

## REPORT HIGHLIGHTS SPECIAL STUDY

### Arizona school districts spent less overall and spent differently than districts nationally

#### Our Conclusion

Between fiscal years 2001 and 2014, Arizona's total operational spending per pupil increased 41 percent. Despite this increase, per pupil spending in Arizona continued to trail the national average both in total and in the classroom. In fiscal year 2014, for the second consecutive year, Arizona districts spent 53.8 percent of available operating dollars on instruction—the lowest percentage since we began monitoring this in fiscal year 2001. The state-wide percentage decreased every year between fiscal years 2004 and 2013 before remaining flat in fiscal year 2014. At the same time, the percentages spent on administration, plant operations, food service, transportation, student support, and instruction support have all increased. Although factors outside a district's control—such as district size, type, and location—can affect its efficiency, some districts operate efficiently and have lower costs despite these factors, while others do not. Finally, analysis of six measures found 57 of 208 districts had a moderate to high financial stress level.

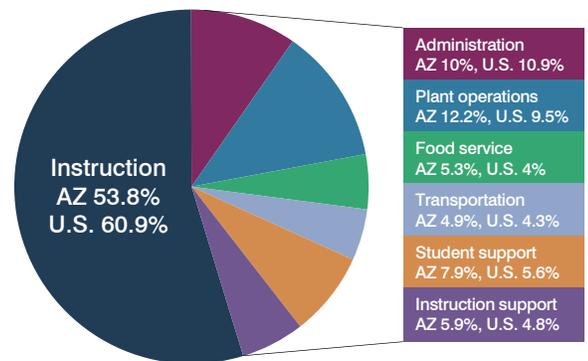


2015

**Despite large increase, overall spending still lower**—Between fiscal years 2001 and 2014, Arizona's total operational spending per pupil increased 41 percent. Despite this increase, Arizona school districts still spent approximately \$3,000 less per pupil than the 2012 national average (most recent national data available).

**Arizona spent lower percentage in classroom**—In 2014, Arizona districts spent 53.8 percent of their available operating dollars in the classroom, 7.1 percentage points below the national average of 60.9 percent. Arizona's lower instructional spending is reflected in Arizona's larger class sizes. In 2013, Arizona's class size was 18.3 students per teacher compared to the national average of 16 students per teacher.

Arizona and U.S. spending by operational area  
Fiscal years 2014 (Arizona) and 2012 (U.S.)

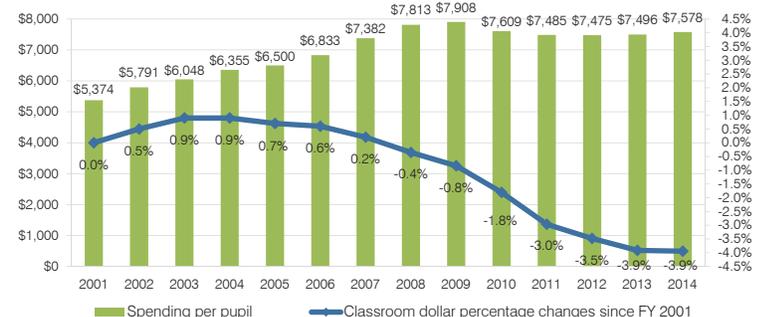


**Arizona spent lower percentage on administration and higher percentage in all other operational areas**—In 2014, Arizona districts spent 10 percent of their available operating dollars on administration, 0.9 percentage points less than the national average. Arizona districts spent a higher percentage of their operating dollars in all other nonclassroom operational areas, especially for plant operations and student support services.

### After 9 years of decline, instructional spending remained at 53.8 percent for the second year

In fiscal year 2014, for the second consecutive year, Arizona districts spent 53.8 percent of their available operating dollars on instruction—the lowest percentage in the 14 years we have been monitoring district spending. In fiscal year 2001, Arizona districts spent 57.7 percent of available operating dollars on instruction. Then, in fiscal year 2002, districts began receiving Classroom Site Fund (CSF) monies intended to increase classroom spending. Soon after, in fiscal years 2003 and 2004, the State's classroom dollar percentage

Arizona's operational spending per student and change in classroom dollar percentage since fiscal year 2001  
Fiscal years 2001 through 2014



increased to 58.6 percent. However, despite an overall increase in per pupil spending since that time, the percentage spent on instruction decreased every year between fiscal years 2004 and 2013, and remained flat in fiscal year 2014. At the same time, the percentages spent on administration, plant operations, food service, transportation, student support, and instruction support have all increased. Had districts continued directing resources into the classroom at the same rate they did in fiscal year 2001, they would have spent an additional \$385 million in the classroom in fiscal year 2014. One of the impacts of spending less in the classroom is larger class sizes. Since fiscal year 2009, the number of students attending Arizona school districts has decreased by 24,000 students, or 2.6 percent, while the number of teachers has decreased by about 5,600, or 10.4 percent. As a result, the State's average class size has increased during this time from 17.1 to 18.6 students per teacher.

**Efficient districts are able to allocate more of their resources to instruction**—Performance audits of individual districts have found that efficient districts are able to allocate more of their resources to instruction.

## Efficient and inefficient districts come in all sizes, types, and locations

Although a district's efficiency can be affected by its size, type, and location, wide ranges of costs among districts grouped by these factors reflect a variety of efficient and inefficient practices. For example:

**Administration**—More efficient districts monitored performance measures and used staffing formulas, while less-efficient districts had costly benefit packages and higher staffing levels.

**Plant operations**—More efficient districts had energy conservation plans and monitored performance measures, such as building capacity utilization. In contrast, less-efficient districts operated schools far below designed capacity and did not monitor energy consumption.

**Food Service**—More efficient districts maximized use of free federal commodities and limited waste by closely monitoring production and usage information, while less-efficient districts did not obtain best food prices and had poorly written vendor contracts.

**Transportation**—More efficient districts monitored performance measures and adjusted routes to ensure that buses were full, while less-efficient districts paid drivers for time not spent working and failed to monitor vendors for accurate billing and effective performance.

### Cost variance examples

- A very large, urban, unified district spent \$530 per pupil for administration; another spent \$855 per pupil.
- A medium-sized, rural, unified district spent \$3.00 per square foot for plant operations; another spent \$9.68 per square foot.
- A medium-sized, rural, unified district spent \$2.30 per meal; another spent \$4.33 per meal.
- Two medium-large-sized, urban, elementary school districts drove a similar number of miles per rider; one district spent \$2.68 per mile and the other spent \$6.85 per mile.

## Individual district information

In addition to the state-wide information discussed above, this report also contains one-page summaries of each district's performance on various financial and student achievement measures including classroom and nonclassroom spending, cost measures compared to peer averages, and a financial stress assessment showing 57 of the 208 districts with a moderate to high financial stress level. This year, the electronic copy of this report on our Web site also contains one-page graphical summaries of each district's operational trends.