

REPORT HIGHLIGHTS
 SPECIAL STUDY

Our Conclusion

Between fiscal years 2001 and 2009, Arizona's total operational spending per pupil increased 47 percent before decreasing 5 percent between fiscal years 2009 and 2011. Despite this overall increase, per-pupil spending in Arizona continues to trail the national average both in total and in the classroom, with the classroom dollar percentage reaching a record low 54.7 percent in fiscal year 2011. Each year since fiscal year 2004, districts have decreased the percentage of their resources they allocated to the classroom. Further, this shift in spending out of the classroom accelerated in fiscal years 2010 and 2011. 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.



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Arizona school districts spend less overall and spend differently than districts nationally

Compared to national averages, Arizona districts spend less overall and allocate their resources differently.

Despite large increase, overall spending still lower—Between fiscal years 2001 and 2009, Arizona's spending per pupil rose 47 percent before declining 5 percent between fiscal years 2009 and 2011. Despite this overall increase, Arizona's fiscal year 2009 per-pupil spending of \$7,908 was still nearly \$2,700 less per pupil than the 2009 national average (most recent national data available).

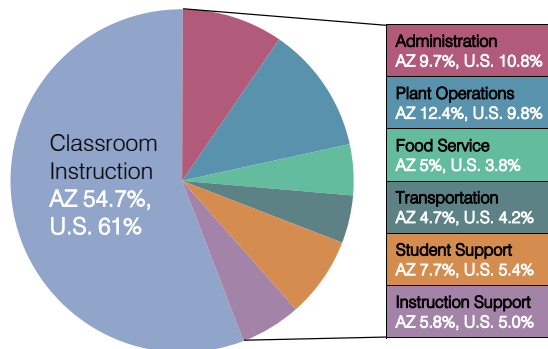
dollars in the classroom, over 6 percentage points below the national average of 61 percent. Arizona's lower instructional spending is reflected in Arizona's larger class sizes. In 2009, Arizona's class size was 17.1 students per teacher compared to the national average of 15.3 students per teacher. By fiscal year 2011, Arizona's class size grew to 18.1 students per teacher.

Arizona spends lower percentage on administration—In 2011, Arizona districts spent 1.1 percentage points less than the national average on administration. This lower spending is primarily in salaries and benefits.

Arizona spends higher percentage on plant operations and student support—In 2011, Arizona districts spent 2.6 percentage points more on plant operations than the national average primarily because Arizona spends more on energy. In addition, Arizona districts spent 2.3 percentage points more on student support costs, such as counselors and social workers, possibly

because a higher percentage of Arizona's students live at or below the poverty level and require more of these services.

Arizona and U.S. Spending by Function Fiscal Years 2011 (Arizona) and 2009 (U.S.)



Arizona spends lower percentage in classroom—In 2011, Arizona districts spent 54.7 percent of their total operating

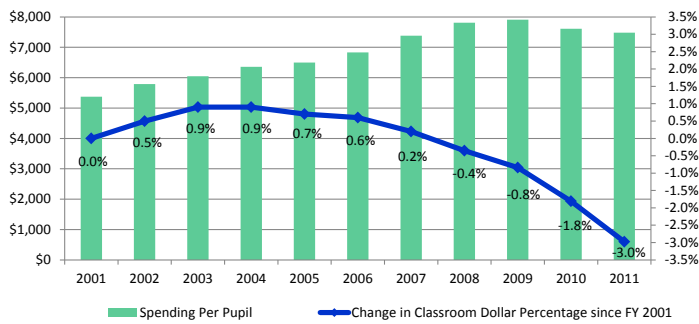
Classroom spending drops to record low 54.7 percent

In fiscal year 2011, Arizona districts spent 54.7 percent of their available operating dollars on instruction—the lowest in the 11 years our Office has been monitoring classroom dollars.

Classroom spending decline continued and accelerated—The decline in instructional spending in fiscal year 2011 is partially explained by the decline in both available Classroom Site Fund (CSF)

monies and overall per-pupil spending. However, as shown in the figure on the next page, the percentage spent on instruction has decreased every year since fiscal year 2004. Further, this shift in spending out of the classroom accelerated in fiscal years 2010 and 2011. Total operational spending over this 2-year period decreased by \$423 per pupil. Of this amount, 94 percent, or \$399 per pupil,

Arizona's Operational Spending Per Pupil and Change in Classroom Dollar Percentage Since Fiscal Year 2001 Fiscal Years 2001 through 2011



came from the classroom. As a result, the percentage of available operating dollars allocated to the classroom has decreased 2.2 percentage points since 2009, while the percentages spent on administration, plant operations, food service, transportation, student support, and instruction support have all increased.

Efficient districts are able to allocate more of their resources to instruction—

Performance audits show 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 factors outside its control—such as its size, type, and location—some districts operate efficiently and have lower costs despite these factors, while others do not. As a result, there are wide ranges of costs within peer groups that reflect a variety of efficient and inefficient practices. For example:

While one small, rural unified district spent \$931 per pupil on administrative costs, another spent \$3,075 per pupil.

Administration—Small districts typically have higher administrative costs per pupil than larger districts, but even when grouped by size, some districts spend considerably less on administration than

their peers. More efficient districts monitored performance measures and used staffing formulas, while less efficient districts had costly benefit packages and higher staffing levels.

Plant operations—Districts serving high school students generally have lower plant costs per square foot because they generally have more square footage than elementary schools. However,

While one medium-sized, urban elementary district spent \$4.87 per square foot for plant operations, another spent \$8.99 per square foot.

even among similar districts, there is a wide range of costs. More efficient districts typically 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—Although food service costs are likely influenced by district size, type, and location, the wide ranges of cost per meal across peer groups indicate that operational efficiencies can be achieved regardless of these factors. More efficient districts maximized use of free federal commodities and adjusted staffing levels based on industry standards for meals per labor hour, while less efficient districts did not obtain best food prices and had poorly written vendor contracts.

While one small, rural unified district spent \$2.06 per meal, another spent \$4.36 per meal.

Transportation—Urban districts that travel short distances typically have higher costs per mile than their rural counterparts. However, even among districts grouped by location, there is a wide range of costs. 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.

While one medium-large-sized, urban elementary district spent \$3.21 per mile, another spent \$9.88 per mile.