



Financial Integrity Rating System of Texas

2010-2011 INDICATOR TEST 15

Name:	CROCKETT CO CONS CSD (053001)
Indicator:	Was The Administrative Cost Ratio Less Than The Threshold Ratio?
Result/Points	5
Last Updated:	6/15/2012 3:04:38 PM

FORMULA

Field	Value
Acceptable Administrative Cost Ratio	0.1561
> District Administrative Cost Ratio	0.1434

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

ADA Group	Standard
10,000 and Above	0.1105
5,000 to 9,999	0.1250
1,000 to 4,999	0.1401
500 to 999	0.1561
Less than 500	0.2654
Sparse	0.3614
5	0
Cost Ratio < Threshold	Cost Ratio >= Threshold

THE **TEXAS EDUCATION AGENCY**
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1.6.4.4 Administrative Cost

One of the advantages of cost accounting is its presentation of direct (instructional services) costs as a ratio to indirect (all support services) costs of the school district. Support services are broken into two categories: administrative costs and other support services (as defined below). School districts are limited to an administrative cost rate that is determined by TEA each year.

TEC Section 42.201 required that an allowable administrative-to-instructional cost ratio be determined. It defined the components of administrative costs as General Fund expenditures in:

- Functions 21 (Instructional Leadership) and 41 (General Administration); object codes 6100 - 6400

divided by

- Functions 11 (Instruction), 12 (Instructional Resources and Media Services), 13 (Curriculum Development and Instructional Staff Development), 31 (Guidance, Counseling and Evaluation Services); object codes 6100-6400

This requirement was repealed by the 78th Legislature effective September 1, 2003; however, the administrative cost ratio is still included as an indicator in the School FIRST ratings.

managers may submit to the commissioner for approval amendments to the budget of the district for the benefit of the campus. If the commissioner approves the amendments, the board of trustees of the district shall adopt the amendments.

A conservator or a member of a management team appointed to serve on a board of managers may continue to be compensated as determined by the commissioner.

At the direction of the commissioner but not later than the second anniversary of the date the board of managers of a district was appointed, the board of managers shall order an election of members of the district board of trustees. The election must be held on a uniform election date on which an election of district trustees may be held under Section 41.001, Election Code, that is at least 180 days after the date the election was ordered. On qualification of members for office, the board of trustees assumes all of the powers and duties assigned to a board of trustees by law, rule, or regulation.

6.3.5 Other Accountability Measures

Two additional accountability measures are also used by the state legislature and TEA in assessing district performance. These are: 1) optimum fund balance, and 2) administrative cost ratio. Both of these measures are calculated and reported on an annual basis. Given the importance of these measures, school districts should be aware of the components used to calculate them and monitor district performance in relation to them.

6.3.5.1 Optimum Fund Balance

TEA has set a rule of thumb to compute the optimum fund balance in the General Fund. The rule of thumb calls for the computation of the optimum unreserved undesignated fund balance equal to the estimated amount to cover cash flow deficits in the General Fund for the fall period in the following fiscal year plus estimated average monthly cash disbursements of the General Fund for the nine months following the fiscal year. Appendix 3 in the Financial Accounting and Reporting module contains the “Optimum Fund Balance Calculation Schedule” and the “Instructions for Completion of Optimum Fund Balance Schedule for the General Fund.”

6.3.5.2 Administrative Cost Ratio

TEA also sets annual rules for the calculation of administrative costs and the “acceptable” administrative cost ratio for school districts based upon their size, sparsity and student population characteristics. The components of administrative cost are defined as operating expenses made from funds other than federal funds associated with managing, planning,

directing, coordinating and evaluating a school district. Administrative costs include costs classified in Account Code Functions 21 (Instructional Leadership) and 41 (General Administration) as defined in the Financial Accounting and Reporting module. The administrative cost ratio is calculated by dividing administrative costs by instruction costs, expressed as a percentage. Instruction costs are defined as operating expenses made from funds other than federal funds associated with teacher-student instruction. Instructional costs are costs classified in Account Code Functions 11 (Instruction), 12 (Instructional Resources and Media Services), 13 (Curriculum Development and Instructional Staff Development), and 31 (Guidance, Counseling and Evaluation Services) as defined in the Financial Accounting and Reporting module. Both administrative and instructional costs are discussed in greater detail in the Financial Accounting and Reporting module.

Although the administrative cost ratio is no longer required by state law it remains an indicator in the Financial Integrity Rating System of Texas (FIRST). In PEIMS Edit+ Standard Reports, report PRF3D010, Worksheet for Calculating Administrative Cost Ratio, provides the calculation for the district.

6.3.5.3 Spending Targets

In the third called session of the 79th Legislature, House Bill 1 required TEA to annually establish and publish proposed expenditure targets for each school district, including expenditures for instruction, central administration, and district operations. If the school board intended to exceed this target, it was required to publish and adopt a resolution that includes an explanation justifying its actions.

Effective June 1, 2009, [HB 3](#) of the 81st Regular Legislature repealed TEC 44.011 and its expenditure target reporting.

PEIMS EDIT + REPORTS DATA REVIEW
Worksheet for Calculating Administrative Cost Ratio

2011 - 2012 Mid-Year Collection

For Fiscal Year 2011

Unallocated

Filename: M2012053001

District: 053001 - CROCKETT COUNTY CONSOLIDATED CSD

Functions		Expenditures in Fund 199				
		Payroll Costs (61XX)	Professional and Contracted Services (62XX)	Supplies and Materials (63XX)	Other Operating Expenses (64XX)	
Code	Description					
21	Instructional Leadership	5,676	0	0	0	Administrative Costs (A)
41	General Administration	325,255	463,588	18,828	22,422	
						\$835,769
11	Instruction	4,971,492	120,999	382,366	11,401	Instructional Costs (B)
12	Instructional Resources and Media Services	0	616	14,536	0	
13	Curriculum Development and Instr Staff Development	5,799	5,962	1,597	9,558	
31	Guidance, Counseling, and Evaluation Services	134,598	0	4,008	2,077	

Administrative Cost Standards	
Enrollment (ADA)	Standard
10,000 and above	0.1105
5,000 to 9,999	0.1250
1,000 to 4,999	0.1401
500 to 999	0.1561
Less than 500	0.2654
* Sparsity Adjustment Value	0.3614

\$5,665,009

0.1475
Administrative Cost Ratio (A/B)

Summary			
(C) District ADA	693	(F) District Administrative Cost (A)	\$835,769
(D) District Band	500 to 999	(G) Administrative Cost Standard (E x B)	\$884,308
(E) District Standard	0.1561	(H) Under/(Over) (G - A)	\$48,539
		(I) Under/(Over) Percent (H / G)	5.5%
MEETS the administrative cost standard			

* Sparsity Adjustment Value denotes a wide area district (by miles) that receives additional funding for being documented as sparse. Sparsity Adjustment Value assignments are documented by the TEA Research and Evaluation Department.