

Administrative Cost Cap

Presentation to the Commission on School Funding

December 18, 2020

SB 543(8)(9):

The Department shall adopt regulations prescribing the maximum amount of money that each school district may deduct for its administrative expenses from the adjusted base per pupil funding received by the school district. When adopting such regulations, the Department may express the maximum amount of money that may be deducted as a percentage of the adjusted base per pupil funding received by the school district.

Previous APA Presentations on Administrative Caps

- January 10, 2020
- February 21, 2020
- April 16, 2020
- May 14, 2020
- October 16, 2020

APA's Final Recommendation:

- Define Administration Expenses as General Administration (2300) + Central Services (2500).
- Narrow definition of Administrative Expenses to salaries (100) and benefits (200).
- Set tiered administrative cost targets as a percentage of each district's size-adjusted base.
- NDE and districts should work collaboratively to ensure consistent expense coding.
- NDE should monitor district expenses over time and adjust initial administrative expense targets accordingly.

October 16, 2020

Commission on School Funding Meeting

Motion passed to accept APA's final recommendations without specific numbers/percentages, to be reviewed at a later date.

APA Recommended Administrative Expense Maximums

Tiered system:

- Over 100,000 students: 5 percent
- 7,500 students up to 100,000: 7.5 percent
- 1,000 students up to 7,500 students: 10 percent
- 500 students up to 1,000 students: 15 percent
- Less than 500 students: 25 percent
 - (expected to be adjusted downward to 20 percent with consistency of coding)

District Administrative Calculations by APA

District	Enrollment (FY20)	Three-year Highest Percentage	Initial Targets
Esmerelda	75	25.1%	25.0%
Eureka	318	18.7%	25.0%
Storey	438	9.6%	15.0%
Mineral	571	13.6%	15.0%
Pershing	654	11.4%	15.0%
Lincoln	901	7.6%	10.0%
Lander	978	7.6%	10.0%
White Pine	1,217	6.5%	10.0%
Churchill	3,182	8.8%	10.0%
Humboldt	3,394	5.5%	10.0%
Nye	5,222	7.7%	10.0%
Douglas	5,707	3.9%	10.0%
Carson	7,740	5.4%	7.5%
Lyon	8,806	4.8%	7.5%
Elko	9,991	3.5%	7.5%
Washoe	63,555	5.0%	7.5%
Clark	316,963	2.7%	5.0%

NDE Office Hours: Administrative Cap

- On November 16, each district received a spreadsheet detailing their administrative expenses, as defined by APA, over the last three budgeted years for review.
- The following office hours were made available for district CFO's with questions or concerns regarding the information provided.
 - December 1- 3:00-4:30
 - December 4- 9:00-10:30
 - December 8- 9:00-10:30
 - December 10-3:00-4:30

Input Received During Office Hour

- Two phone calls and one email
 - Each phone call wanted to clarify the purpose of the administrative cost cap, the source of the information provided, and that it only included salaries and benefits from General Administrative and Central Services
 - One email received with clarifying data, but changes did not impact the result of APA's tiered administrative cap structure.

Next Step

Commission on School Funding may wish to formally recommend that use of the administrative cap methodology proposed by APA, which includes a tiered system based on enrollment size.