

Dollars Spent in the Classroom

(Report Highlights)

March 2002

In November 2000, voters approved Proposition 301, which increased the State's sales tax from 5 percent to 5.6 percent to provide additional money for educational programs. The enabling legislation for Proposition 301 requires the Auditor General to ". . . monitor school districts to determine the percentage of every dollar spent in the classroom by a school district." This report presents our analysis of the percentage of dollars spent in the classroom for the most recently completed school year, fiscal year 2001. It also will serve as a baseline for monitoring this percentage in future years.

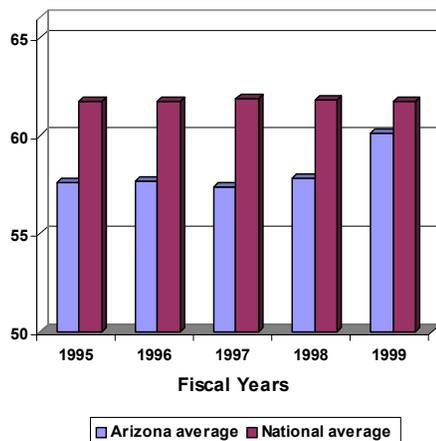
Defining Classroom Dollars:

To determine the percentage of dollars spent in the classroom, we used the U.S. Department of Education's National Center for Education Statistics' (NCES) definition of dollars spent on instruction. This allows comparisons to be made to other states' statistics, the national average, and Arizona's past performance. This definition *includes* the costs for classroom personnel such as teachers and teachers' aides, instructional supplies, instructional aids such as textbooks and software, and activities. It *excludes* administration, food service, support services such as counselors and librarians, transportation, and building maintenance and operation.

Arizona Historically Below National Average

As shown below, Arizona's percentage of dollars spent in the classroom has historically been lower than the national average.

Percentage of Dollars Spent in the Classroom



In 1999, the most recent year for which data on the national average is available, Arizona school districts spent an average of 60.1 cents of each dollar in their classrooms, compared with the national average of 61.7 cents.

Arizona Currently Spends 57.7 Percent of Dollars in the Classroom

In fiscal year 2001, Arizona's school districts spent 57.7 percent of their dollars in their classrooms. While individual district percentages ranged from 32 percent to 89 percent, the majority of the districts were within 5 percent of the state percentage. Generally, districts with very high or low percentages are very small

districts with fewer than 150 students. These districts tend to have exceptionally high or low per-pupil expenditures for non-classroom operations such as food service and transportation.

Building maintenance and operation and administration are districts' two largest non-classroom dollar expenditures. Building maintenance and operation and administration represent 12.5 and 10.8 percent of expenditures, respectively. Combined, they account for over one-half of the nonclassroom dollar expenditures.

We found that several factors appear to affect a district's percentage of dollars spent in the classroom:

- **Factors associated with higher classroom spending**—Three factors appear to be positively related to the percentage of dollars spent in the classroom:
 - **District size**—Generally, the percentage of classroom dollars spent is higher in districts with more students.
 - **Teacher salaries**—Districts with higher classroom dollar percentages pay significantly higher average teacher salaries.
 - **Teacher experience**—Districts with the highest classroom dollar percentages had, on average, the most experienced teachers. This may be partly because districts in which average teacher experience exceeds the state average receive additional funding to pay the higher salaries associated with additional experience.

- **Factors associated with lower classroom spending**—Four factors appear to be negatively related to the percentage of dollars spent in the classroom. As spending in these areas increases, the percentage of dollars spent in the classroom decreases:

- **Administrative costs**—For every 1 percent increase in administrative costs, there was a corresponding 0.5 percent reduction in the percentage of classroom dollars.
- **Food service costs**—Districts with the highest classroom dollar percentages spent an average of \$150 per pupil on food service costs while districts with the lowest classroom dollar percentages averaged \$597 per pupil.
- **Transportation costs**—Districts near or above the state classroom dollar percentage spent from \$200 to \$300 per pupil on transportation. Districts with the lowest classroom dollar percentages spent an average of \$990 per pupil.
- **Spending for state and federal programs**—Districts with lower classroom dollar percentages tend to have higher expenditures per pupil for federal and state programs. This may occur because some special purpose state and federal programs, such as job training, technology, or family literacy, may increase district expenditures that are not considered classroom instruction under the NCES definition.

- **Factors not affecting classroom spending**—Three factors, including expenditures for desegregation programs, do not appear to affect the percentage of dollars spent in the classroom:

- **District type**—Whether a district is union high school, elementary, or unified does not appear to affect the percentage of classroom dollars.
- **Desegregation expenditures**—Nineteen districts receive additional revenue to pay for their desegregation programs. This additional revenue appears to be flowing into the classroom at the same rate as other monies. These 19 districts spent an average of 57.6 percent in the classroom compared to the statewide average of 57.7 percent.
- **Budget overrides**—Voters may approve a district to increase its budget by an extra 10 percent of its revenue control limit. However, these increased budgets do not result in a higher percentage of classroom dollars. Instead, the additional money coming from overrides appears to be spent in the classroom at the same rate as other 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

- The contact person for this report is *Sharron Walker*.

A District-by-District Perspective of Dollars Spent in the Classroom

Included in the report are three lists showing each district's percentage of dollars spent in the classroom. Districts are shown:

- Alphabetically, with each district's classroom dollars spending percentage;
- Grouped by size of district; and
- Ranked from the greatest to lowest percentage of dollars spent in the classroom.