

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Subject

The Phoenix Elementary School District is located in central Phoenix. In FY 2004, the District had 7,749 students in preschool through 8th grade in 15 elementary schools and one junior high school. Included in these are two magnet schools.

### Our Conclusions

The District has high costs for administration, food service, transportation, and plant operation and maintenance. The District spent its Proposition 301 monies in accordance with statute. • While the District spent only 54.1 percent of its money in the classroom, it spent more dollars per pupil in the classroom than the state average. • The District needs to evaluate the effectiveness of its desegregation programs.



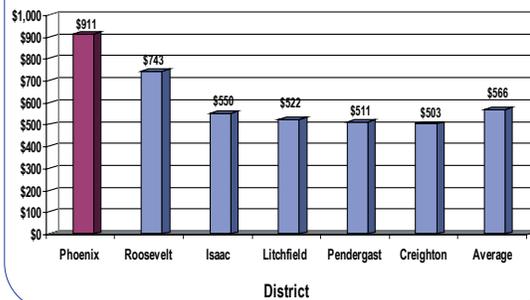
# 2005

September • 2005

## Administrative Costs

At \$911 per pupil, the District's FY 2004 per-pupil administrative costs were 61 percent higher than the \$566 per-pupil average for comparable districts.

Per-Pupil Administrative Costs  
 Fiscal Year 2004



### More administrative positions—

The District had more administrative positions than the comparable districts. Its central office appears to have up to 29 extra employees in human resources, information technology, and business support services. In addition, because the District operates more schools than similarly sized districts, it has more



principals, office managers, and clerks at the school level.

### Overpaid some employees—

Phoenix Elementary did not have procedures in place to ensure that employees were paid the proper amounts. In a limited review, auditors noted that a former assistant superintendent was overpaid about \$8,400, and a teacher was overpaid \$10,500.

### Accounting system control—

Access to the new accounting system was not adequately limited to protect the integrity of the District's financial transactions and safeguard sensitive and confidential information.

## Recommendations

The District should:

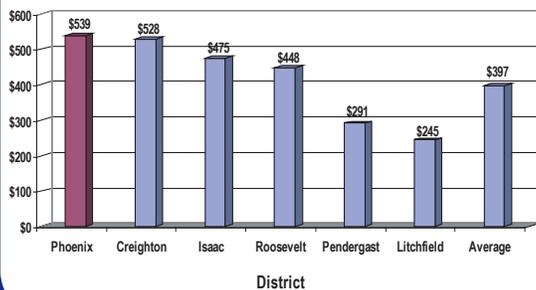
- Review staffing levels to decide whether administrative positions can be reduced
- Recover overpayments made to employees and implement procedures to ensure future payments are proper
- Designate an employee to manage access to its accounting system

## Food Service

The District operated 16 school cafeterias and 1 central kitchen in FY 2004. Because 91 percent of its students qualify for free or reduced-price meals under the federal school lunch program, the District is able to provide free meals to all students.

**High costs per student**—Although the District's cost per meal is about the same as the average for comparable districts, its food service costs per pupil are 36 percent higher. This is due in part to high participation in the free meals and snacks. Because it provides free meals to all students, the District serves more meals per student than other districts.

Meal Cost Per Student  
Fiscal Year 2004



**Loss of self-sufficiency**—While the program was self-supporting in FY 2004, this may not continue. Preliminary FY 2005 data indicates the program has lost about \$190,000. In FY 2005, the District reported serving 830,000 fewer meals and, thus, losing revenue. This appears to be due to the District more accurately counting meals for federal reimbursement, producing fewer contract meals for nondistrict schools, and having fewer students.

**Operational inefficiencies**—The District can reduce its costs by addressing inefficiencies in the central kitchen and its inventory and delivery procedures. Although the central kitchen's workload has been sharply reduced, the District has not reduced its staff. Procedures for tracking the receipt, storage, and usage of food were inadequate, which can result in high costs due to spoilage, excess supplies, and theft. The central warehouse delivery process is disorganized. Trucks are not being used to capacity, and drivers do not have enough work to keep them busy. In addition, daily deliveries are unnecessary, based on schools' storage capacities.

### Recommendations

The District should:

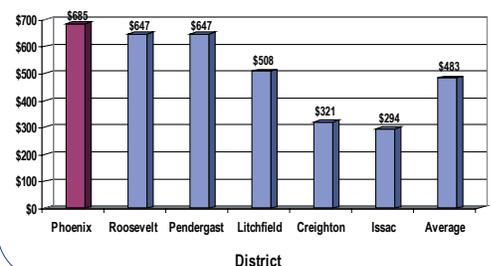
- Evaluate the staffing of the central kitchen and warehouse
- Establish adequate controls over the food inventory

## Student Transportation

During FY 2004, the District transported an estimated 2,600 of its 7,749 students more than 366,000 miles. The number of students transported had to be estimated because the District did not keep reliable records.

Phoenix Elementary's \$685 per-rider and \$4.86 per-mile transportation costs were significantly higher than the averages for comparable districts. Further, program

Transportation Cost Per Rider  
Fiscal Year 2004



costs exceeded the related revenues by \$513,000 in FY 2004.

The high costs were primarily because the District paid drivers for excessive nondriving time and its bus routes were inefficient.

**Excess nondrive time**—Drivers were paid for an average of 2.5 hours of nondrive time per day. Typically, nondriving tasks, such

as bus inspections and trip preparation, take about 30 minutes. Limiting drivers to 30 minutes for nondriving activities could have saved \$140,000 in FY 2004.

**Inefficient routes**—Compared to similar districts, the District's drivers served fewer riders and drove fewer miles. Its buses averaged only 65 percent of capacity, with individual routes as low as 13 percent. Efficient bus routing typically results in using at least 75 percent of capacity.

### Recommendations

The District should:

- Limit the amount of nondriving time it pays drivers
- Revise its bus routes to increase efficiency

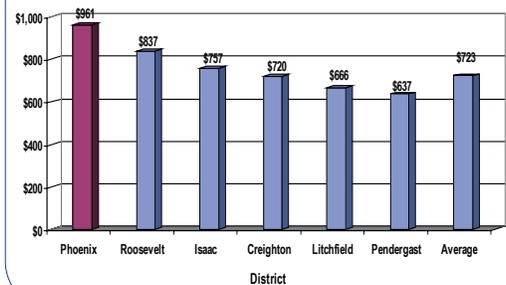
## Plant Operation and Maintenance

The District's \$961 per-student plant costs were 33 percent higher than the average for comparable districts. Although its cost per square foot is about average, the District operates and maintains 33 percent more building space per student.

The excess square footage is due to the District operating more schools, but with fewer students each, than comparable districts. In FY 2004, the District operated 16 schools with an average attendance of 484 students per school. On average, these

schools operated at 69 percent of their design capacities. The comparison districts operated 12 schools with an average of 774 students each. If Phoenix Elementary averaged 770 students per school, it could operate 6 fewer schools.

Plant Cost Per Student  
Fiscal Year 2004



### Recommendation

The District should evaluate alternatives to reduce plant operation and maintenance costs.

## Proposition 301 Monies

Proposition 301 increased the state-wide sales tax to provide for teachers' pay

increases and certain menu options, such as reducing classroom size or providing dropout prevention programs.

The District spent its Prop. 301 monies in accordance with statute. Each full-time, eligible employee meeting all requirements for performance pay earned \$5,187 at most schools and

\$6,452 at 4 schools that improved their AZ Learns rating from “underperforming” to “performing.”

## Classroom Dollars

After adjusting for accounting errors, the District’s FY 2004 classroom dollar percentage is 54.1 percent, compared to the state average of 58.6 percent.

Although its classroom dollar percentage is low, the District spent more total dollars per pupil, and more dollars per pupil in the classroom, than the state averages. The District had more money to spend per student, largely due to desegregation monies and federal programs.

### Recommendation

The District should determine whether it can increase its classroom dollar percentage.

## Desegregation Monies

Phoenix Elementary is 1 of 19 districts spending additional monies to address desegregation issues. In FY 2004, the District spent more than \$9.4 million to address two past findings by the Office of Civil Rights (OCR) of the U.S. Department of Education.

In 1983, OCR concluded that district policies resulted in race/ethnic segregation of its students and teachers. In 1993, OCR concluded that the District was failing to meet the needs of its limited English proficient (LEP) students. OCR subsequently terminated oversight of both cases, citing improvement of the racial/ethnic balance of the District’s

schools in 1995 and accepting its LEP corrective action plan in 1993.

### Not monitoring effectiveness—

After OCR oversight ended, the District stopped monitoring whether its desegregation programs are effective. However, the District is now less racially diverse than in 1984, and many of the programs do not appear to have affected the racial composition of the schools that operate them.

Results of the District’s LEP program are also doubtful. Fewer LEP students are reclassified as English proficient and slightly fewer teachers hold English as a Second Language or bilingual credentials than ten years ago.

### Recommendation

The District should review the effectiveness of its desegregation programs and the related expenditures.

### 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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