

REPORT HIGHLIGHTS
 PERFORMANCE AUDIT

Subject

The Chandler Unified School District is located in southeast Maricopa County, including most of the city of Chandler and parts of the town of Gilbert. In fiscal year (FY) 2006, the District had 32 schools serving 31,631 students in pre-kindergarten to 12th grade.

Our Conclusion

Chandler USD's administrative costs were similar to the comparable districts' average, and its student transportation and plant costs were lower. More than \$800,000 of Proposition 301 monies were not spent in accordance with the law. At 61.1 percent, the District's classroom dollar percentage was well above the state average of 58.3 percent. Chandler USD appears to have received adequate funding to cover its incremental ELL costs.



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Administrative Costs

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

Average costs—In FY 2006, Chandler USD's \$500 per-pupil administrative cost was similar to the \$516 per-pupil average for comparable districts. Its administrative staffing levels were also similar.

Credit card program not adequately controlled—In FY 2004, Chandler USD implemented a procurement card (p-card) program to allow smaller purchases to be made faster and more efficiently. The District's typical p-card spending limit was \$500.

By FY 2006, the District had issued almost 500 p-cards that were used for purchases totaling more than \$2.3 million. About half of this amount was district payments for water, waste management, internet, and cell phones.



Chandler High School
 Photo taken by Auditor General staff.

Problems with p-card purchases

- Purchases in excess of limits
- Inappropriate purchases
- Lost discounts
- Higher prices paid

Cell phone policy not enforced—The District also did not enforce its cell phone policy. The District provided more than 100 cell phones to employees at a cost of about \$90,000. The employees were to pay 20 percent of the monthly service plan, plus any additional charges. In FY 2006, 85 employees had not paid the District a total of \$16,031 for additional air time and other fees.

Recommendations

The District should:

- Limit the number of p-cards in use and ensure its policies are followed.
- Ensure that discounts are obtained whenever available.
- Collect the monies owed by employees for cell phone use.

Student Transportation

Costs lower than comparable districts—During FY 2006, the District's transportation costs were lower than the average for comparable districts.

Although its overall costs were low, the District still spent \$2 million more than it received in transportation funding.

High fuel costs—Chandler USD used vehicle fuel cards rather than operating its own fuel pumps. As a result, the District saved capital and maintenance costs, but spent about 8 cents more per gallon than the comparison districts averaged.

The District did not adequately control the 300 fuel cards. For example, 15 fuel cards were still in use even though the District no longer owned the related vehicles.

Driver safety and route efficiency can be improved—The DPS' *Minimum Standards* require that drivers be certified, have periodic medical exams and drug tests, take refresher courses, and have current CPR and first aid certification. Of the 45 driver records reviewed, 19 did not meet one or more of these requirements.

The District's regular bus routes were reasonably efficient, being filled to 75 percent capacity. However, 17 percent of bus routes had buses filled to less than 50 percent capacity, with some as low as 14 percent.

Transportation Costs and Route Mileage Comparison Fiscal Year 2006

| | Chandler USD | Comparable Districts' Average |
|-----------------|---------------------|--------------------------------------|
| Cost per rider | \$739 | \$902 |
| Cost per mile | \$3.12 | \$3.26 |
| Miles per rider | 237 | 277 |

Recommendations

The District should:

- Increase oversight of fuel card use.
- Ensure drivers meet all safety requirements.
- Evaluate and adjust bus routes as necessary.
- Establish and monitor performance measures such as cost per mile, cost per rider, and bus capacity use.

Plant Operation and Maintenance

Plant operation and maintenance costs include salaries, benefits, and other costs for heating and cooling, equipment repair, groundskeeping, and security.

Chandler USD's \$629 per-pupil plant costs were about 12 percent lower than the \$715 average for comparable districts. The District spent only 10.8 percent of operating dollars on maintenance and operations while comparable districts' and the State's average was 11.2 percent.

Plant Costs and Square Footage Comparison Fiscal Year 2006

| District | Plant Costs | |
|--------------------------------------------|--------------------|------------------------|
| | Per Student | Per Square Foot |
| Scottsdale USD | \$840 | \$5.74 |
| Paradise Valley USD | 748 | 5.27 |
| Gilbert USD | 680 | 5.83 |
| Deer Valley USD | 661 | 5.35 |
| Peoria USD | 644 | 5.66 |
| Chandler USD | 629 | 6.02 |
| Average of the comparable districts | \$715 | \$5.57 |

The District's lower per-pupil plant costs related primarily to maintaining fewer square feet per student than the comparable districts and partly to emphasizing energy conservation.

However, the District's cost per square foot was higher than comparable districts' average, primarily due to higher salaries and benefits. If the District had the comparison districts' average square footage, its plant costs would have been \$144 per pupil higher.

Recommendation

The District should analyze its plant costs and find ways to reduce costs per square foot.

Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years. It designates the money for teachers' base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional teacher pay increases.

Expenditures totaling about \$860,000 did not comply with law—The District used about one-fourth of its performance pay monies (over \$800,000) for base pay increases. However, this was not included in the District's performance pay plan adopted by the Governing Board.

In FY 2006, the District received \$11,118,982 in Proposition 301 monies and distributed \$9,599,512 to about 1,800 employees. Unspent money and interest from prior years remain in the Classroom Site Fund for future years.

The District spent its menu option monies primarily on salary increases, which is authorized by statute. However, about \$56,000 was inappropriately spent on salaries and benefits for employees who were not eligible to receive menu option money.

Recommendations

The District should:

- Use performance pay money for increases based on performance measures included in its Governing Board-approved plan.
- Ensure that menu option monies are used in accordance with statute.

Classroom Dollars

Chandler USD inaccurately reported about 7.9 million, or 4 percent, of its current expenditures. After correcting these errors, the District's classroom

dollar percentage was 61.1 percent. This is higher than the state average of 58.3 percent, the same as comparable districts, and only slightly lower than the national average of 61.5 percent.

Recommendation

The District should classify transactions according to the Uniform Chart of Accounts.

English Language Learner (ELL) Programs

English language learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. They are identified through a state-adopted test that districts are required to administer to students whose primary language at home is other than English. Former ELL students must have their English proficiency retested annually for 2 years.

District's ELL program—In FY 2006, Chandler USD had 2,483 ELL students. The District placed all elementary-grade-level ELL students in mainstream classes and supported them with classroom aides who provided individual attention. In FY 2006, the District provided up to 11 hours of classroom aides to each school.

For junior high and high school ELL students, the District provided separate English language development classes for one to three 50-minute class periods, depending on the student's proficiency level.

The District also offered a summer program for ELL students. For kindergarten through 7th grade, this is a 3-week program focused on language acquisition, and for high school students, it is a 4-week program focused on language acquisition through social studies instruction.

ELL costs and funding—Districts are eligible for additional monies for ELL programs through state, federal, and other funding sources. This funding is based on the number of ELL students.

The District separately tracked its ELL costs, although it did not track the incremental portion—costs that were in addition to those associated with teaching English-fluent students. Also, the District included some unrelated costs.

For FY 2006, ELL funding likely covered the District's incremental ELL costs. The District reported about \$1.9 million of ELL costs, or about \$755 per ELL student. About half of this was paid by state and federal grants, with most of the other half coming from the State's formula funding for ELL students.

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.azauditor.gov

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Recommendations

The District should:

- Provide 4 hours of English language acquisition in each ELL student's first year once SEI models are adopted.
- Begin separately accounting for the incremental portion of ELL costs.