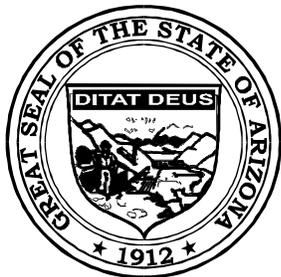


**OFFICE OF THE  
AUDITOR GENERAL**



**Debra K. Davenport  
Auditor General**

**Division of School Audits**

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**Arizona Public School  
Districts' Dollars Spent  
in the Classroom**

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**Report to the Arizona Legislature  
March 2002**

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DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

March 1, 2002

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

I am pleased to present our report, Arizona Public School Districts' Dollars Spent in the Classroom, prepared in response to the requirement in A.R.S. §41-1279.03 to determine the percentage of every dollar Arizona school districts spend in the classroom. I am also including a copy of the Report Highlights to provide a quick summary for your convenience.

The National Center for Education Statistics (NCES) has established a definition for dollars used for instruction, which is a nationally recognized benchmark. The most recently published national average of 61.7 percent was based on fiscal year 1999 data. Our analysis of fiscal year 2001 district accounting data found that Arizona's statewide average is 57.7 percent of each dollar being spent in the classroom. Most districts were near this average, with almost two-thirds of the districts within 5 percent of the state average.

Factors associated with higher classroom spending included larger student populations, higher average teacher salaries, and higher teacher experience index ratings. Higher food service, transportation, and administrative costs were associated with lower classroom dollar spending.

This report provides the classroom dollar percentage for each school district and its comparative ranking to the state average and to other districts of the same size. Thus, the report also establishes a baseline for future comparisons of districts' classroom dollar expenditures.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on March 4, 2002.

Sincerely,

Debra K. Davenport  
Auditor General

Enclosure

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## SUMMARY

The Office of the Auditor General has conducted an analysis of Arizona school districts' percentage of dollars spent in the classroom. This analysis was conducted pursuant to A.R.S. §41-1279.03, which requires the Auditor General to monitor the percentage of each dollar spent in the classroom and conduct a performance audit of each school district once every 5 years.

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*Arizona spends a lower percentage of dollars in the classroom than the national average, and less than most other states.*

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Historically, the U.S. Department of Education's National Center for Education Statistics (NCES) has found that Arizona spends a lower percentage of dollars on classroom instruction than the national average, and less than most other states. This report establishes a baseline for monitoring the percentage of dollars spent in the classroom and includes an analysis of common factors related to this percentage.

To provide a performance measure that can be compared to other states' statistics, the national average, and Arizona's past performance, Auditor General staff used the NCES definition of dollars spent on instruction as the definition of "dollars spent in the classroom." The NCES definition was applied to fiscal year 2001 school district Annual Financial Reports obtained from the Arizona Department of Education and/or fiscal year 2001 summary accounting data obtained from the school districts.

### **Dollars in the Classroom: A Statewide Perspective (See pages 7 through 13)**

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*Arizona school districts spent 57.7 percent of fiscal year 2001 dollars in the classroom.*

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In fiscal year 2001, Arizona school districts spent an average of 57.7 percent of their dollars in the classroom. Most districts were near this average, with nearly two-thirds of all districts within 5 percent of the state average.

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*Classroom dollar percentages increase with district size, teacher salaries, and teacher experience levels.*

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Several key factors appear to make these percentages increase or decrease. In general, districts with larger student populations had higher percentages of dollars spent in the classroom. In addition, the percentage of dollars spent in the classroom

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*Food service, transportation, and administrative costs may reduce the percentage of dollars in the classroom.*

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increases with higher average teacher salaries and teacher experience levels.

Higher expenditures for certain noninstructional costs, such as food service, transportation, and administration, were associated with lower classroom dollar percentages. For example, districts with the lowest classroom dollar percentages spent, on average, more than three times more on food service and transportation per pupil than districts with the highest classroom dollar percentages. In addition, districts that have higher amounts of federal and state program expenditures tended to have lower classroom dollar percentages. Federal and state program dollars are generally designated for specific purposes. Some of these programs, such as job training or family literacy, may increase education-related expenditures, but not increase classroom dollars.

Several other factors had no significant relationship to the percentage of dollars spent in the classroom. These included desegregation expenditures per pupil, budget overrides, and district type.

**Dollars in the Classroom:  
A District-by-District Perspective  
(See pages 15 through 24)**

Auditor General staff determined individual district classroom dollar percentages by applying the NCES definition to fiscal year 2001 Annual Financial Reports and accounting data. This report provides information on individual district percentages:

- listed alphabetically;
- ranked, grouped, and summarized by district size; and
- ranked from highest to lowest percentage with comparisons to the state average.

## **Future Statewide Analysis**

Because of the statutory requirement to determine and monitor the percentage of dollars spent in the classroom each year, this report was prepared to provide baseline information for future comparisons. This baseline, prior to the infusion of Proposition 301 monies, will help the public and legislators measure Arizona's statewide and school districts' progress toward increasing the percentage of dollars spent in the classroom. In addition, future performance audits of school districts will be focused on helping to identify ways to re-direct dollars into the classroom.

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# INTRODUCTION AND BACKGROUND

In November 2000, Arizona voters approved Proposition 301, increasing the State's sales tax from 5 percent to 5.6 percent for 20 years, beginning June 1, 2001. Revenues generated by the tax provide increased funding to Arizona universities; community college districts; school districts; state schools for deaf, blind, and committed youth; and charter schools. The enabling legislation for Proposition 301 included a requirement that the Office of the Auditor General conduct performance audits of school districts and determine the percentage of every dollar spent in the classroom (classroom dollar percentage).

This report examines factors that affect the classroom dollar percentage on a statewide basis and by district. A separate report, *Arizona Public School Districts' Planned Uses of Proposition 301 Monies*, analyzes districts' fiscal year 2002 plans for spending the Classroom Site Fund portion of Proposition 301 monies. Future reports will include performance audits of the State's school districts.

## **Arizona Historically Below National Average**

In March 2001, the U.S. Department of Education's National Center for Education Statistics (NCES) reported that for fiscal year 1999, the most recent year for which national data was available, Arizona districts spent 60.1 percent of their current operating dollars on instruction compared to the national average of 61.7 percent.<sup>1</sup> Based on fiscal year 2001 data, however, the state average is now 57.7 percent.

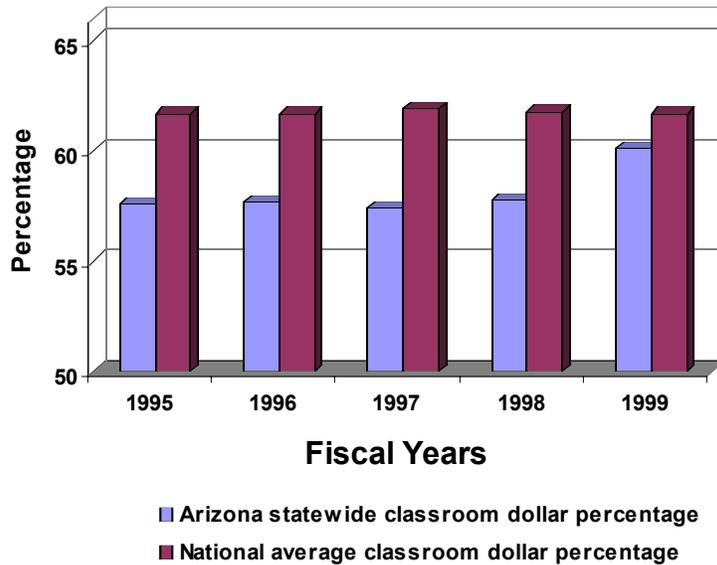
As shown in Figure 1 (see page 2), Arizona has historically been below the national average for spending on instruction.

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<sup>1</sup> National Center for Education Statistics web page [<http://nces.ed.gov/>] and its annually published report, *Digest of Education Statistics*.

Figure 1

Percentage of Each Dollar Spent on Instruction  
As Reported by NCES  
Fiscal Years 1995 through 1999



Source: National Center for Education Statistics Web page [<http://nces.ed.gov/>] and its annually published report, *Digest of Education Statistics*.

Until the NCES-reported fiscal year 1999 increase, Arizona's statewide classroom dollar percentage has been approximately 4 percent below the national average. The increase in 1999 may reflect an actual increase in classroom expenditures, or it may be due to other significant changes during that year. In fiscal year 1999, the school district Uniform Chart of Accounts was revised to more closely follow the NCES account structure. As a result, the reported expenditures may not be comparable to prior years. Also, fiscal year 1999 was the first year of Students FIRST funding, which provides state funding for districts' capital needs to construct and improve facilities.<sup>2</sup> This new capital funding may have resulted in more dollars being available for instruction purposes.

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<sup>2</sup> Students FIRST (Fair and Immediate Resources for Students Today) legislation was passed in July 1998, which created the School Facilities Board and a new capital financing system for Arizona school districts.

## **Definition of Dollars Spent in the Classroom**

NCES has collected school district revenue and expenditure data from all states and published comparative statistics about dollars spent on instruction since 1989. To provide a performance measure that can be compared to other states' statistics, the national average, and Arizona's past performance, the NCES definition of dollars spent on instruction is being used as the definition of "dollars spent in the classroom." This definition is described in Table 1 (see page 4).

## **Scope and Methodology**

To analyze the most current expenditure data available, auditors obtained fiscal year 2001 district Annual Financial Reports (AFRs) from the Arizona Department of Education (ADE) and/or fiscal year 2001 summary accounting data from all of the State's 233 school districts. The AFRs and the summary accounting data were not audited to the underlying district records. Rather, auditors performed an analytical review of the AFR and summary accounting data and questioned school district officials about significant anomalies or variances. Data corrections were made for the errors that were identified through this review process and the classroom dollar percentages were calculated.

To perform further analysis, other related information was obtained from ADE, such as Teacher Experience Index data and Average Daily Membership counts. These other types of data were also reviewed for reasonableness, but the various source records were not audited.

The classroom dollar percentages and characteristics, such as district size, were analyzed for districts individually and in groups. After using statistical and regression analyses to identify factors that significantly affected individual district percentages, these factors were analyzed for their relationship to grouped district percentages. For example, after finding that food costs per pupil were significantly related to individual district percentages, auditors examined this factor's relationship to districts grouped by classroom dollar percentages. Table 6 in

Table 1

**Classroom Dollars Definition**

**What are "dollars spent in the classroom?"**

The NCES includes only current expenditures<sup>3</sup> in the following categories:

**Classroom Personnel**

- Teachers
- Teachers' aides
- Substitute teachers
- Graders, and
- Guest lecturers/visiting faculty

**Instructional Aids**

- Textbooks
- Workbooks
- Films
- Software, and
- Kits

**General instructional supplies**

- Paper
- Pencils
- Crayons, and like items

**Activities**

- Field trips (excluding transportation, hotel, and food costs)
- Athletics, and
- Co-curricular activities (choir, band, etc.)

**Tuition**

- Paid to out-of-state districts and private institutions

**What expenditures are excluded from "dollars spent in the classroom"?**

**Plant Operation and Maintenance**

- Salaries, benefits, and other costs for heating/cooling, equipment repair, groundskeeping and security

**Instructional Support Services**

- Librarians, teacher training, and curriculum development

**Administration**

- Superintendents, principals, business managers, and staff working in accounting, payroll, purchasing, warehousing, and printing

**Food Service**

- Salaries, benefits, and other costs for preparing and serving meals and snacks

**Student Support Services**

- Counselors, audiologists, psychologists, speech pathologists, and nurses

**Transportation**

- Salaries, benefits, and other costs for transporting students to and from school and school activities

<sup>3</sup> The NCES defines *current expenditures* as those incurred for the day-to-day operation of schools. They include all expenditures except those associated with repaying debt, capital outlays (for example, purchases of land, buildings, and equipment), and programs outside the scope of preschool to grade 12 (for example, adult education and community services).

Source: Auditor General staff analysis of the National Center for Education Statistics' *National Public Education Financial Survey Instruction Booklet*.

Appendix A (see page a-i), shows the distribution of districts grouped by classroom dollar percentage.

When calculating the state average and individual district classroom dollar percentages, *transporting districts* (11) were excluded from all analysis. As described in Appendix B, these districts transport all of their students to other districts and, therefore, do not have classroom expenditures. When analyzing factors that may affect the percentages, *accommodation districts* (11) and *joint technological education districts* (2) were also excluded. These two district types are unique in operation and few in number, and thereby distort the analysis of factors generally affecting other district types. Therefore, 209 districts were analyzed for factors affecting the percentage of dollars spent in the classroom.

### **Acknowledgments**

The Auditor General and staff would like to thank the Superintendent of Public Instruction, the staff of the Arizona Department of Education, and the staff of the Arizona public school districts for their cooperation and assistance.

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In fiscal year 2001, Arizona school districts spent an average of 57.7 cents of each dollar in their classrooms. Some factors, such as increases in district size, are associated with a higher percentage of dollars in the classroom. Other factors, such as higher food service costs, are associated with lower percentages. Still other factors, such as desegregation programs, which provide additional funding to some school districts, do not appear to affect the percentage. The following sections, along with the figures and tables in Appendix A, describe these relationships.

### **Arizona Spends 57.7 Percent of Dollars in the Classroom**

Although the percentage of dollars spent in the classroom can vary significantly among districts, the most current data shows that the statewide average is 57.7 percent. The remaining dollars are spent on costs for support services, such as administration, maintenance, and transportation.

**Dollars Spent in the Classroom**—Using fiscal year 2001 Annual Financial Reports and district summary accounting data, the statewide average and each district's classroom dollar percentage were calculated. On a statewide basis, school districts spend 57.7 cents of each current operating dollar in the classroom. Individual district percentages ranged from 32 percent to 89 percent spent in the classroom, and are listed in Table 5 in the District Analysis section of this report (see pages 22 through 24).

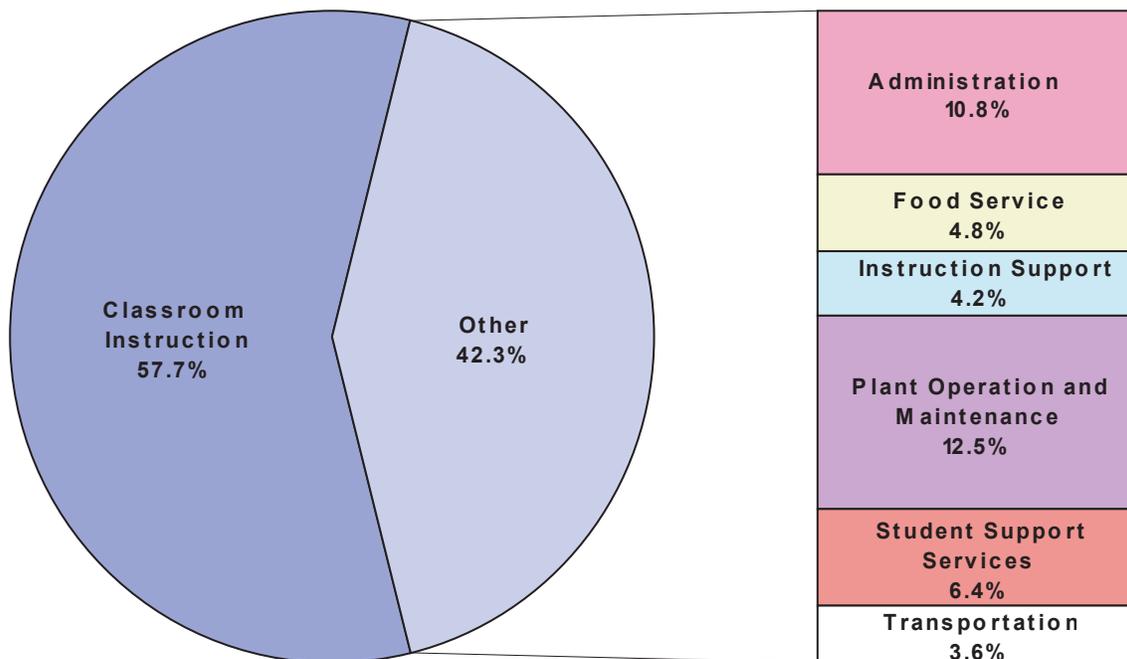
However, this range, although large, is somewhat misleading. Most districts' classroom dollar percentages are close to the state average. Nearly two-thirds of the districts' percentage of classroom dollars are within 5 percent of the state average of 57.7 percent. Only 37 districts spend less than half of their dollars in the classroom. Further, the districts with very high or very low percentages of classroom dollars are generally very small dis-

districts with fewer than 150 students. These very small districts tend to either have very few non-classroom expenditures, such as food service, or, because of their small size, spend a higher proportion of their expenditures on such services because the costs are spread across so few students. For example, a small district that does not provide food service can put a higher percentage of its dollars in the classroom. However, a small district that provides food service has to incur the costs of operating a cafeteria, even though few students are served.

**Dollars Not Spent in the Classroom**—Statewide, about 42 percent of districts’ current operating dollars are not spent in the classroom. As shown in the following figure, administrative costs are nearly 11 percent of this amount; however, basic operating costs, including food service, transportation, plant operation and maintenance, and student and instruction support, comprise the largest share.

Figure 2

**Current Education Expenditures by Type  
Fiscal Year 2001**



Source: Auditor General staff analysis of fiscal year 2001 data provided by individual school districts and the Arizona Department of Education.

## Factors Associated with Higher Classroom Spending

Auditors found three factors that are positively related to the percentage of dollars spent in the classroom: the number of students in a district, teacher salaries, and the teacher experience index. As these factors increase, the percentage of dollars spent in the classroom increases.

**District Size**—Generally, the more students a district has, the higher the percentage of dollars it spends in the classroom. This may occur because larger districts can spread noninstructional, fixed-type costs over more students and still have additional dollars left to devote to the classroom.

As the following table shows, the classroom dollar percentage increases as the number of students in a district increases in all but the super-large category. The percentage for this category is just slightly less than that of the large districts.<sup>4</sup>

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**Table 2**

**Classroom Dollar Percentage  
By District Size  
Fiscal Year 2001**

<b>District Size</b>	<b>Number of Students</b>	<b>Number of Districts</b>	<b>Average Percentage</b>
Small	Fewer than 600	87	54.5%
Medium	600 to 5,000	86	55.2
Large	5,001 to 40,000	34	58.2
Super-large	More than 40,000	2	57.9

Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

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<sup>4</sup> Because the super-large category includes only two districts, it is difficult to determine whether the percentage of dollars spent in the classroom would still be lower than that of large districts if there were more districts in the super-large category.

### Average Teacher Salary and Teacher Experience Index –

*Average teacher salaries*—Generally, the percentage of dollars spent in the classroom increases with average teacher salaries. This relationship is logical, as salaries represent 76 percent of classroom instruction dollars. Districts with the highest classroom dollar percentages pay teachers an average of \$3,571 more per teacher than districts with the lowest percentages.

*Teacher Experience Index (TEI)*—Having a higher Teacher Experience Index score also seems to relate to a higher classroom dollar percentage. The TEI is a comparison of a district's average to the statewide average for certified teachers' years of experience. The State's 2001 average was 8.8 years of teacher experience.

The TEI affects a district's budget capacity, so it has a direct relationship to the amount of funding available to the district for classroom expenditures. For each year that a district average is above the statewide teacher experience average, the district receives a 2.25 percent increase to its base support level.

When two similar districts were compared (medium-sized, unified districts in Apache County), the district with the significantly higher classroom dollar percentage also paid its teachers an average of 10 percent more.

### Factors Associated with Lower Classroom Spending

Four factors are negatively related to the percentage of dollars spent in the classroom. As administrative costs, food service costs, transportation costs, and expenditures for certain state and federal programs increase, the percentage of dollars spent in the classroom decreases.

- **Administrative Costs**—In November 2000, the Office of the Auditor General issued a study of certain school districts' administrative costs. The Joint Legislative Budget Committee staff had identified these districts as having particularly high or low administrative costs per pupil. For the current analysis, each district's fiscal year 2001 classroom dollar percentage was compared to the results of the previous study, which was based on fiscal year 1999 data.

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*Districts with the highest percentage of dollars spent in the classroom had the lowest average administrative cost percentages.*

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As expected, districts with the highest percentage of dollars spent in the classroom in fiscal year 2001 had the lowest average administrative cost percentages in fiscal year 1999. In fact, for every 1 percent increase in administrative costs, there is a corresponding 0.5 percent reduction in the classroom dollar percentage. However, Arizona's 10.8 percent average for administrative costs is exactly the same as the most recent data for the national average, which is based on fiscal year 1998 data. In fact, the NCES data shows administrative costs nationally have averaged around 11 percent for the last 5 years.

- **Food Service and Transportation Costs**—Both food service and transportation are necessary student support services. However, they are not dollars spent in the classroom. Therefore, as more dollars are spent for these purposes, the classroom dollar percentage decreases.

*Food service costs*—Districts with the lowest classroom dollar percentages spend an average of \$597 per pupil on food service, while districts with the highest classroom dollar percentages spend an average of \$150 per pupil.

*Transportation costs*—Districts with the lowest classroom dollar percentages spend on average \$990 per pupil on transportation. Districts near or above the statewide average classroom dollar percentage spend on average between \$200 and \$300 per pupil.

When considered together, the average food and transportation costs per pupil for the districts with the lowest classroom dollar percentages are more than three times higher than for districts with the highest classroom dollar percentages.

- **Federal and State Program Expenditures**—Districts receive varying amounts of money for specific federal and state programs. These programs may be designated for specific purposes, such as job training, technology, or family literacy, which may not be included in classroom dollars. These state and federal programs can also result in increased expenditures for certain support services, such as teacher training or speech pathology services, which do not fall within the definition of dollars spent in the classroom.

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*Districts with the lowest classroom dollar percentages spend four times as much on food service as the highest percentage districts.*

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In general, as a district's per-pupil expenditures for federal and state programs increase, the classroom dollar percentage actually decreases. Districts with the highest percentage of dollars spent in the classroom also have the lowest average per-pupil federal and state program expenditures. These districts spent an average of \$314 per pupil on federal and state programs, while districts with the lowest classroom dollar percentages spent an average of \$1,102 per pupil, or more than three and one-half times higher.

When auditors compared two similar districts (small elementary districts in Santa Cruz County), the district with the lower classroom dollar percentage had almost three times the federal and state program expenditures as the district with the higher classroom dollar percentage.

### **Factors That Do Not Appear to Affect Classroom Dollar Percentages**

Three factors, including two that provide districts additional funding, do not appear to affect the percentage of dollars spent in the classroom. These factors are the district type, desegregation expenditures, and budget overrides.

- **District Type**—The average classroom dollar percentages differed among the various types of school districts; however, these variances were not statistically significant. (See Appendix B for a description of the seven types of school districts.) Within each district type category, such as unified school districts, the classroom dollar percentage varied widely. For example, the classroom dollar percentages for unified school districts varied from 39.9 to 64 percent. Therefore, changes in the classroom dollar percentages are more likely being affected by factors other than district type.
- **Desegregation Expenditures**—Districts with desegregation expenditures do not have higher classroom dollar percentages than those without desegregation expenditures. These districts are allowed to budget their desegregation expenditures outside the budget limits that would otherwise apply. This results in the districts receiving 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.

The 19 districts with desegregation expenditures average 57.6 percent of each dollar being spent in the classroom, while the statewide average is 57.7 percent. Twelve of those districts had a classroom dollar percentage below the state average. In fact, the district with the highest per-pupil desegregation expenditures, over \$1,850 per pupil, had the lowest classroom dollar percentage of these districts.

- **Budget Overrides**—State law allows a district to increase its budget by up to an additional 10 percent of its revenue control limit with approval of the district's voters. In addition, an elementary or unified district can get a special override to fund academic achievement programs in kindergarten through grade three.

The additional money made available to districts through budget overrides does not appear to increase the percentage of dollars spent in the classroom. The average classroom dollar percentage of the 104 districts that received budget overrides was approximately the same as the average classroom dollar percentage of the 105 districts that did not have overrides. Thus, the additional money received through budget overrides appears to be flowing into the classroom at the same rate as other monies.

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Using fiscal year 2001 Annual Financial Reports and summary accounting data from school districts, each district's classroom dollar percentage was calculated and is presented in the following tables.

- **Table 3** (see pages 16 through 18) presents an alphabetical listing of all districts' classroom dollar percentages, excluding the 11 transporting districts that do not provide classroom instruction.
- **Table 4** (see pages 19 through 21) shows the districts ranked by size and classroom dollar percentage.
- **Table 5** (see pages 22 through 24) shows the districts above and below the state average.

In addition to excluding the transporting districts, Tables 4 and 5 also exclude the 11 accommodation districts and 2 joint technological education districts. These two district types are unique in operation and few in number, and thereby distort the analysis of factors generally affecting other district types.

**Table 3**

**Alphabetical Listing of Districts  
With Percentage of Dollars  
Spent in the Classroom  
Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>	<b>District</b>	<b>Percentage</b>
Agua Fria Union High School District No. 216	55.7%	Clifton Unified School District No. 3	54.1%
Aguila Elementary School District No. 63	59.9%	Cochise Elementary School District No. 26	60.2%
Ajo Unified School District No. 15	60.2%	Colorado City Unified School District No. 14	39.9%
Alhambra Elementary School District No. 68	60.8%	Colorado River Union High School District No. 2	52.1%
Alpine Elementary School District No. 7	55.3%	Concho Elementary School District No. 6	55.2%
Altar Valley Elementary School District No. 51	52.0%	Continental Elementary School District No. 39	57.0%
Amphitheater Unified School District No. 10	57.6%	Coolidge Unified School District No. 21	53.3%
Antelope Union High School District No. 50	51.0%	Cottonwood-Oak Creek Elem. School District No. 6	53.8%
Apache Elementary School District No. 42	64.9%	Crane Elementary School District No. 13	56.8%
Apache Junction Unified School District No. 43	53.8%	Creighton Elementary School District No. 14	56.8%
Arlington Elementary School District No. 47	52.4%	Crown King Elementary School District No. 41	63.9%
Ash Creek Elementary School District No. 53	45.5%	Deer Valley Unified School District No. 97	60.1%
Ash Fork Joint Unified School District No. 31	53.1%	Double Adobe Elementary School District No. 45	66.0%
Avondale Elementary School District No. 44	60.1%	Douglas Unified School District No. 27	62.2%
Bagdad Unified School District No. 20	57.5%	Duncan Unified School District No. 2	57.5%
Balsz Elementary School District No. 31	55.7%	Dysart Unified School District No. 89	50.8%
Beaver Creek Elementary School District No. 26	59.4%	East Valley Institute of Technology No. 401	44.9%
Benson Unified School District No. 9	49.5%	Elfrida Elementary School District No. 12	52.0%
Bicentennial Union High School District No. 76	41.6%	Eloy Elementary School District No. 11	56.9%
Bisbee Unified School District No. 2	52.7%	Esperanza Accommodation District No. 99	49.8%
Blue Elementary School District No. 22	88.7%	Flagstaff Unified School District No. 1	61.3%
Blue Ridge Unified School District No. 32	60.7%	Florence Unified School District No. 1	54.6%
Bonita Elementary School District No. 16	58.6%	Flowing Wells Unified School District No. 8	57.8%
Bouse Elementary School District No. 26	59.8%	Fountain Hills Unified School District No. 98	56.4%
Bowie Unified School District No. 14	52.8%	Fowler Elementary School District No. 45	56.9%
Buckeye Elementary School District No. 33	53.9%	Fredonia-Mocasin Unified School District No. 6	60.2%
Buckeye Union High School District No. 201	48.3%	Ft. Huachuca Accommodation School No. 00	56.5%
Bullhead City Elementary School District No. 15	64.1%	Ft. Thomas Unified School District No. 7	54.0%
Camp Verde Unified School District No. 28	55.2%	Gadsden Elementary School District No. 32	58.6%
Canon Elementary School District No. 50	47.9%	Ganado Unified School District No. 20	46.7%
Cartwright Elementary School District No. 83	66.4%	Gila Bend Unified School District No. 24	49.4%
Casa Grande Elementary School District No. 4	57.5%	Gilbert Unified School District No. 41	63.4%
Casa Grande Union High School District No. 82	54.4%	Glendale Elementary School District No. 40	62.9%
Catalina Foothills Unified School District No. 16	58.7%	Glendale Union High School District No. 205	57.3%
Cave Creek Unified School District No. 93	54.8%	Globe Unified School District No. 1	54.1%
Cedar Unified School District No. 25	45.4%	Graham County Special Services District No. 99	42.1%
Chandler Unified School District No. 80	60.7%	Grand Canyon Unified School District No. 4	53.1%
Chinle Unified School District No. 24	47.7%	Greenlee Alternative School District No. 00	75.7%
Chino Valley Unified School District No. 51	60.5%	Greenlee County Accommodation District No. 99	97.1%
Chloride Elementary School District No. 11	44.8%	Hackberry Elementary School District No. 3	47.0%
Clarkdale-Jerome Elementary School District No. 3	56.7%	Hayden/Winkelman Unified School District No. 41	53.3%

**(Continued)**

**Table 3**

**Alphabetical Listing of Districts  
With Percentage of Dollars  
Spent in the Classroom  
Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>	<b>District</b>	<b>Percentage</b>
Heber-Overgaard Unified School District No. 6	50.2%	Naco Elementary School District No. 23	64.2%
Higley Unified School District No. 60	60.2%	Nadaburg Elementary School District No. 81	53.3%
Hillside Elementary School District No. 35	50.1%	Nogales Unified School District No. 1	56.5%
Holbrook Unified School District No. 3	57.3%	Northern Arizona Vocational Institute of Technology	83.9%
Humboldt Unified School District No. 22	57.5%	Oracle Elementary School District No. 2	49.2%
Hyder Elementary School District No. 16	49.8%	Osborn Elementary School District No. 8	53.2%
Indian Oasis-Baboquivari Unified School Dist. No. 40	49.7%	Owens-Whitney Elementary School District No. 6	52.0%
Isaac Elementary School District No. 5	56.3%	Page Unified School District No. 8	56.5%
J. O. Combs Elementary School District No. 44	50.5%	Palo Verde Elementary School District No. 49	52.3%
Joseph City Unified School District No. 2	48.8%	Paloma Elementary School District No. 94	43.1%
Kayenta Unified School District No. 27	55.1%	Palominas Elementary School District No. 49	55.4%
Kingman Elementary School District No. 4	57.2%	Paradise Valley Unified School District No. 69	64.0%
Kirkland Elementary School District No. 23	65.9%	Parker Unified School District No. 27	55.3%
Kyrene Elementary School District No. 28	60.2%	Patagonia Elementary School District No. 6	57.3%
Lake Havasu Unified School District No. 1	60.3%	Patagonia Union High School District No. 20	39.8%
Laveen Elementary School District No. 59	53.8%	Payson Unified School District No. 10	57.8%
Liberty Elementary School District No. 25	60.0%	Peach Springs Unified School District No. 8	57.2%
Litchfield Elementary School District No. 79	57.9%	Pearce Elementary School District No. 22	56.9%
Littlefield Elementary School District No. 9	52.5%	Pendergast Elementary School District No. 92	58.9%
Littleton Elementary School District No. 65	56.8%	Peoria Unified School District No. 11	61.9%
Madison Elementary School District No. 38	54.3%	Phoenix Elementary School District No. 1	54.8%
Maine Consolidated Elementary School District No. 10	46.2%	Phoenix Union High School District No. 210	52.5%
Mammoth-San Manuel Unified School District No. 8	57.9%	Picacho Elementary School District No. 33	55.0%
Marana Unified School District No. 6	52.9%	Pima Accommodation District No. 00	56.3%
Maricopa County Regional District No. 509	43.3%	Pima Unified School District No. 6	59.9%
Maricopa Unified School District No. 20	59.1%	Pine Strawberry Elementary School District No. 12	51.5%
Mary C. O'Brien Accommodation School Dist. No. 90	45.1%	Pinon Unified School District No. 4	44.9%
Mayer Unified School District No. 43	55.1%	Pomerene Elementary School District No. 64	56.9%
McNary Elementary School District No. 23	61.9%	Prescott Unified School District No. 1	61.3%
McNeal Elementary School District No. 55	76.6%	Quartzsite Elementary School District No. 4	47.3%
Mesa Unified School District No. 4	61.9%	Queen Creek Unified School District No. 95	50.5%
Miami Unified School District No. 40	52.0%	Rainbow Accommodation School District No. 99	60.7%
Mingus Union High School District No. 4	59.8%	Ray Unified School District No. 3	55.0%
Mobile Elementary School District No. 86	31.8%	Red Mesa Unified School District No. 27	43.6%
Mohave Union High School District No. 30	57.2%	Red Rock Elementary School District No. 5	58.5%
Mohave Valley Elementary School District No. 16	54.8%	Riverside Elementary School District No. 2	48.5%
Mohawk Valley Elementary School District No. 17	56.1%	Roosevelt Elementary School District No. 66	55.9%
Morenci Unified School District No. 18	54.9%	Round Valley Unified School District No. 10	58.3%
Morristown Elementary School District No. 75	49.5%	Ruth Fisher Elementary School District No.90	52.6%
Murphy Elementary School District No. 21	47.4%	Sacaton Elementary School District No. 18	45.5%

**(Continued)**

**Table 3****Alphabetical Listing of Districts  
With Percentage of Dollars  
Spent in the Classroom  
Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>	<b>District</b>	<b>Percentage</b>
Safford Unified School District No. 1	58.3%	Union Elementary School District No. 62	51.5%
Sahuarita Unified School District No. 30	50.3%	Vail Unified School District No. 20	57.4%
Salome Consolidated Elementary School Dist. No. 30	48.9%	Valentine Elementary School District No. 22	72.3%
San Carlos Unified School District No. 20	48.7%	Valley Union High School District No. 22	53.2%
San Fernando Elementary School District No. 80	45.5%	Vernon Elementary School District No. 9	45.6%
San Simon Unified School District No. 18	52.2%	Washington Elementary School District No. 6	64.0%
Sanders Unified School District No. 18	41.3%	Wellton Elementary School District No. 24	61.3%
Santa Cruz Elementary School District No. 28	68.6%	Wenden Elementary School District No. 19	50.0%
Santa Cruz Valley Unified School District No. 35	58.2%	Whiteriver Unified School District No. 20	54.9%
Santa Cruz Valley Union High School District No. 840	54.7%	Wickenburg Unified School District No. 9	56.1%
Scottsdale Unified School District No. 48	58.6%	Willcox Unified School District No. 13	58.2%
Sedona-Oak Creek Joint Unified School District No. 9	49.0%	Williams Unified School District No. 2	60.2%
Seligman Unified School District No. 40	56.8%	Wilson Elementary School District No. 7	58.7%
Sentinel Elementary School District No. 71	42.6%	Window Rock Unified School District No. 8	54.1%
Show Low Unified School District No. 10	57.9%	Winslow Unified School District No. 1	55.1%
Sierra Vista Unified School District No. 68	53.4%	Yarnell Elementary School District No. 52	56.4%
Skull Valley Elementary School District No. 15	53.3%	Yavapai Accommodation District No. 99	67.0%
Snowflake Unified School District No. 5	61.1%	Young Elementary School District No. 5	61.7%
Solomon Elementary School District No. 5	49.0%	Yucca Elementary School District No. 13	67.8%
Somerton Elementary School District No. 11	50.4%	Yuma County Accommodation District No. 99	27.1%
Sonoita Elementary School District No. 25	65.5%	Yuma Elementary School District No. 1	56.4%
St. David Unified School District No. 21	49.1%	Yuma Union High School District No. 70	56.8%
St. Johns Unified School District No. 1	53.3%		
Stanfield Elementary School District No. 24	56.0%		
Sunnyside Unified School District No. 12	56.0%		
Superior Unified School District No. 15	53.7%		
Tanque Verde Unified School District No. 13	60.5%		
Tempe Elementary School District No. 3	55.7%		
Tempe Union High School District No. 213	58.0%		
Thatcher Unified School District No. 4	58.8%		
Tolleson Elementary School District No. 17	54.9%		
Tolleson Union High School District No. 214	54.7%		
Toltec Elementary School District No. 22	61.0%		
Tombstone Unified School District No. 1	57.6%		
Tonto Basin Elementary School District No. 33	59.3%		
Topock Elementary School District No. 12	62.3%		
Tuba City Unified School District No. 15	47.4%		
Tucson Unified School District No. 1	53.9%		

Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

**Table 4**

**Ranked Listing of Districts by Percentage of Dollars Spent in the Classroom, Grouped by Size Fiscal Year 2001**

**Super Large (over 40,000 students)**

**Average = 57.9%**

Mesa Unified School District No. 4	61.9%
Tucson Unified School District No. 1	53.9%

**Large (5,001 to 40,000 students)**

**Average = 58.2%**

Cartwright Elementary School District No. 83	66.4%
Paradise Valley Unified School District No. 69	64.0%
Washington Elementary School District No. 6	64.0%
Gilbert Unified School District No. 41	63.4%
Glendale Elementary School District No. 40	62.9%
Peoria Unified School District No. 11	61.9%
Flagstaff Unified School District No. 1	61.3%
Alhambra Elementary School District No. 68	60.8%
Chandler Unified School District No. 80	60.7%
Lake Havasu Unified School District No. 1	60.3%
Kyrene Elementary School District No. 28	60.2%
Deer Valley Unified School District No. 97	60.1%
Pendergast Elementary School District No. 92	58.9%
Scottsdale Unified School District No. 48	58.6%
Tempe Union High School District No. 213	58.0%
Flowing Wells Unified School District No. 8	57.8%
Amphitheater Unified School District No. 10	57.6%
Humboldt Unified School District No. 22	57.5%
Casa Grande Elementary School District No. 4	57.5%
Glendale Union High School District No. 205	57.3%
Yuma Union High School District No. 70	56.8%
Creighton Elementary School District No. 14	56.8%
Nogales Unified School District No. 1	56.5%
Yuma Elementary School District No. 1	56.4%
Isaac Elementary School District No. 5	56.3%
Sunnyside Unified School District No. 12	56.0%
Roosevelt Elementary School District No. 66	55.9%
Tempe Elementary School District No. 3	55.7%
Phoenix Elementary School District No. 1	54.8%
Apache Junction Unified School District No. 43	53.8%
Sierra Vista Unified School District No. 68	53.4%
Marana Unified School District No. 6	52.9%
Phoenix Union High School District No. 210	52.5%
Dysart Unified School District No. 89	50.8%

**Medium (600 to 5,000 students)**

**Average = 55.2%**

Bullhead City Elementary School District No. 15	64.1%
Douglas Unified School District No. 27	62.2%
Prescott Unified School District No. 1	61.3%
Snowflake Unified School District No. 5	61.1%
Toltec Elementary School District No. 22	61.0%
Blue Ridge Unified School District No. 32	60.7%
Tanque Verde Unified School District No. 13	60.5%
Chino Valley Unified School District No. 51	60.5%
Williams Unified School District No. 2	60.2%
Higley Unified School District No. 60	60.2%
Avondale Elementary School District No. 44	60.1%
Liberty Elementary School District No. 25	60.0%
Pima Unified School District No. 6	59.9%
Mingus Union High School District No. 4	59.8%
Maricopa Unified School District No. 20	59.1%
Thatcher Unified School District No. 4	58.8%
Wilson Elementary School District No. 7	58.7%
Catalina Foothills Unified School District No. 16	58.7%
Gadsden Elementary School District No. 32	58.6%
Round Valley Unified School District No. 10	58.3%
Safford Unified School District No. 1	58.3%
Santa Cruz Valley Unified School District No. 35	58.2%
Willcox Unified School District No. 13	58.2%
Mammoth-San Manuel Unified School District No. 8	57.9%
Show Low Unified School District No. 10	57.9%
Litchfield Elementary School District No. 79	57.9%
Payson Unified School District No. 10	57.8%
Tombstone Unified School District No. 1	57.6%
Vail Unified School District No. 20	57.4%
Holbrook Unified School District No. 3	57.3%
Kingman Elementary School District No. 4	57.2%
Mohave Union High School District No. 30	57.2%
Fowler Elementary School District No. 45	56.9%
Eloy Elementary School District No. 11	56.9%
Crane Elementary School District No. 13	56.8%
Littleton Elementary School District No. 65	56.8%
Page Unified School District No. 8	56.5%
Fountain Hills Unified School District No. 98	56.4%
Wickenburg Unified School District No. 9	56.1%
Stanfield Elementary School District No. 24	56.0%

**(Continued)**



**Table 4**

**Ranked Listing of Districts by Percentage of Dollars Spent in the Classroom, Grouped by Size Fiscal Year 2001**

**Small (continued)**

Mayer Unified School District No. 43	55.1%
Picacho Elementary School District No. 33	55.0%
Santa Cruz Valley Union H. S. District No. 840	54.7%
Clifton Unified School District No. 3	54.1%
Skull Valley Elementary School District No. 15	53.3%
Nadaburg Elementary School District No. 81	53.3%
Hayden/Winkelman Unified School District No. 41	53.3%
Valley Union High School District No. 22	53.2%
Grand Canyon Unified School District No. 4	53.1%
Ash Fork Joint Unified School District No. 31	53.1%
Bowie Unified School District No. 14	52.8%
Ruth Fisher Elementary School District No.90	52.6%
Littlefield Elementary School District No. 9	52.5%
Arlington Elementary School District No. 47	52.4%
Palo Verde Elementary School District No. 49	52.3%
San Simon Unified School District No. 18	52.2%
Owens-Whitney Elementary School District No. 6	52.0%
Elfrida Elementary School District No. 12	52.0%
Pine Strawberry Elementary School District No. 12	51.5%
Union Elementary School District No. 62	51.5%
Antelope Union High School District No. 50	51.0%
J. O. Combs Elementary School District No. 44	50.5%
Heber-Overgaard Unified School District No. 6	50.2%
Hillside Elementary School District No. 35	50.1%
Wenden Elementary School District No. 19	50.0%

**Small (concluded)**

Hyder Elementary School District No. 16	49.8%
Morristown Elementary School District No. 75	49.5%
Gila Bend Unified School District No. 24	49.4%
Oracle Elementary School District No. 2	49.2%
St. David Unified School District No. 21	49.1%
Solomon Elementary School District No. 5	49.0%
Salome Consolidated Elem. School District No. 30	48.9%
Joseph City Unified School District No. 2	48.8%
Riverside Elementary School District No. 2	48.5%
Canon Elementary School District No. 50	47.9%
Quartzsite Elementary School District No. 4	47.3%
Hackberry Elementary School District No. 3	47.0%
Maine Consolidated Elem. School District No. 10	46.2%
Vernon Elementary School District No. 9	45.6%
Sacaton Elementary School District No. 18	45.5%
San Fernando Elementary School District No. 80	45.5%
Ash Creek Elementary School District No. 53	45.5%
Cedar Unified School District No. 25	45.4%
Chloride Elementary School District No. 11	44.8%
Paloma Elementary School District No. 94	43.1%
Sentinel Elementary School District No. 71	42.6%
Bicentennial Union High School District No. 76	41.6%
Colorado City Unified School District No. 14	39.9%
Patagonia Union High School District No. 20	39.8%
Mobile Elementary School District No. 86	31.8%

Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

**Table 5**

**Districts Ranked by Percentage of  
Dollars Spent in the Classroom  
Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>	<b>District</b>	<b>Percentage</b>
Blue Elementary School District No. 22	88.7%	Aguila Elementary School District No. 63	59.9%
McNeal Elementary School District No. 55	76.6%	Mingus Union High School District No. 4	59.8%
Valentine Elementary School District No. 22	72.3%	Bouse Elementary School District No. 26	59.8%
Santa Cruz Elementary School District No. 28	68.6%	Beaver Creek Elementary School District No. 26	59.4%
Yucca Elementary School District No. 13	67.8%	Tonto Basin Elementary School District No. 33	59.3%
Cartwright Elementary School District No. 83	66.4%	Maricopa Unified School District No. 20	59.1%
Double Adobe Elementary School District No. 45	66.0%	Pendergast Elementary School District No. 92	58.9%
Kirkland Elementary School District No. 23	65.9%	Thatcher Unified School District No. 4	58.8%
Sonoita Elementary School District No. 25	65.5%	Wilson Elementary School District No. 7	58.7%
Apache Elementary School District No. 42	64.9%	Catalina Foothills Unified School District No. 16	58.7%
Naco Elementary School District No. 23	64.2%	Scottsdale Unified School District No. 48	58.6%
Bullhead City Elementary School District No. 15	64.1%	Gadsden Elementary School District No. 32	58.6%
Paradise Valley Unified School District No. 69	64.0%	Bonita Elementary School District No. 16	58.6%
Washington Elementary School District No. 6	64.0%	Red Rock Elementary School District No. 5	58.5%
Crown King Elementary School District No. 41	63.9%	Round Valley Unified School District No. 10	58.3%
Gilbert Unified School District No. 41	63.4%	Safford Unified School District No. 1	58.3%
Glendale Elementary School District No. 40	62.9%	Santa Cruz Valley Unified School District No. 35	58.2%
Topock Elementary School District No. 12	62.3%	Willcox Unified School District No. 13	58.2%
Douglas Unified School District No. 27	62.2%	Tempe Union High School District No. 213	58.0%
Mesa Unified School District No. 4	61.9%	Mammoth-San Manuel Unified School District No. 8	57.9%
McNary Elementary School District No. 23	61.9%	Show Low Unified School District No. 10	57.9%
Peoria Unified School District No. 11	61.9%	Litchfield Elementary School District No. 79	57.9%
Young Elementary School District No. 5	61.7%	Flowing Wells Unified School District No. 8	57.8%
Flagstaff Unified School District No. 1	61.3%	Payson Unified School District No. 10	57.8%
Prescott Unified School District No. 1	61.3%	<b>STATE AVERAGE</b>	<b>57.7%</b>
Wellton Elementary School District No. 24	61.3%	Tombstone Unified School District No. 1	57.6%
Snowflake Unified School District No. 5	61.1%	Amphitheater Unified School District No. 10	57.6%
Toltec Elementary School District No. 22	61.0%	Humboldt Unified School District No. 22	57.5%
Alhambra Elementary School District No. 68	60.8%	Casa Grande Elementary School District No. 4	57.5%
Blue Ridge Unified School District No. 32	60.7%	Bagdad Unified School District No. 20	57.5%
Chandler Unified School District No. 80	60.7%	Duncan Unified School District No. 2	57.5%
Tanque Verde Unified School District No. 13	60.5%	Vail Unified School District No. 20	57.4%
Chino Valley Unified School District No. 51	60.5%	Glendale Union High School District No. 205	57.3%
Lake Havasu Unified School District No. 1	60.3%	Patagonia Elementary School District No. 6	57.3%
Ajo Unified School District No. 15	60.2%	Holbrook Unified School District No. 3	57.3%
Fredonia-Mocasin Unified School District No. 6	60.2%	Kingman Elementary School District No. 4	57.2%
Cochise Elementary School District No. 26	60.2%	Mohave Union High School District No. 30	57.2%
Kyrene Elementary School District No. 28	60.2%	Peach Springs Unified School District No. 8	57.2%
Williams Unified School District No. 2	60.2%	Continental Elementary School District No. 39	57.0%
Higley Unified School District No. 60	60.2%	Fowler Elementary School District No. 45	56.9%
Avondale Elementary School District No. 44	60.1%	Eloy Elementary School District No. 11	56.9%
Deer Valley Unified School District No. 97	60.1%	Pearce Elementary School District No. 22	56.9%
Liberty Elementary School District No. 25	60.0%	Pomerene Elementary School District No. 64	56.9%
Pima Unified School District No. 6	59.9%	Seligman Unified School District No. 40	56.8%

**(Continued)**

**Table 5**

**Districts Ranked by Percentage of Dollars Spent in the Classroom Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>	<b>District</b>	<b>Percentage</b>
Crane Elementary School District No. 13	56.8%	Buckeye Elementary School District No. 33	53.9%
Littleton Elementary School District No. 65	56.8%	Tucson Unified School District No. 1	53.9%
Yuma Union High School District No. 70	56.8%	Apache Junction Unified School District No. 43	53.8%
Creighton Elementary School District No. 14	56.8%	Cottonwood-Oak Creek Elem. School District No. 6	53.8%
Clarkdale-Jerome Elementary School District No. 3	56.7%	Laveen Elementary School District No. 59	53.8%
Nogales Unified School District No. 1	56.5%	Superior Unified School District No. 15	53.7%
Page Unified School District No. 8	56.5%	Sierra Vista Unified School District No. 68	53.4%
Yuma Elementary School District No. 1	56.4%	St. Johns Unified School District No. 1	53.3%
Yarnell Elementary School District No. 52	56.4%	Coolidge Unified School District No. 21	53.3%
Fountain Hills Unified School District No. 98	56.4%	Skull Valley Elementary School District No. 15	53.3%
Isaac Elementary School District No. 5	56.3%	Nadaburg Elementary School District No. 81	53.3%
Wickenburg Unified School District No. 9	56.1%	Hayden/Winkelman Unified School District No. 41	53.3%
Mohawk Valley Elementary School District No. 17	56.1%	Osborn Elementary School District No. 8	53.2%
Stanfield Elementary School District No. 24	56.0%	Valley Union High School District No. 22	53.2%
Sunnyside Unified School District No. 12	56.0%	Grand Canyon Unified School District No. 4	53.1%
Roosevelt Elementary School District No. 66	55.9%	Ash Fork Joint Unified School District No. 31	53.1%
Balsz Elementary School District No. 31	55.7%	Marana Unified School District No. 6	52.9%
Tempe Elementary School District No. 3	55.7%	Bowie Unified School District No. 14	52.8%
Agua Fria Union High School District No. 216	55.7%	Bisbee Unified School District No. 2	52.7%
Palominas Elementary School District No. 49	55.4%	Ruth Fisher Elementary School District No. 90	52.6%
Alpine Elementary School District No. 7	55.3%	Phoenix Union High School District No. 210	52.5%
Parker Unified School District No. 27	55.3%	Littlefield Elementary School District No. 9	52.5%
Camp Verde Unified School District No. 28	55.2%	Arlington Elementary School District No. 47	52.4%
Concho Elementary School District No. 6	55.2%	Palo Verde Elementary School District No. 49	52.3%
Kayenta Unified School District No. 27	55.1%	San Simon Unified School District No. 18	52.2%
Mayer Unified School District No. 43	55.1%	Colorado River Union High School District No. 2	52.1%
Winslow Unified School District No. 1	55.1%	Owens-Whitney Elementary School District No. 6	52.0%
Ray Unified School District No. 3	55.0%	Altar Valley Elementary School District No. 51	52.0%
Picacho Elementary School District No. 33	55.0%	Elfrida Elementary School District No. 12	52.0%
Tolleson Elementary School District No. 17	54.9%	Miami Unified School District No. 40	52.0%
Whiteriver Unified School District No. 20	54.9%	Pine Strawberry Elementary School District No. 12	51.5%
Morenci Unified School District No. 18	54.9%	Union Elementary School District No. 62	51.5%
Mohave Valley Elementary School District No. 16	54.8%	Antelope Union High School District No. 50	51.0%
Cave Creek Unified School District No. 93	54.8%	Dysart Unified School District No. 89	50.8%
Phoenix Elementary School District No. 1	54.8%	Queen Creek Unified School District No. 95	50.5%
Santa Cruz Valley Union High School District No. 840	54.7%	J. O. Combs Elementary School District No. 44	50.5%
Tolleson Union High School District No. 214	54.7%	Somerton Elementary School District No. 11	50.4%
Florence Unified School District No. 1	54.6%	Sahuarita Unified School District No. 30	50.3%
Casa Grande Union High School District No. 82	54.4%	Heber-Overgaard Unified School District No. 6	50.2%
Madison Elementary School District No. 38	54.3%	Hillside Elementary School District No. 35	50.1%
Globe Unified School District No. 1	54.1%	Wenden Elementary School District No. 19	50.0%
Window Rock Unified School District No. 8	54.1%	Hyder Elementary School District No. 16	49.8%
Clifton Unified School District No. 3	54.1%	Indian Oasis-Baboquivari Unified School District No. 40	49.7%
Ft. Thomas Unified School District No. 7	54.0%	Morristown Elementary School District No. 75	49.5%

**(Continued)**

**Table 5****Districts Ranked by Percentage of Dollars Spent in the Classroom  
Fiscal Year 2001**

<b>District</b>	<b>Percentage</b>
Benson Unified School District No. 9	49.5%
Gila Bend Unified School District No. 24	49.4%
Oracle Elementary School District No. 2	49.2%
St. David Unified School District No. 21	49.1%
Solomon Elementary School District No. 5	49.0%
Sedona-Oak Creek Joint Unified School District No. 9	49.0%
Salome Consolidated Elementary School District No. 30	48.9%
Joseph City Unified School District No. 2	48.8%
San Carlos Unified School District No. 20	48.7%
Riverside Elementary School District No. 2	48.5%
Buckeye Union High School District No. 201	48.3%
Canon Elementary School District No. 50	47.9%
Chinle Unified School District No. 24	47.7%
Murphy Elementary School District No. 21	47.4%
Tuba City Unified School District No. 15	47.4%
Quartzsite Elementary School District No. 4	47.3%
Hackberry Elementary School District No. 3	47.0%
Ganado Unified School District No. 20	46.7%
Maine Consolidated Elementary School District No. 10	46.2%
Vernon Elementary School District No. 9	45.6%
Sacaton Elementary School District No. 18	45.5%
San Fernando Elementary School District No. 80	45.5%
Ash Creek Elementary School District No. 53	45.5%
Cedar Unified School District No. 25	45.4%
Pinon Unified School District No. 4	44.9%
Chloride Elementary School District No. 11	44.8%
Red Mesa Unified School District No. 27	43.6%
Paloma Elementary School District No. 94	43.1%
Sentinel Elementary School District No. 71	42.6%
Bicentennial Union High School District No. 76	41.6%
Sanders Unified School District No. 18	41.3%
Colorado City Unified School District No. 14	39.9%
Patagonia Union High School District No. 20	39.8%
Mobile Elementary School District No. 86	31.8%

Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

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# APPENDIX A

After reviewing current education finance studies by private research institutes, state agencies, and the National Center for Education Statistics, and after speaking with representatives of the Arizona Department of Education and Arizona school districts, Auditor General staff developed a list of factors that could influence districts’ classroom dollar percentages. Through analysis of districts’ fiscal year 2001 Annual Financial Reports, summary accounting data, and other related data, such as attending average daily membership, auditors determined that these factors may have a positive, a negative, or no relationship to classroom dollars.

To facilitate the analysis, auditors ranked districts by their classroom dollar percentages and grouped them based on the amount by which their percentages were above or below the calculated state average. These groupings are shown in Table 6 below. The remaining tables and charts in this appendix reflect the results of the analysis of the various factors.

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**Table 6**

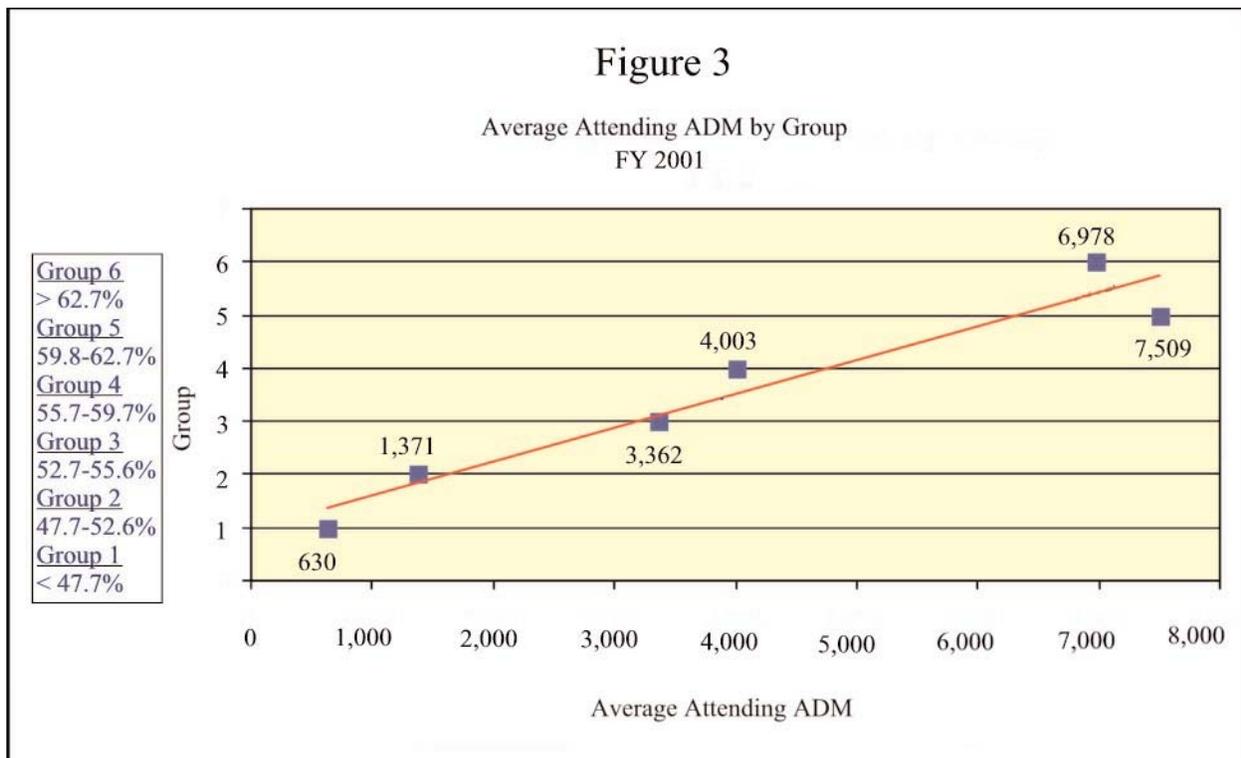
**Districts Grouped by Comparison to State Average  
Fiscal Year 2001**

<b>Group</b>	<b>Comparison</b>	<b>Range</b>	<b>Number of Districts</b>	<b>Group Average</b>
6	More than 5% above	>62.7%	17	67.6%
5	2.1% to 5% above	59.8 to 62.7	30	60.7
4	2% above to 2% below	55.7 to 59.7	59	57.4
3	2.1% to 5% below	52.7 to 55.6	44	54.2
2	5.1% to 10% below	47.7 to 52.6	38	50.4
1	More than 10% below	<47.7	21	44.0

Source: Auditor General analysis of school districts’ Annual Financial Reports and summary accounting data.

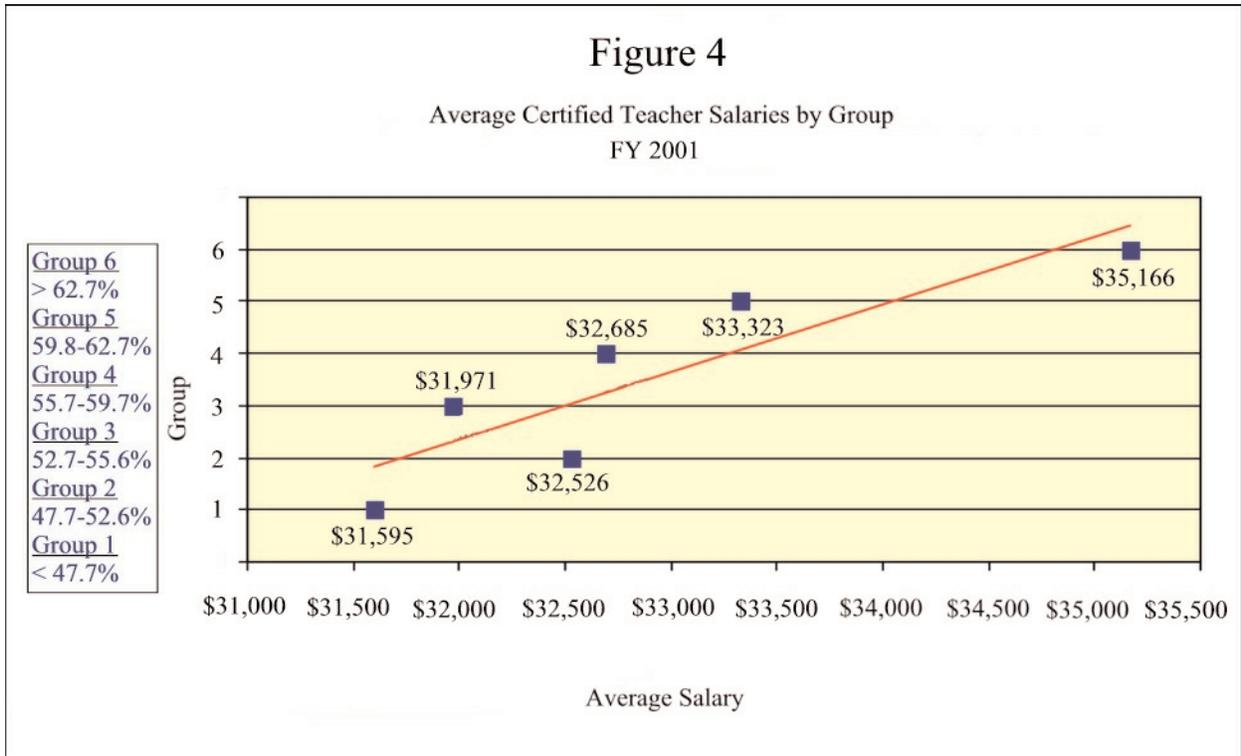
The attending Average Daily Membership (ADM) counts in Figure 3 below are the averages for each group, not the counts for the individual districts. Group 6 contains both large and very small districts, with average attending ADMs ranging from 2 to 33,600.

As shown in Figure 3, the districts with higher classroom dollar percentages also tend to have a high average number of students (higher average attending ADM).



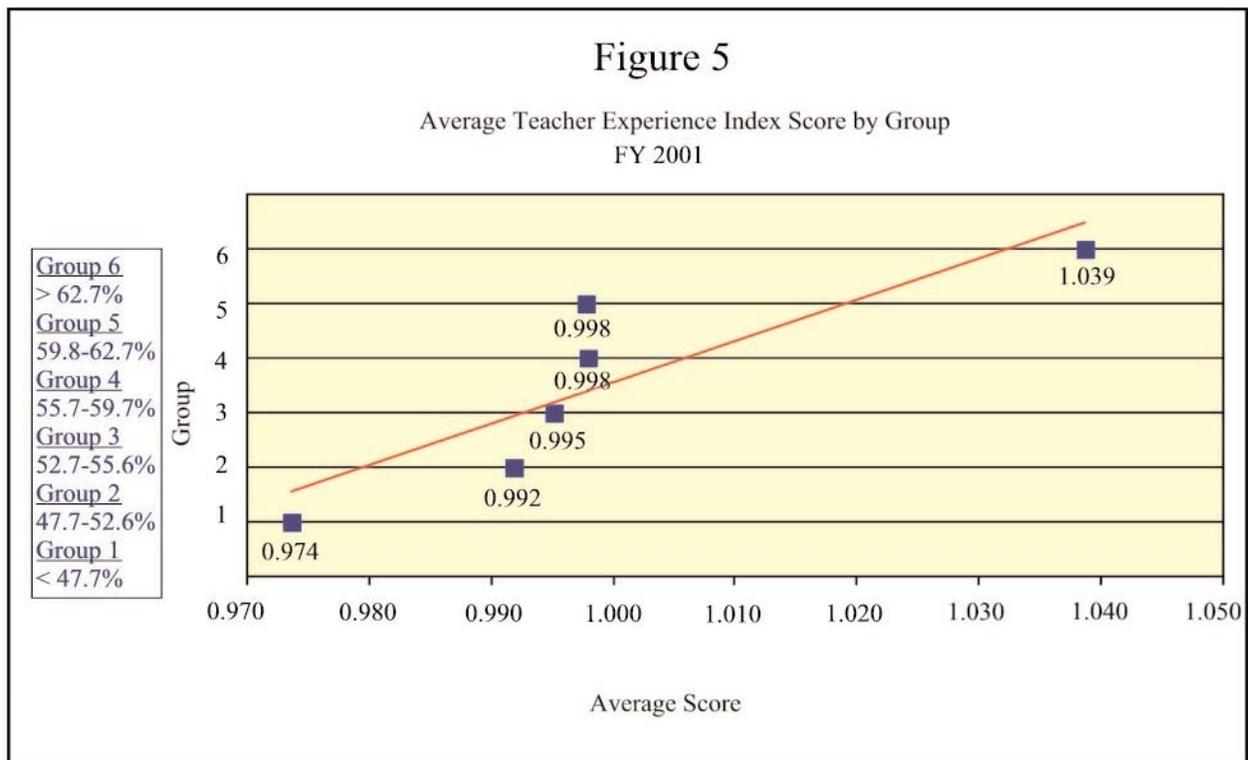
Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

Salaries represent about 76 percent of districts' classroom instruction dollars. As Figure 4 shows, districts with the highest classroom dollar percentages (Group 6) also pay significantly higher average teacher salaries. In fact, for every \$1,000 paid to teachers annually, there is a corresponding 0.3 percent increase in the classroom dollar percentage.



Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

The Teacher Experience Index (TEI) calculates how the average years of experience of a district's certified teachers compare to the State's average years of experience. For 2001, the state average was 8.8 years; an index of 1.0 indicates a district's teachers average the same number of years of experience as the state average. Districts receive a 2.25 percent base support level increase in their funding for each year their TEI is above the state average. Group 6, those districts with the highest classroom dollar percentages, is the only group that had an average TEI higher than 1.0. As shown in Figure 5, as the average TEI declines, so does the percentage of dollars spent in the classroom.



Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

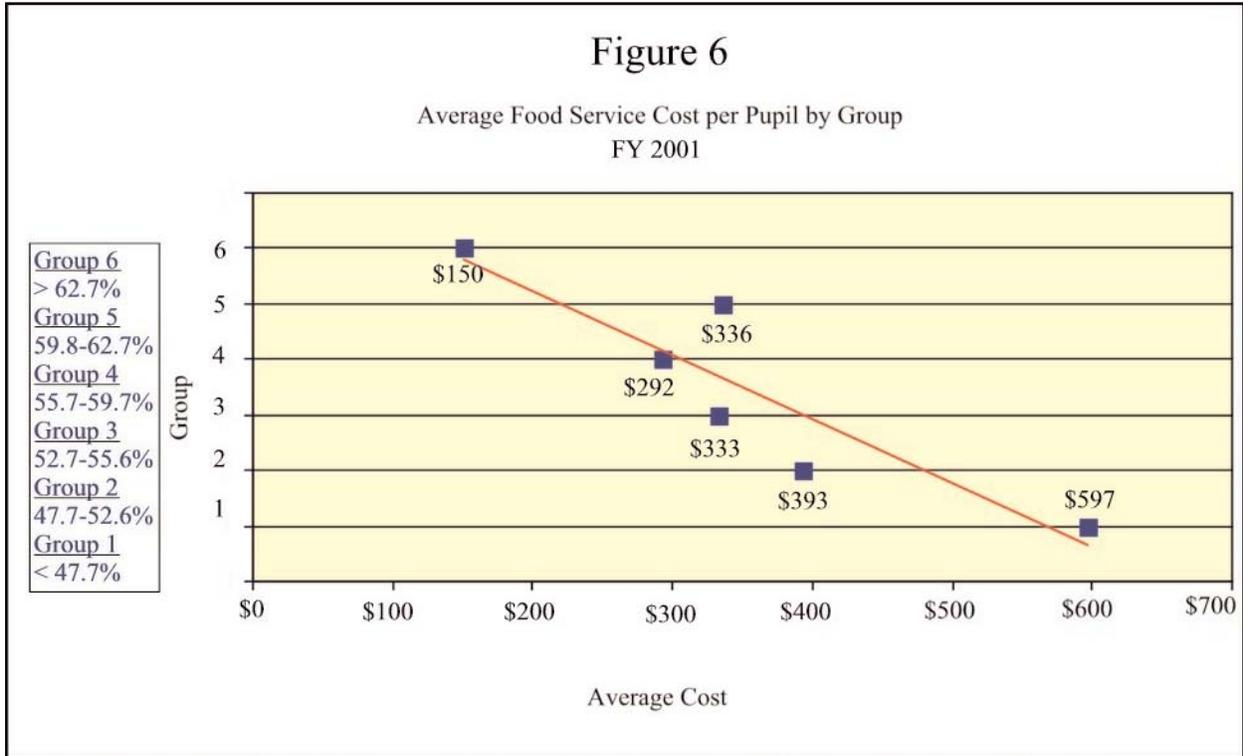
As summarized in Table 7, the 17 districts in Group 6, those districts with the highest classroom dollar percentages, also had the lowest average administrative cost percentages in the Auditor General’s 1999 administrative cost study. Conversely, districts in Group 1, with the lowest classroom dollar percentages, had the highest average administrative cost percentages.

**Table 7**  
**Classroom Dollar Percentage Groups**  
**and Their Average Administrative Cost Percentages**  
**Fiscal Year 2001**

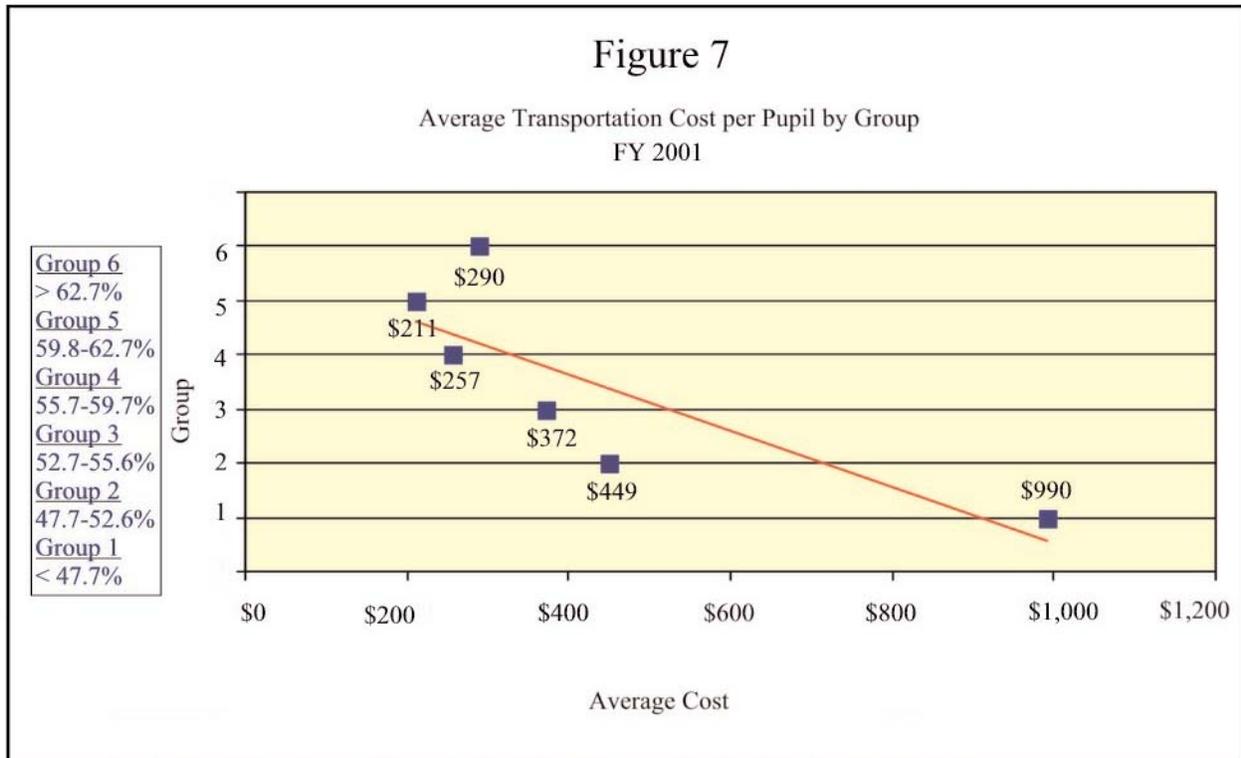
Group	Average Classroom Dollar Percentage	Average Fiscal Year 1999 Administrative Cost Percentage	Number of Districts in Group
6	67.6%	10.0%	17
5	60.7	13.2	30
4	57.4	13.5	59
3	54.2	13.6	44
2	50.4	15.3	38
1	44.0	17.7	21

Source: Auditor General staff analysis of fiscal year 2001 data provided by individual school districts and the Arizona Department of Education and the Office of the Auditor General’s November 2000 Special Study, *Factors Impacting School District Administrative Costs*.

Figures 6 through 8 (see page a-vi), demonstrate the negative relationship of dollars spent on food service and transportation to districts’ classroom dollar percentages. That is, districts with the lowest classroom dollar percentages tend to have higher average food service and transportation costs per pupil.

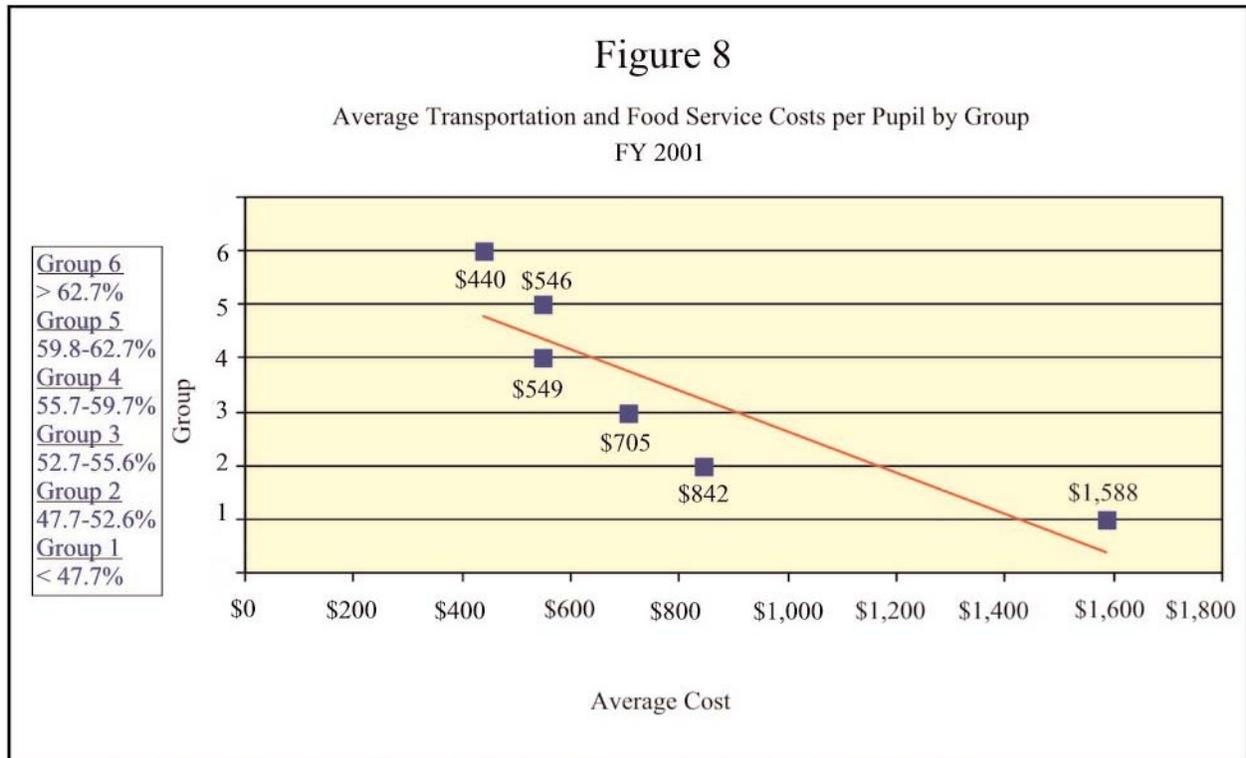


Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.



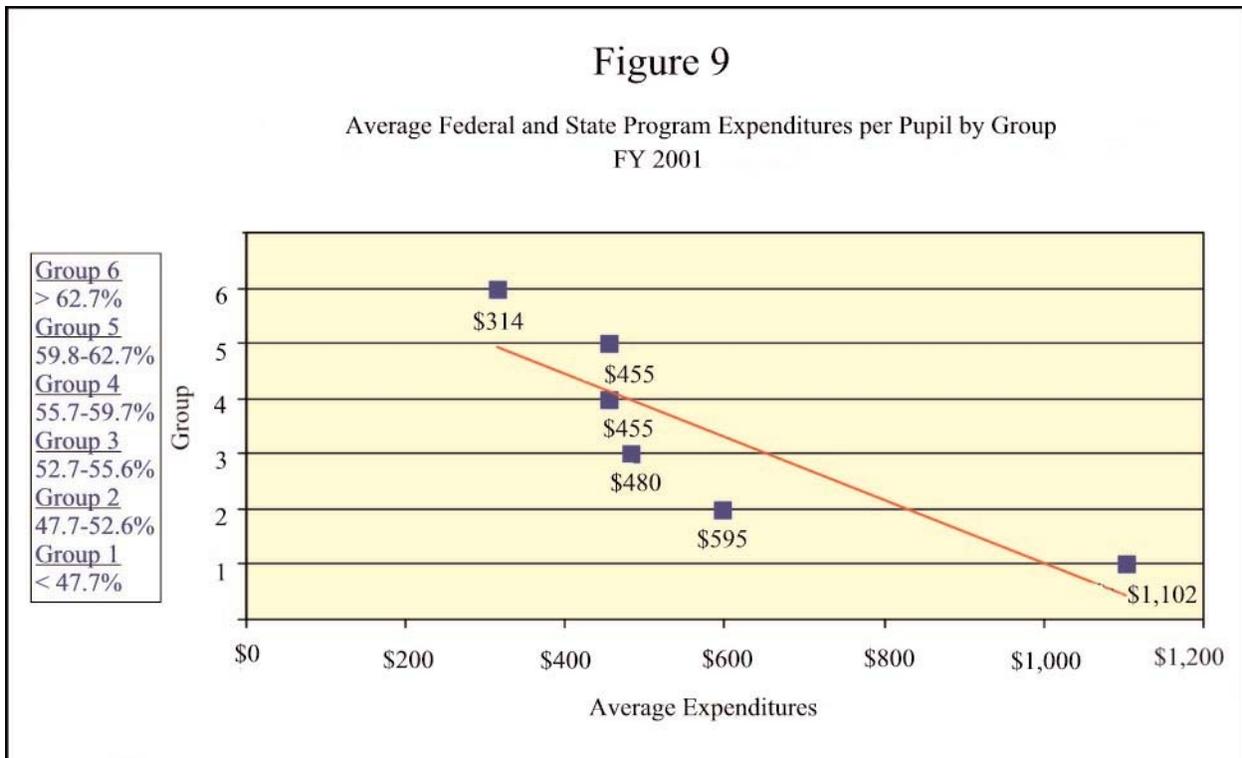
Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

In fact, for every \$100 per pupil spent on food services, there is a 0.4 percent corresponding reduction in the district's classroom dollar percentage. Likewise, for every \$100 per pupil spent on transportation, there is a 0.6 percent corresponding reduction in the district's classroom dollar percentage.

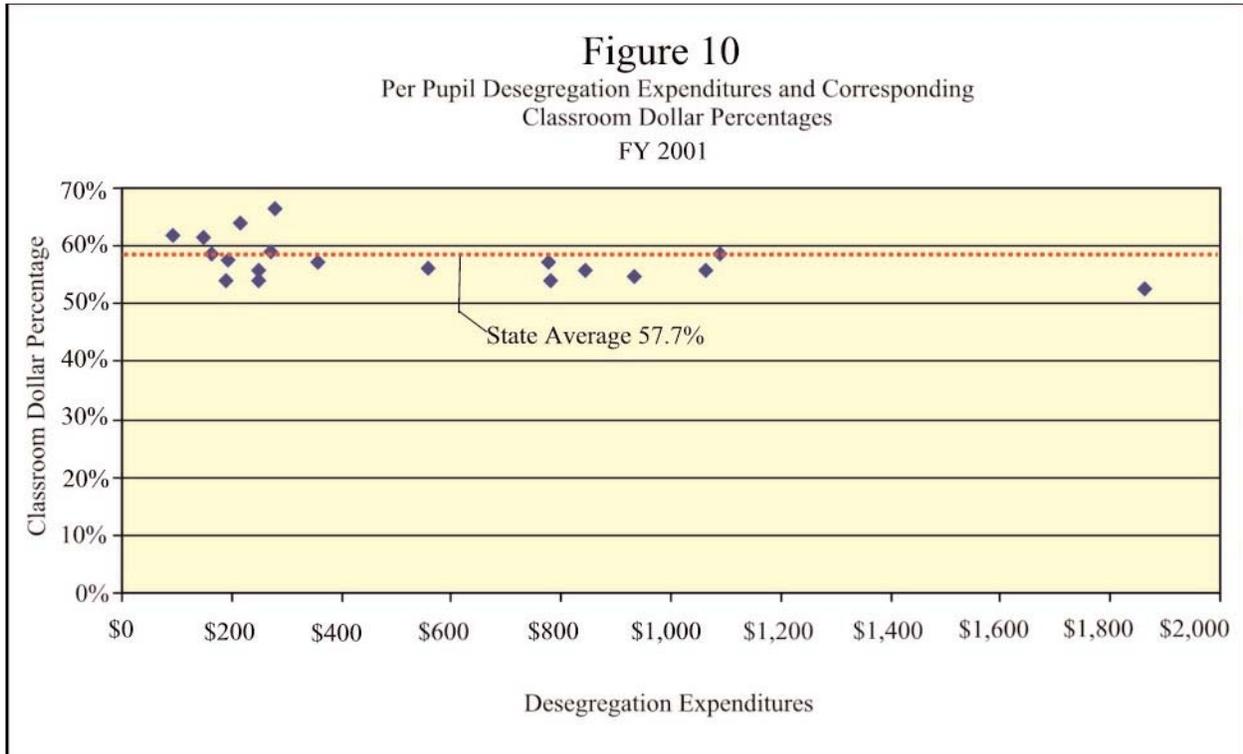


Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

Figure 9 depicts the negative relationship that federal and state program dollars have to classroom dollars. Group 1, those districts averaging more than 10 percent below the statewide percentage, tend to have a higher amount of federal and state program expenditures per pupil. In fact, for every \$100 per-pupil federal and state program expenditure, there is a corresponding 0.5 percent reduction in the district's classroom dollar percentage. This may occur due to the districts having more federal and state programs that are for purposes other than classroom instruction. Examples of federal and state programs include the Workforce Investment Act and Adult Basic Education programs.



As Figure 10 shows, a district's per-pupil desegregation expenditures do not appear to influence the district's classroom dollar percentage. The 19 districts with desegregation expenditures vary greatly in the amount spent per pupil, yet their classroom dollar percentages remain relatively close to the State's average.



Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

District type also does not appear to significantly affect a district's classroom dollar percentage. The analysis in Table 8 excludes special purpose districts, such as transporting, accommodation, and joint technological education districts, which are not generally comparable. Within the more generic district types, it is apparent that classroom dollar percentages vary widely within each type. For example, unified districts vary from 39.9 to 64 percent for dollars spent in the classroom.

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**Table 8**  
**District Types and Their Average Classroom Dollar Percentages**  
**Fiscal Year 2001**

<b>District Type</b>	<b>Number of Districts</b>	<b>Average Percentage</b>	<b>Range of Percentages</b>
Elementary (not within a high school district)	38	56.1%	31.8% to 88.7%
Elementary (within a high school district)	63	56.0	44.8 to 72.3
High school	16	53.0	39.8 to 59.8
Unified	92	55.1	39.9 to 64.0

Source: Auditor General staff analysis of data provided by individual school districts and the Arizona Department of Education.

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## Statistical Analysis

Auditor General staff performed individual correlation and multiple regression analyses on school district expenditures and other district-level factors, such as attending Average Daily Membership and Student-to-Certified Teacher ratios. The dependent variable, percentage of classroom dollars, was calculated by applying the National Center for Education Statistics definition of dollars spent on instruction to Annual Financial Report and school district accounting data. The factors listed as having positive or negative relationships to the classroom dollars percentage were determined to be statistically significant at the .01 level; that is, the probability that the difference occurred by chance is less than 1 in 100.

Table 9 presents the regression analysis based on fiscal year 2001 data from 209 districts, which resulted in an Adjusted R square of 0.589. This Adjusted R Square means that the model used to calculate school districts' classroom dollars percentages is a reasonable predictor of these percentages.

**Table 9**  
**Classroom Dollars Percentages Regression Coefficients**

<b>Factor</b>	<b>Unstandardized Coefficients</b>		<b>t</b>	<b>Significance</b>
	<b>B</b>	<b>Standard Error</b>		
(Constant)	0.721	.033	21.794	.000
Administrative cost percentage	-0.479	.071	-6.773	.000
Average annual certified teacher salary	2.900E-06	.000	3.963	.000
Student -to-certified teacher ratio	-3.191E-03	.001	-3.400	.001
Federal and state program costs per pupil	-4.613E-05	.000	-6.252	.000
Food service cost per pupil	-3.502E-05	.000	-3.418	.001
Transportation cost per pupil	-6.309E-05	.000	-6.948	.000
Log10 of attending ADM	-2.483E-02	.007	-3.656	.000

Source: Auditor General staff analysis of fiscal year 2001 data provided by individual school districts and the Arizona Department of Education.

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# APPENDIX B

School District Types
<p><b>Elementary district, not within a high school district</b>—Not located within the boundaries of a high school district, offers instruction for preschool children with disabilities and kindergarten through grade 8.</p>
<p><b>Elementary district, within a high school district</b>—Located within the boundaries of a high school district, offers instruction for preschool children with disabilities and kindergarten through grade 8.</p>
<p><b>Union high school district</b>—Offers instruction for grades 9 through 12.</p>
<p><b>Unified school district</b>—Offers instruction for preschool children with disabilities and kindergarten through grade 12.</p>
<p><b>Accommodation district</b>—Operated by the county to serve a military reservation or territory that is not within the boundaries of a school district <i>or</i> a school that provides services to homeless children or alternative education programs.</p>
<p><b>Joint technological education district</b>—Formed by other school districts to provide technology and vocational education.</p>
<p><b>Transporting district</b>—Transports students from their district to schools within other districts for instruction.</p>

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## **Mission**

The mission of the Office of the Auditor General is to independently provide the Legislature, government decision-makers, and the public with impartial, relevant information, specific recommendations, and technical assistance to improve state and local government operations.

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