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**NEWS RELEASE**

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Auditor of State Rob Sand today released a report on Iowa Public School Administrative Expenditures. The report investigates public school districts' spending on costs related to administration between FY2017 and FY2022 and is furthers the State Auditor's Office duty to ensure the effective and responsible usage of public dollars across Iowa. It is also the first in an intended series of reports to help local government entities and the public track the spending of taxpayers' money as a part of the Auditor Office's Public Innovation and Efficiencies (PIE) program.

The report finds that statewide, public school districts spent an average of \$664 million annually on administration-related expenditure line items. This translated to roughly \$1,365/pupil each year over that time. While between FY2017 and FY2022 the administrative cost per pupil nominally grew 19.9%, when accounting for inflation it actually decreased by 0.9% in real terms.

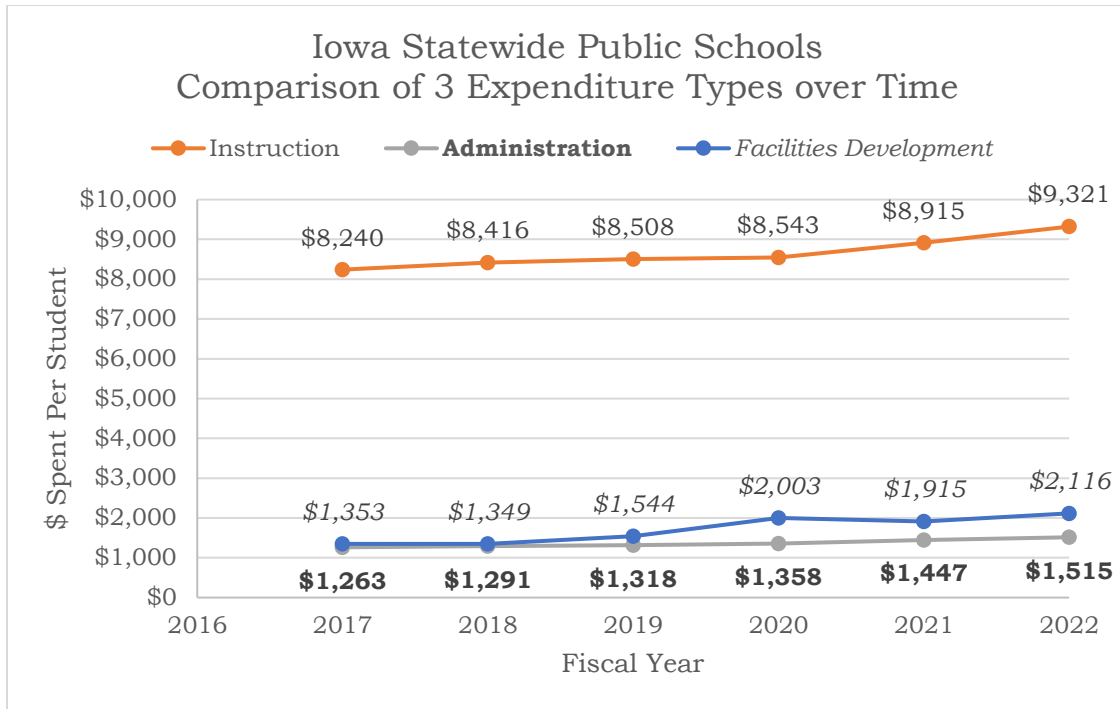
As a percentage of overall spending, administrative costs made up just 7.9% of new expenditures. This is a smaller proportion of spending than districts new expenditures on instructional services, facilities development, and debt servicing. The percentage of spending directed towards administration costs did not rise over these six years. It is not a growing cost relative to other categories of spending for school districts.

A copy of the report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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## **Iowa Public School Districts Administrative Expenditures**

- Statewide, public-school districts spent an average annual total of \$664 million on administrative expenditures between FY2017 and FY2022, or approximately \$1,365/pupil.
- Overall, per pupil public school administrative expenditures nominally increased from \$1,263 to \$1,515 (19.9%) over that time span.
- In real terms, statewide per pupil administrative spending for public school districts has declined slightly (-0.9%) over the past six years.
- On average, administrative expenditures made up 7.9% of new spending annually. As a percentage of all new spending, it has been remarkably consistent over time. The annual percentage of new spending going towards admin costs has only ranged between 7.8% and 8%.
- Of the three types of administrative expenditures, School and Building Administration (principals, secretaries, clerical staff, etc.) is the largest: between 50%-52% of admin costs annually.
- Business and Central Administration (superintendents, fiscal services, human resources, etc.) was the only type of administrative spending that saw a real increase, going from \$330/pupil in FY17 to \$421/pupil in FY22.
- Smaller school districts spend a higher amount on administration costs compared to other districts, averaging \$1,525/pupil annually compared to roughly \$1,300/pupil across larger districts.
- There was little regional variation in admin spending. The highest per pupil administrative expenditures were districts in the Area Education Associations for Southwest Iowa, North Central Iowa, and far Eastern Iowa. The lowest was in Northwest Iowa.



In the state of Iowa, public schools have spent an annual average of \$663.6 million on administrative expenses between FY2017 and FY2022.<sup>1</sup> Based on annual enrollment totals, this represents roughly \$1,365 spent per pupil annually across that timespan.

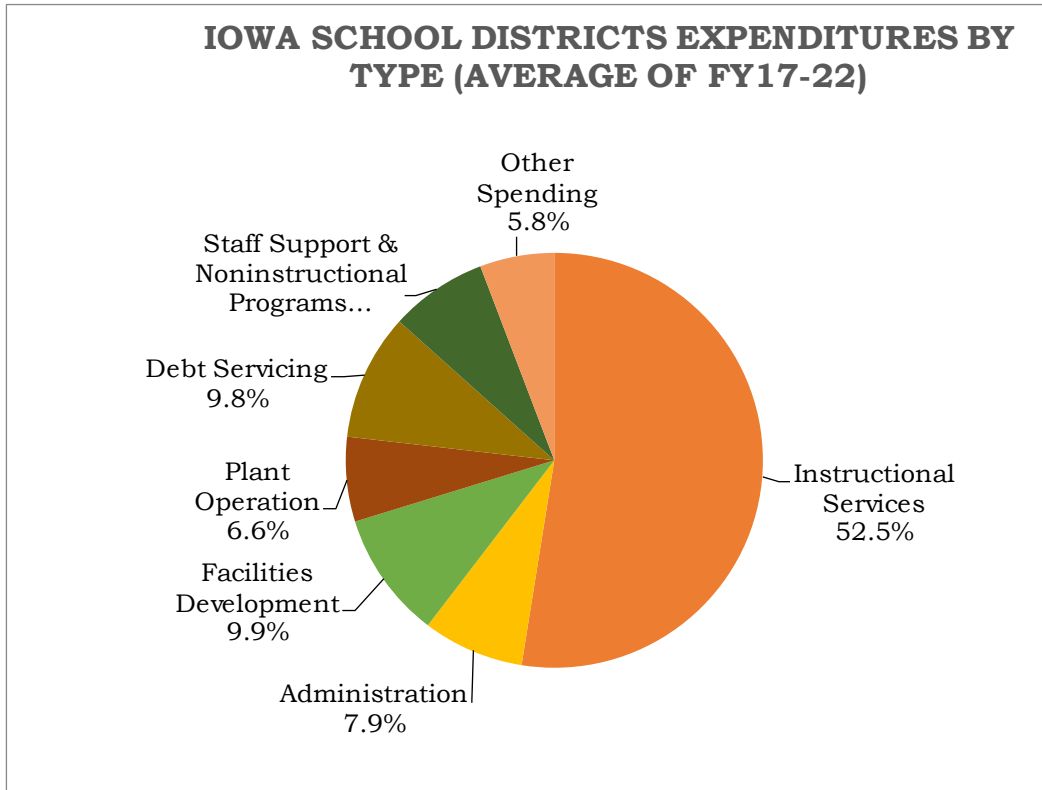
The amount of tax dollars that public schools spend on administrative costs is occasionally discussed as a driver of increasing education expenditures. But over the past six years, the amount of per pupil spent on administration has not substantially changed in real terms. The increases are below inflation using the generally accepted consumer price index increase of 21% between June 2017 and June 2022.<sup>2</sup>

Administrative spending increased from \$1,263 to \$1,515/pupil (19.9% nominal increase). In real terms, administrative expenditures have declined 0.9% since FY2017. This is far lower than the 29.3% real increase in facilities development expenditures over that time.

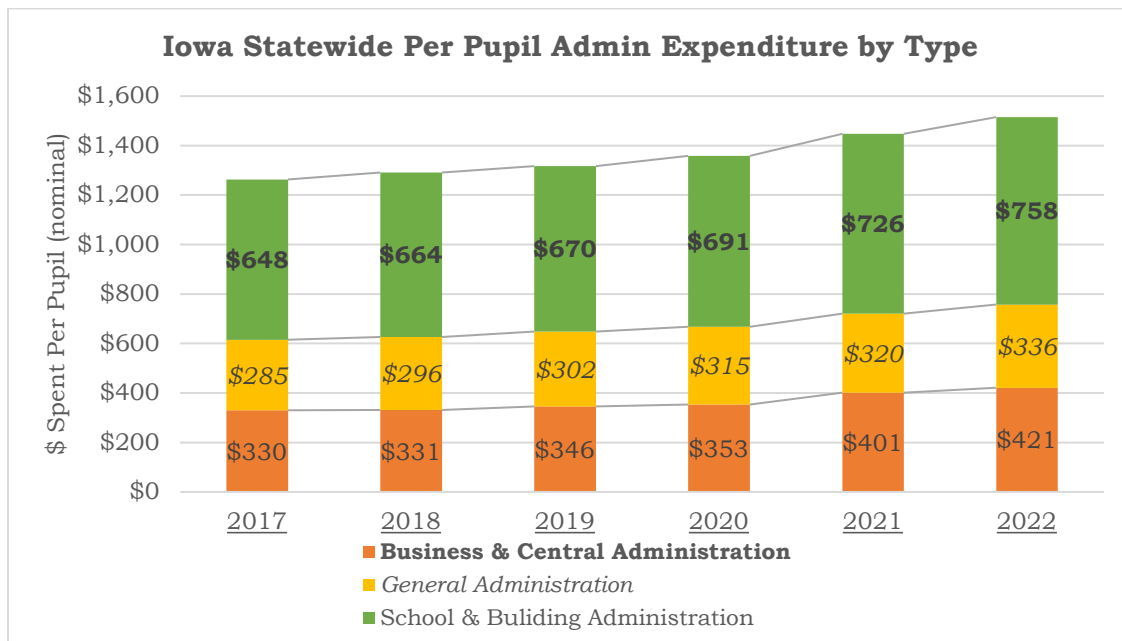
Between FY2017-22, administrative costs made up about 8% of new spending by public schools in the state. The proportion of new spending on administrative costs had a very narrow range over those 6 years; varying between just 7.76% and 8.01% of total expenditures. Administration costs make up a smaller proportion of new spending than both facilities development and debt servicing over this time.

<sup>1</sup> The sum of actual spending from all funds on the Business and Central Administration, General Administration, and School and Building Administration sources taken from [data.iowa.gov](https://data.iowa.gov) as defined by the Iowa Department of Management based on Certified Annual Reports (CARs). These do not necessarily align with the Administration line items in CARs, which is the basis for Iowa Code Chap 279.45 which sets caps on “executive administration” spending from a school district’s general fund. The findings of this paper should not be seen as indicative of that cap.

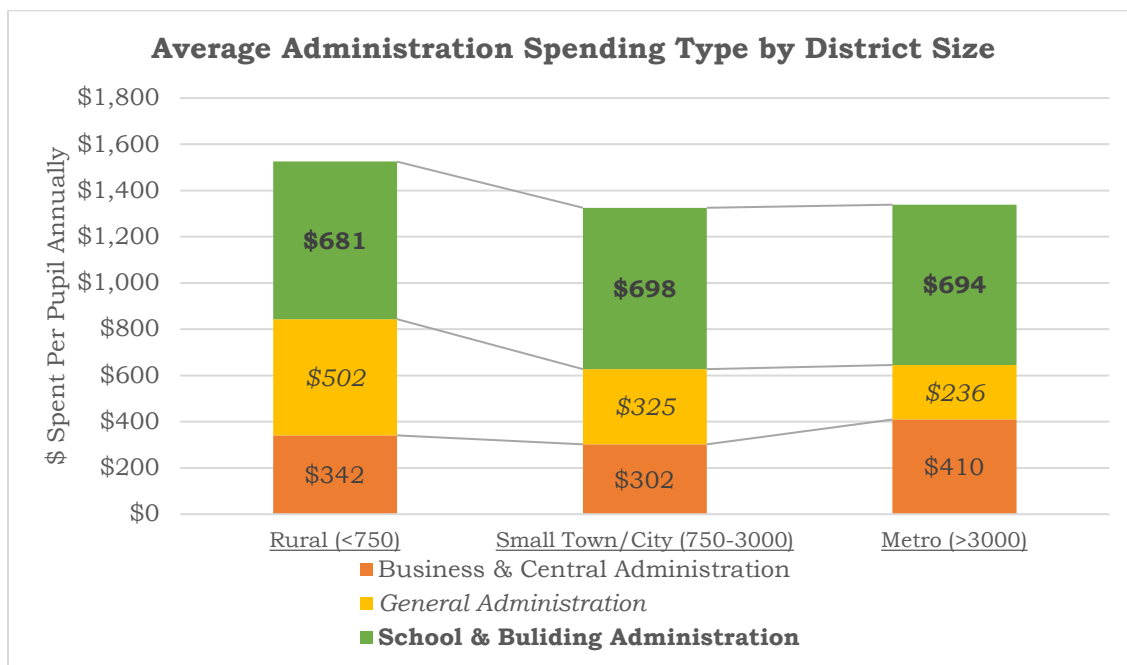
<sup>2</sup> [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)



Within types of administrative costs, the School and Building Administration expenditure category made up between 50% and 52% of administrative spending each of the six years investigated. General Administration spending made up the smallest percentage of administrative expenditures each year and grew at roughly the same rate as School and Building Administration. Business and Central Administration costs were the only category to see a real increase in spending (5.5%), growing from \$330/pupil to \$421/pupil.

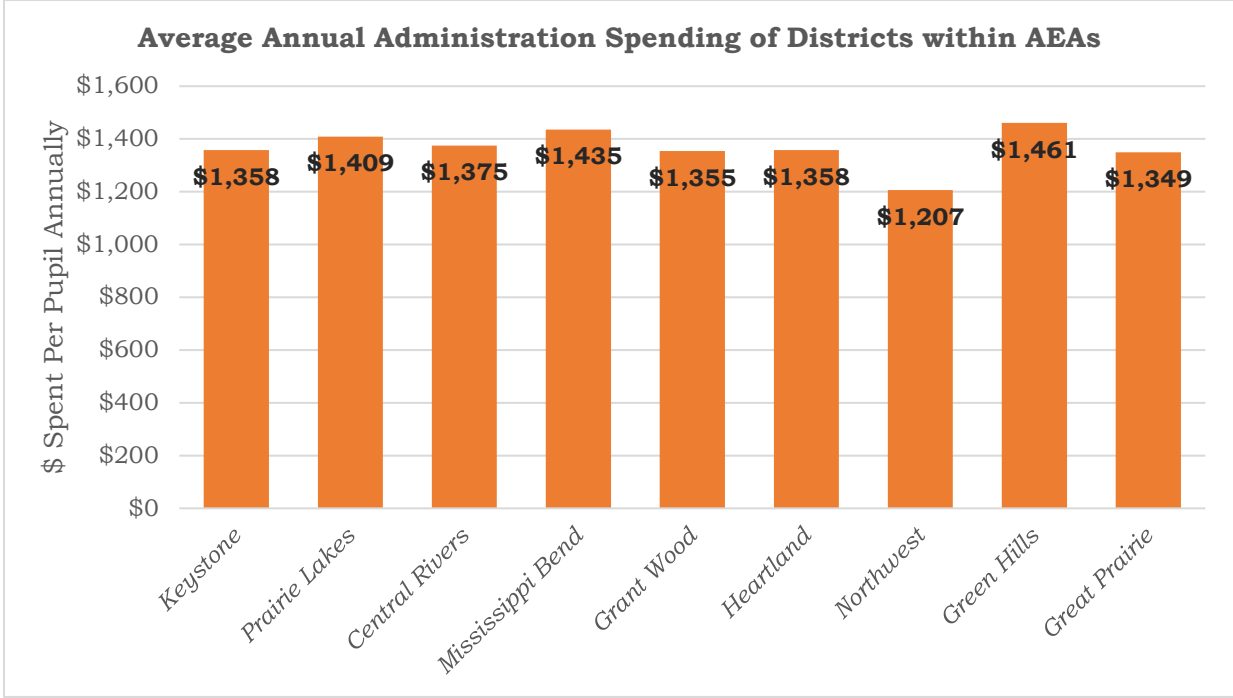


Over the past six years, rural districts (defined as districts with certified enrollment below 750) spent a greater percentage of their expenditures on administration than larger school districts. Smaller districts spent a greater share of new expenditures on administration costs; 8.4% for rural districts compared to just 7.8% of spending for metro districts. This translates to an average annual spending of \$1,525/pupil among rural school districts while both metro districts and small town/city districts (between 750 and 3000 certified enrollment) spent approximately \$1,330/pupil annually.



The difference between smaller and larger districts can be attributed to higher General Administration costs among rural school districts, spending an annual average of \$502/pupil compared to \$236/pupil. Metro school districts did spend more on Business and Central Administration than smaller districts.

Regionally, there is little difference in per pupil administrative spending over the past 6 years. Among the 9 area education associations (AEAs) in Iowa, school districts within the Green Hills AEA had the highest average per pupil administrative expenditure at \$1,461/pupil annually. Districts within the Mississippi Bend AEA and Prairie Lakes AEA also spent more than fourteen-hundred dollars per pupil on admin costs. The one outlier in administrative spending was the Northwest AEA, where districts spent an average of just \$1,207/pupil annually.



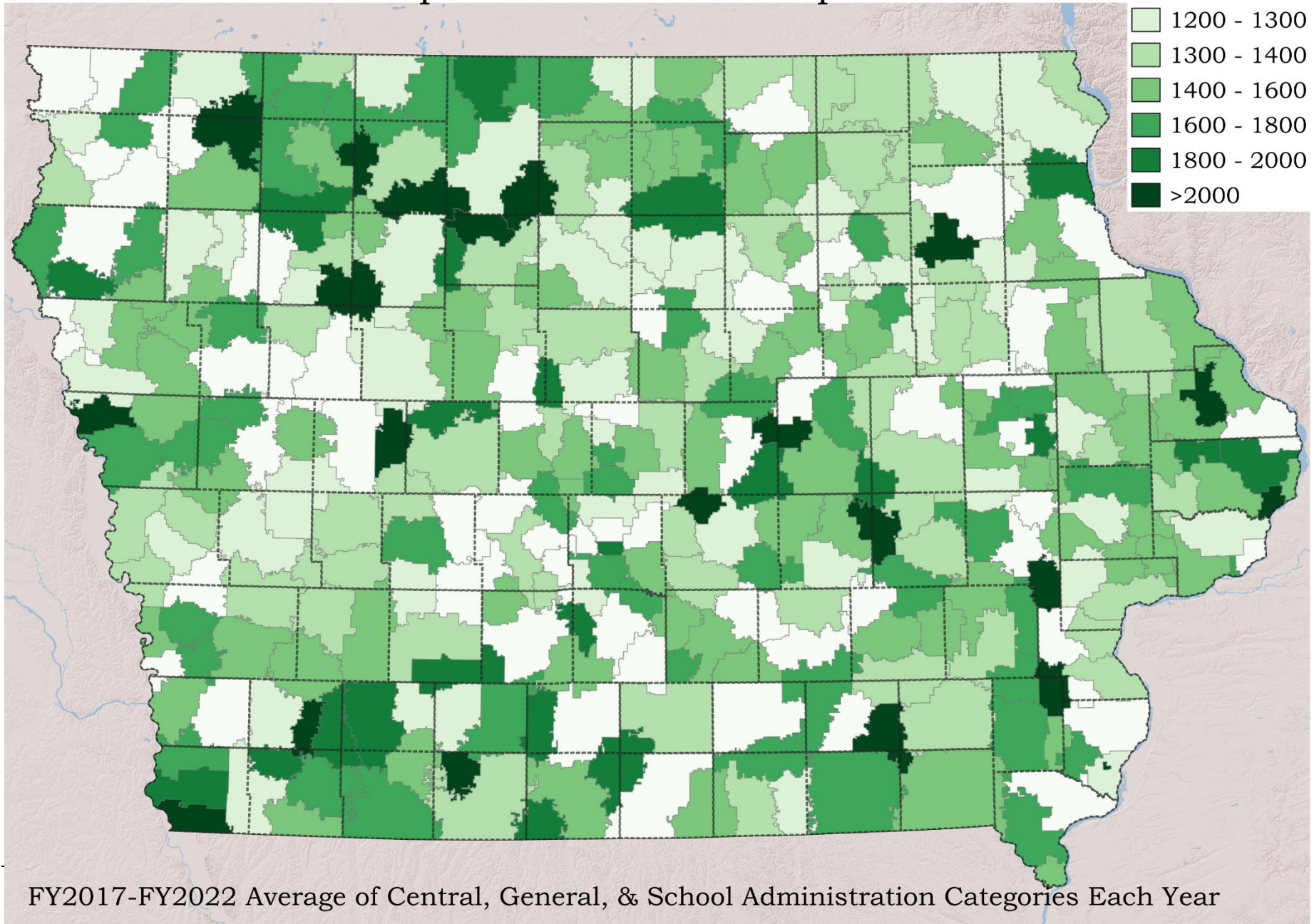
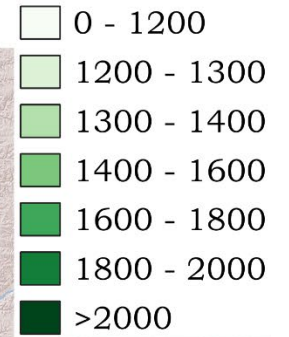
The map on the next page presents the average per pupil administrative spending for every public school district in the state of Iowa. These amounts range from an annual average of \$810/pupil to \$2,977/pupil.

There does not appear to be any broad pattern to administrative spending difference. Rural districts do make up most of the highest spending districts, but some are also among the lowest spending districts. Most metro districts spend relatively little on administrative costs per pupil, but 7 of them spent more than \$1,500/pupil.

While there is a concentration of districts across north-central and northwest Iowa spending more than \$2,000/pupil on administrative expenditures, many of these are adjacent to some of the lowest spending districts. There is a higher proportion of lower admin spending districts in areas in and around Polk County.

# Iowa Public School Districts Per Pupil Administration Expenditures

\$ Per Pupil



FY2017-FY2022 Average of Central, General, & School Administration Categories Each Year