,285	1,107
San Carlos USD	1,536,547	1,050	199,095	1,186	3,320	1,189
Grand Canyon USD	360,008	1,047	14,281	1,088	9,975	1,117
J. O. Combs ESD	319,451	1,041	1,319	1,045	36,888	1,165
Solomon ESD	163,153	1,020	1,169	1,027	0	1,027
Hyder ESD	181,107	1,001	0	1,001	13,500	1,075
Cedar USD *	610,868	987	162,043	1,614	32,060	1,681
Pearce ESD	133,200	987	0	987	0	987
Red Mesa USD	847,870	980	286,611	1,312	237,395	1,586
Sanders USD	1,112,659	963	1,193,011	1,995	69,723	2,055
San Simon USD	124,652	959	926	966	0	966
Ft. Thomas USD	566,060	956	0	956	0	956
Bagdad USD	331,665	956	4,505	969	35,242	1,070
Antelope UHSD	327,392	943	1,112	947	11,810	981
Concho ESD	163,076	943	13,738	1,022	12,668	1,095
Clifton USD	201,484	937	0	937	0	937
Riverside ESD	183,255	926	0	926	9,606	974
Arlington ESD	170,885	919	0	919	9,208	968
Littlefield ESD	214,449	916	120	917	0	917
Superior USD	544,857	901	36,227	960	1,956	964
Pine Strawberry ESD	187,680	898	414	900	676	903
Hayden/Winkelman USD	521,098	885	14,191	909	8,792	924
Topock ESD	133,160	882	4,945	915	9,872	980
Heber-Overgaard USD	494,061	876	29,647	929	76	929
Chloride ESD	204,885	868	16,559	938	6,810	967
Tuba City USD	2,120,118	847	213,923	932	397,538	1,091
Apache ESD	11,000	846	5,898	1,300	0	1,300
Window Rock USD	2,456,599	846	322,331	957	419,876	1,102
Mohawk Valley ESD	199,597	835	1,464	841	141,817	1,435
Continental ESD	207,672	831	0	831	0	831
McNary ESD	114,907	821	0	821	0	821
Santa Cruz Valley UHSD	408,741	817	9,018	836	75,677	987
Tonto Basin ESD	46,364	813	4,582	894	3,482	955
Florence USD	1,117,239	794	65,002	840	86,472	902
Miami USD	953,779	793	21,510	811	0	811

Table 6 continued

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Wilson ESD	\$ 1,064,405	\$ 792	\$ 174,248	\$ 922	\$ 274,287	\$1,126
Picacho ESD	141,730	792	0	792	4,113	815
Red Rock ESD	59,906	778	n/a	n/a	n/a	n/a
Valentine ESD	38,117	778	0	778	3,000	839
Morristown ESD	80,783	769	632	775	3,595	810
Fountain Hills USD	1,853,329	769	1,201	770	15,735	776
Mayer USD	452,918	768	16,160	795	15,310	821
Nadaburg ESD	354,050	763	0	763	2,379	768
Sedona-Oak Creek Joint USD	1,035,768	759	72,919	812	33,089	836
Double Adobe ESD	43,113	756	0	756	0	756
Fredonia-Moccasin USD	296,269	756	3,098	764	29,953	840
Valley UHSD	153,757	750	12,696	812	0	812
Ray USD	508,642	747	0	747	0	747
Tolleson ESD	990,016	745	126,957	841	7,445	847
Parker USD	1,490,400	743	161,558	824	93,199	870
Altar Valley ESD	590,172	742	6,913	751	8,921	762
Tanque Verde USD	1,113,986	730	59,122	769	12,330	777
Wellton ESD	245,730	725	64,877	916	882	919
Aguila ESD	114,222	723	4,557	752	10,276	817
Pinon USD	1,126,845	718	168,239	825	186,516	944
Maricopa USD	779,828	717	31,631	747	15,224	761
Round Valley USD	1,055,310	712	104,490	783	80,193	837
Roosevelt ESD	7,718,475	711	1,078,310	810	900,354	893
Globe USD	1,448,393	682	5,440	684	385,865	866
Bisbee USD	678,452	682	13,596	696	69,205	765
Tombstone USD	703,379	681	25,562	706	8,979	714
Palominas ESD	647,050	678	19,335	698	10,613	709
Laveen ESD	974,233	677	129,410	767	7,930	773
Pomerene ESD	79,176	677	0	677	991	685
Ruth Fisher ESD	272,957	671	0	671	13,597	704
Ajo USD	335,405	665	21,600	708	1,318	711
Fowler ESD	1,137,286	662	66,716	700	63,915	738
Mohave UHSD	1,433,938	659	111,060	710	130,335	770
Benson USD	694,165	652	52,935	702	43,949	743
Morenci USD	675,772	645	14,689	659	16,681	675
Pima USD	421,574	644	3,580	649	15,339	673
Kirkland ESD	36,650	643	1,379	667	268	672
Phoenix UHSD	13,471,248	638	5,137,578	881	877,932	923
Beaver Creek ESD	166,788	637	75	637	0	637
Mammoth/San Manuel USD	904,735	633	2,488	635	6,026	639

Table 6 continued

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Whiteriver USD	\$ 1,692,586	\$ 629	\$ 199,959	\$ 704	\$ 15,920	\$ 709
Wickenburg USD	928,887	626	28,894	646	7,817	651
Palo Verde ESD	196,387	614	12	614	1,525	619
Chinle USD	2,536,295	611	331,759	691	168,347	732
Coolidge USD	1,614,278	611	235,873	700	35,453	713
Show Low USD	1,446,332	606	9,452	610	114,809	658
Littleton ESD	787,550	604	71,776	659	15,406	671
Willcox USD	920,570	604	67,560	648	17,323	660
St. David USD	266,145	602	n/a	n/a	n/a	n/a
Duncan USD	347,876	602	n/a	n/a	n/a	n/a
Phoenix ESD	4,855,248	599	1,196,987	747	598,269	821
Kayenta USD	1,497,597	598	212,821	683	320,301	811
Crane ESD	2,930,657	596	402,884	677	252,246	729
St. Johns USD	583,440	595	21,216	616	10,695	627
Holbrook USD	1,118,953	594	236,396	719	10,268	724
Catalina Foothills USD	2,842,664	588	14,953	592	83,755	609
Thatcher USD	733,897	588	143,347	703	9,780	711
Cave Creek USD	2,487,561	588	125,914	617	59,711	631
Queen Creek USD	886,691	583	254,725	750	86,689	807
Somerton ESD	1,265,918	582	149,442	651	57,086	677
Camp Verde USD	821,716	575	12,004	583	19,294	597
Sahuarita USD	1,112,708	574	23,511	586	271,911	726
Stanfield ESD	372,985	574	27,718	616	0	616
Mingus UHSD	666,390	573	100,476	659	0	659
Murphy ESD	1,375,308	571	222,190	663	1,072,718	1,108
Colorado River UHSD	1,129,272	570	72,458	607	635	607
Sierra Vista USD	3,692,216	570	257,773	610	158,206	634
Page USD	1,743,996	569	132,849	612	486,212	770
Liberty ESD	822,285	565	12,679	574	8,223	580
Buckeye UHSD	627,194	564	106,389	660	71,682	724
Mohave Valley ESD	921,326	558	6,946	563	222,436	697
Eloy ESD	727,654	555	23,525	573	1,397	574
Cottonwood-Oak Creek ESD	1,247,349	552	136,600	613	79,719	648
Naco ESD	156,354	551	541	552	6,105	574
Glendale UHSD	7,413,442	550	1,245,914	643	321,285	667
Buckeye ESD	685,761	540	140,765	651	272,422	865
Agua Fria UHSD	1,273,900	537	312,007	668	173,730	741
Vail USD	1,712,259	535	18,043	541	50,103	556
Douglas USD	2,233,711	534	212,603	585	2,023	585
Blue Ridge USD	1,241,832	531	3,367	532	185	532

Table 6 continued

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Tolleson UHSD	\$ 2,307,271	\$ 530	\$ 97,756	\$ 553	\$ 187,096	\$ 596
Gadsden ESD	1,697,385	529	137,047	572	68,046	593
Winslow USD	1,302,780	525	103,712	567	9,446	571
Santa Cruz Valley USD	1,209,928	512	17,405	519	33,256	533
Osborn ESD	1,910,739	504	170,681	549	1,275,169	885
Litchfield ESD	1,725,790	502	59,369	519	302,661	607
Dysart USD	2,571,077	494	105,160	514	162,456	545
Tempe UHSD	6,176,205	493	815,995	558	459,465	594
Payson USD	1,347,149	488	41,297	503	24,257	512
Tucson USD	28,825,352	488	9,448,254	648	5,486,936	741
Amphitheater USD	7,770,958	487	1,168,041	560	1,495,409	654
Williams USD	359,180	481	81,111	589	1,742	592
Sunnyside USD	6,702,143	480	827,478	539	300,527	561
Casa Grande ESD	2,411,967	479	663,804	611	2,057,800	1,019
Madison ESD	2,175,635	473	715,873	629	112,995	653
Nogales USD	2,891,619	471	169,761	498	88,752	513
Apache Junction USD	2,507,491	470	421,067	549	80,271	564
Isaac ESD	3,669,759	469	737,762	563	717,087	655
Balsz ESD	1,418,062	468	76,416	494	51,022	510
Prescott USD	2,219,544	462	145,155	492	7,641	494
Chino Valley USD	1,115,764	462	52,190	483	88,444	520
Deer Valley USD	11,938,875	457	521,541	477	1,461,782	533
Scottsdale USD	11,919,671	457	2,014,987	534	489,382	553
Higley USD *	932,962	455	99,403	1,529	107,499	1,689
Quartzsite ESD	141,246	450	6,621	471	0	471
Yuma ESD	4,281,665	450	1,052,288	560	530,200	616
Humboldt USD	2,287,056	449	549,392	557	47,943	566
Clarkdale-Jerome ESD	155,648	449	5,978	466	3,986	477
Marana USD	5,162,047	448	181,954	464	949,175	546
Lake Havasu USD	2,493,900	445	534,007	540	378,842	607
Safford USD	1,233,932	442	150,731	496	29,782	507
Kyrene ESD	8,115,146	441	305,039	458	1,540,218	542
Yuma UHSD	3,506,687	439	853,398	546	1,001,036	672
Creighton ESD	3,457,859	438	562,019	509	59,681	517
Flowing Wells USD	2,544,183	437	90,814	453	57,358	462
Chandler USD	9,017,263	435	309,257	450	252,410	462
Mesa USD	29,595,448	428	2,163,731	459	22,745,142	788
Toltec ESD	337,738	426	15,689	446	189,057	685
Avondale ESD	1,332,509	423	113,357	459	9,648	462
Pendergast ESD	3,240,735	423	44,190	429	74,950	438

Table 6 concluded

District Name	Administrative costs for regular and special education programs from the M&O Fund		Administrative costs for other NCES expenditure categories		Administrative costs for other funds and programs	
	Total	per Pupil	Additions	Aggregate per pupil	Additions	Aggregate per pupil
Flagstaff USD	\$ 4,647,535	\$ 417	\$ 764,126	\$ 485	\$ 244,817	\$ 507
Alhambra ESD	5,402,750	414	385,014	443	152,534	455
Kingman ESD	1,832,786	411	111,201	436	112,148	462
Tempe ESD	4,888,482	411	2,918,812	657	150,912	670
Peoria USD	13,157,709	404	166,007	410	274,240	418
Glendale ESD	4,408,134	390	113,526	400	291,006	426
Washington ESD	9,120,637	388	1,155,034	437	8,526,775	799
Bullhead City ESD	1,349,833	372	32,472	380	187,483	432
Cartwright ESD	6,392,992	363	400,947	385	114,348	392
Casa Grande UHSD	884,213	362	47,727	381	143,893	440
Paradise Valley USD	11,731,962	349	643,219	368	5,676,784	537
Gilbert USD	9,736,603	348	1,352,859	396	361,050	409
Snowflake USD *	1,510,002	326	124,336	678	269,517	789
Peach Springs USD *	427,383	233	16,023	1,360	462	1,362
Blue ESD	0	0	239	120	169	204
Statewide Totals	\$394,575,934		\$51,891,692		\$70,275,723	

* Data for these districts originally included charter school enrollment in the districts' ADM, but did not include related expenditures in reported costs. The per-pupil amounts as reported by JLBC are shown in the Regular and Special Education from the M&O column. Per-pupil amounts in the columns showing costs associated with other NCES Expenditure categories and Other Administrative Costs have been adjusted for corrected ADM.

Source: Fiscal year 2001 M&O Fund data as reported by JLBC to the Legislature on June 27, 2002. Additional NCES expenditure category data, and other fund and program data were compiled by Auditor General staff from district-reported fiscal year 2001 accounting data.