



Union Elementary School District

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

A small district with very high growth, the Union Elementary School District is located in southwest Phoenix. Between 2002 and 2007, the District grew from 84 to 1,341 students in pre-kindergarten to grade 8. The District had 2 schools in fiscal year 2006.

Our Conclusion

District administration's failure to control costs resulted in the District overspending its budget and being placed in receivership. Costs for student transportation, and plant operation and maintenance were 40 percent higher than for comparable districts. The District spent 50.3 percent of its money in the classroom, 8 points lower than the state average. The District's existing ELL program will not meet new statutory requirements.



2007

August • 2007

Administration

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.

The District's per-pupil administrative costs of \$671 per pupil for FY 2006 were lower than the \$847 per pupil average for comparable districts. The District's administration costs are expected to increase to \$698 per pupil in FY 2007.

Although administrative costs were lower, the District's failure to control other costs such as transportation and plant operation resulted in the District overspending its Maintenance and Operation Fund 3 years in a row. In late May 2007, the District reached a point where it could not pay its employees.



Photo taken by Auditor General staff.

District Overexpenditures

FY 2005	\$ 6,998
FY 2006	\$ 968,535
FY 2007 Estimate	\$1,178,281

The District also failed to follow procurement rules, which may have contributed to the cost overruns.

Recommendations

The District should:

- Control costs in noninstructional areas.
- Follow the procurement rules.

Student Transportation

The District's transportation program has had high costs and poor management. Because of its rapid growth, the District increased its number of contracted bus routes during FY 2006. It also used its own employees and buses to provide additional routes, and two other vendors to provide special needs transportation.

High transportation costs—The District's FY 2006 cost per mile to transport students was \$7.68, over three times higher than the \$2.50 average for comparable districts. Further, the District spent \$434,000 more on transportation than it received in state transportation aid.

Due to high costs and poor service by the vendor, the District bought more buses and provided its own transportation services in FY 2007. This reduced its per-pupil costs by about 15 percent, but total costs still exceeded its transportation aid by about \$482,000.

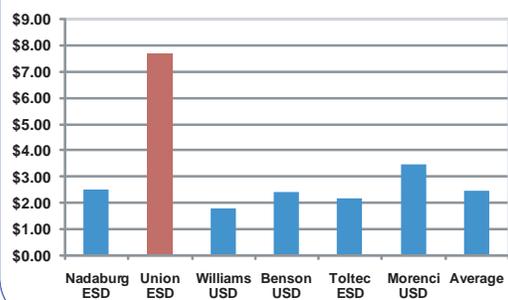
The District's compact size makes it unlikely that it will receive enough state transportation aid to cover its transportation costs. This is because the state aid is calculated based on route miles driven, and being only 6 square miles in size, the District has few route miles. As a result, the District needs to maximize its program efficiency.

Problems with special needs transportation—In FY 2007, the District paid more than \$257,000 to 2 vendors to transport 30 special needs students. However, the District did not follow required procurement procedures and did not have written contracts with either vendor. As a result, the District could not determine whether billings were reasonable, whether drivers were adequately trained and met state and federal safety standards, or whether the vendors had adequate liability insurance.

Other concerns—The District has not established performance measures or collected and maintained data for the transportation program. For example, it has not determined utilization rates or evaluated route efficiency.

The District also did not meet the Department of Public Safety's *Minimum Standards for School Buses and Drivers*. The District did not document bus maintenance or ensure random drug and alcohol testing of its drivers.

Cost Per Mile
Fiscal Year 2006



Recommendations

The District should:

- Follow procurement rules in obtaining transportation services.
- Obtain and monitor vendor contracts and require detailed invoices.
- Develop performance measures to evaluate costs and efficiency.
- Comply with prescribed minimum safety standards.

Plant Operation and Maintenance

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

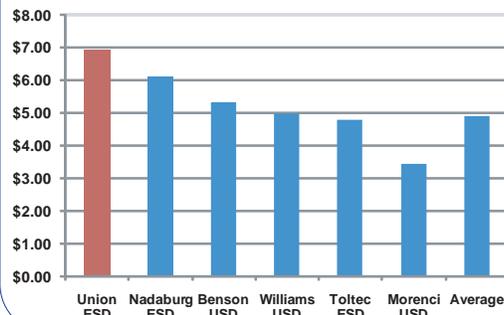
The District's \$6.95 cost per square foot was 41 percent higher than comparable districts' average. Not only did district employees maintain about 9 percent fewer square feet than the average for workers in comparable districts, but district employees regularly charged overtime. Part of these additional hours was spent driving school buses, but the costs were not tracked and recorded separately.

Compared to the average of comparable districts, the District also had higher costs for:

- Water and sewage,
- Telephone,
- Energy, and
- General supplies.

Further, the District's FY 2007 costs increased because the District added more plant and maintenance employees even though it had not increased its square footage.

Cost Per Square Foot
Fiscal Year 2006



Recommendations

The District should:

- Review staffing levels and the amount of overtime worked for potential reductions.
- Monitor electricity and water usage for savings.
- Evaluate phone and data needs for savings.

Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent. 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.

In FY 2006, the District received \$186,028 in Proposition 301 monies and distributed \$173,096. Unspent money and interest from prior years remain in the Classroom Site Fund for future years.

Proposition 301 plan was incomplete—The plan identified how performance pay would be spent, but did not address how the District would spend base pay and menu money.

On average, each teacher and librarian received \$939 in base pay increases and \$1,352 in performance pay. Participating employees also received \$1,194 each in menu option monies. To earn performance pay, eligible employees completed mentoring projects and other special projects. Menu option monies primarily paid for AIMS intervention activities.

Recommendation

The District should ensure that its Proposition 301 plan also addresses base pay and menu option monies.

Classroom Dollars

The District spends fewer dollars per pupil than the state and national averages. In addition, it spends a smaller percentage of its dollars in the classroom. Its FY 2006 classroom dollar percentage was 50.3, 8 percentage points lower than the state average of 58.3 percent and 11.2 points

lower than the national average of 61.5 percent.

Union ESD averaged \$175 per pupil in federal and state program monies, while the comparable districts averaged \$824.

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 every 2 years.

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.

During FY 2006, three types of ELL programs were offered by Arizona's districts and charter schools:

- **Structured English Immersion (SEI)**—Almost all instruction is provided in English using a curriculum designed for children learning English.
- **Bilingual education**—most instruction is provided in the children's native languages.

- **Mainstream programs**—ELL students who are close to English proficiency are placed in regular classrooms.

Union ESD first tested English proficiency in 2005. In FY 2006, the District's 253 ELL students had the assistance of bilingual instructional aides in certain classes. In FY 2007, the number of ELL students rose to 401. The District continued to provide the assistance of bilingual aides, but also provided students with very limited or no English skills with 45 minutes of language acquisition tutoring in "pull-out" sessions. The new statutory requirement will be to provide 4 hours of English acquisition in the ELL student's first year.

The District did not receive any ELL funding in FY 2006 because it did not report its number of ELL students to the Arizona Department of Education timely. However, in FY 2007, the District received almost \$132,000 in ELL funding.

FY 2007 ELL Funding

State aid	\$92,202
Federal Title III	\$34,731
SEI training	\$ 5,000

Recommendation

The District should comply with state requirements related to ELL programs.

TO OBTAIN MORE INFORMATION

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