

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

This audit examines the District's administration, food service, student transportation, how it spent Proposition 301 money, and the accuracy of dollars spent in the classroom. The full report also lists all administrative positions, and their duties and salaries.

Our Conclusion

The District's administrative and food service costs were above the average for comparable districts, reducing the dollars available for spending in the classroom and helping bring the District's classroom dollar percentage below the State average of 58.2 percent. In fiscal year 2002, the District used its Proposition 301 monies to substantially increase teacher salaries, and increased its classroom dollar percentage from 48.3 percent to 51.2 percent.



2003

March 2003

Administrative Costs

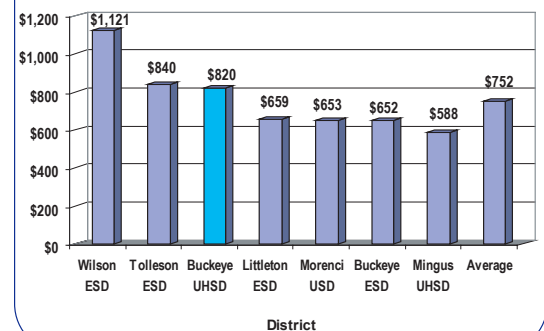
Buckeye Union High School District, located 35 miles west of Phoenix, operates two high schools, Buckeye and the new Estrella Foothills. During fiscal year 2002, 1,113 students attended Buckeye and 142 freshmen attended Estrella Foothills.

The District maintains a similar number of administrators as comparable districts, but its administrative costs in fiscal year 2001 were \$68 per pupil (about 9 percent) higher.

These costs were attributed to higher legal costs the District incurred to collect money it was owed. In fiscal year 2002, with lower legal costs, the District's administrative cost per pupil was similar to the average of comparable districts.



Per-Pupil Administrative Costs
 Fiscal Year 2001



Food Service

In fiscal year 2002, the District's cost per meal was about 12.7 percent higher than the average cost for comparable districts. However, this cost was impacted by the opening of a new campus with relatively few students. In 2001 the District's costs were about 4 percent above the average.

The District's contract for its food service program may contribute to the above-

average costs. The District currently contracts with a private vendor to administer the program, but the contract provides no incentive for the vendor to minimize program costs. Instead, it guarantees the vendor a profit while leaving the District responsible for any losses. In fiscal year 2002, the program lost \$40,000.

Three of five comparable districts have food service contracts that require the program to be at least self-supporting.

Further, the District has not analyzed whether outsourcing the program is actually cost beneficial. If, after analysis, the District determines that outsourcing is the best option, it should rebid the contract.

The contract was last bid in April 1999 and has been renewed each year since without seeking additional bids.

Finally, the vendor's poor cash and inventory controls increase the risk of loss and theft.

Recommendations

The District should:

- Perform a cost-benefit analysis to determine whether continuing to outsource food service is beneficial.
- Consider rebidding the contract to obtain more favorable terms, if outsourcing is beneficial.
- Require the vendor to implement stronger cash and inventory controls.

Student Transportation

The District is not complying with the Department of Public Safety's standards for school buses and drivers. Because the District does not maintain accurate, organized, and complete transportation records, it:

- Was unaware that two of its ten active bus drivers were not properly certified
- Has not conducted random drug tests of its drivers as required, and
- Does not track bus repairs and maintenance.

The District is also not accurately recording the information used to determine how

much state funding it receives for transportation. Daily route logs used to track miles driven, and the number of riders, had missing information and were inconsistently recorded.

Because the records are so poor, it is also impossible to determine the efficiency of the District's route planning. One indicator of the need to review the efficiency of route planning is that between FY 2001 and 2002:

- District mileage increased 67 percent,
- Student riders increased only 5 percent.

Recommendations

The District should:

- Ensure that all drivers are certified and receive random drug testing.
- Ensure that all driver and bus records are maintained.
- Periodically evaluate bus routes to ensure routes are efficient.

Prop. 301 Money

Prop. 301 increased the state-wide sales tax by .6 percent for 20 years beginning in June 2001. Prop. 301 designates the money for teacher base pay increases, teacher performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

As allowed by statute and in accordance with its plan, the District spent all of its Prop. 301 monies on salaries and benefits. Each full-time, eligible employee meeting all performance requirements received \$5,328 from fiscal year 2002 revenues. These payments helped raise the average teacher salary for the District from \$31,738 to \$38,065, a 20 percent increase.

However, the plan permitted employees to receive performance pay without much effort. Teachers received performance pay if their students showed **any** improvement on district assessment tests, and if the teacher **established** measurable goals.

Per-Employee Budgeted and Actual Expenditures
Fiscal Year 2002

Category	Budgeted	Actual ¹
Base Pay	\$1,089	\$1,172
Performance Pay	2,179	2,167
Menu Options	2,179	1,989
Total	<u>\$5,447</u>	<u>\$5,328</u>

¹ Includes a final payment made in September 2002 using fiscal year 2002 monies. Employees earned these payments if they signed contracts with the District for the next school year.

Recommendations

The District should:

- Strengthen performance measures by specifying an expected level of student achievement.
- Consider requiring teachers to achieve some portion of goals.

Classroom Dollars

The District accurately reports classroom and administrative costs. The percentage of dollars spent in FY 2002 was 51.2 percent, compared to a state average of 58.2 percent. The District's percentage

improved from the previous year's 48.3 percent, though it's still significantly below the State average.

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**Buckeye Union High
School District**

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