



# School District Cost & Size Study Proposed Final Report

Joint Legislative Audit & Review Committee

June 16, 2010

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## 2009-11 Operating Budget Identifies Five Questions

1. What is the relationship between the cost of school districts and their enrollment size?
2. How do categories of costs vary related to enrollment size?
3. How do other factors affect costs?
4. What nonfinancial benefits and impacts are associated with school and school district size?
5. Do district expenditure patterns change as a result of district consolidation or state oversight conditions?

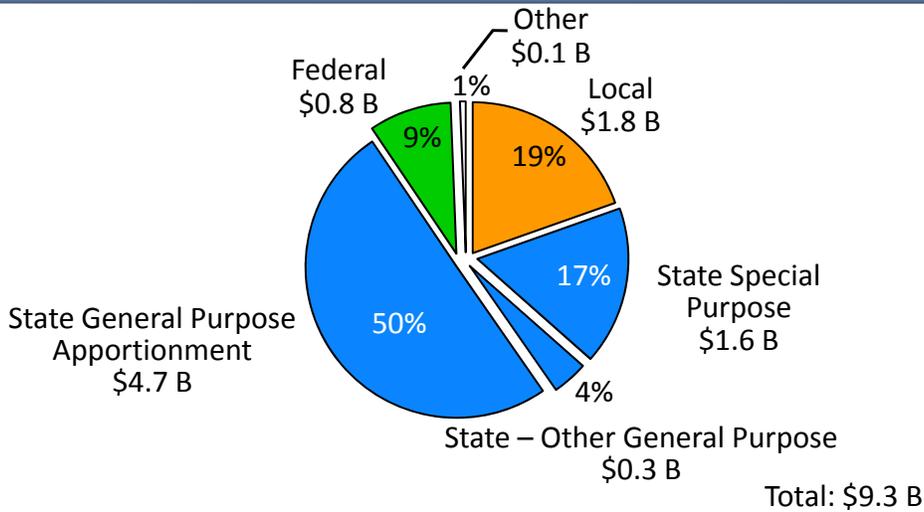
## Key Findings about Cost and Size



- Highest expenditures per pupil are in small school districts
- But not all small districts are high expenditure districts
- High expenditure districts represent a small portion of all school district expenditures
- Differences in expenditures per pupil are largely due to the statutory formula for distributing state funding

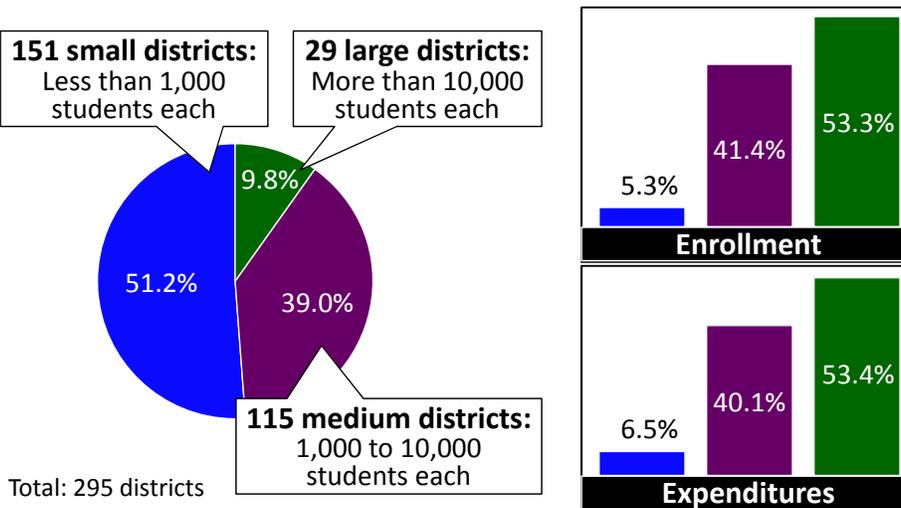
## Part One Overview of School Funding and Enrollment

# State Funds Provide Most School District Revenue



Source: JLARC analysis of school district F-196 2007-08 financial report data provided by LEAP.

# Most School Districts are Small but Large Districts Enroll Most Students



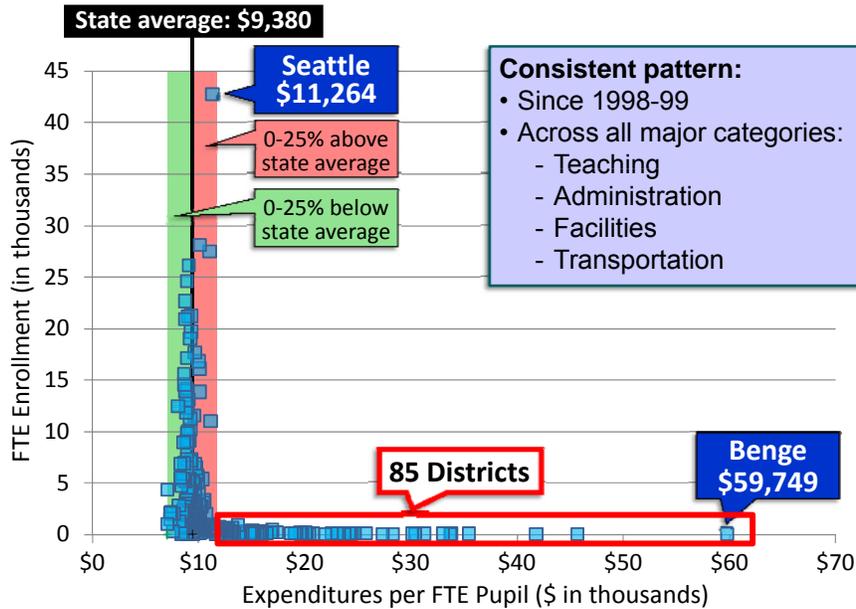
## Part Two Analysis of Cost and Size

### Study Compares Expenditures per Pupil Among 295 School Districts



- Based on school year 2007-08 LEAP financial and enrollment data
- JLARC defined high per pupil expenditures as exceeding statewide average by more than 25 percent

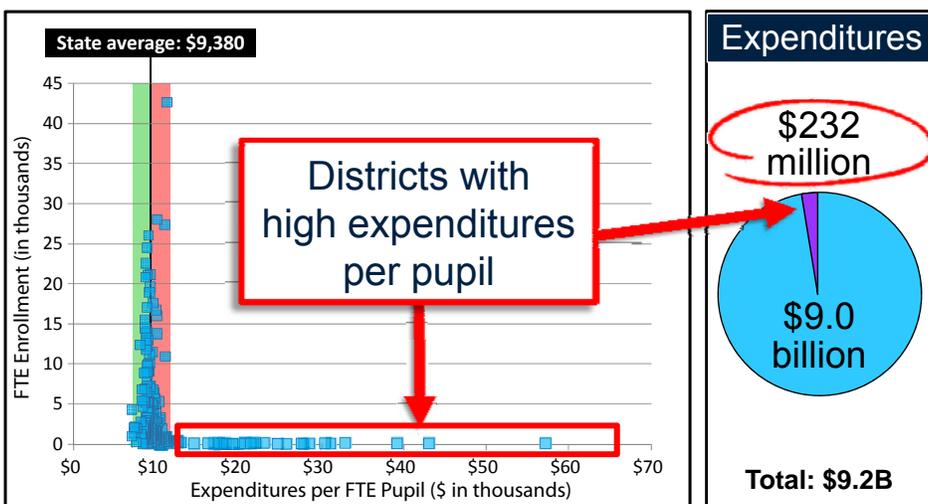
## 210 Districts' per Pupil Expenditures Fell Within Range



Report Page 10 Source: JLARC analysis of 2007-08 school district financial and enrollment data provided by LEAP.

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## 85 High Cost Districts are a Small Portion of Total Expenditures



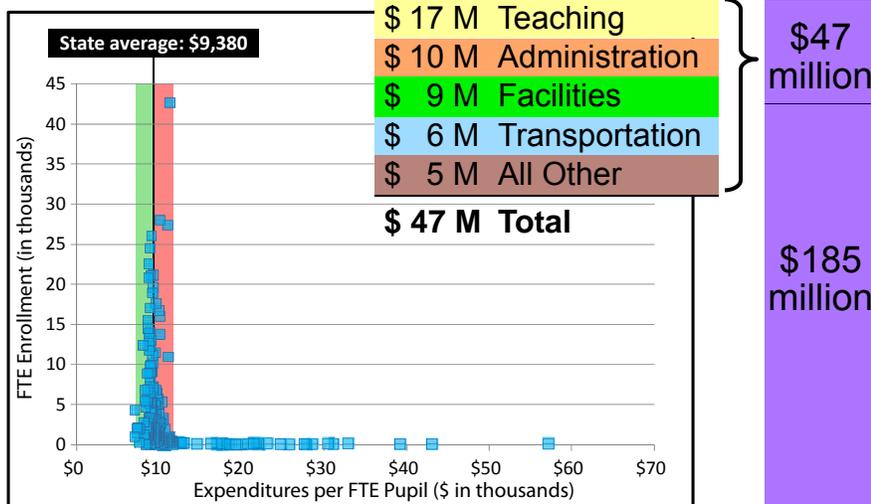
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## What is the Difference if No District Exceeded the 25% Range?



## What Affects per Pupil Expenditures?



- Statutory apportionment formula drives per pupil expenditures
- Districts receiving high apportionment revenue per pupil are the districts that spend the most per pupil
- Other factors have limited impact on per pupil expenditures

## Apportionment Formula is Based on Several Factors



- Student enrollment
  - Reported by districts
- Staff ratios and salary scales
  - Established in state operating budget
- Enhancements for small school districts guarantee minimum staffing levels
  - Fundamental reason for large variation in per pupil expenditures

## Two Key Points about Cost & Size



- Expenditures per pupil follow the funding provided by the statutory formula for distributing state funds
- School districts with high expenditures per pupil offer limited potential for statewide savings

## Part Three Other Information

### Study Mandate Identified Two Additional Areas of Inquiry



Nonfinancial benefits and impacts associated with school and district size

- Review of literature finds lively debate but no definitive answer

OSPI supervises financially troubled districts when districts are unable to balance budgets

- Districts address difficulties in various ways
  - Do not always reduce expenditures

## Agency Responses



- Invited comment on report by:
  - Superintendent of Public Instruction
  - Washington State School Directors Association
  - Washington Association of School Administrators
  - Association of Educational Service Districts

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