

Office of
LEGISLATIVE AUDITOR GENERAL
State of Utah

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A Follow-up of
\$23.7 Million Textbook Supplemental
Funding Expenditure by Education



The effectiveness of the \$23.7 million textbook supplemental funding provided by the 2001 Legislature does not appear to have been maximized. First, district textbook expenditures did not match the state's textbook expenditure efforts. Second, some districts may have used supplemental funds for purposes other than those upon which the supplemental was based. Third, the supplemental funds were, for the most part, allocated proportionally by the Utah State Office of Education (USOE) with the support of the Legislature. Perhaps as a result of these three concerns, just half of the May 2000 textbook shortage was satisfied by April 2003. In October 2003, the USOE reported on unmet textbook needs. However, we believe the methodology appears flawed.

The \$23.7 million textbook supplemental funding resulted from a textbook needs analysis using data gathered in May 2000 from 650 teachers. During the 2000 legislative session, teachers reported that they did not have adequate numbers of textbooks to meet student needs. In addition, 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 and the Public Education Joint Appropriation Subcommittee requested that our office determine the amount of money necessary to provide books in adequate numbers to meet student needs; to replace books in poor condition; and, to replace old, irrelevant books. Our first report (Report Number 2000-07) was issued in November 2000 and recommended a \$30.6 million supplemental to correct identified textbook needs. After making an adjustment to account for summer textbook expenditures (Report Number 2001-04), the \$30.6 million estimate was revised to \$23.7 million. The 2001 Legislature accepted this estimate and provided public education, in House Bill 40, with a \$23.7 million textbook supplemental appropriation.

The Legislature has never appropriated such a large amount focused strictly on textbooks. However, with this large appropriation came legislative expectations. Specifically, it was the expectation of House Bill 40's sponsor that the textbook shortage and condition problems would be solved.

The first step in the solution was the provision of the \$23.7 million to enable districts to provide books in adequate numbers; replace books in poor condition; and replace books which were old and irrelevant—in short, to make themselves whole with respect to textbooks. If this \$23.7 million textbook supplemental was not adequate, then House Bill 40's sponsor expected the districts to increase their own textbook spending. The second step required the USOE, in consultation with local school boards and local superintendents, to design and implement an on-going statewide plan to provide for an adequate supply of textbooks.

This report focuses on the first step toward solving the state textbook problem. Specifically, issues involving the \$23.7 million supplemental received by public education in May 2001 are analyzed.

District Textbook Expenditure Effort Did Not Match State Effort

District textbook expenditures did not increase with the expenditure of the \$23.7 million state textbook supplemental funding. Instead, district expenditures declined slightly. Given the concern over textbook adequacy, this expenditure pattern was surprising.

**District expenditures
declined as state
funding increased.**

The USOE explained that it was unrealistic to expect districts to increase their spending on textbooks, during the supplemental expenditure year, for the following reasons:

- textbooks were only one of several critical spending needs,
- districts were not appropriated additional funding for ongoing textbook needs, and
- during this time period education received a \$15 million budget cut.

The USOE suggests that these reasons may explain why district expenditures were lower for the supplemental funding year than in other years. The USOE also noted that, with the supplemental funding, spending for textbooks nearly doubled over the prior year.

In making this analysis, we used the same 16 districts surveyed in the November 2000 report. Together, these districts serve approximately 75 percent of all Utah's students. The districts were asked to report amounts and timing of all supplemental expenditures impacting relevant textbook codes. Supplies were not reviewed. Once the supplemental expenditures were obtained, total textbook expenditures were separated into supplemental and district expenditure, and the relationship of those expenditures was examined year-by-year. All expenditure data is expressed in fiscal year 2002 weighted pupil unit (WPU) dollars. Converting expenditures to common dollars allows an analysis of real increases over time.

District Textbook Expenditures Lowest In Supplemental Expenditure Year

Of the four years reviewed, district textbook expenditures were the lowest in fiscal year 2002, the year in which supplemental funding was primarily spent. This expenditure pattern was unexpected, given the concerns surrounding textbooks. We believed districts would increase, not decrease, their own textbook expenditures in an effort to complement the large supplemental expenditures. For whatever reason, this spending pattern did not occur.

District textbook expenditures could have complemented Legislative textbook supplements better.

Figure 1 shows total textbook expenditures for fiscal years 2000 through 2003 and the breakout between district and supplemental expenditures for the 16 districts reviewed. Since school districts received supplemental funds in May 2001, districts had little time to expend textbook funds until fiscal year 2002. The term “district expenditures” simply denotes all textbook expenditures excluding legislative supplemental funds. The averages reported in Figure 1 are weighted based on the number of students from each of the 16 represented districts.

Figure 1. District and Supplemental Textbook Expenditures for the 16 Districts Reviewed. District expenditures are lowest in fiscal year 2002, the year most districts spent their portion of the \$23.7 million supplemental funding.

Fiscal Year	Average District Textbook Expenditure per Student *	Average Supplemental Textbook Expenditure per Student *	Average Total Textbook Expenditure per Student *
2000	\$46.09	\$ 1.42	\$47.51
2001	48.76	9.68	58.44
2002	44.88	47.58	92.46
2003	47.86	3.85	51.71

* Adjusted to 2002 dollars.

As can be seen, the average district textbook expenditure in fiscal year 2002 was \$44.88 per student. This district expenditure level is the lowest amount expended per student of the four years analyzed. In fact, the district expenditures in fiscal year 2002 are \$2.69 less per student than the other three years averaged (\$47.57 per student) and \$3.88 less per student than the highest expenditure year.

District expenditures for fiscal year 2002 were surprising. The legislative goal was to solve the state’s textbook problems. Towards this end, \$23.7 million was provided to the districts to make themselves whole in terms of textbooks. While the districts spent the supplemental money, the districts’ own textbook expenditure efforts did not mirror the state’s efforts. In addition, we found evidence that some supplemental textbook funds may not have been used for textbooks in all cases.

In 2002, the year the supplemental funding was expended, district expenditures were \$2.69 less per student.

Some Districts May Have Used Supplemental Money For Purchases Other than Textbooks

Evidence suggests some districts spent textbook funds in other areas.

Upon receipt of their portion of the \$23.7 million textbook supplemental funding, some districts gave the impression that they did not have significant textbook-related problems. As a result, these districts indicated that they might use the supplemental funds for other needs. Yet, in 2003, two of these districts reported unmet textbook needs. Because of the nature of this follow-up audit, we were unable to pursue this area in detail. However, we are aware that some districts reported using the supplemental funding for teacher training, library books, and regularly scheduled textbook adoptions.

Two newspaper articles appearing in April 2001, appear to support the possibility that at least two districts did not need as much supplemental textbook money as received. The first article appeared April 12, 2001 in the *Deseret News*. While the district does not directly reference its portion of the \$23.7 million textbook supplement (\$656,000), the district appears to be planning to supplant over \$600,000 in textbook expenditures during the next two years as stated below.

More than \$600,000 that was earmarked for textbooks ...will be diverted over the next two years to pay for a new literacy program. The money will be spent on three programs—called CELL, ExLL and Second Chance—that are said to strengthen a teacher’s ability to lead reading and writing classes. ...Despite the irony of taking money away from a book fund to pay for a literacy program, the district decided this week to use the \$600,000 to pay the program’s creators to train an eight-member team at each of [the district’s] 19 mainstream schools and extensive training for a literacy coordinator at each school.

Although the literacy program may be a worthy effort, it appears to be an example of supplanting textbook money for other uses. Given this possibility, it was disturbing to see this district reporting 20 percent unmet textbook needs in 2003.

The second article appeared April 7, 2001 in the *Park Record* and states the following:

...The district was given one-year money for textbook improvements which amounted to \$198,000. This is very good for us, said [the school district’s

business administrator]. Although the district does not have many outdated textbooks, [the district] may spend the money on other books, such as library books for the high school. ...Board members are looking for creative ways, ... to use this money for needed books.

As a point of clarification, library books are not classified as textbooks by the USOE and were not qualified for any portion of the \$23.7 million supplemental funds. It is interesting that this district has to be creative in its efforts to spend the supplemental money. In light of this article, it was disturbing to see this district report that two percent of its 2003 textbook needs were unmet due to a lack of funding.

While these are just two examples documented in newspapers, there are others. For example, another district that told the sponsor of House Bill 40 that the district had no textbook needs and requested permission to spend their portion of the supplemental funds on other items. We are also aware of two other districts that used their supplemental funds to either catch up on or make a regularly scheduled textbook adoption on which districts generally spend their own funds.

In our opinion, these examples raise a concern that some districts received more textbook supplemental money than was needed to provide textbooks in sufficient quantities and replace outdated textbooks or textbooks in poor condition.

Given the districts' expenditure level and how some districts appeared to spend their share of the textbook supplemental funds for other purposes, it is not unreasonable to draw one of three conclusions:

- that the districts did not believe the textbook problem was as critical as the teachers had reported, or
- that the districts believed all textbook needs, at that point, were met, or
- that other needs took priority over textbook needs.

So far, this report has outlined two reasons why the textbook problem may still be significant even after spending the \$23.7 million appropriated by the 2001 Legislature. First, the districts did not spend their average or an increased amount on textbooks during the year the supplemental funding was primarily spent. Second, some districts reporting textbook problems in 2003 may have spent their textbook money on other items.

The supplemental funding's overall effectiveness was further diminished by using a proportional allocation methodology.

Supplemental Money Allocated Proportionally

Our November 2000 audit report recommended against allocating the textbook supplemental funds using a proportionate methodology (i.e., one based on relative number of WPUs). This recommendation was made based on our observations that any proportionate distribution of funds would not effectively deliver the money to schools with the greatest textbook needs. Consequently, we believe the \$23.7 million appropriation was not used as effectively as possible. We understand the reasoning behind the Legislature and the USOE allocating the supplemental funds proportionally. Nonetheless, by accepting the USOE's proportionate allocation proposal, we believe districts placed the burden on themselves to meet their textbook needs with district money should the supplemental funding prove inadequate.

Our estimate to meet textbook needs statewide was based on an analysis of need generated from the classroom level up. Under this scenario, need would flow up from classrooms to schools which would be used to develop a school-wide need. This need would then flow from the schools to districts to develop a district-wide need. However, the money was not allocated this way, perhaps because this method was not supported politically. Instead, we believe the money flowed down from the USOE to the districts, independent of any identified need, but in a fashion similar to how money traditionally flowed.

In the November 2000 report, we noted that "... for whatever reason, need does not appear closely related to number of students or WPUs" and that "... we saw continuing evidence of this poor relationship at both the school and teacher level." We cautioned that "if actual need is not appropriately identified, then we believe that there is a significant risk of taxpayer money being ineffectively applied." In other words, we were concerned that a proportionate allocation would place too much money in some districts and not enough in others. As a result, we recommended that a proportionate allocation methodology not be used by the USOE.

For various reasons, the Legislature supported a proportionate allocation methodology. This support led the Legislature to amend House

Using one method to develop the supplemental estimate and another method to allocate the supplemental does not promote effective usage.

The textbook supplemental funding was allocated proportionally through the WPU.

Bill 40 to allow the possibility of such an allocation. When House Bill 40 was first drafted, the USOE was required to allocate the supplemental funding based on need as identified in the November 2000 report. House Bill 40 was later amended to allow the USOE to allocate the \$23.7 million supplemental funding based on their own assessment of needs. This amendment opened the door for a proportional allocation should the USOE choose to do so.

Given the legislative support, it is not surprising that the USOE decided to allocate \$23.7 million using a modified proportionate approach. The USOE noted that the \$23.7 million was made up of three different estimates—one for elementary schools, one for junior high schools and one for high schools. So, instead of allocating the \$23.7 million as one unit, the USOE allocated each of the three estimates separately. Nonetheless, all three estimates were allocated based on relevant district WPUs. For example, if a district had five percent of all elementary school students, then that district received five percent of the elementary school estimate. This methodology was presented to and approved by the districts.

Our basic concern with using a proportional allocation rather than a needs-based allocation was that the supplemental money would not go to areas of greatest textbook needs. Instead, some districts would receive more money while others would receive less money relative to their textbook needs. That some districts appeared to use their textbook supplemental funding on other needs lends support to this concern.

Regardless, it is our opinion that districts, by approving the USOE's allocation methodology, placed the burden on themselves to meet any remaining textbook needs should the supplemental funding prove inadequate. In other words, in the year the supplemental funding was spent (fiscal year 2002), any district textbook needs not satisfied by the funds would be satisfied by district money. While this was not explicitly stated in House Bill 40, we believe this was the expectation of the bill's sponsor. Given the decline in district expenditures in fiscal year 2002, we do not believe this expectation was met.

To summarize, it appears that districts did not match the state's efforts to solve the statewide textbook problem. Further, some districts may not have spent their portion of supplemental funds on textbook needs as defined in the November 2000 report. Finally, the \$23.7 million for textbooks was allocated proportionally which was not the best method for

Some districts received too much money while others received too little to meet their need.

focusing money on classroom-level need. In our opinion, these actions did not maximize the effectiveness of the textbook supplemental funding.

Half of 2000 Textbook Need Satisfied

According to our survey, approximately half the textbook needs identified in May 2000 were satisfied by April 2003. This percent of textbook need satisfaction was estimated by re-interviewing a sample of teachers from the original May 2000 teacher survey. Optimally, our analysis of textbook need satisfaction would have included textbook needs as identified by the districts. Unfortunately, though required to do so by the **Utah Code**, the USOE did not request and, with few exceptions, the districts did not supply specific textbook needs. Thus, no comparison of district-identified textbook needs with teacher-identified needs could be made.

Teacher Information Indicates Half May 2000 Need Satisfied

Approximately half of the May 2000 textbook need has been satisfied. This estimate is based on April 2003 textbook information obtained from a sample of the original respondents. Over half of these teachers indicated that textbook conditions are better now than in May 2000.

To develop an estimate of satisfied textbook needs, we used a two-step process. First 25 percent of the schools in the original May 2000 survey were randomly selected. Second, the teachers originally interviewed in these schools were then identified. All teachers who had been interviewed in May 2000 were interviewed again in April 2003 if the teacher was:

- still at the school, and
- still teaching the same grade or subject as in May 2000.

Using this methodology, 99 teachers were re-interviewed in April 2003 as to their textbook situation. In May 2000, these 99 teachers had, among them, 97 textbook conditions representing some type of textbook need (i.e., books in poor condition, books which were old and irrelevant, or books in insufficient quantity). Textbook conditions reported in April 2003 were compared to those the teacher had reported in May 2000.

Fifty-four percent of the surveyed teachers felt textbook conditions have improved.

This comparison revealed that 48 percent (47 of the 97 textbook need conditions) were satisfied as of April 2003. Further, 54 percent of the teachers interviewed believe that textbook conditions are better now than in May 2000.

The estimated textbook need satisfaction (48 percent) is somewhat higher than what would be expected under normal textbook replacement schedules. For example, under a seven-year statewide replacement cycle, 43 percent of all textbooks would be replaced while 38 percent would be replaced under an eight-year replacement cycle. However, during this three-year time period, conditions were not normal. Instead, the Legislature took the extraordinary step of providing an unprecedented \$23.7 million textbook supplemental.

Nonetheless, the USOE counters that it was unrealistic to expect the textbook problem to be solved with the \$23.7 million supplemental funding for the following reasons:

- textbooks were only one of several critical spending needs,
- districts were not appropriated additional funding for ongoing textbook needs, and
- education received a \$15 million budget cut during this time period.

Whatever the reason, just half of the identified May 2000 need was satisfied after the passage of three years and the expenditure of \$23.7 million.

This need satisfaction analysis is based on textbook needs as identified by individual teachers. As was discussed in the November 2000 report, teachers are very individualistic in their preferences concerning book needs. It is certainly possible that some teacher-identified textbook needs were not met by the districts for legitimate reasons. Because of this discrepancy, we had hoped to take into account each district's determination of textbook needs as identified by their teachers. Unfortunately, this information was not provided.

We were unable to corroborate teacher-assessed textbook need with district-assessed need.

District-identified Textbook Needs Unknown

Although the *Utah Code* was amended in fiscal year 2000 to require that districts submit yearly textbook needs, this submission did not occur. The USOE did not request this information, and the districts, with few exceptions, did not submit it. As a result, a valuable measure of textbook need satisfaction and specific district textbook needs are unknown.

At the time the \$23.7 million textbook supplemental funding was appropriated, the *Utah Code* was amended to require certain annual reports from the districts. *Utah Code* 53A-12-201.5 required districts to annually report their textbook needs for the just completed school year. In spite of this requirement, the USOE did not request this information of the districts as part of their required annual report. As a result, specific district textbook needs were unknown.

District identified textbook needs would have provided helpful information. Textbooks needs identified at the district level could have been compared to needs identified at the classroom level. Reasoning behind textbook need discrepancies at the two levels could have been pursued. As stated before, districts may have had legitimate reasons for not complying with every teachers' identified textbook needs. Regardless, the data was not collected and the ability to make such a comparison was lost.

Based on textbook information supplied by the teachers, it appears that, although the entire \$23.7 million supplemental was spent by the districts, only half of the May 2000 textbook needs was satisfied. The USOE recently reported that an additional \$9.5 million was needed in 2003 to provide books in adequate quantities, replace books in poor condition, and replace old, irrelevant books. Although the \$9.5 million figure may be a good estimate, concerns with the methodology bring this estimate into question.

USOE Methodology for 2003 Unmet Textbook Need Appears Flawed

The USOE did not adequately provide guidance to the districts in how to make determinations critical to the 2003 dollar estimate of unmet

Districts did not assess annual textbook needs as required by the *Utah Code*.

textbook needs. As a result, districts adopted varying methodologies which were often subjective. This lack of guidance may have caused one large district to misinterpret a critical question causing an errant \$2.5 million contribution to the USOE's \$9.5 million estimate. Finally, the USOE's staff produced two estimates of 2003 unmet textbook needs, one of which the districts agreed to and another which was presented to the Legislature.

Varying District Methodologies Used To Make Critical Estimate

The USOE did not provide any guidance to districts for developing their methodologies of estimating their percentage of 2003 textbook needs met. This percentage was a critical component of the USOE's 2003 textbook need estimate. When coupled with the district's 2003 textbook dollars spent, this percentage allowed an estimate of total dollars needed to meet all 2003 district textbook needs. From there, a district's dollar amount of unmet textbook needs was then computed.

Given the importance of this percentage estimate, the USOE should have taken care to insure that all districts used a defensible and standardized methodology. This standardization did not occur, however. Instead, districts developed their own methodologies which were often subjectively based. In some cases, principals and teachers were asked to make need estimates while in other cases, only principals were asked. In one case, no information from either principals or teachers was solicited. Instead, a business administrator and two staff simply developed a percentage that seemed reasonable to them.

In addition, a district's need percentage was to be based on the following three criteria: textbooks in adequate supplies, textbooks in poor condition, and textbooks which were old and irrelevant. In at least one case, the district did not understand the definitions of the three criteria. If these definitions were not standardized and understood by all districts similarly, then district percentages may have varying meanings.

The impact of non-standardized definitions and methodology is illustrated by the response of one large, surveyed district.

The USOE provided little guidance to districts regarding procedures for textbook need assessment.

Most districts used a subjective textbook need assessment methodology.

One district misinterpreted a key USOE survey question which overestimated the 2003 textbook estimate by \$2.5 million.

We have little confidence in the USOE's textbook needs estimate.

One District Interpreted Critical Question Incorrectly

One large district reported on the USOE questionnaire that 66 percent of their textbook needs were met with their fiscal year 2003 expenditures. Based on this percentage, the USOE estimated this district's unmet 2003 textbook needs to be \$2.5 million. This amount represents approximately 25 percent of the USOE's total \$9.5 million estimate to the Legislature.

In discussing the percentage estimate with district officials, we learned that the question—What percent of your textbook needs were met?—was interpreted as pertaining to legislative funds only. In fact, this district reported to us that 100 percent of its 2003 textbook needs were met; 66 percent with legislative funding and the remainder with other district funds. Based on this information, this district's \$2.5 million contribution to the total \$9.5 million unmet need estimate appears questionable.

Because the USOE did not standardize the definitions and methodology to be used by all districts, little confidence can be placed in the resulting estimate of 2003 unmet textbook needs. In addition, errors in the USOE's survey instrument produced two estimates of 2003 unmet need.

Two 2003 Need Estimates Exist

Two estimates of additional dollars necessary to satisfy 2003 unmet textbook needs exist. These two estimates resulted from an initial errant formula and its subsequent correction. A \$5.7 million estimate was supported by the districts but was based on an incorrect formula. The \$9.5 million estimate presented to the Legislature was based on a corrected formula but was never returned to the districts for comment. The existence of two estimates causes confusion.

As part of its 2003 textbook report, the USOE sent each district a questionnaire which contained, among others, the following two questions:

- what amount of money was spent in fiscal year 2003 on textbooks, and
- what percent of their textbook needs were met with this amount of money?

Twenty-two school districts reported some level of need—a range of 2 to 85 percent unmet textbook need.

All districts except one (Piute) responded to the USOE's questionnaire. Of the 39 responding districts, seventeen reported that 100 percent of their textbook needs were met. For these districts, the calculation of a dollar amount to satisfy unmet needs was unnecessary.

For the remaining 22 districts, the questionnaire calculated, through an embedded formula, a dollar amount necessary to satisfy the district's reported unmet needs. Districts were then asked if the calculated dollar amount was reasonable to satisfy their unmet textbook needs. Eighteen districts agreed that their district's calculated amount appeared reasonable while four districts disagreed. The total amount agreed to by these eighteen districts was \$3.7 million. The four districts which disagreed increased the total estimate to \$5.7 million.

It was later discovered by USOE staff that the embedded formula was in error. In all cases, the formula was calculating lower amounts than should have been calculated under the USOE's corrected formula.

When the formula was corrected and recalculated, the additional \$3.7 million which had been supported by the eighteen districts was increased to almost \$7.5 million. Again, the four districts which disagreed with the original calculation increased this total estimate to \$9.5 million. According to districts contacted, the USOE's recalculated numbers were never presented to them.

Two unmet textbook need estimates exist; one estimate received district feedback, the other reported estimate did not.

While it is true that a critical formula was in error, the fact still remains that the eighteen districts agreed to a lesser amount than was reported to the Legislature. It is the confirmation of one estimate by the districts and the presentation of another to the Legislature which causes uncertainty and confusion.

In summary, we do not believe that public education used the \$23.7 million textbook supplemental funds in ways which would maximize its impact. District textbook expenditures did not increase with the expenditure of the supplemental and the supplemental was not allocated on the basis of need. Finally, some districts possibly spent their portion of the supplemental funding on needs other than textbooks. As a result, just half of the May 2000 textbook needs were satisfied. While the USOE has developed an estimate of 2003 unmet textbook needs, the methodology underlying the estimates was not standardized. As a result, it is difficult to have confidence in the resulting estimate.

Agency Response

February 12, 2004

Audit Subcommittee
Of the Legislative Management Committee
State Capitol Building
Salt Lake City, Utah

Dear Committee Members:

Thank you for the opportunity afforded us to respond to the follow-up report on the 2001 supplemental appropriation for textbooks. We offer the following comments and clarifications for your consideration.

BACKGROUND

The report made 4 major observations: 1) districts did not increase local spending on textbooks; 2) some of the supplemental funding was purportedly spent for purposes other than textbooks; 3) funding was not allocated according to need; and 4) only half the textbook needs identified in May 2000 were satisfied by April 2003.

LOCAL TEXTBOOK EFFORT

The auditor found a slight decrease in local funding of textbooks “surprising” given the concern over textbook adequacy. The decrease amounted to \$2.69 per pupil for a total for all 40 school districts and 8 charter schools equaling approximately \$1,275,000. To place that figure in context, total textbook spending that same year was at \$92.46 per student – an increase of \$34.02 over the prior year.

The report says that the sponsor of House Bill 40 (the bill appropriating the textbook supplemental) expected “districts to increase their own textbook spending.” Such expectations were not, however, expressed in the bill itself and are unrealistic for the following reasons:

- 1) districts were not appropriated additional funding to spend for ongoing textbook needs;
- 2) budgets were cut by \$15,000,000 in the year studied;
- 3) spending for textbooks had already nearly doubled over the prior year; and,
- 4) textbooks were only one of several critical spending needs that year.

USE OF SUPPLEMENTAL TEXTBOOK APPROPRIATION

Districts reported to the Utah State Office of Education (USOE) that they had increased textbook spending in FY 2002 by \$20,341,000. (The remainder of the textbook supplemental was spent in either the previous or subsequent fiscal year.)

Over 750,000 books were purchased with the funding provided by the legislature. Districts and charter schools provided the USOE with a list of textbooks purchased with supplemental funding.

If districts chose to spend the textbook supplemental for something other than textbooks, it was a local decision made contrary to the directive of the Utah State Board of Education.

It should be noted, however, that districts increased their spending by \$6.7 million on instructional supplies and materials in FY 2002 over the prior 5 year annual average. Meaning, as illustrated by the anecdotal and newspaper accounts cited by the auditor, if districts spent supplemental funding on something other than textbooks, it was most likely for essential instructional materials such as literacy courses and library texts.

FUNDING ALLOCATION

The supplemental textbook funding was allocated according to the differentiated need the auditor found at the elementary, middle, and secondary school levels. As the report accurately states, the legislature supported this allocation methodology. The allocation addressed both one aspect of the need identified by the auditor and the unfairness and questionable reliability of a distribution based solely on need.

UNMET TEXTBOOK NEEDS

The auditor found that a need for adequate textbooks still exists in public education.

The USOE analysis, based upon records submitted by districts, shows textbook spending in FY 2002 increasing by over \$20,000,000. The USOE believes that the auditor's report confirms what the legislature has been told over the past 3 years: there is a need for an ongoing annual increase in textbook funding of \$9 to \$10 million. Four different methodologies (including the auditor's latest study) confirm that belief.

A one-time appropriation cannot solve an ongoing problem.

We appreciate the opportunity to respond to the audit.

Sincerely,

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