

REPORT HIGHLIGHTS SPECIAL STUDY

Subject

State law requires our Office to monitor the percentage of dollars spent in Arizona's classrooms. This is our eighth annual report on classroom dollars and the uses of Classroom Site Fund (CSF) monies, which provide additional funding for the classroom.

Our Conclusion

Although CSF monies have provided about \$300 million a year for the classroom, Arizona's classroom dollar percentage is now lower than it was before CSF monies began. Although prohibited by law, many districts appear to have used their CSF monies to supplant—or replace—other monies they were previously spending in the classroom. As a result, both the classroom dollar percentage and teacher salaries are lower than they could have been.



2009

February 2009

School District Spending Shifts Away From Classroom

Arizona's state-wide classroom dollar percentage in fiscal year 2008 was 57.3 percent. This is the lowest it has been in the 8 years our Office has been monitoring classroom dollars.

Classroom Dollars include:

- Teachers' and teachers' aides' salaries and benefits
- Instructional supplies
- Instructional aids (textbooks, software, etc.)
- Activities (field trips, athletics, etc.)

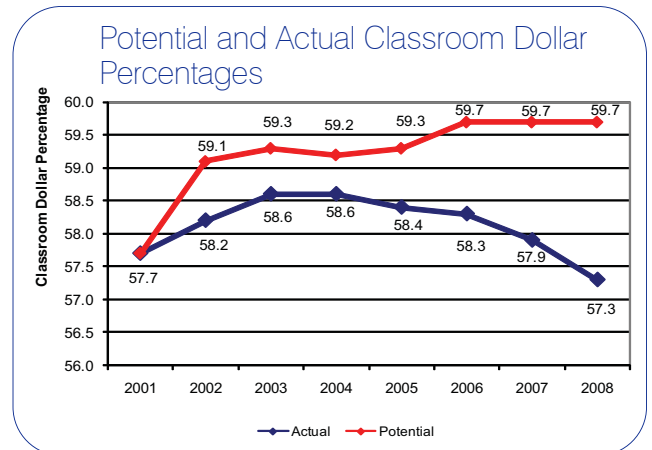
Exclude:

- Administration
- Food service
- Support services (counselors, librarians, etc.)
- Transportation
- Building operation and maintenance

The classroom dollar percentage has declined despite the fact that schools have received about \$300 million a year in CSF monies. These monies are intended to increase classroom spending, primarily by increasing teacher salaries.

Districts appear to have supplanted

Spending patterns indicate districts are using CSF monies to supplant—or replace, rather than add to—other district monies, which violates A.R.S. §15-977(A). As illustrated, if districts had maintained their previous level of classroom spending and added to it the CSF monies, the state-wide classroom dollar percentage would be 2.4 percentage points higher and nearing the national average of 61 percent.



Teacher salaries could be higher

Because most classroom spending relates to teacher salaries, supplanting has also affected teacher salaries. Before receiving CSF money, districts spent 40 percent of their available operating dollars on teachers' salaries. In fiscal year 2008, districts spent only 34 percent of their non-CSF money on teachers' salaries, a 6 percent decrease. If districts had maintained their previous level of spending on salaries and added to it the CSF monies, the average teacher salary in Arizona would be about \$7,500 higher.

Monies shifted to student and instructional support

Between fiscal years 2001 and 2008, districts decreased non-CSF instruction spending by 2.1 percentage points while increasing student support and instruction support spending by 2.6 percentage points. These increases may be explained, in part, by changes in how districts provide these services and in the number of students served. Districts report that they are having trouble retaining specialists in these areas and have to use more contractors, which may be more expensive than in-house staff, to

provide many of these services. Also, the percentage of students receiving special education services has increased from 9.8 percent in 2001 to 11.3 percent in fiscal year 2008; and these students are more likely to receive student support services such as physical, behavioral, and speech therapy.

However, while districts may face challenges in providing student and instructional support services, A.R.S. §15-977(A) does not allow districts to use CSF monies to supplant other monies that were previously spent in the classroom.

Higher Classroom Dollar Percentage Associated with Larger District Size

A district's size continues to be the primary factor associated with higher classroom spending. Larger districts can

spread fixed, noninstructional costs, such as the cost of operating a gymnasium, over more students, leaving more dollars to spend in the classroom.

Classroom Dollar Percentages by District Size
FY 2008

District Size	Classroom Dollar Percentage	
	Average	Range
Very large	59.4%	53.4%—63.2%
Large	56.9	51.2—63.3
Medium	54.5	38.6—62.7
Small	53.5	41.5—63.9
Very small	53.4	31.3—77.3

However, district size is not the sole predictor of classroom dollar percentage. Many small- and medium-sized districts also have high classroom dollar percentages. These districts use other strategies to increase classroom dollars, such as having administrators perform multiple job duties like principal, transportation director, or grants manager. At one district, teachers were paid stipends to perform additional duties, such as grants manager.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting our Web site at:
www.azauditor.gov

Contact persons for this report:
Tara Lennon and
Ann Orrico

Performance Pay Plans Meet Requirements, but Some Are Weak

Districts must direct 40 percent of CSF money to performance pay. State law requires district governing boards to adopt performance pay plans in a public meeting and include performance measures such as school and district performance, dropout and attendance rates, and quality ratings by parents and students. In fiscal year 2008, all 223

districts receiving CSF monies included one or more goals addressing these measures. However, some district plans were weak as they had goals that allowed teachers to earn performance pay for performing duties already required by their contracts or simply did not require performance above and beyond already expected levels.

A District-by-District Perspective

Our full report includes:

- A listing of districts grouped by size and ranked by percentage of dollars spent in the classroom.
- A data sheet for each district, presented in alphabetical order, including classroom dollars, CSF spending, and other comparative data.