

**REPORT TO THE  
UTAH LEGISLATURE**

Report No. 2000-07

**A Performance Audit  
of  
State Textbook Funding**

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# Table of Contents

Page

Digest .....	i
Chapter 1	
Introduction .....	1
Textbook and Supplies Funding Continues to Be a Problem ...	1
Audit Scope and Objectives .....	2
Chapter II	
Schools Need More Textbooks .....	5
Over 650 Teachers Surveyed .....	5
Funding Needs of \$30.6 Million Estimated .....	8
Proportionate Allocation Should Not Be Used .....	11
Recommendations .....	12
Chapter III	
Textbook and Supply Expenditures Have Not Been Treated with Priority .....	13
Supplemental Funds Supplant Some District Funds .....	14
Districts' Contributions to Textbook and Supplies Expenditures Lag Behind State's Contribution .....	20
State Office of Education Has Failed to Standardize Reporting Methodology .....	22
Recommendations .....	23
Appendices .....	25
Agency Response .....	27

# Digest of a Performance Audit of State Textbook Funding

This audit of school textbooks was conducted to: 1) determine the need for additional textbooks in Utah school districts, and 2) determine how legislative textbook and supplies supplemental appropriations affected districts' textbook and supply expenditures. Specifically, the Legislature is concerned whether these appropriations actually supplemented rather than took the place of district funds used for purchasing textbook and supplies.

**Schools Need More Textbooks.** From our statewide survey of over 650 teachers who reported on approximately 81,000 books, we estimate that \$30.6 million is necessary to replace books in poor or outdated condition and to provide textbooks in adequate numbers statewide. Of this amount, \$10.2 million is estimated for elementary school needs, \$11.8 million is estimated for junior high needs and \$8.6 million is estimated for high school needs. This money is needed to replace an estimated 313,600 books in poor or outdated condition and to add an estimated 495,700 books to meet student needs. If the Legislature decides to provide more money for textbooks, we believe that a proportionate fund allocation should not be used. Rather, we believe funds should be allocated on a need basis. Supply needs such as workbooks and computer software were not considered in our survey.

**Textbook and Supply Expenditures Have Not Been Treated with Priority.** It appears likely that districts and/or schools reduce their own spending (supplant) for textbooks and supplies when supplemental funds are provided them by the Legislature. Estimating the amount of funds supplanted is difficult. However, one analysis raises the possibility that \$4.9 million was supplanted by 16 districts between fiscal years 1996 and 1999. In addition, when expressed in fiscal year 1988 weighted pupil unit dollars, the average expenditure on textbooks and supplies between fiscal years 1996 and 1999 has increased over 27 percent from our base year of 1988. However, the contribution to this increase has been shared differently by the districts and the state. The districts' contribution to this percentage increase was 6 percent while the state's supplemental contributions to the percentage increase were 21 percent. The Legislature will need to determine if the districts have contributed sufficiently towards addressing the textbooks and supplies problem.

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# Chapter 1

## Introduction

At the request of the Audit Subcommittee of the Legislative Management Committee, this audit of the school textbooks and textbook and supplies expenditures was conducted to: 1) determine the need for additional textbooks in Utah school districts, and 2) determine how legislative textbook and supply supplemental funds affected districts' textbook and supplies expenditures. Specifically, the Legislature is concerned that supplemental funds may have supplanted district textbook and supplies funds.

In assessing the need for additional textbooks in Utah schools, we estimate that \$30.6 million is necessary to replace books in poor or outdated condition and to provide textbooks in adequate numbers statewide. This money is needed to replace an estimated 313,600 books in poor or outdated condition and to add an estimated 495,700 books to meet student needs.

On the other hand, it appears unlikely that past legislative textbook and supply additional appropriations fully supplemented district textbook and supply expenditures. Estimating the amount of funds supplanted is difficult. However, one analysis raises the possibility that \$4.9 million was supplanted by 16 districts between fiscal years 1996 and 1999.

### Textbook and Supplies Funding Continues to Be a Problem

The funding of textbooks and supplies was the subject of a 1996 audit performed by the Legislative Auditor General's Office (See **A Performance Audit of School Textbooks and Supplies #96-02**). The 1996 audit was in response to the Legislature's concern that because textbooks and instructional supplies are generally represented to be in short supply, the Legislature is continually being asked to appropriate additional money for textbooks and supplies. This concern continues today. The Legislature has taken numerous steps to increase funding for textbooks and supplies, yet they are continually told existing funding is insufficient.

## **The Legislature Has Provided Increases in Funding**

The Legislature has made attempts to relieve the textbook and supplies problem in different ways. First, the Weighted Pupil Unit (WPU), or the amount of educational funding provided per student, has been increased from \$1,204 per student in 1988 to \$1,854 per student in 1999, an increase of 54 percent.

In addition to increasing the WPU, the Legislature has also provided several large additional appropriations for textbooks, supplies, and other instructional material. For example, the Legislature appropriated an \$11.9 million supplement in 1989 with the expectation that most of the funds would be spent on textbooks and supplies. In 1995 a supplement of \$9.5 million was appropriated for textbooks and supplies, and in 1998 a textbook and supplies supplement of \$8.9 million was given to the districts. The Legislature has also given teacher supplies supplements in fiscal years 1996-99 in the amounts of \$2.0 million, \$3.0 million, \$3.0 million, and \$3.5 million respectively. Other supplements that have affected textbooks and supplies have also been provided by the Legislature during this time period.

## **Districts Report Textbook and Supplies Funding Is Still a Problem**

Despite efforts of the Legislature, school districts maintain that they continue to have problems in textbook and supplies funding. Textbook price increases have far exceeded the Consumer Price Index (CPI) since 1988. The Utah State Office of Education (USOE) provided a cost comparison of textbooks for the years 1990-2000. For the textbooks sampled, price increases were between 71 percent and 142.8 percent. Over approximately the same time period, the CPI increased only 42 percent.

## **Audit Scope and Objectives**

This audit is the result of a legislative request to review specific questions regarding funding for textbooks and supplies. Legislators asked us to—

1. Determine the need for additional funding for textbooks.

2. Determine if textbook and supply supplements appropriated by the Legislature were a true supplement, or if any school district supplanted funds.
3. Determine if districts comply with the 5.5 percent minimum expenditure rule for textbooks and supplies.

Chapter II includes our discussion and findings pertaining to the need for additional textbook expenditures. Chapter III includes a discussion of textbook and supply supplemental fund appropriations.

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## **Chapter II**

### **Schools Need More Textbooks**

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**An estimated \$30.6 million is necessary to replace textbooks.**

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As requested by legislative leadership, we have gathered textbook data statewide, and from this information, we have estimated the amount of money necessary to correct identified textbook needs. Specifically, we estimate that \$30.6 million is necessary to replace books in poor or outdated condition and to provide textbooks in adequate numbers statewide. The actual amount needed could be as low as \$25.5 million or as high as \$35.7 million. This money is needed to replace an estimated 313,600 books in poor or outdated condition and to add an estimated 495,700 books to meet student needs. This estimate of books and the resulting dollar estimate is based on data collected from teachers. If the Legislature decides to provide more money for textbooks, we believe that a proportionate fund allocation should not be used.

This analysis was completed at the request of legislative leadership and the Public Education Joint Appropriation Subcommittee. During the 2000 legislative session, teachers reported to legislators that they did not have adequate textbooks in their classrooms. A particular issue was made of the condition and relevance of textbooks. Some teachers reported that the condition of many textbooks was so poor as to render them unusable. Further, some teachers claimed that many textbooks were embarrassingly behind current times.

Based on these representations, legislative leadership requested that our office determine the amount of money necessary to replace books in poor condition; replace old, irrelevant books; and to provide books in adequate numbers to students.

#### **Over 650 Teachers Surveyed**

During May 2000, we interviewed 658 randomly selected teachers from 70 schools which were also randomly selected throughout the state. Each interview ranged from 5 to 30 minutes in length depending upon the number of subjects taught and the concerns of the teacher. A more detailed explanation of the survey methodology can be found in Appendix

A. At the request of legislative leadership, our survey focused solely on textbook needs. Supply needs (i.e. workbooks and software) were not addressed by this survey.

All teachers provided information to answer the following concerns:

- how many books need to be replaced because of poor condition
- how many books need to be replaced because of their age and relevance
- how many additional books are needed to provide an adequate quantity of textbooks for student use.

First, the condition of textbooks was assessed by the teachers. Specifically, the condition of the books was categorized by the teacher as being either good, fair, or poor. A book in poor condition was one in which pages or covers were missing, or the binding was broken and not repairable. Only books categorized as poor were candidates for replacement. Most books identified by the teacher as being in poor condition were physically examined by the auditor.

Second, the relevancy of a book was assessed using two criteria: the age of the book and the percent of the core curriculum covered by the book. In theory, a textbook is replaced every seven years. In addition, according to the Utah State Office of Education (USOE), a comprehensive textbook must cover at least 75 percent of the core curriculum material. Thus, books purchased more than seven years ago which were also judged by the teacher to cover less than 75 percent of the curriculum were identified as candidates for replacement.

If a book did not meet both criteria, it was not counted for replacement. Books less than 7 years old were not candidates for replacement in spite of an individual teacher's low relevancy rating. There were some teachers who wanted relatively new books (less than 7 years old) replaced because they did not like it or they believed the book did not meet the curriculum. For example, one teacher had new math textbooks for every student in the class. However, he did not like the new textbook and was teaching from an old textbook. He asked for another new set of textbooks for all his students. We did not count those books in our replacement figures since the new textbooks did not meet our criteria. Our reasoning was that

districts generally keep a book for seven years and by selecting the book the district has judged the book to be relevant.

Finally, the quantity of books was assessed by subject taught. A comparison was made of the number of books available to the number of students taught. When the number of students exceeded the number of textbooks, the teacher was questioned concerning the adequacy of textbook quantities. If the teacher believed the quantities were adequate, then no additional quantities were computed. If the teacher believed the textbook quantities were inadequate and the subject required each student to have a book, then additional quantities were computed. Often teachers were asked to share their rationale for having additional textbook quantities with the auditor. To review the actual questionnaires used, see Appendix B.

As can be seen, quantities of additional books are based solely on individual teacher preferences. It is important to note that teachers are very individualistic in their preferences concerning book needs. For example:

- 88 percent of the junior high pre-algebra teachers wanted a textbook for every child while 12 percent did not. Two of the math teachers did not want a text at all.
- 85 percent of junior high school social studies teachers wanted a book for every child while 15 percent did not.

Similar preferential differences are also found at the elementary and high school levels. While all these differences are reflected in the quantity category, these differences mean that getting funding to the specific problem areas will be very difficult. If teachers are not provided with necessary books, then funding complaints will continue. On the other hand, as we observed on two occasions, if a teacher is provided with unwanted books, then those books will go unused and the money will be wasted. Because of these differences, we recommend that proportionate allocation not be used, as discussed later.

The focus of our analysis -textbooks- was reached in a two step process. First, 70 schools were randomly selected throughout the state for a site visit by an audit team. In making the school selection, no school was exempted from the possibility of selection.

Second, at each school, at least 20 percent of the teachers were interviewed concerning all subjects taught by the teacher and all textbooks used or needed by the teacher. The teachers were randomly selected, and as with the schools, no teacher was exempted from the selection possibility. However, if 20 percent yielded less than eight teachers, then a minimum of eight teachers was selected for interviews. This methodology resulted in 658 teacher interviews (236 elementary school teachers, 183 junior high school teachers and 239 high school teachers). Teachers interviewed were asked to report on all subjects that they taught and on all books that they used.

As a result of this methodology, information was collected on approximately 2,520 books titles currently in use around the state. These book titles expand to approximately 81,000 books reviewed in our sample.

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658 teachers provided information on approximately 81,000 books.

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## **Funding Needs of \$30.6 Million Estimated**

We estimate that \$30.6 million is necessary to replace books in poor or outdated condition and to provide textbooks in adequate numbers statewide. The actual amount needed could be as low as \$25.5 million or as high as \$35.7 million. While \$30.6 million is estimated as the total statewide need, the estimated need at the three educational levels is not equal on a per-student basis.

### **Elementary Cost Projection**

Elementary schools statewide are estimated to need \$10.2 million to replace books which are irrelevant or in poor condition and to supply books in adequate amounts. The actual amount could be as low as \$8.9 million or as high as \$11.6 million.

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\$10.2 million is estimated for elementary school needs.

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Figure 1 shows the mean estimates for the three components along with an estimated low and high range. This cost range is based on a 95 percent confidence interval. In other words, we are 95 percent confident that the actual dollar need is between the high and low estimate.

**Figure 1. Cost Estimates for Elementary Schools Statewide—Displayed By Cost Component. Data Gathered May 2000.** The total estimate allocates approximately \$42 per elementary student for textbooks.

<b>Estimate</b>	<b>Poor Physical Condition</b>	<b>Age/Relevance</b>	<b>Additional Books for Students</b>	<b>Total</b>
Mean	\$ 971,300	\$3,320,000	\$5,950,000	\$10,200,000
Low	662,300	2,680,000	4,780,000	8,900,000
High	1,280,000	3,960,000	7,130,000	11,600,000

While additional books makes up 58 percent of the total elementary school cost projection, this component is not as predominant as it is in the junior high schools. Instead, relevance also makes a substantial contribution, accounting for 33 percent of the total projection.

### **Junior High Cost Projection**

According to our sample projection, junior high schools need approximately \$11.8 million to replace outdated books and books in poor condition and to provide books in adequate numbers. The actual amount needed could be as low as \$9.6 million or as high as \$14.0 million.

Figure 2 shows the mean estimate as well as the estimate of a low and high cost range by component. As with elementaries, we are 95 percent confident that the actual need falls within the estimated range.

**\$11.8 million is estimated for junior high textbook needs.**

**Figure 2. Cost Estimates for Junior High Schools Statewide—Displayed By Cost Component. Data Gathered May 2000.** The total estimate allocates approximately \$112 per junior high student for textbooks.

Estimate	Poor Physical Condition	Age/Relevance	Additional Books for Students	Total
Mean	\$1,570,000	\$ 945,000	\$ 9,300,000	\$11,800,000
Low	904,000	382,000	7,380,000	9,610,000
High	2,240,000	1,510,000	11,200,000	14,000,000

As shown in Figure 2, the most pressing issue in the junior high schools is with numbers of books. In fact, 78.8 percent of the mean cost projection for junior highs comes from the identified need for additional books.

### High School Cost Projection

We estimate that \$8.6 million is needed to replace old, irrelevant books and books in poor condition plus provide additional books where needed. We believe that the actual cost is between \$7.0 million and \$10.1 million.

Again, this total cost is made up of three components. Figure 3 breaks out these costs and identifies their respective high and low ranges at a 95 percent confidence level.

**Figure 3. Cost Estimates for High Schools Statewide—Displayed By Cost Component. Data Gathered May 2000.** The total estimate allocates approximately \$71 per high school student for textbooks.

Estimate	Poor Physical Condition	Age/Relevance	Additional Books for Students	Total
Mean	\$2,780,000	\$2,070,000	\$3,720,000	\$ 8,570,000
Low	1,960,000	1,330,000	2,670,000	7,020,000
High	3,560,000	2,810,000	4,760,000	10,100,000

**\$8.6 million is estimated for high school needs.**

Unlike either the elementary schools or the junior high schools, the high schools do not have a component which is predominant. They all contribute similar amounts to the total. It is interesting to note that condition is more of an issue in the high schools than in the other two levels. Here condition contributes 32 percent to the total mean cost, compared to 10 percent at the elementary schools and 13 percent at the junior highs.

While we estimate \$30.6 million is needed to correct fundamental textbook problems, we believe it is going to be difficult to direct this money to the need. Specifically, we believe that this money cannot be allocated on a weighted pupil unit (WPU) basis as is commonly done. An additional consideration is the \$6 million textbook and supply supplemental appropriation given by the 2000 Legislature and received by the districts in July 2000. Since this supplemental amount could be spent on either textbooks or supplies, we do not know by what amount our projection might be offset by this supplemental funding.

### **Proportionate Allocation Should Not Be Used**

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**Funds should be  
allocated according  
to actual need.**

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In past years when the Legislature provided special appropriations for textbooks, the USOE traditionally allocated the funds to districts proportionally according to students or WPUs. Based on our survey results, we believe this type of allocation would be ineffective. Instead, we believe that both the Legislature and the USOE should consider allocating funds according to actual need.

Our survey results estimate that \$30.6 million is needed to correct fundamental textbook problems. If this money were allocated on a proportionate student basis, approximately \$15.8 million would be allocated to the elementary schools, \$6.8 million would be allocated to the junior highs, and \$7.9 million would be allocated to the high schools. However, according to our survey results, \$10.2 million is actually needed for elementary school textbook needs, \$11.8 million is actually needed for junior high textbook needs, and \$8.6 million is actually needed for high school textbook needs. Thus, for what ever reason, need does not appear closely related to number of students or WPUs. Further, we saw continuing evidence of this poor relationship at both the school and teacher level.

Because of the poor relationship between number of students and apparent need, we believe that the Legislature and the USOE need to identify another methodology for pinpointing textbook needs. If actual need is not appropriately identified, then we believe that there is a significant risk of taxpayer money being ineffectively applied. In addition, we believe that the USOE should consider the resources that the districts have put towards textbooks when making their allocation determination.

In summary, we believe that \$30.6 million is needed to address fundamental textbook problems within the state. However, we also note evidence which indicates that supplemental money provided by the Legislature for textbooks and supplies may have supplanted rather than supplemented district or school textbook and supply funds. This possibility is discussed in Chapter III.

### **Recommendations**

1. We recommend that the Legislature formulate a financial plan to address textbook needs statewide. We estimate textbook needs, statewide, of \$30.6 million.
2. We recommend that the USOE allocate any additional funds for textbooks on a need rather than a proportionate basis.



## **Chapter III**

# **Textbook and Supply Expenditures Have Not Been Treated with Priority**

At the request of the Audit Subcommittee of the Legislative Management Committee, this portion of the textbook audit was conducted to determine if the one-time appropriations for textbooks and supplies actually supplement these expenditures by the state's school districts. While not a statutory requirement, the Legislature has still been concerned for some time that these one-time funds may instead be supplanting funds, or in other words, be replacing funds that districts would normally be applying toward expenditures for textbooks and supplies.

It appears likely that some districts/schools use supplemental funds provided them by the Legislature to take the place of their own funds used for textbooks and supplies. Estimating the amount of funds supplanted is difficult, and we aren't projecting a supplanting figure for all school districts in the state. However, one analysis raises the possibility that as much as \$4.9 million was supplanted by 16 districts between fiscal years 1996 and 1999. We also determined that some districts would not have met the required minimum expenditure for textbooks and supplies without the supplemental funds.

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**\$4.9 million may have been supplanted by 16 districts between fiscal years 1996 and 1999.**

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In addition, the average expenditure on textbooks and supplies between fiscal year 1996 and 1999 has increased over 27 percent from our base year of 1988 (percent comparison expressed in 1988 WPU dollars). However, the portion of this increase has been shared differently by the districts and the state. The districts' contribution to this percentage increase was 6 percent while the state's supplemental contributions accounted for the remaining 21 percent.

In conducting our test work, we found that the USOE does not specifically track or gather data regarding supplemental expenditures. Instead, supplemental money is allowed to be reported so that it contributes towards districts' minimum expenditure requirements. At the

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**The USOE needs to track supplemental funds.**

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district level, these funds sometimes go into a general pool of money, making supplemental expenditures difficult, if not impossible to trace.

Because the USOE does not track supplemental expenditures, we had to create much of the data ourselves using both state and district sources. In order to address the question of whether supplemental funds fully supplement district expenditures, we had to separate supplemental expenditures from district expenditures. This separation could only be accomplished using supplemental expenditure information supplied by the districts. We tried to get information from 26 districts (the number of districts with representative schools in our teacher survey) but were able to get usable information from only 16 districts. For a variety of reasons, some districts could not report expenditure information on all relevant supplemental materials received during our period of review.

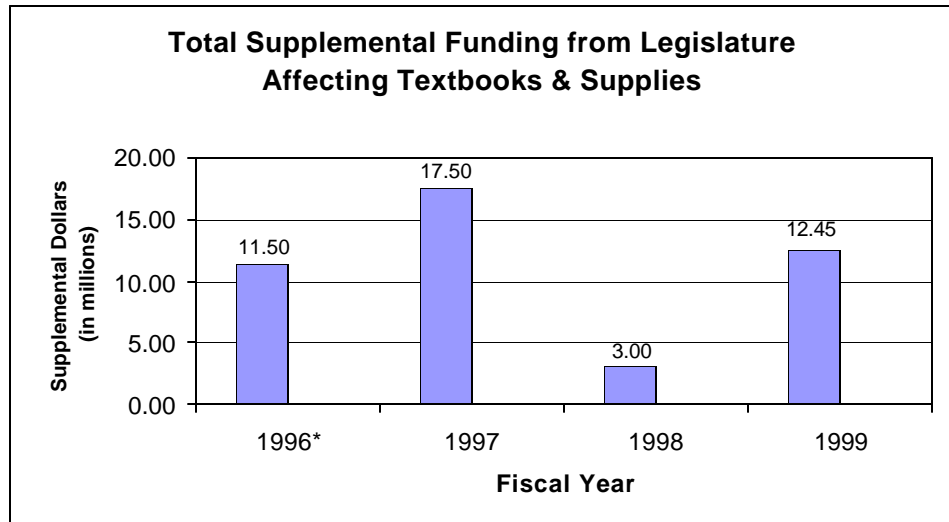
Based on expenditure information provided by the districts, it appears unlikely that legislative supplemental funding fully supplement district textbook and supply expenditures.

### **Supplemental Funds Supplant Some District Funds**

Evidence gathered supports the possibility that supplemental funds have been substituted for some district/school funds applied to textbook and supply purchases. While estimating an amount substituted is problematic, our best estimate indicates that as much as \$4.9 million may have been supplanted in fiscal years 1996 through 1999 by the 16 districts reviewed.

Many supplementals have been given by the Legislature which impacted fiscal years 1996 through 1999. The following figure shows total supplements for textbook and supplies supplements in those years.

**Figure 4. Textbook & Supplies Supplemental Funding from Legislature.** The Legislature has appropriated funds for textbooks and supplies for fiscal years 1996-99.



\* This funding supplement was actually given in April of 1995. It primarily impacted fiscal year 1996.

In total, supplementals and one-time monies totaling \$44,450,000 have been given by the Legislature since fiscal year 1995. All these monies potentially impact the textbook and supply expenditures reported to the Legislature by the districts.

We obtained detailed financial data from 16 of the 26 districts which contained schools in our textbook survey. The districts were asked to report amounts and timing of all supplemental expenditures impacting relevant textbook and supply codes. (Specific accounting codes are used to report textbook and supply expenditures to the Legislature.) The timing of expenditures was important because a district will sometimes take two or three years to completely spend a given supplemental fund. Once the supplemental expenditures were obtained, we were able to separate total reported textbook and supply expenditures into supplemental and district expenditures and examine the relationship of those expenditures year-by-year.

We converted the data back to fiscal year 1988 WPU dollars (multiplying expenditures by an inflation factor). We moved the data back to a common year because this shift allows an analysis of real increases. We used fiscal year 1988 as that common time because we also wanted to

determine if districts had increased their expenditures from the fiscal year 1988 level. The 1987 legislature expressed extreme dissatisfaction with district textbook and supply expenditure levels and wanted to encourage districts to increase expenditures. We address this latter issue in the next section.

**On Average, Districts Reduce Expenditures in Years with Supplemental Funding**

District expenditures for textbooks and supplies, on average, decrease when supplemental expenditures increase. In our opinion, this evidence supports the finding that districts use appropriations to supplant rather than supplement their expenditures on textbooks and supplies.

In beginning our analysis, we reasoned that under a full supplementation scenario, district expenditures would remain relatively stable, regardless of the amount of supplemental funding given. However, under a supplanting scenario, we reasoned that district expenditures would decline when supplemental funding was relatively high.

Figure 5 illustrates that in years where average supplemental expenditures are large, average district expenditures are less.

**Figure 5. Average District Textbook and Supplies Expenditures (without supplemental funding) for 16 Sample Districts – Fiscal Years 1996-99.** District expenditures decrease as supplemental funds are increased, and vice versa.

Fiscal Year	Average District Textbook & Supplies Expenditure per Student (without supplemental funding)*	Average Supplemental Expenditure per Student*
1996	\$70.38	\$14.76
1997	71.89	19.65
1998	74.42	6.93
1999	71.53	16.19

\* Adjusted to 1988 dollars.

Comparing the three years in which large supplemental funds were received by the districts (fiscal years 1996, 1997, and 1999) to the fiscal year in which a much smaller supplemental fund was received (fiscal year 1998) shows a relationship that supports supplanting. In the three years with large supplements, less district money was spent. In the one year with a small supplement, more district money was spent. The Legislature has made it clear that they expect the districts to do their part in providing funds for textbooks and supplies by using the supplements to fully supplement, but this use of funds does not appear to be happening.

If districts were actually capable of spending \$74.42 per student (as demonstrated in fiscal year 1998), then we estimate that approximately \$4.9 million was supplanted in the three years (fiscal years 1996, 1997, and 1999) when this level was not maintained. This figure was obtained by multiplying the yearly expenditure difference of the 16 districts by the appropriate average daily student membership and bringing the dollars to current WPU dollars. In constant fiscal year 1988 dollars, we estimate approximately \$3.4 million was supplanted in these three years.

**Supplementals and District Expenditures Have a Negative**

**Correlation.** This data has a correlation of -0.73. A negative correlation is one in which the variables move against each other (when one goes up, the other goes down). A positive correlation is one in which the variables move in the same way (when one goes up, the other goes up). A negative correlation is supportive of supplanting rather than supplementing. A positive correlation would be more supportive of supplementing.

In addition, as the correlation co-efficient approaches -1.0 (which would indicate a perfect negative correlation) the stronger the correlation is. Thus, a correlation of -0.73 indicates that a reasonably strong relationship, though not necessarily causal, exists between district expenditures and supplemental expenditures.

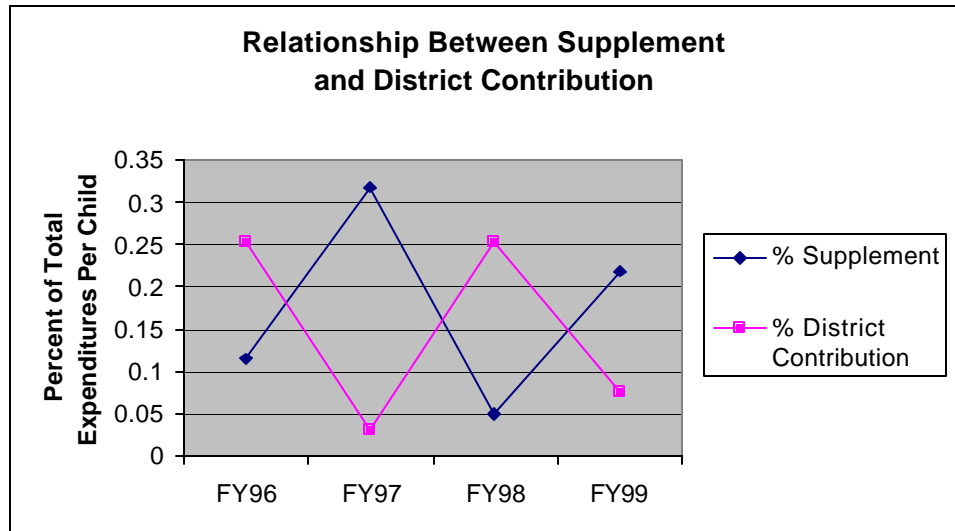
We also examined correlations by district to insure that one or two districts weren't overwhelming the results. Of the 16 districts, 11 (or 69 percent) had negative correlations, and six (or 55 percent) had a correlation of over -0.50. The following figure shows one district's correlation between district and state supplemental expenditures.

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As supplements  
increase, other  
district expenditures  
decrease.

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**Figure 6. Relationship Between Supplemental and District Contribution for One District.** This graph shows that in one district, as the percent of the total spent on textbooks and supplies per child by supplement goes up, the percent of total spent per child by the district goes down.



This is a very dramatic example. Other districts have stronger negative correlations, but their graphs aren't necessarily this dramatic.

Five of the districts in our sample had positive correlations. However, for three of the five districts, the supplement was used in at least two of the four years to meet the districts' required textbook and supplies expenditure level. In other words, without the supplement, three of the five districts did not meet their required expenditure level in at least two of the four years reviewed (further discussed below). Thus, we don't view these positive correlations as evidence of supplementation. In fact, we view use of a supplement to achieve the required expenditure level as evidence of supplanting. Of the sixteen districts reviewed, only one showed strong evidence of full supplementation.

We should note that districts and schools may not be aware that district funds are likely being supplanted. For example, one district budget officer told us over 200 individual accounts make up supplies code 610 (a very large contributor to textbook and supply expenditures). The district controls only 30 of the accounts. The remainder is controlled at the school level. This administrator maintained that his district has never reduced its per pupil allocations because of supplemental funding. While we believe this assertion is probably correct, we also see evidence of

Some districts have positive correlations, yet still show evidence of supplanting.

supplanting which may, in part, be occurring at the school level. We believe this provides some evidence that supplanting will likely occur unnoticed without close monitoring.

### **Without the Supplement, Some Districts Are Not Meeting Required Expenditures**

By comparing the required expenditure to the actual expenditure, minus the supplemental funding, we determined that five of the 16 districts in our sample used the supplemental funds to meet the required 5.5 percent weighted pupil unit (WPU) expenditure for textbooks and instructional supplies. In our opinion, it is inappropriate for supplemental funding to be used by districts to meet the minimum required expenditure.

According to **Utah Administrative Code R277-408-3(A)**, a school district has to spend a per pupil amount computed as 5.5 percent of the current year's WPU value times the prior year average daily membership (ADM) for textbooks and supplies. The districts may use a two-year averaging procedure to meet the requirement. Without calculating the two-year average, seven districts in our sample did not meet the required expenditures in at least one year during fiscal years 1996-99. However, five districts had at least one year where the required expenditure was not met, regardless of how the average is calculated.

Determining districts' compliance with this rule is somewhat problematic for two reasons. First, the USOE is unsure of how the districts are interpreting the two-year averaging procedure. Further, USOE has apparently not defined for districts how the average should be calculated. While one USOE representative believes the prior year should be averaged with the current year (i.e., current year 1999 is averaged with prior year 1998), it is possible that some districts average the now-current year with the up-coming year (i.e., current year 1999 with up-coming year 2000).

Second, the USOE has set no standard as to what revenues can be counted toward the 5.5 percent requirement (as will be discussed later in this chapter). As a result, some districts are ambivalent about not meeting the 5.5 percent minimum requirement. The most common response to not meeting the minimum requirement was that the district in question spent more money on textbooks and supplies than was reported to the USOE. If this additional money was reported, the district would meet the 5.5 percent minimum. As a result, some districts seemed unconcerned about

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Districts should meet the minimum required expenditure without using the supplement.

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not meeting the minimum requirement. In our opinion, the minimum expenditure requirement should be transformed into a meaningful measure by the USOE. This transformation was recommended in our 1996 report and has not yet been done by the USOE.

### **Many Districts Defer Funds for Expenses in Following Years**

Deferment of supplementals is a common practice. Our analysis of the textbook and supplies supplement showed that several districts deferred part of the fiscal year 1999 supplement to following years. Funds were deferred to make large purchases that could not be made in the year the supplements were received. For example, one district received a supplement for over \$90,000 for instructional supplies in fiscal year 1999. During that year, they spent \$21,000 and deferred over \$68,000 to the following year to make other textbook and supplies purchases. However, past supplements have been carried forward several years. Of the 16 districts we examined, at least four deferred supplemental funds over two years or more.

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**Some districts may not have an immediate need for supplemental funds.**

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We do not take exception to the practice of deferring supplemental funds to the following year, but deferring funds over two years or more does not support an urgency of funding need. Districts may be asking for additional funds during times they don't really expect to spend them. We recommend that the Legislature require that the USOE determine the immediate need for supplements before they are appropriated.

### **Districts' Contributions to Textbook And Supplies Expenditures Lag Behind State's Contribution**

Textbook and supply expenditures per student have increased, in constant terms, an average of 27.6 percent since fiscal year 1988. However, the state supplements have played a larger role in this increase than increases in district expenditures. Of this 27.6 percent increase, the districts' contribution has accounted for 6.4 percent while the state's contribution has accounted for 21.2 percent.

In fiscal year 1988, the 16 districts in our sample spent, on average, \$67.73 per student on textbooks and supplies. Using \$67.73 as a base



expenditure level (\$67.73 = 100%), the following figure shows the percentage increase in textbook and supply expenditures for fiscal years 1996-99 and the state's and districts' contributions.

**Figure 7. Comparison of State's and Districts' Contribution to Increase in Textbook and Supplies Expenditures – Fiscal Years 1996-99.** The state's contribution to increases in textbook and supplies expenditures exceeds the districts' contribution.

<b>Fiscal Year</b>	<b>Percentage Increase in Textbook &amp; Supplies Expenditures over FY88*</b>	<b>District Contribution to Increase*</b>	<b>Supplemental Contribution to Increase*</b>
1996	25.71%	3.91%	21.80%
1997	35.15	6.14	29.01
1998	20.11	9.88	10.23
1999	29.51	5.61	23.90
<b>Average</b>	<b>27.62%</b>	<b>6.39%</b>	<b>21.24%</b>

*\* Adjusted to 1988 dollars*

The districts' contribution has increased in real terms over fiscal year 1988—an average increase of 6.39% or \$4.33 per student. However, the state has contributed far more to the increase—an average of 21.24% or \$14.38 per student. In fact, the lowest state contribution percentage exceeds the highest average district contribution percentage.

The 1987 Legislature instructed the districts to contribute more of their own money to textbooks and supplies. The districts in our sample have increased their expenditures by 6.39 percent. However, as the data shows, districts' contributions to increases in textbook and supplies expenditures lag behind the state's contribution. The Legislature must decide if it is satisfied with the difference between the districts' and the state's contribution to increases. We recommend that the Legislature carefully consider the differences in the contributions and determine if these differences are acceptable.

## State Office of Education Has Failed to Standardize Reporting Methodology

The USOE has not developed a standard expenditure reporting methodology for districts. Specifically, the USOE does not specifically track or gather data regarding supplement expenditures. Our 1996 report (See **A Performance Audit of School Textbooks and Supplies #96-02**) recommended that reporting methodologies be standardized, but during the course of this audit, we determined that this and other recommendations have not been fully implemented. Because the USOE has not developed standards, the 5.5 percent requirement is not meaningful. As will be explained below, many different, and perhaps inappropriate, expenditures can be counted toward the 5.5 percent requirement. Also, because supplemental funds aren't tracked, determining if they actually supplement funds is difficult.

### The USOE Has Not Fully Implemented 1996 Report Recommendations

The 1996 report (See **A Performance Audit of School Textbooks and Supplies #96-02**) found several issues that needed to be addressed. The report pointed out that the types of funds used to meet minimum expenditure requirements were not standardized among districts. In particular, we noted that supplemental monies were inappropriately used to meet the minimum expenditure requirement. In addition, we noted some districts reported school-based textbook and supply expenditures while others did not. In fact, one district reported expenditures made from school-generated funds which were not actually for textbooks and supplies. For example, \$36,000 of cheerleader and drill team uniforms was reported by this district as an instructional supply. During the course of this current audit, we found no evidence that the USOE has corrected either of these problems. We are concerned that supplemental funds are still allowed to be used for minimum expenditure requirements, and districts still report school-generated funds differently and, perhaps more importantly, inappropriately.

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Districts report funds differently and perhaps inappropriately.

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Some districts were unable to provide data.

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In addition, as mentioned earlier in the report, some of the districts in our sample were unable to provide us with supplemental funding expenditure data. Some district business administrators told us that the account codes used by the USOE meant nothing to them, and they would have to retrieve the data by hand. They were unable to provide data before the

deadline for this report. Business administrators' inability to gather supplement expenditure data was further evidence that the USOE has not standardized reporting methodology.

As a result of supplemental funds being reported with other funding sources, appropriated funds are very difficult to monitor in determining whether supplemental funds are used to actually supplement, or if they instead supplant funds. We recommend that the USOE require reporting of specific supplemental expenditures, as well as adopt the recommendations of the 1996 report. We believe this would: 1) provide better accountability of supplemental funds; 2) decrease the risk of mis-reporting expenditures; and, 3) provide a more meaningful report of minimum expenditures.

## **Recommendations**

1. We recommend the Legislature require in intent language that any supplemental funds are indeed used as supplements and are not to be used to supplant funds.
2. We recommend the Legislature require that the USOE determine the immediate need for additional funding/appropriations before supplements are given.
3. We recommend the Legislature determine if it is comfortable with the discrepancy between the state's and districts' levels of contribution toward textbooks and supplies.
4. We recommend that the USOE consider districts' contributions to textbooks and supplies when allocating any additional textbook and supply funding.
5. We recommend the USOE implement the recommendations of the 1996 report and adopt a standard reporting system that includes specific reporting of supplement expenditures.

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## **Appendices**

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# **Appendix A**

## **Audit Methodology**

The methodology for making this analysis can be broken into four important considerations: (1) What data was collected; (2) How the data was collected; (3) How the data was analyzed; and, (4) What are the considerations regarding the data.

### **What Data Was Collected**

Data was collected from teachers which allowed the following three questions to be answered:

1. how many books need to be replaced because of poor condition
2. how many books need to be replaced because of their age and lack of relevance
3. how many additional books are needed to provide an adequate quantity of textbooks for student use.

The condition of textbooks was assessed by the teachers. Specifically, the condition of the books was categorized by the teacher as being either excellent, good, fair, or poor. A book in poor condition was one in which pages were missing, covers were missing or the binding was broken and not repairable. Only books categorized as poor were candidates for replacement. Most books identified by the teacher as being in poor condition were physically examined by the auditor.

The relevancy of a book was assessed using two criteria: the age of the book and the percent of the core curriculum covered by the book. In theory, a textbook is replaced every seven years. In addition, according to the Utah State Office of Education (USOE), a comprehensive textbook must cover at least 75 percent of the core curriculum material. Thus, books purchased more than seven years ago which were also judged by the teacher to cover less than 75 percent of the curriculum were identified as candidates for replacement. If a book did not meet both criteria, it was not counted for replacement.

The quantity of books was assessed by comparing the number of books to the number of students taught by subject. When the number of students exceeded the number of textbooks, the teacher was questioned concerning the adequacy of textbook quantities. If the teacher believed the quantities were adequate, then no additional quantities were computed. For example, some teachers believe that classroom sets of textbooks, as opposed to a textbook for every student, are adequate. If the teacher believed the textbook quantities were inadequate, then additional quantities were computed.

To review the actual questionnaires used, please see Appendix B.

Current cost data was collected from two sources: (1) the USOE database, and (2) the Mountain States Depository database. While the USOE database was supposed to contain current replacement costs for all approved books from fiscal year 1996 to fiscal year 2000, less than 40 percent of titles four years old or less were found in the database. Either the USOE database is very incomplete or districts are purchasing books which have not been approved.

Using both the USOE and the Mountain States Depository databases, prices were found for approximately 45 percent of the titles requiring cost projections. In the cases where actual replacement costs could not be found, we averaged the known prices by subject and applied this average price to the title.

### **How the Data Was Collected**

The focus of our analysis—textbooks—was reached in a two step process. First, 70 schools were randomly selected throughout the state for a site visit by an audit team. In making the school selection, no school was exempted from the possibility of selection. Second, at each school, at least 20 percent of the teachers were interviewed concerning all subjects taught by the teacher and all textbooks used or needed by the teacher. The teachers were randomly selected and, as with the schools, no teacher was exempted from the possibility of selection.

Seventy schools were sampled because the USOE believed that this number was needed to produce convincing results. These 70 schools were selected using three separate, random samples: an elementary school sample, a junior high school sample and a high school sample. Specifically, 30 elementary schools, 20 junior high schools and 20 high schools were randomly selected.

By legislative request, schools were visited on an unannounced basis. Our visits began May 2000 and took approximately seven working days to complete. In order to visit 70 schools within this seven-day time period, nine teams of two members each were sent throughout the state. It should be noted that, despite the unannounced nature of the site visits, the vast majority of administrators and teachers were very accommodating with their schedules and time.

Within each of the 70 schools, 20 percent of the teachers were randomly selected for an interview. However, if 20 percent yielded less than eight teachers, then a total of eight teachers was selected for an interview. This methodology resulted in 658 teacher interviews (236 elementary school teachers, 183 junior high school teachers and 239 high school teachers).

Teacher selection occurred upon school entrance and teacher interviews were performed that same day. Teachers interviewed were asked to report on all subjects that they taught and on



all books that they used. In addition, teachers were asked to report by subject on any additional books needed. The interviews ranged from 5 to 30 minutes in length.

As a result of this methodology, information was collected on approximately 2,520 books titles currently in use around the state (1,242 elementary school titles, 488 junior high book titles and 789 high school book titles). These book titles expand to 81,000 books reviewed in our sample (28,100 elementary school books, 24,700 junior high school books and 28,200 high school books).

## **How the Analysis Was Performed**

The statistical analysis was performed by Dr. Gloria Wheeler, a management professor at Brigham Young University. We are extremely grateful to Dr. Wheeler for her time which she graciously provided as a public service.

Dr. Wheeler approached these cost projections from two points of view:

- (1) using teachers as the basis from which a projection is made, and
- (2) using book titles as the basis from which a projection is made.

As reported by Dr. Wheeler, both methodologies produced the same estimate. The difference was in the width of the projected confidence intervals. Dr. Wheeler indicated her belief that the projection made from book titles was the best one to use primarily because this projection was made using the largest sample size and it produced the smallest confidence interval. The sample size of teachers was comparatively smaller. In addition, the projection bases on titles allowed the purest analysis with the least amount of data manipulation. As a result, the projection based on book titles is the one used in this report.

Using book titles as our basis for projection required an estimate of the universe of book titles currently in use at the elementary, junior high and high school level. This was done by computing the average number of titles used by elementary, junior high and high school teachers in our sample and multiplying that average by the universe of teachers at each of the three levels.

Once the three universes were estimated, replacement numbers and costs were developed and expressed in terms of book title in three areas:

1. Replacing books in poor condition
2. Replacing books which are old and irrelevant and,
3. Adding books to supply sufficient quantities.

These costs were projected to the appropriate universe and are reported separately with their confidence intervals by educational level. In addition, the total cost by educational level is also reported along with its confidence interval.

## **Considerations Regarding the Data**

There are some considerations which surround the data collected and the cost projections made. First, this estimate applies to textbooks only, as defined by the USOE. According to the USOE, a textbook is defined as *systematically arranged text materials, in harmony with the state curriculum framework and courses of study, which may be used by students as principal sources of study and which cover a significant portion of the course.*

As a result, instructional supplies which cover consumables such as workbooks are not included in this estimate. This is a consideration for the elementary school estimate in particular. For example, grades K through 2 often use consumable workbooks in place of textbooks. In addition, computer software is also not included in our estimate as it is considered a supply.

Second, this estimate does not assume any changes in the educational system which might impact current textbook usage or cost trends. For example, this estimate does not assume any changes in current textbook purchasing practices throughout the state. While it may be possible that changes in textbook purchasing practices could reduce overall textbook costs, an analysis of that possibility was outside the scope of this audit.

Third, estimates of additional books, a large cost component, are based solely on individual teacher preferences. For example, if one math teacher requested a book for all students and another math teacher did not — those differences are reflected in the estimate. As a result, individual teacher preference is strongly present in this category.

**Appendix B**  
**TEXTBOOK AUDIT PROFORMA (ELEMENTARY)**  
**MAY 2000**

School District \_\_\_\_\_  
School \_\_\_\_\_ Grade \_\_\_\_\_  
Teacher Name \_\_\_\_\_ Years of Experience \_\_\_\_\_  
Total Students in Class \_\_\_\_\_

**1<sup>st</sup> Subject** \_\_\_\_\_

Name of Text: Text  
1. \_\_\_\_\_

and Publisher Text  
2. \_\_\_\_\_

Text  
3. \_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Number of Books: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

**Condition of Texts**

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

If needs replacing,  
why? \_\_\_\_\_

Is Text Relevant to  
Curriculum \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Is Classroom set  
adequate? \_\_\_\_\_

Other  
Concerns: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**2<sup>nd</sup> Subject** \_\_\_\_\_

Name of Text: Text  
1. \_\_\_\_\_

and Publisher Text  
2. \_\_\_\_\_

Text  
3. \_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Number of Books: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Condition of Texts

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

If needs replacing,  
why? \_\_\_\_\_

Is Text Relevant to  
Curriculum \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Is Classroom set  
adequate? \_\_\_\_\_

Other  
Concerns: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Page 2

**3<sup>rd</sup> Subject** \_\_\_\_\_

Name of Text: Text  
1. \_\_\_\_\_

and Publisher Text  
2. \_\_\_\_\_

Text

3. \_\_\_\_\_  
Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_  
ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_  
Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Number of Books: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Condition of Texts

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

If needs replacing,  
why? \_\_\_\_\_

Is Text Relevant to  
Curriculum \_\_\_\_\_

Is Classroom set  
adequate? \_\_\_\_\_

Other  
Concerns: \_\_\_\_\_

**4<sup>th</sup> Subject** \_\_\_\_\_

Name of Text: Text  
1. \_\_\_\_\_

and Publisher Text  
2. \_\_\_\_\_

Text  
3. \_\_\_\_\_

3. \_\_\_\_\_  
Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_  
ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_  
Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Number of Books: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Condition of Texts

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

If needs replacing, why? \_\_\_\_\_

Is Text Relevent to Curriculum \_\_\_\_\_

\_\_\_\_\_

Is Classroom set adequate? \_\_\_\_\_

Other Concerns: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Auditor Notes:**

Total Students Taught \_\_\_\_\_ Total Textbooks Available \_\_\_\_\_

Total # of Texts Needing Replacement \_\_\_\_\_

% of Replacements to Total Available \_\_\_\_\_

Other Concerns:

**TEXTBOOK AUDIT PROFORMA (HIGH SCHOOL AND JR HIGH)  
MAY 2000**

School District \_\_\_\_\_

School \_\_\_\_\_

Teacher Name \_\_\_\_\_ Years of

Experience \_\_\_\_\_

**1<sup>st</sup> Course Name** \_\_\_\_\_ # Periods

Taught \_\_\_\_\_

Name of Text: Text 1. \_\_\_\_\_

and Publisher Text 2. \_\_\_\_\_

Text 3. \_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

\_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Texts All Periods: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Students in All Periods: \_\_\_\_\_

Condition of Texts

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs  
Replacing \_\_\_\_\_

If needs replacing,  
why? \_\_\_\_\_

Is Text Relevant to  
Curriculum \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Is Classroom set  
adequate? \_\_\_\_\_

Other  
Concerns: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2<sup>nd</sup> Course Name** \_\_\_\_\_ # Periods

Taught \_\_\_\_\_

Name of Text: Text  
1. \_\_\_\_\_

and Publisher Text  
2. \_\_\_\_\_

Text  
3. \_\_\_\_\_

\_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Texts All Periods: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text  
3: \_\_\_\_\_

Total Students in All Periods: \_\_\_\_\_

Condition of Texts

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

If needs replacing, why? \_\_\_\_\_

Is Text Relevant to Curriculum \_\_\_\_\_

\_\_\_\_\_

Is Classroom set adequate? \_\_\_\_\_

Other Concerns: \_\_\_\_\_

\_\_\_\_\_

Page 4

**3<sup>rd</sup> Course Name** \_\_\_\_\_ **# Periods** \_\_\_\_\_

Taught \_\_\_\_\_

Name of Text: Text 1. \_\_\_\_\_

and Publisher Text 2. \_\_\_\_\_

Text 3. \_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Total Texts All Periods: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Total Students in All Periods: \_\_\_\_\_

**Condition of Texts**

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

If needs replacing,



why? \_\_\_\_\_

Is Text Relevant to Curriculum \_\_\_\_\_

Is Classroom set adequate? \_\_\_\_\_

Other Concerns: \_\_\_\_\_

-

**4<sup>th</sup> Course Name** \_\_\_\_\_ **# Periods** \_\_\_\_\_

Taught \_\_\_\_\_

Name of Text: Text 1. \_\_\_\_\_

and Publisher Text 2. \_\_\_\_\_

Text 3. \_\_\_\_\_

Copyright Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

ISBN # Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Purchase Date Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Total Texts All Periods: Text 1: \_\_\_\_\_ Text 2: \_\_\_\_\_ Text 3: \_\_\_\_\_

Total Students in All Periods: \_\_\_\_\_

**Condition of Texts**

Text 1 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 2 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

Text 3 - % Like New \_\_\_\_\_ % Good \_\_\_\_\_ % Fair \_\_\_\_\_ % Needs Replacing \_\_\_\_\_

If needs replacing, why? \_\_\_\_\_

Is Text Relevant to Curriculum \_\_\_\_\_

Is Classroom set

adequate? \_\_\_\_\_

Other

Concerns: \_\_\_\_\_

—

\_\_\_\_\_

\_\_\_\_\_

**Auditor Notes:**

Total Students Taught \_\_\_\_\_ Total Textbooks Available \_\_\_\_\_

Total # of Texts Needing Replacement \_\_\_\_\_

% of Replacements to Total Available \_\_\_\_\_

Other Concerns:

**Agency Response**

November 20, 2000

Mr. Wayne L. Welsh  
Auditor General  
Office of the Legislative Auditor General  
412 State Capitol  
Salt Lake City, UT 84114

Dear Mr. Welsh:

Following is the Utah State Office of Education's (USOE) response to the Legislative Auditor General's Performance Audit of State Textbook Funding. We appreciate the positive interaction with your staff and their careful review.

### **Overview**

The Utah State Office of Education has reviewed the Legislative Auditor General's Performance Audit of State Textbook Funding. In summary, USOE concurs with the auditor's findings in regard to the need for additional textbook funding. USOE also agrees that additional reporting and tracking requirements surrounding supplemental and one-time appropriations need to be put in place and will recommend to the State Board of Education that such action be taken.

The auditors recommend that future supplementals for textbooks be allocated on a need basis. While USOE recognizes that an allocation on the basis of need is desirable, as with all school funding, the principles of equity and fairness are also important. USOE commits to working with the Legislature and school districts to ensure a fair and equitable distribution of funding based, as much as possible, on need.

The auditors found that some districts may have supplanted existing textbook and supply funding with legislative supplementals. USOE notes that by not specifically prohibiting supplanting, the Legislature gave locally elected school boards flexibility to determine their own spending priorities. USOE strongly encourages the Legislature to carefully consider the implications of implementing maintenance of effort requirements in conjunction with future supplementals.

In attempting to estimate the amount of supplanting that may have taken place, auditors totaled all textbook and supply supplemental and one-time appropriations. USOE cautions that the use of the total of all supplementals may lead audit readers to believe that supplanting played a bigger role in the under funding of textbook purchases than it actually did.

Concern was expressed over the difference in the amount the state contributes to textbook and supply costs as opposed to the amount contributed by local districts. USOE believes that the contribution rates parallel those of overall public education funding patterns and finds no cause for Legislative concern.

A more detailed response to the audit follows.

## **Audit Finding**

### **Schools Need More Textbooks**

USOE appreciates the auditors' efforts. Their work has confirmed a problem long known by the education community but because of a lack of resources and staffing, unable to be confirmed by USOE.

It is important to note that the lack of adequate textbooks is a symptom of a larger problem: the general under funding of all aspects of public education in the State of Utah. Additional funding for textbooks, therefore, will only provide symptomatic relief, (albeit much welcomed.) If the additional funding is one-time in nature, then that relief will also be temporary.

## **Recommendation**

### **USOE Should Allocate Additional Textbook Funding on a Need Basis**

If the Legislature appropriates additional funding for textbooks, USOE will work closely with the Legislature and school districts to ensure a fair and equitable distribution of funding based, as much as possible, on need. In developing a distribution formula, two principles should be kept in mind: equity and fairness. It is incumbent upon public education to ensure that every child in the state has an equal opportunity to a basic education. Proportionate funding is often necessary in achieving equity. A funding scheme that completely ignores proportionate distribution risks disadvantaging one student over another.

The second principle, that of fairness, relates to distributing funding without considering a district's individual efforts and sacrifices to provide adequate textbooks to its students. If a district is found to have no pressing need for additional textbooks, it is most likely that the district has made difficult choices and is under funding some other crucial program or service. To not let those districts participate in the additional funding would punish them for making legitimate budget decisions.

## **Audit Finding**

### **Textbook Supplementals Lack Adequate Control**

The auditors found that USOE does not track supplemental appropriations. The lack of tracking made it "problematic" for the auditors to accurately assess the use of supplemental appropriations for textbooks and supplies. In the future, USOE will work with districts to develop a reporting mechanism that details how supplemental appropriations are used.

The auditors also found evidence that textbook and supply supplementals supplanted existing funding. The auditors assert that "[t]he Legislature has made it clear that they expect the district to do their part in providing funds for textbooks and supplies by using the supplements to fully supplement."

Contrary to the auditors' assertions, USOE can find no indication of legislative expectations concerning nor any clear prohibition to supplanting existing funding. In fact, USOE believes the Legislature has been prudent in not being prescriptive in how districts should spend supplemental textbook funding.

In the 1996 audit on textbook funding, the Auditor recommended that "the Legislature again include language in future legislation that specifies their intent regarding expenditures for textbook and educational

supplies.” That the Legislature chose not to include such language indicates a recognition of the importance of allowing districts flexibility in meeting their individual needs. USOE believes it would be a disservice to districts for the Legislature to become more restrictive in its supplemental appropriations. A better reporting system that provides the Legislature with information on how supplemental appropriations are spent will provide the accountability the Legislature needs.

In specifically prohibiting the use of supplementals to supplant existing funds, the Legislature will find itself relating to local school districts the way the federal government acts toward the state. The federal government often requires the state to enter into maintenance of effort agreements in order to receive federal funding. These agreements prohibit the Legislature from supplanting state funding with federal grants. The agreements frequently deprive the Legislature of flexibility to redistribute state funds to areas that may be of higher importance to the Legislature than they are to the federal government. The auditor is recommending that the Legislature adopt the same attitude the federal government takes when it provides funding to the states.

The auditors determined that for fiscal years 1996 through 1999, the Legislature provided \$44,450,000 in supplemental funding for textbooks and supplies. The use of all textbook and supply supplementals to estimate how much districts supplanted existing funding exaggerates the role supplanting may have played in the under funding of textbooks.

The Legislature did not intend for all the supplementals the auditors counted to be spent solely on textbooks. Included in the \$44,450,000 is \$11,500,000 that was appropriated over 4 years to reimburse teachers for materials and supplies they purchase with their own money. Another \$7,150,000 was appropriated for library and media materials and math and science equipment. That leaves \$25,800,000 over 4 years that could have been legitimately spent on both textbooks *and* supplies. The use of the total of all supplementals may lead audit readers to believe supplanting played a bigger role in the under funding of textbook purchases than it actually did.

**Audit Finding****District Contributions to Textbook and Supplies Expenditures Lag Behind State's Contributions**

The auditors point out that since 1988 textbook and supply expenditures have increased an average of 27.6 percent. They go on to note that the state has picked up 76.8 percent of that increase while local districts have covered the remaining 23.2 percent. The auditors recommend that the Legislature carefully consider the differences in the contributions and determine if the differences are acceptable.

USOE believes that the contribution ratios are in line with general funding patterns. Overall, the state pays for 74.0 percent of the day-to-day operations of the public school system. Local districts contribute about 21.0 percent of the cost. Federal grants make up the difference (6.0 percent). The state/local funding ratio of the increase in textbook and supply expenditures are very close to the total funding mix.

**Audit Finding****State Office of Education Has Failed to Standardize Reporting Methodology**

The auditors determined that USOE does not specifically track or gather data regarding supplemental appropriations. USOE will work with districts to develop and implement additional reporting and tracking requirements surrounding supplemental and one-time appropriations.

Sincerely,

Steven O. Laing, Ed.D.  
State Superintendent  
of Public Instruction

