

**REPORT  
 HIGHLIGHTS**  
 PERFORMANCE AUDIT

**Subject**

The Catalina Foothills Unified School District is located in North Tucson. In FY 2003, the District had 4,861 students in one preschool, four elementary and two middle schools, one high school, and an alternative high school.

**Our Conclusion**

Catalina Foothills spent 61.4 percent of its monies in the classroom, almost 3 percentage points more than the state average of 58.6 percent. The District's fiscal year 2003 per-pupil administrative and transportation costs were both higher than the comparable districts averaged. However, its food service program was self-supporting and its plant operation and maintenance costs were lower than the comparable districts'. The District spent its FY 2003 Proposition 301 monies appropriately.



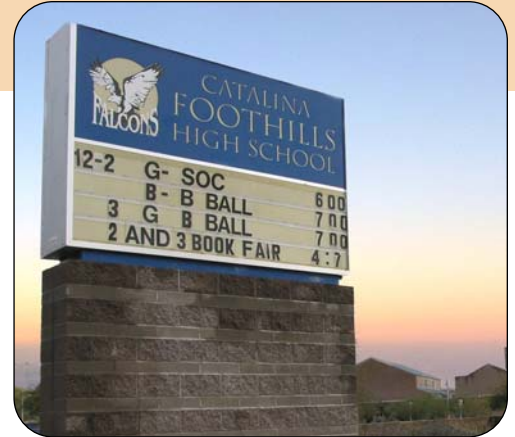
2005

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**Administrative Costs**

Administrative costs are those associated with directing and managing a school district's responsibilities. At the school level, these costs are primarily associated with the principal's office. At the district level, they are primarily associated with the governing board, superintendent's office, business office, and support services.

Catalina Foothills' per-pupil administrative costs for FY 2003 were 16 percent (\$84) higher than the average for the comparable districts.

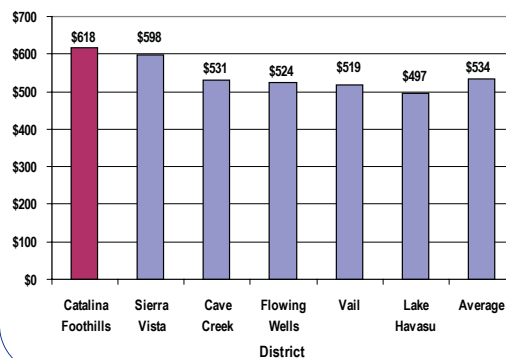


Although the District had higher administrative costs, it served a few more students per administrative position and had fewer administrative positions than the comparable districts. Factors that contributed to the higher salaries and benefits included:

- More assistant principal positions, at higher salaries.
- Employees with longer tenures who earn higher salaries.

The District has established a team of top-level administrators to identify areas where costs can be reduced. In FY 2004, the District implemented several cost-cutting measures, such as reducing paid holidays for part-time employees and eliminating 2.5 administrative positions. These measures were estimated to save at least \$87,000 in administrative costs from the previous year.

Per-Pupil Administrative Costs  
 Fiscal Year 2003



The higher costs were due primarily to salaries and benefits. The District paid \$83 more per pupil for salaries and \$10 more per pupil for benefits than the comparable districts' average.

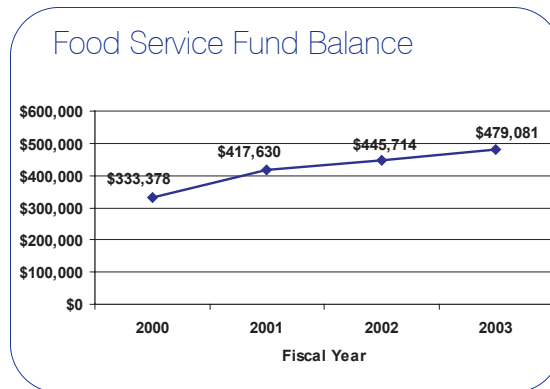
**Recommendation**

The District should:

- Continue to review whether administrative staffing levels can be reduced.

## Food Service

The food service program is self-supporting. In FY 2003, its revenues exceeded its expenditures by over \$33,000, and its fund balance had grown by \$146,000 over the past 4 years.



The reasons for the food service program's success:

- A contract with its vendor that guarantees a profit.
- Volunteer organizations that operate food service programs at the elementary schools.

**Contract guarantees profit**—The District contracts with a vendor to provide meals to its high school and middle

schools. In FY 2003, the contract guaranteed a profit of 7 percent of sales for the District. The District has since renegotiated the contract and will now receive 8 percent of sales, with a guaranteed minimum of \$80,000.

**Volunteer lunch program**—The District has a unique relationship with its Family Faculty Organizations (FFO) to provide lunch for its elementary schools. The FFOs contract with vendors to provide the lunches, and FFO volunteers perform or manage all food service responsibilities. Meals are priced so that parents pay more than the amount paid to a vendor, such as Burger King or Pizza Hut. An FFO receives this "profit" and uses it for school purposes, such as music programs and school supplies. In FY 2003, the FFOs donated about \$127,000 in goods to their schools.

Although the program is financially in a strong position, the District does not recover indirect costs, such as electricity and other overhead, from the food service program. Recovering these indirect costs could provide a few more dollars for classroom expenditures.

### Recommendation

The District should:

- Consider recovering all food service program-related costs, including indirect costs such as electricity.

## Student Transportation

Largely due to high bus leasing costs and low capacity use, Catalina Foothills' costs were 26 percent higher than similar districts'. The District has contracted out its transportation program with the same vendor since 1979 and pays the vendor almost \$1.3 million per year.

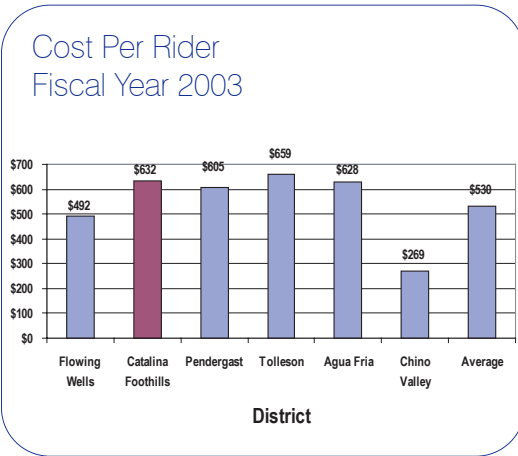
**High lease costs**—The District has made efforts to reduce transportation costs by reducing the number of buses and routes. However, the primary reason for the high costs is that the District will only lease buses that are no more than 5 years old. The District paid about

\$440,000 to lease buses, that after 5 years, the vendor sells to other districts. The average age of the comparable districts' buses was 10 years.

The District uses newer buses because it believes they are safer, but it has not gathered research to support this belief.

**Low utilization increases per rider costs**—The District's buses are 59 percent full on average, ranging from 31 to 82 percent full. The low utilization is attributed to:

- Separate routes for the elementary, middle, and high schools, which is a common practice among unified school districts.
- The terrain, which causes streets to be narrow and curvy and houses to be more spread out.
- Bus routes that are planned to limit student time on the buses.



## Recommendations

The District should explore ways to reduce transportation costs by:

- Allowing the use of buses older than 5 years.
- Increasing the bus capacity utilization rates.
- Considering other alternatives to its current lease structure.

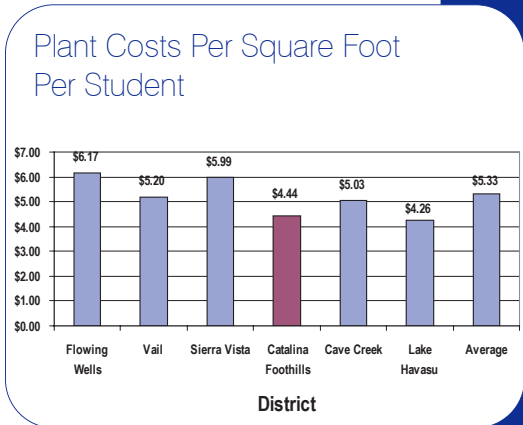
## Plant Operation and Maintenance

Plant operation and maintenance costs include salaries, benefits, and other costs for heating/cooling, equipment repair, groundskeeping, and security. Despite having more square footage per student, the District's plant operation and maintenance cost per square foot was 17 percent lower than for comparable districts.

The lower costs were primarily due to lower salaries and benefits for custodians and maintenance workers, who were paid \$8.06 to \$10.97 per hour compared to \$8.21 to \$17.13 per hour paid by comparable districts. In addition, the District lowered its telephone costs by

using a central switchboard rather than more expensive direct-dial lines and negotiating lower rates for its Internet data lines.

The District also made conscious efforts to reduce energy usage by setting thermostats a little warmer in summer and a little cooler in winter and turning off lights when not needed. These efforts produced a \$100,000 savings in FY 2003. The District also used less water by replacing grass with desert landscaping.



## Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years beginning in FY 2001. Proposition 301 designates the money for base pay increases, performance pay, and certain menu options, such as reducing classroom size, providing dropout prevention programs, and additional pay increases. While Catalina Foothills paid out monies as authorized by law, its Proposition 301 plan described only how the

performance pay would be spent but did not describe how the base pay and menu money would be spent.

Proposition 301 Monies Paid Per Employee  
Fiscal Year 2003

Category	Budget	Actual
Base Pay	\$1,119	\$886
Performance Pay	2,278	2,068
Menu Options	2,410	1,469
<b>Total</b>	<b>\$5,808</b>	<b>\$4,423</b>

### Recommendation

The District should:

- Ensure that its Proposition 301 plan addresses how it intends to spend base pay and menu options monies.

#### 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.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

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## Classroom Dollars

The District generally classified its FY 2003 instructional and administrative expenditures correctly. Some adjustments were required that reduced the District's classroom dollar percentage by one point, to 61.4 percent. This is still about 2.5 percentage points higher than for

comparable districts and almost 3 points higher than the state average of 58.6 percent.

The adjustments also slightly lowered the administrative costs percentage to 10.2 percent. This is still slightly higher than the averages for comparable districts (9.8 percent) and for the State (9.9 percent).