

REPORT
 HIGHLIGHTS
 SPECIAL STUDY

Our Conclusion

Arizona's classroom dollar percentage has declined for 5 years, reaching a new low of 56.9 percent in 2009. This decline again indicates many districts are using their Proposition 301 monies to supplant other district monies. The declining classroom dollar percentage is also a concern because a preliminary analysis shows that higher classroom dollar percentages appear to be associated to some extent with higher student performance.

This report also found that districts of all sizes, types, and locations have identified ways to operate more efficiently—freeing more dollars for the classroom. Finally, district performance pay plans vary widely, but those that focus on student achievement may be linked to higher percentages of students passing the AIMS test.



2010

School districts spend 56.9 percent of dollars in the classroom—

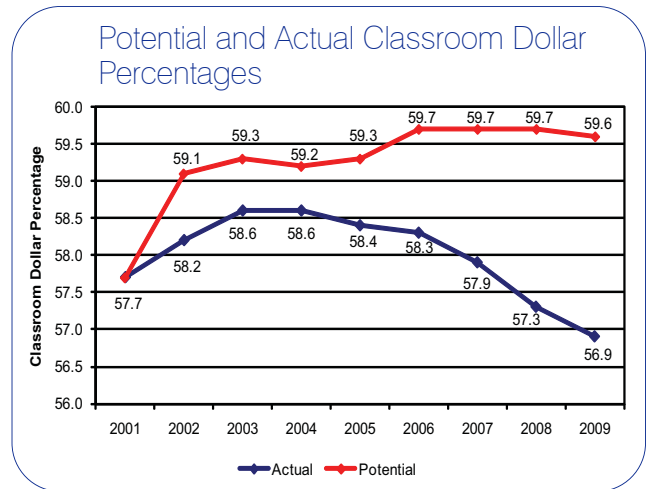
Arizona's state-wide classroom dollar percentage in fiscal year 2009 was 56.9 percent. This is the lowest it has been in the 9 years our Office has been monitoring classroom dollars, and it is lower than it was in fiscal year 2001, the year before Classroom Site Fund (CSF) monies were available.

CSF monies represent a portion of the monies raised by the Proposition 301 state sales tax increase voters approved in 2000. School districts are required to use this additional funding primarily for classroom purposes, mostly for teacher pay.

Declining classroom dollar percentage indicates supplanting—Supplanting means that a district has not used its CSF monies to supplement its classroom spending as intended by Proposition 301, but instead has used CSF monies to replace some of its other monies, which is a violation of statute.

As illustrated above, the classroom dollar percentage is almost 3 points lower than it would have been if districts had continued spending non-CSF monies in the classroom at the same rate they did before they began receiving CSF monies. These districts decreased their non-CSF spending in the classroom and shifted it to transportation, student support, and instructional support services. However, some districts increased their levels of classroom spending by reducing staff in administration and reducing spending on supplies and energy.

Dollars Spent in the Classroom



Apparent association between classroom dollars percentage and student achievement—

Districts with higher classroom dollar percentages appear to have higher percentages of students who met or exceeded AIMS Math, Reading, and Writing assessments overall. Preliminary analyses indicate this apparent relationship even after controlling for the effects of poverty—a variable that has been widely recognized as being associated with student achievement.

Efficient operations found at districts with high classroom dollar percentages—

Auditors have found that districts with high classroom dollar percentages typically operate their nonclassroom operations more efficiently than districts with lower percentages. For example, 15 of the 18 districts that served at least 200 students and spent at least 60 percent in the classroom had more efficient cost measures than their peers. However, there can be particular circumstances within a district, such as long transportation routes, that require higher spending in a particular nonclassroom area but do not signal inefficiency.

Districts of all sizes, types, and locations have identified ways to improve efficiency

—While a district's efficiency can be affected by factors outside its control—such as its number of attending students (size), whether it serves elementary or high school students (type), and by its proximity to urban or rural areas (location)—all districts can identify ways to improve their efficiency. For example, some large-sized districts have used staffing formulas to control administrative and plant costs, while some small-sized districts have had staff perform multiple functions. Districts that tend to be more efficient have also taken steps to reduce excess space, reduce energy costs, systematically perform preventative maintenance on buses and buildings, and monitor vendor contracts for efficient performance.

Lastly, to reduce their nonclassroom costs, the most efficient districts effectively monitor performance measures within operational areas, such as the ones identified in the following textbox.

Performance measures that districts can use to assess:

Administrative costs:

- Cost per pupil
- Students per administrative staff
- Benefit-to-salaries ratio

Plant operations costs:

- Cost per student
- Cost per square foot
- Energy cost per square foot
- Square footage per student
- Building design capacity usage
- Custodial staff per square foot

Food service costs:

- Cost per student
- Cost per MEQ
- Meals per labor hour
- Supply cost per MEQ
- Ratio of revenues and expenditures

Transportation costs:

- Cost per mile
- Cost per rider
- Miles per rider
- Miles per driver
- Fuel cost per mile
- Bus capacity usage

Strong student achievement goals may be linked to higher student achievement

—By law, districts must direct 40 percent of Proposition 301 (CSF) money to teacher performance pay and must develop performance pay plans. Further, statutes outline eight elements that these performance pay plans should include, such as school and district performance, academic progress, and dropout and attendance rates.

However, while most of the statutory elements focus on student achievement, districts may modify these elements if the performance pay plan is approved by the district governing board in a public meeting. We found that districts generally do modify the elements and many plans do not strongly link student performance and pay. We identified 29 of Arizona's 222 districts that have performance plans that addressed a variety of elements and had goals strongly linking student performance to performance pay. These districts' plans focus on such things as improving standardized test scores and requiring teachers to develop strategies to help students meet achievement goals.

However, some districts' plans contain only a few of the statutory elements and do not strongly link pay and student performance, and 10 plans had no student achievement goals at all. Further, some district plans provide performance pay for things already required by teachers' jobs, such as receiving satisfactory performance evaluations.

We found that students in the 29 districts with strong performance pay plans tended to have higher passing rates on the AIMS tests than students in similar districts, while students at the 10 districts with weak performance pay plans tended to have lower AIMS passing rates.

Our full report includes:

- A listing of districts grouped by district size, type, and location and ranked by percentage of dollars spent in the classroom.
- A data sheet for each district, presented in alphabetical order, including comparative information on classroom spending, nonclassroom performance measures, academic indicators, and Proposition 301 spending.