RESEARCH SUMMARY · APPLIED DOCTORAL PROJECT

Object-Code Spending Benchmarks for Fiscal Sustainability in Orange County Charter Schools

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At a glance

This study set local spending benchmarks for charter schools authorized by the Orange County Department of Education, using three years of public financial data from 16 schools. Personnel costs took the largest and most consistent share of spending, while services, facilities and other nonpersonnel costs varied widely from school to school. Four object codes were classified as high risk and worth monitoring all year, not only at budget adoption: 1100 Certificated Teachers' Salaries, 5600 Facilities, Rent and Utilities, 5800 Contracted Services, and 6910 Other Outgo.

The question

Charter schools often build budgets without good reference points. Many are young, have little financial history of their own, and must forecast enrollment and attendance-based funding that can shift from year to year. Leaders and boards usually rely on high-level ratios or comparisons with districts that operate under different funding rules, so they lack practical guidance at the level where budgets are actually built.

The study asked two questions:

1. Are there commonalities in spending patterns across object codes in Orange County charter schools?
2. What are the optimal percentage ranges for each expense object code, based on those schools' actual spending?

How the study worked

- **Schools:** every charter school authorized by the Orange County Department of Education that operated continuously from fiscal year 2022–23 through 2024–25 and filed complete reports. Sixteen schools met these criteria.
- **Data:** publicly available Unaudited Actuals reports, using California's Standardized Account Code Structure (SACS), with school context from the 2025 California School Dashboard.
- **Method:** a descriptive quantitative design. Each school's spending in every object code was converted to a percentage of its total, so schools of different sizes could be compared. Descriptive statistics showed typical patterns, and the interquartile range (the middle 50% of schools) set each benchmark range.
- **Risk classification:** each object code was labeled structural/low, strategic/moderate or discretionary/high risk, based on how much it varied across schools and how large a share of the budget it represents.
- **Deliverable:** an Excel benchmarking model with the ranges, risk labels and a tool for comparing a school's budget against them.

What it found

Spending patterns were consistent where costs are structural. Certificated and classified salaries, followed by employee benefits, took the largest share of spending in every school, with relatively low variation. Services and operating expenses, capital outlay and other outgo varied most, reflecting different choices about facilities, outsourcing and financing.

Four object codes were classified as discretionary/high risk:

Object code	Benchmark range	Why it is high risk
1100 Certificated Teachers' Salaries	**19.8% to 33.4%**	The largest recurring commitment; small percentage increases become large ongoing costs that are hard to reverse
5600 Facilities, Rent and Utilities	**2.8% to 9.3%**	Fixed or semifixed costs that follow market conditions, not enrollment
5800 Contracted Services	**10.0% to 22.8%**	Discretionary, widely variable and prone to growing year over year
6910 Other Outgo	**0.0% to 1.2%**	Irregular or reactive costs, such as settlements, penalties or write-offs

Ranges are the middle 50% of schools across all three years. They describe typical practice and are reference points, not targets or mandates. The full study gives ranges for every object code.

How to use the benchmarks

- **School leaders:** start the budget within the benchmark ranges, then adjust deliberately for your model and priorities. When a line falls outside its range, decide whether it is a strategic choice, a temporary condition or an emerging risk, and write down the reason. Track year-over-year shifts in object-code spending to spot cost pressure early.
- **Boards:** review budgets alongside the ranges. This makes financial reports easier to read and shifts discussion from single line items to trade-offs, risk and alignment with mission. Give the four high-risk codes attention throughout the year.
- **Authorizers:** use the ranges as context in risk-based oversight and technical assistance, especially for new schools or schools in leadership transition, not as compliance thresholds.

Limitations

- **Place and authorizer:** the study covers only schools authorized by the Orange County Department of Education. Charters authorized by districts, and schools elsewhere in California, may spend differently.
- **Unaudited data:** Unaudited Actuals can be revised during the audit, and accounting practices differ across schools.
- **Descriptive design:** the benchmarks describe how schools spend. They do not show that any level of spending causes better or worse outcomes.
- **Time span:** three fiscal years. A longer period would show whether the ranges hold over time.

How to cite this study

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