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# Digest of a Performance Audit of School Textbooks and Supplies

At the request of the Joint Majority Leadership, we have conducted an audit of school textbooks and supplies. Leadership was concerned because textbooks and instructional supplies are generally represented to be in short supply and, as a result, the Legislature is continually being asked to appropriate additional money for these items. We concluded that there may be a spending crisis in textbooks and supplies within the larger districts. The smaller districts seemed more satisfied. Further, we concluded that public education's reported minimum expenditure regarding district textbook and supply expenditures is not accurate. In addition, the requirement may promote district spending inequities on a per student because of the add-ons to the weighted pupil unit. As a result, meeting the minimum expenditure requirement cannot be used to justify the need for additional textbook and supply money. Finally, we found that the funds given to teachers to help them buy supplies in fiscal years 1994 and 1996 were accounted for appropriately and appear to have been spent according to legislative intent.

In the past, the Legislature has had a concern with the amount of money districts were allocating toward textbooks and supplies. It was suspected that rather than allocating sufficient funds from existing district budgets to meet textbook and supply needs, the educational community was instead asking for additional legislative funding. In an effort to comply with legislative intent, the Utah State Board of Education (USB E) modified the existing required minimum standard for district textbook and supply expenditures to specify that a district must not spend less than 4 percent of its budget derived from the basic program on textbooks and supplies.

In spite of the additional money provided by the Legislature and in spite of the district efforts to spend adequate amounts on textbooks and supplies, public education officials maintain that a textbook and supply shortage still exists.

The following summaries identify the most significant findings and conclusions of the audit:

**A Textbook and Supply Crisis May Exist in the Larger Districts.** Response to our teacher questionnaire on textbooks and supplies indicates a possible textbook and supply crisis may exist in the larger school districts. The smaller districts appear much more satisfied while the larger districts are significantly more dissatisfied with textbook and supply quantities. However, both large and small districts appear reasonably satisfied with textbook and supply quality. Initially, we expected a high teacher response rate to our questionnaire; however this did not occur. Since the survey response rate was low, we corroborated teacher responses by interviewing school principals. These principals confirmed what the teachers were reporting. It should be noted here that this survey was

conducted before the \$9.5 million in supplemental funds for textbooks and supplies had been spent by the districts. Thus, it is possible that some of this dissatisfaction with textbook and supply quantities will disappear once this money is spent.

**Minimum Expenditure Reporting is Not Accurate.** The 4 percent minimum expenditure requirement, used by the Utah State Office of Education (USOE) to insure adequate levels of textbook and educational supply expenditures to the Legislature, is not reported accurately. Specifically, we believe that some of the expenditures reported as meeting the minimum expenditure requirement are inappropriate. First, the USOE allows districts to use expenditures from any funding source to meet the minimum expenditure requirement rather than allowing only those funding sources upon which the minimum expenditure requirement is calculated (i.e., the Total Basic School Program). As a result, districts have reported expenditures from teachers' supplemental, federal and school-generated funds to meet the minimum expenditure requirement. Allowing any funding source to be used to meet the minimum expenditure requirement can result in an inconsistent and inappropriate representation of state expenditures for textbooks and supplies. For example, because expenditures from school-generated funds were reported in one district, we found \$27,000 of yearbook expenses counted as educational supplies. In addition, the USOE's broad definition of allowable funding sources permits money from other sources to potentially supplant required expenditures from the mostly state-funded Total Basic School Program. Second, some districts reported expenditures are inappropriate given the definitions established by the USBE. For example, one district reported over \$16,000 of meal expenses as educational supplies. Because data are inappropriately and inconsistently reported, the minimum expenditure criterion does not accurately portray the statewide level of educational supply expenditures by the school districts. In addition to having questionable value, the minimum expenditure requirement may also promote per student spending inequities among the districts because of add-ons to the weighted pupil unit. In our opinion, the USBE and the USOE needs to re-evaluate the required minimum expenditure criterion to make it a meaningful measure.

**Teacher Supplemental Supply Funds Were Accounted for Appropriately.** We reviewed distribution and accounting practices in 15 of the 40 school districts in the state for the teachers' one-time supplies and materials appropriations available in fiscal years 1994 and 1996. In general, the school districts have accounted for these appropriations adequately. Each district received allocations and was responsible for distributing the funds and monitoring the expenditures. We found that most districts implemented procedures and controls to distribute the funds and review the expenditures, and that teachers generally spent the allocation appropriately on supplies, materials and field trips. However, one large district failed to adequately account for teacher purchases, thus raising questions whether or not purchases were made as the Legislature intended. As a result, we feel more controls are needed to ensure appropriate spending. In our opinion, the districts need more instruction or policy from the USOE regarding procedures for distribution of funding, expenditure review and approval, documentation, and reimbursement. In addition, the USOE needs to follow-up with the districts on their expenditures of supplemental and one-time appropriations to insure compliance with legislative intent.

# Chapter I

## Introduction

At the request of the Joint Majority Leadership, we have conducted an audit of school textbooks and supplies. Leadership was concerned because textbooks and instructional supplies are generally represented to be in short supply and, as a result, the Legislature is continually being asked to appropriate additional money for these items. We concluded that there may be a spending crisis in textbooks and supplies within the larger districts. The smaller districts seemed more satisfied with textbooks and supplies. Further, we concluded that education's reported minimum expenditure regarding district textbook and supply expenditures is not accurate. In addition, the requirement may promote district per student spending inequities because of add-ons to the weighted pupil unit. As a result, meeting the minimum expenditure requirement cannot be used to justify the need for additional textbook and supply money. Finally, we found that teacher supply funds available in fiscal years 1994 and 1996 were accounted for appropriately and appear to have been spent according to legislative intent.

In the past, the Legislature has had a concern with the amount of money districts were allocating toward textbooks and supplies. It was suspected that rather than allocating sufficient funds from existing district budgets to meet textbook and supply needs, the educational community was instead asking for additional legislative funding. This concern culminated during the 1987 Legislative Session when the Legislature demanded that local school districts increase the amount of money made available for textbooks and supplies. In an effort to comply with legislative intent, the Utah State Board of Education (USBE) modified the existing required minimum standard for district textbook and supply expenditures. This new required minimum took effect in fiscal year 1990 and was stated as follows:

*A school must not spend less than 4 percent of its budget derived from the basic program plus the amount allocated in the Textbook and Laboratory Special Purpose Optional category [for textbooks and supplies]. Following the 1989-90 school year, districts may use a three (3) year averaging procedure to accommodate large textbook or other unusual one year expenditures. Districts using the averaging procedure option must maintain a 4 percent average expenditure for each three year period.*

Although the Textbook and Laboratory Special Purpose Optional category was merged into the basic program in Fiscal Year 1992, the USBE still requires all districts to spend 4 percent of their budgets on textbooks and supplies.

From a legislative perspective, increasing amounts of money have been provided for public education, among other things, to purchase adequate amounts of textbooks and supplies.

Specifically, the value of the weighted pupil unit (WPU) has increased from \$1,240 in fiscal year 1990 to \$1,672 in fiscal year 1995, a 34.8 percent increase. Consequently, the required minimum expenditure per student rose from approximately \$65 per student in 1990 to \$87 per student in 1995, a 34 percent increase. During this period, consumer prices rose 16.6 percent nationally.

In addition to providing more money to the districts in terms of their basic allocation, the Legislature has also provided supplemental money. In fiscal year 1989, the Legislature made special appropriations totaling \$11,950,000 to public education. These special appropriations provided an additional \$28 per student to the districts. In fiscal year 1989, districts were required to spend, at a minimum, approximately \$50 per student. Thus, the supplemental money would have allowed them to spend \$78 per student on textbooks and supplies if they chose. These funds were not specifically dedicated to textbooks and supplies; however, it was expected that a majority of these funds would be spent in this manner. Then, in fiscal year 1994 the Legislature made a special one-time appropriation of \$3 million to public education. This money was allocated directly to teachers to be spent on classroom supplies. This one-time appropriation enabled \$6 per student to be spent on supplies in addition to the minimum required expenditure per student of \$82. Thus, in fiscal year 1994, districts were provided with \$88 to spend per student on textbooks and supplies. Finally, in the 1995 legislative session, the Legislature gave a one-time appropriation of \$2 million to teachers for classroom supplies and a \$9.5 million supplemental appropriation to be spent on textbooks and supplies in fiscal year 1996. These two supplemental appropriations provided public education with an additional \$24 per student. We estimate that the Legislature provided \$111 per student in fiscal year 1996 for textbooks and supplies (\$87 per student minimum requirement plus \$24 additional).

In spite of these surges of money, public education officials maintain that a textbook and supply shortage still exists and more money is needed from the Legislature. In fact, after receiving the 1989 supplemental money, public education officials requested an additional \$12 million in fiscal year 1990 to meet district textbook and supply shortages. To support their argument for an increased legislative appropriation, the officials maintained that the districts had made a good-faith effort to spend reasonable amounts of current district allocations on textbooks and supplies. However, in spite of their efforts, districts still have unmet needs. In fact, most of the districts report spending more than the required minimum amount for textbooks and supplies. For a comparison, historically, of actual to required textbook and supply expenditures as reported by each district, see Figure I.

**Figure I**  
**Textbook and Supply Expenditures Per Student — FY '92 to '94**

<b>District</b>	<b>FY '92 Required</b>	<b>FY '92 Actual</b>	<b>FY '93 Required</b>	<b>FY '93 Actual</b>	<b>FY '94 Required</b>	<b>FY '94 Actual</b>
Alpine	\$ 73.63	\$ 72.11	\$ 76.39	\$ 87.18	\$ 80.51	\$ 99.05
Beaver	91.55	149.04	97.03	123.38	97.68	161.01
Box Elder	74.98	63.15	78.24	65.35	81.99	84.96
Cache	73.09	62.45	76.11	64.75	79.68	84.03
Carbon	84.42	119.23	89.54	109.07	90.77	147.22
Daggett	183.50	315.73	184.38	305.59	195.21	429.54
Davis	72.95	87.69	76.05	78.80	79.20	106.13
Duchesne	86.40	100.65	89.22	112.56	91.75	131.17
Emery	79.47	261.52	81.18	222.39	85.69	205.94
Garfield	111.95	129.62	121.91	182.77	127.01	185.48
Grand	88.09	139.21	92.21	142.56	92.80	119.39
Granite	74.57	70.79	78.12	67.17	82.19	82.20
Iron	78.15	84.64	81.06	103.44	83.29	103.15
Jordan	74.10	67.71	76.87	65.99	80.53	86.05
Juab	85.17	96.39	85.10	141.58	90.60	108.67
Kane	101.47	140.94	104.03	136.09	110.15	193.05
Millard	81.11	123.70	84.95	156.56	88.24	129.68
Morgan	75.12	76.17	77.99	79.09	81.37	83.20
Nebo	72.73	66.24	75.76	77.21	78.40	85.49
N. Sanpete	80.71	106.98	85.16	134.77	87.85	149.65
N. Summit	89.24	163.49	91.99	137.78	95.34	150.84
Park City	73.34	160.27	76.32	138.90	79.65	164.48
Piute	143.64	145.69	140.39	109.47	146.81	193.29
Rich	113.66	166.34	121.50	216.52	123.32	158.85
San Juan	93.88	169.06	98.68	206.23	96.13	222.67
Sevier	83.06	112.96	84.86	110.18	88.24	141.36
S. Sanpete	83.19	144.88	84.98	139.84	88.09	209.30
S. Summit	92.55	195.10	92.10	145.31	94.85	176.31
Tintic	187.81	310.89	185.84	278.88	196.42	156.89
Tooele	78.91	98.29	81.80	150.35	84.18	101.64
Uintah	77.57	82.87	81.88	79.53	83.51	109.70
Wasatch	78.09	128.76	80.63	140.15	83.57	238.35
Washington	73.94	89.82	77.08	95.41	79.92	99.32
Wayne	122.15	174.47	124.89	206.65	123.21	202.56
Weber	76.32	156.85	78.80	160.36	80.63	161.79
Salt Lake	77.64	100.80	81.88	105.58	85.11	116.13
Ogden	77.74	109.38	82.41	121.42	85.09	144.54
Provo	81.44	103.12	86.10	140.77	89.63	128.61
Logan	73.25	88.27	75.74	104.25	79.70	109.79
Murray	74.38	88.52	76.70	89.17	79.83	77.82
<b>weighted averages</b>	<b>76.12</b>	<b>89.93</b>	<b>79.32</b>	<b>93.50</b>	<b>82.61</b>	<b>107.76</b>

That districts spend more than the required minimum expenditure on textbooks and supplies coupled with the assertion that public education still has significant textbook and supply needs provides education with an argument for increased legislative funding. According to the Legislative Fiscal Analyst, this argument has been made on a number of occasions. On the other hand, the Legislature has provided large supplementals plus increasing amounts in the basic budget, yet has still failed to meet public education's textbook and supply needs. This failure causes legislative leadership concern.

## **Audit Scope and Objectives**

Because of leadership's concern, we were asked to provide information that might help clarify the issues surrounding textbook and supply expenditures and unmet need. Specifically, this audit addresses the following objectives:

1. Determine what the realistic unmet needs for textbooks and supplies are and estimate the amount of funding necessary to meet these needs.
2. Determine if school districts are complying with legislative intent with regard to the amount appropriated to them for textbooks and supplies and that expenditures are appropriately classified as supplies by school districts.

We were able to gather information involving textbook and supply needs, which we report in Chapter II. However, we were unable to estimate the amount of funding necessary to meet this need. We determined that the expenditure data we were going to use in making our estimate are inconsistently reported by the districts. We discuss this inconsistency in Chapter III. In addition, Chapters III and IV also address the question involving the appropriateness of education's reported expenditures on textbooks and supplies and whether these expenditures comply with legislative intent.

Because we had approximately three months to gather, analyze and interpret these data, we were limited in the number of districts we could review. We surveyed teachers by questionnaire in 15 of the 40 school districts as to their levels of satisfaction with textbooks and supplies. However, we were only able to do an in-depth financial analysis within four of these 15 districts. Financial information was not easy to obtain in the detail we wanted and was not similarly maintained throughout the districts. In other words, it was necessary to learn anew the accounting system in each district we reviewed. Consequently, we were only able to review four.

## Chapter II

# Textbook and Supply Crisis may Exist in Larger Districts

Response to our teacher questionnaire on textbooks and supplies indicates a possible textbook and supply crisis in the larger school districts. The smaller districts appear much more satisfied while the larger districts are significantly more dissatisfied with textbook and supply quantities. However, both large and small districts appear reasonably satisfied with textbook and supply quality. Initially, we expected a high teacher response rate to our questionnaire; however, this did not occur. Since the survey response rate was low, we corroborated teacher responses by interviewing school principals. These principals also confirmed what the teachers reported.

The joint majority leadership of the Legislature requested that the Legislative Auditor General's Office estimate the level of unmet need regarding textbooks and supplies in secondary education. The Legislature was concerned that they are continually being asked for additional money for textbooks and supplies and they were interested in an estimate of how much additional funding would be required to meet district needs. To do this, it was necessary to determine the extent to which textbook and supply needs were currently being met. We decided that a teacher questionnaire would provide the needed information most quickly. It was our intent to then compare district satisfaction levels with a tangible measure of the districts spending on textbooks and supplies. From this comparison, we intended to identify textbook and supply spending levels that resulted in district satisfaction and then, using these levels, estimate the additional amount that would be needed to allow all districts to spend at these levels. While we were unable to make this comparison, for reasons discussed in Chapter III, we were able to gather information on teacher satisfaction with textbook and supply quality and quantity.

It is important to note that this questionnaire generally reflects teacher responses after the \$2 million teacher supply supplemental appropriation was given by the Legislature in 1995 (providing each teacher with \$100) for supplies. However, the responses do not generally reflect the \$9.5 million supplemental appropriation provided in 1995 for textbooks and supplies (because most of these funds were yet to be spent). Consequently, we expect the level of satisfaction with textbook and supplies to improve this year. If requested by the Legislature, more detailed information can be provided by duplicating the teacher survey in 1996, after the \$9.5 million is spent. Also, we could track the expenditures and report how much of the supplemental funds are actually spent on classroom textbooks and supplies.

We mailed a questionnaire entitled *Legislative Auditor General's Teacher Textbook and Supplies Survey* to 1,555 teachers in 15 of the 40 school districts. The questionnaire asked

teachers to supply general information about the textbooks and supplies used in classrooms and to indicate their overall satisfaction/dissatisfaction with the quality and quantities available. (Appendix A contains a copy of the questionnaire used.) Because we only had three months for data input and analysis, we limited the number of teachers surveyed to approximately 1,500. The districts surveyed were randomly chosen with the requirement that at least one very large district (i.e., a district with a student population over 70,000) would be in the sample. Once the districts were selected, schools within the districts were randomly selected with the requirement that at least one elementary school, one middle school and one high school would be represented in each district. Once the schools were chosen, all teachers within a selected school were sent questionnaires. Using a teacher mailing list compiled by the State Office of Education, two copies of the questionnaire were sent directly to all teachers within the 62 selected schools. The teachers were asked to use one questionnaire for each subject taught. In other words, one teacher could yield more than one response.

Of the 1,555 teachers who were mailed surveys, 548 teachers replied. These 548 teacher replies yielded a total of 743 responses. Since a teacher can have differing opinions in several different course curriculums, our conclusions are based on the number of responses to a particular question as opposed to the number of teachers who replied. Most of the conclusions were reached by performing modal (most common response) analysis and mean (average) analysis of the numerically coded survey responses.

Originally, we intended to report on satisfaction with textbooks, classroom supplies and computer software. However, not enough responses were received to the questions on computer software to enable us to draw supportable conclusions. As a result, specific information on computer software is not contained in this report.

## **Larger Districts are More Dissatisfied With Quantities**

When larger districts are compared to smaller districts, the larger districts are significantly more dissatisfied with textbook and supply quantities. Those teachers who are dissatisfied appear to have justifiable concerns.

We asked two critical quantity satisfaction questions: “*Overall, how satisfied are you with the quantity of **textbooks** made available for you to teach your class?*” and “*Overall, how satisfied are you with the quantity of **materials** made available for you to teach your class?*” Teachers were allowed to respond using a sliding scale of “very dissatisfied”, “dissatisfied”, “slightly dissatisfied”, “slightly satisfied”, “satisfied”, or “very satisfied”. For this analysis—and all following analyses—we discarded any responses that were left blank, or any responses marked as “not applicable”. In order to do a mean analysis, we numerically coded the 6-point sliding scale as follows: “very dissatisfied” as 1, “dissatisfied” as 2, “slightly dissatisfied” as 3, “slightly satisfied” as 4, “satisfied” as 5, and “very satisfied” as 6. In addition, for this analysis, we weighted a district’s average response by the percentage that

represents the ratio of the district’s student population to the student population represented in the sample. Figure II shows the average satisfaction scores by district.

<b>Figure II</b>			
<b>Average Satisfaction* Response Scores for Textbook &amp; Supply Quantity by District</b>			
<b>District</b>	<b>Relative Size</b>	<b>Satisfaction with Textbook Quantity</b>	<b>Satisfaction with Supply Quantity</b>
A	Very Large	3.99	3.40
B	Large	3.69	3.49
C	Medium	3.30	2.85
D	Medium	4.35	3.97
E	Small	2.92	3.10
F	Small	4.68	4.46
G	Small	4.36	4.18
H	Small	5.33	4.67
I	Small	4.26	3.88
J	Small	4.13	3.40
K	Small	4.19	3.86
L	Small	4.90	4.59
M	Very Small	6.00	5.67
N	Very Small	4.00	4.44
O	Very Small	4.86	3.57
<b>Weighted Average</b>		<b>3.89</b>	<b>3.43</b>
* <i>Satisfaction Averages: 1 is Very Dissatisfied, 2 is Dissatisfied, 3 is Slightly Dissatisfied, 4 is Slightly Satisfied, 5 is Satisfied and 6 is Very Satisfied.</i>			

Generally, the larger a district is, the more likely it is to express some level of dissatis-

faction with textbook and supply quantity. For purposes of our analysis, we considered any district having over 10,000 students to be a larger-sized district. Specifically, this definition includes medium-sized districts which have approximately 10,000 students, large-sized districts which have approximately 25,000 students, and very large-sized districts which have approximately 70,000 students. As can be seen, three of the four larger districts expressed some significant levels of dissatisfaction with both textbook and supply quantities. As a result, the weighted mean analysis for textbook and supply quantities revealed an overall slight dissatisfaction with both. The average score for textbook quantities was 3.89 (slightly dissatisfied); the average score for supply quantities was 3.43 (slightly dissatisfied).

Regarding satisfaction with textbook quantities, 11 districts are satisfied to some degree, while four districts are dissatisfied to some degree. Three of these dissatisfied districts are larger districts. In terms of supply quantities, six districts are satisfied to some degree while nine districts are dissatisfied to some degree. Four of the dissatisfied districts are larger. In addition, with only two exceptions, the most dissatisfied districts are larger.

We were concerned that the larger districts appeared to be more dissatisfied than the smaller districts. To get more specific information, we compared the responses concerning the adequacy of textbook and supply quantities between larger and smaller districts.

### **Specific Larger Districts are More Dissatisfied With Textbook Quantities Than Smaller Districts**

When the categorical responses of larger and smaller districts are compared, the larger districts appear more dissatisfied with textbook quantities than the smaller districts as Figure III shows.

**Figure III**  
**Responses to Satisfaction Questions on Textbook Quantities**  
**Large vs. Small Districts**

	Very Dissatisfied	Dissatisfied	Slightly Dissatisfied	Slightly Satisfied	Satisfied	Very Satisfied	Total Responses
<b>Large*</b> <b>Districts</b>	53	55	39	52	123	62	<b>384</b>
	total of 3 categories = 147 (38 percent)			total of 3 categories = 237 (62 percent)			
	“very dissatisfied” + “dissatisfied” = <b>108 (28 percent)</b>			“satisfied” + “very satisfied” = <b>185 (48 percent)</b>			
<b>Small</b> <b>Districts</b>	17	24	28	25	110	75	<b>279</b>
	total of 3 categories = 69 (25 percent)			total of 3 categories = 210 (75 percent)			
	“very dissatisfied” + “dissatisfied” = <b>41 (15 percent)</b>			“satisfied” + “very satisfied” = <b>185 (66 percent)</b>			
*Large = Over 10,000 students in the district							

While the majority of responses from both larger and smaller districts indicate some level of satisfaction, smaller districts have a higher percentage of satisfaction overall. Further, smaller districts have a majority of responses in the satisfied or very satisfied categories while the larger districts do not. In addition, the larger districts’ responses in the dissatisfied and very dissatisfied categories are almost twice as high as in the smaller districts. To identify the relative dissatisfaction of the larger districts, we analyzed the four districts separately. This additional analysis is important because a mean score can often mask trends that can be seen when an analysis of the categorical responses is conducted.

**One Medium-sized District is Clearly More Dissatisfied.** District C has the second lowest satisfaction score for textbook quantities (3.3 = slightly dissatisfied) of all the districts surveyed. When this district’s responses are compared to the average responses of the three other larger districts, teachers from District C are significantly more dissatisfied. Only 49 percent of the teacher responses indicated any level of satisfaction with textbook quantities compared to a 65 percent average for the other three larger districts’ teacher responses. Further, only 35 percent of the responses indicated that they were either satisfied or very

satisfied compared with a 51 percent average for the other three larger districts' teacher responses. On the other hand, 43 percent of the responses indicated that they were either dissatisfied or very dissatisfied with textbook quantities compared with an average of 24 percent for the other three larger districts' teacher responses. Not only is this district more dissatisfied than the smaller districts surveyed, this district is the most dissatisfied of all the larger districts surveyed. However, as Chapter III will show, this district does not meet the USOE's required minimum expenditure for textbooks and supplies.

**A Large District Appears Slightly Dissatisfied.** The satisfaction score for District B is 3.69 (slightly dissatisfied). In comparison to the other larger districts in our sample, teachers at this district appear, at best, slightly dissatisfied. Overall, 53 percent of District B's teacher responses indicated some level of satisfaction with textbook quantities compared with an average of 64 percent of the other three larger districts' teacher responses. However, only 41 percent of District B's teacher responses indicated that they were satisfied or very satisfied compared with the 50 percent average for the other three larger districts' teacher responses. In addition, 33 percent of this district's teacher responses indicated that they were either dissatisfied or very dissatisfied with textbook quantities compared with the 27 percent average for the other three larger districts' teacher responses. Based on these comparisons, District B appears to have a significant level of dissatisfaction. District B reports spending more than the required minimum expenditure; however we did not have sufficient audit time to validate this district's expenditures.

**A Very Large District Appears Slightly Satisfied.** The teacher satisfaction score for District A's textbook quantities was 3.99 (slightly dissatisfied). In comparing its categorical responses for textbook quantities with the other three larger districts' teacher responses, we found District A to appear more satisfied than the average score indicated. Specifically, 68 percent of District A's responses indicated some level of satisfaction with textbook quantities compared with the average of 58 percent from the three other larger districts' responses. In addition, 50 percent of District A's responses indicated that they were either satisfied or very satisfied with textbook quantities compared with the average of 47 percent of the other three larger districts' responses. Also, only 23 percent of District A's responses indicated that they were dissatisfied or very dissatisfied compared with a 31 percent average for the other three larger districts' responses. While still significantly less satisfied than the smaller districts, these comparisons lead us to conclude that teachers in this district are slightly satisfied with textbook quantities.

**One Medium District Appears More Satisfied.** The satisfaction score for District D is 4.35 (slightly satisfied). In comparing this district's responses to the overall responses from the three larger districts and to the overall responses from the smaller districts in our sample, District D appears more satisfied. Seventy-four percent of district D's teacher responses indicated some level of satisfaction with textbook quantities compared with an average of 58 percent for other three larger districts' responses, and a 75 percent average for all smaller districts' responses. In addition, 66 percent of District D's responses were either satisfied or

very satisfied compared with 43 percent of the other three larger districts' responses and 66 percent average for the smaller districts' responses. Only 17 percent of this district's teacher responses were "dissatisfied" or "very dissatisfied" compared with an average 31 percent for the other three larger districts' responses and 15 percent average of the smaller districts' responses. Not only does this district compare favorably to other larger districts' responses in our sample, it also compares closely to the average responses of the smaller districts in our sample. We believe that this district is more satisfied with textbook quantities. It is interesting to note, however, that this district also does not meet the USOE's minimum expenditure requirement.

Overall, teachers from larger districts are significantly less satisfied with textbook quantities than teachers from smaller districts. However, even among the larger districts there were extreme variances. Teachers from one medium-sized district are clearly dissatisfied relative to teachers from other larger and smaller districts while teachers from the other medium-sized district in our sample are clearly more satisfied than the other larger districts and as satisfied as the smaller districts. As a result, this problem seems greater at specific larger districts. The problems with supply quantities are of even more concern and are more generally frequent among the larger districts.

### **Larger Districts are More Dissatisfied with Supply Quantities Than Smaller Districts**

In addition to being more dissatisfied with textbook quantities, larger districts are also more dissatisfied with supply quantities. Figure IV shows the categorical response comparison between larger and smaller districts.

**Figure IV**  
**Responses to Satisfaction Questions for Supply Quantities**  
**Large vs. Small Districts**

	Very Dissatisfied	Dissatisfied	Slightly Dissatisfied	Slightly Satisfied	Satisfied	Very Satisfied	Total Responses
<b>Large*</b> <b>Districts</b>	46	94	56	72	106	21	<b>395</b>
	total of 3 categories = 196 (50 percent)			total of 3 categories = 199 (50 percent)			
	“very dissatisfied” + “dissatisfied” = <b>140 (36 percent)</b>			“satisfied” + “very satisfied” = <b>127 (32 percent)</b>			
<b>Small</b> <b>Districts</b>	16	26	33	57	118	28	<b>278</b>
	total of 3 categories = 75 (27 percent)			total of 3 categories = 203 (73 percent)			
	“very dissatisfied” + “dissatisfied” = <b>42 (15 percent)</b>			“satisfied” + “very satisfied” = <b>146 (52 percent)</b>			
*Large = Over 10,000 students in the district							

As can be seen, the problem with supply quantities appears more widespread among the larger districts with 50 percent of the responses indicating satisfaction and 50 percent indicating dissatisfaction. We analyzed each of the four larger districts in our sample further.

**One Medium-sized District is Very Dissatisfied.** District C has the lowest supply quantity satisfaction score (2.85 = dissatisfied) of any district surveyed. Upon further analysis, we found that only 36 percent of the teacher responses indicated any level of satisfaction with supply quantities compared with an average of 54 percent of the other three larger districts’ teacher responses. Further, only 20 percent of the teacher responses indicated that they were either satisfied or very satisfied with supply quantities compared with an average of 35 percent of the other three larger districts’ teacher responses. In fact, 52 percent of this district’s responses indicated they were either dissatisfied or very dissatisfied with supply quantities compared with an average of 32 percent of the other three larger districts’ teacher responses. Again, as Chapter III will show, this district does not meet the required 4 percent minimum expenditure for textbooks and supplies.

**A Very Large District is Dissatisfied.** District A's satisfaction level regarding supply quantities is 3.4 (slightly dissatisfied). Fifty percent of this district's responses indicated some level of satisfaction with supply quantities compared with an average of 50 percent of the other three larger districts' teacher responses. In addition, 33 percent were either satisfied or very satisfied with supply quantities while an average of 32 percent of the other three larger districts' teacher responses were either satisfied or very satisfied. However, 37 percent of this district's teacher responses were either dissatisfied or very dissatisfied with supply quantities compared with an average of 35 percent of the other three larger districts' teacher responses. Given that 50 percent of a very large district's responses indicated some level of dissatisfaction plus the fact that this very large district has a higher percentage of dissatisfied and very dissatisfied responses, we believe that this district is a little more dissatisfied than its overall average would indicate. However, this district also does not meet the 4 percent minimum expenditure requirement.

**A Large District is Slightly Dissatisfied.** District B's average satisfaction score regarding supply quantities is 3.49 (slightly dissatisfied). Fifty-one percent of this district's responses indicated some level of satisfaction with supply quantities compared with an average of 50 percent of the other three larger districts' teacher responses. In addition, 29 percent were either satisfied or very satisfied with supply quantities while an average of 33 percent of the other three larger districts' teacher responses were either satisfied or very satisfied. However, only 31 percent of this districts' teacher responses were either dissatisfied or very dissatisfied with supply quantities compared with an average of 37 percent of the other three larger districts' teacher responses. Given this districts' categorical comparisons, we believe that this district is slightly dissatisfied.

**One Medium-Sized District is Satisfied.** District D's satisfaction level regarding supply quantities is 3.97 (slightly dissatisfied). However, compared to the three other larger districts and to the smaller districts in our sample, this district appears satisfied. Overall, 65 percent of District D's responses indicated some level of satisfaction compared with an average of 47 percent of the other three larger districts' teacher responses and an average of 73 percent of the smaller districts' responses. Further, 47 percent of District D's responses were either satisfied or very satisfied while only 29 percent of the three other larger districts' teacher responses were satisfied or very satisfied. Within the smaller districts in our sample, an average of 52 percent of the responses were either satisfied or very satisfied. Twenty-one percent of District D's responses were dissatisfied or very dissatisfied while 39 percent of the three other larger districts' teacher responses were dissatisfied or very dissatisfied. Fifteen percent of the smaller districts' teacher responses were dissatisfied or very dissatisfied. Clearly this district is more satisfied than the other three larger districts and approaches the smaller districts within our sample in terms of satisfaction. Interestingly enough, this district does not meet the USOE's required minimum expenditure requirement.

In our opinion, the problems with supply quantities are more general and widespread than those with textbook quantities, which seemed to be more district specific. However, the fact that larger districts are significantly more dissatisfied with textbooks and supplies is a concern because the larger districts represent 82 percent of the state's student population. We tried to identify some of the reasons behind this level of dissatisfaction with textbooks and supplies and to determine if teacher dissatisfaction appeared justified.

### **Teacher Dissatisfaction Appears Justified**

To understand the reasons behind some teacher dissatisfaction, we interviewed and visited the classrooms of 28 teachers who had indicated some level of dissatisfaction with textbooks and supplies. While we wanted to visit more teachers, time restraints prohibited us from doing so. Based on our discussions and our observations, their reported dissatisfaction appeared justified. The following examples are typical of the responses we obtained overall.

**Textbook Quantity.** We concluded that one primary reason for teacher dissatisfaction with textbook quantities is that students are not provided with a take-home textbook even though their teachers felt it was important that they have one. For example, one high school English teacher said a majority of her teaching comes from classroom sets of paperback novels. Yet, when it comes time for the students to write papers based on these novels, they are unable to take the books home. Thus, they have to do all their work in class. To exacerbate the problem, the English department at this same school also has to share the major English text among several English teachers and class periods. Another English teacher at this same school indicated that she is also sharing a set of novels with another teacher because of shortages. However, this creates problems when the students need to take books home for a writing assignment.

As an interesting aside, we found it puzzling that this school has had an increasing balance over the past four years in its school textbook account. This account is funded by student textbook fees and is dedicated to purchasing new or replacement textbooks. This account has grown from \$21,281 in fiscal year 1992 to \$57,473 in fiscal year 1995. While the principal has spent some money from this account to purchase textbooks, the fund has almost tripled in size over the past four years. Given the level of dissatisfaction at this school regarding textbook quantities, we do not understand the rationale behind allowing this fund to triple in size. When we questioned the principal, he indicated that it was his intention to spend all the money during fiscal year 1996 on new textbooks.

While most dissatisfied teachers are complaining about the lack of a take-home text, some teachers reported that they had no text at all. One English teacher reported that she has never been supplied with a grammar text. Consequently, she has to hand write everything on the board. A third-grade teacher from another district reported that she has no social studies book and no science book. A second-grade teacher in the same district reported that she does not have a spelling book. As a result, she uses an old program given her by a departing teacher.

It should be noted here that this survey was conducted before the \$9.5 million in supplemental funds for textbooks and supplies had been spent by the districts. Thus, it is possible that some of this dissatisfaction will disappear once this money is spent. It should also be noted that there will always be some dissatisfaction with textbook quantities given the six-year purchasing cycle for new textbooks coupled with varying class sizes over that six-year period. It is possible that, late in a purchasing cycle, a teacher would not have enough textbooks for the current class size. In this case, the teacher may have to endure a textbook shortage for a few years, particularly if the textbook itself is going to be changed. However, it is evident that larger districts have more dissatisfaction than smaller districts with textbook quantities.

**Supply Quantities.** The reasons for teacher dissatisfaction with supply quantities are more varied. Basically, teachers are dissatisfied because of paper shortages, inadequate duplicating equipment, and a general lack of hands-on teaching materials such as science lab equipment. One first-grade teacher said that she does not have enough paper to duplicate the worksheets that her students need. Further, duplicating masters are also very limited. She is allowed only 100 masters per year for the combination of all elementary subjects. Consequently, she has to choose the 100 most important handouts to make for the entire year. According to her, this is inadequate since elementary-age students need an extreme variety of activities to hold their attention. Science teachers were among the most dissatisfied because they do not have the supplies needed to perform hands-on laboratory experiments. In science classes, hands-on experiments are the most critical factor in learning and understanding science principles. One junior high instructor is using microscopes that have been around since 1961. First, he does not have many of them. Second, he stated that the microscopes should be condemned, but if they did this, the students would have nothing with which to work.

Dissatisfaction with supply quantities is a significant factor when analyzing the need for teacher out-of-pocket expenses. The more teachers are dissatisfied with supply quantities, the more likely they are to spend their own money to purchase supplies. Large out-of-pocket costs could adversely affect teacher morale. Further, if the Legislature is concerned about teachers spending their own money, then adequate supply quantities are necessary. The teachers in the most dissatisfied district reported out-of-pocket expenses which are higher than any other district (\$548.00 per teacher over the past three years). The teachers in the most satisfied district reported spending the least on out-of-pocket items (\$75.00 per teacher over the past three years). While teachers will probably always spend some amount of their own money, it appears that the amount can be reduced with adequate supply quantities.

Again, our survey was conducted before the \$9.5 million textbook and supply supplemental was spent by the districts, but after much of the \$2 million teacher supply supplemental was available. Consequently, it concerns us that supply dissatisfaction is so high among the larger districts. However, it is possible that some of the dissatisfaction with both supplies and textbooks quantities will be reduced with the \$9.5 million yet to be spent. If requested, our office could duplicate the teacher survey in 1996 and obtain teacher responses to determine the

effect of the supplemental appropriation. In addition, we could track the expenditures and report how much of the supplemental appropriation is actually spent on classroom textbooks and supplies.

While we identified dissatisfaction with textbook and supply quantities, we did not find significant problems with the quality of available textbooks and supplies.

## **Teachers are Satisfied With Textbook and Supply Quality**

Our survey revealed that a majority of the teachers are satisfied with the quality of textbooks and supplies. District responses were generally consistent with this finding with one exception. Quality was defined both in terms of physical condition as well as in adequacy in meeting the prescribed task.

Overall, teachers are satisfied with the quality of textbooks and supplies. As with quantity, two of the more critical survey questions asked were: “*Overall, how satisfied are you with the quality of **textbooks** made available for you to teach your class?*” and, “*Overall, how satisfied are you with the quality of **supplies** made available for you to teach your class?*” Overall, 80 percent of the teacher responses showed some level of satisfaction with textbook quality while 77 percent of the responses showed some level of satisfaction with supply quality. More significantly, 66 percent of the responses were either satisfied or very satisfied with text quality, and 57 percent were either satisfied or very satisfied with supply quality. For a categorical breakout of responses, see Figure V.

**Figure V**  
**Responses to Satisfaction Questions on Textbook and Supply Quality**

	Very Dissatisfied	Dissatisfied	Slightly Dissatisfied	Slightly Satisfied	Satisfied	Very Satisfied	Total Responses
<b>Textbook Quality</b>	31	52	50	95	309	130	<b>667*</b>
	total of 3 categories = 133 (20 percent)			total of 3 categories = 534 (80 percent)			
	“very dissatisfied” + “dissatisfied” = <b>83 (12 percent)</b>			“satisfied” + “very satisfied” = <b>439 (66 percent)</b>			
<b>Supply Quality</b>	25	69	59	133	314	70	<b>670**</b>
	total of 3 categories = 153 (23 percent)			total of 3 categories = 517 (77 percent)			
	“very dissatisfied” + “dissatisfied” = <b>94 (14 percent)</b>			“satisfied” + “very satisfied” = <b>384 (57 percent)</b>			
*667 represents multiple responses from 526 teachers							
**670 represents multiple responses from 539 teachers							

As can be seen, most teacher responses indicated some level of satisfaction with both textbook and supply quality. Further, a majority of the responses indicated that they were satisfied to very satisfied with textbook and supply quality. To see if this picture appeared to change from a district perspective, we analyzed the average satisfaction scores by district. Figure VI gives the results.

**Figure VI**  
**Average Satisfaction\* Response Scores for**  
**Textbook & Supply Quality by District**

District	Relative Size	Satisfaction with Textbook Quality	Satisfaction with Supply Quality
A	Very Large	4.38	3.94
B	Large	4.30	4.43
C	Medium	3.89	3.62
D	Medium	4.74	4.48
E	Small	4.15	4.20
F	Small	4.88	4.79
G	Small	4.39	4.50
H	Small	5.33	4.86
I	Small	4.95	4.55
J	Small	4.36	4.27
K	Small	4.56	4.14
L	Small	4.82	4.84
M	Very Small	5.00	5.67
N	Very Small	4.40	4.67
O	Very Small	4.57	3.71
<b>Weighted Average</b>		<b>4.30</b>	<b>4.04</b>
<p><i>* Satisfaction Averages: 1 is Very Dissatisfied, 2 is Dissatisfied, 3 is Slightly Dissatisfied, 4 is Slightly Satisfied, 5 is Satisfied and 6 is Very Satisfied.</i></p>			

### **Most Districts are Satisfied with Quality**

Overall, districts are slightly satisfied with both textbook and supply quality. This analysis revealed an average response of 4.31 for textbook quality and an average response of 4.04 for supply quality. In terms of district responses to textbook quality, only one district was slightly

dissatisfied. The remaining districts were either slightly satisfied or satisfied. Regarding supply quality, three districts were slightly dissatisfied while the remainder were either slightly satisfied or satisfied. Based on these weighted average scores and the scores of the individual districts, we did not believe it was necessary to do an in-depth analysis of the satisfaction of larger versus smaller districts. We did, however, analyze the medium-sized district that indicated dissatisfaction with both textbook and supply quality and the very large-sized district that indicated dissatisfaction with supply quality. District O also indicated dissatisfaction with supply quality; however we did not analyze the categorical responses of District O because of its very small size.

**One Medium-Sized District is Slightly Dissatisfied.** We analyzed District C's categorical responses for both textbook and supply quality. Regarding textbook quality, the most frequent response was "satisfied" with 65 percent of the responses indicating some level of satisfaction with textbook quality compared with an 82 percent average of the other teacher responses in our survey. However, only 48 percent of this district's responses indicated that they were either satisfied or very satisfied. An average of 68 percent of all other teacher responses indicated that they were satisfied or very satisfied with textbook quality. Based on this comparison, this district may be more dissatisfied than their average satisfaction score indicates.

Regarding supply quality, the most frequent response for District C was either slightly satisfied or satisfied. Further, 62 percent of the responses expressed some level of satisfaction as compared with the average of 79 percent of all other teacher responses. However, only 35 percent of this district's responses are either satisfied or very satisfied compared with 61 percent average of all other teacher responses. Again, this district's reported level of satisfaction may be less than its overall average indicates.

**A Very Large District is Slightly Dissatisfied.** In analyzing District A's categorical responses for supply quality, we found that 64 percent of the responses indicated some level of satisfaction with supply quality compared with an average of 81 percent of all other teacher responses in our survey. Further, 47 percent of the responses were either satisfied or very satisfied while the average of responses in these two categories for all other teachers was 60 percent. In our opinion, this district is, at best, slightly dissatisfied with supply quality.

We also analyzed this district's textbook quality response even though it averaged slightly satisfied (4.38). We found 76 percent of the district's responses indicated some level of satisfaction compared to an average of 81 percent of all other teacher responses. Further, 62 percent were satisfied to very satisfied compared with a 67 percent average of all other teacher responses. As a result, we believe that this district is relatively satisfied with textbook quality.

Although the percent of teachers reporting dissatisfaction with quality was small for both textbooks and supplies, we talked with some of those teachers to determine why they were

dissatisfied. It was not clear that the problems identified could necessarily be solved with additional money.

### **Personal Preference may Cause Some Quality Dissatisfaction**

While we did not find many quality problems, the problems that were identified appeared to be the result of personal preference or a poor buying decision. As a result, additional money may not solve these issues.

**Textbook Quality.** In interviewing teachers, the following textbook complaints surfaced. One teacher was dissatisfied with her humanities text because it is a college-level text. She indicated that most of her students are taking this class only because it is required. Apparently, since the students are only in the class because they have to be, they are unwilling to make much effort to understand a college-level textbook. In addition, she indicated the text was a five year-old paperback book that is now falling apart. She stated that, all in all, the textbook committee did a poor job when they chose this text for a high school class. A French teacher does not like the methodology associated with the textbook she uses. She believes that it contains far too many grammar exercises. She stated that these exercises become very boring to students. As a result, she spends much of her time compiling and photo-copying lessons for her students. A sixth-grade teacher commented that it is obvious that some of his textbooks are not written by teachers, or people who understand students. For example, in his social studies textbook the reviews are too easy and the tests are too hard. The review and the test should be compatible. However, he indicated that this is a screening problem with the textbook committee. Finally, a geography teacher told us he has been using his geography textbook for the last six years even though it was last updated in 1986. Since world geography has changed so much over the past few years, this textbook is outdated. It still contains a chapter about the Soviet Union. In our opinion, these examples appear to be primarily personal preference issues.

**Supply Quality.** Again the problems here appear to stem from poor buying decisions or personal preference. One health teacher indicated that she needed new instructional videos. She doesn't want to show the videos that were made in the early 70's because the students just laugh at the hair and dress styles rather than pay attention to the video content. Another teacher complained about the maps that were available for his class. The map that he has of the United States was copyrighted in 1983; his Utah map was copyrighted in the 1960's. Other teachers complained that their district buys cheap pencils, rulers, and paper. As a result, the pencils and rulers don't last and the paper jams the copy machines.

In our opinion, many of these identified quality issues are always going to exist. With regard to textbooks, different teachers will prefer different textbooks, given their teaching style. We don't believe that it is possible to get 100 percent satisfaction with any one textbook. In addition, certain subjects are volatile. It may be impractical to have a textbook

that is always current. In addition, given the USOE's six-year textbook adoption cycle, it follows that some subjects will have textbooks that are not current. This is a trade-off that the USOE has chosen to make. With regard to supplies, as one principal stated, teachers can be very particular about their supplies. Some teachers may want paper with lines and dots to guide writing in lower case while some teachers do not. Some teachers may want a side-opening notebook while others may want a top-opening notebook. In his opinion, it is very difficult to satisfy such a wide range of preferences. Consequently, some teachers are not going to be happy with the quality of their supplies.

As noted earlier, the response rate to our survey was low. Of the 1,555 teachers surveyed, only 548 (35 percent) responded. In an attempt to increase the response rate, we made follow-up contacts with each school and sent additional copies of the questionnaire in case the originals had been misplaced. This follow-up effort had little effect. Since we did not get the response rate that we expected, we felt uncomfortable relying exclusively on the teacher responses. As a result, we corroborated teacher responses with responses from their principals.

## **Principals Confirmed Teacher Responses**

Overall, principals we contacted agreed with teacher survey responses regarding satisfaction with textbooks and supplies in their respective schools. As a result, we feel comfortable with the conclusions drawn from the survey.

After compiling teacher responses from 59 of the 62 surveyed schools (3 schools had no responses), we contacted 33 principals (56 percent) from the same schools in the sample, to present the survey results and to confirm the validity of the teacher responses. Of the 33 principals we interviewed by phone, 28 (85 percent) generally agreed with the responses that their teachers gave regarding satisfaction with textbook and supplies. Only five principals disagreed with their teachers. In three of these cases, the principal thought the textbook and supply situation was more satisfactory than did the teachers.

Interestingly, 30 percent of the principals contacted mentioned that rising paper costs had caused a problem with supply quantities, which was also documented from teacher interviews. One principal noted that paper costs recently jumped from \$17.85 per case to \$29.23 a case, which represents a 64 percent price increase. This increase significantly drained his supplies budget. Even principals who did not agree with the teachers' responses commented that paper costs were increasing and this was making it difficult for teachers to get the quantity of supplies they needed for their classes.

In summary, larger districts generally tended to be more dissatisfied relative to the smaller districts. However, it should again be noted that this audit was conducted before the fiscal year 1996 \$9.5 million supplemental allocated for textbooks and supplies was actually spent by

the districts. As a result, teacher satisfaction with textbooks and supplies may change once this money is spent. We expect that most of this money will be spent by May 1996. In addition, the next chapter indicates some of the districts may not be spending the minimum required expenditure percentage of their budgets on textbooks and supplies.

**Recommendations:**

1. We recommend that the Legislature request a follow-up audit by the Legislative Auditor General's Office to be conducted during fiscal year 1997. The purpose of the follow-up will be to survey the level of teacher textbook and supply satisfaction after the \$9.5 supplemental appropriation has been spent.
2. We recommend that the Legislature include in the above follow-up, a request for a determination of the percentage of the \$9.5 supplemental spent for textbooks and supplies.

## Chapter III

# Minimum Expenditure Reporting is not Accurate

The 4 percent minimum expenditure requirement, used by education to insure adequate levels of textbook and educational supply expenditures to the Legislature, is currently not reported accurately. Specifically, we believe that some of the expenditures reported towards meeting the minimum expenditure requirement are inappropriate. First, the Utah State Office of Education (USOE) allows districts to use expenditures from any funding source to meet the minimum expenditure requirement rather than allowing only those funding sources upon which the minimum expenditure requirement is calculated (i.e., The Total Basic School Program). As a result, districts have used teachers' supplemental supply funds, federal funds and school-generated funds to meet the minimum expenditure requirement. Allowing any funding source to be used to meet the minimum expenditure requirement can result in an inconsistent representation of state expenditures for textbooks and supplies and allows funds from these other sources to potentially supplant required expenditures from the mostly state-funded Total Basic School Program. Second, some districts' reported expenditures are inappropriate given the definitions established by the Utah State Board of Education (USBE). Because data are inappropriately and inconsistently reported, the minimum expenditure criterion does not accurately portray the statewide level of educational supply expenditures as they are reported by the school districts. In addition to having questionable value, the minimum expenditure requirement may also promote spending inequities among the districts. In our opinion, education needs to re-evaluate the required minimum expenditure criterion to make it a meaningful measure.

According to the minutes of the April 1987 meeting of the USBE, there were, prior to this date, "some pretty strong [legislative] sessions relative to the use of funds for textbooks." The 1987 **Utah Code** stated that it was "the intent of the Legislature that state and local minimum school program funds shall be expended for adequate amounts of textbooks and educational supplies for students before those funds are used to supplement secondary school activities." This intent language is no longer in the **Utah Code**. The board minutes imply that the Legislature, at this time, did not believe local districts were allocating adequate amounts of their budget for textbooks and supplies. The then Associate Superintendent of Education advised that it would be wise to respond positively to the Legislature's concerns and, as a result, the USBE modified its minimum expenditure requirement for districts to "spend not less than 4 percent of its budget derived from the basic program for educational supplies." The previous minimum expenditure requirement had been 3 percent of the basic program.

The USOE calculates the 4 percent required minimum from the total amount appropriated for the Total Basic School Program section of the annual State Supported Minimum School Program (for a copy of the fiscal year 1994 State Supported Minimum School Program see Appendix B). The use of the Total Basic Program section to calculate the minimum

expenditure makes sense because it is here, according to Legislative Research, that the Legislature would make any permanent increases for textbooks and supplies. Other state-funded programs, including the teachers' supply supplemental, that are in the Related to Basic School Program section are not included in the base from which the minimum expenditure requirement is calculated. Likewise, federal program funds are not used in the base to calculate the minimum requirement.

The USOE provides school districts with specific definitions of educational supplies for which expenditures may be reported as part of the 4 percent minimum (for a copy of these definitions see Appendix C). The USBE's definition of educational supplies includes textbooks, library books and materials, periodicals, teaching supplies, audiovisual materials, laboratory materials, and other instructional materials. School districts report their total textbook and supply expenditures along with other information on the Annual Financial Report (Form F4) to the USOE. The USOE then compiles and distributes reports indicating which districts are in compliance with the minimum expenditure requirement and which are not. Curiously, there is no consequence for districts that fail to comply with the minimum expenditure requirement.

School districts' textbook and supply expenditures fluctuate from year to year as curriculum changes are made and new study programs are adopted. To accommodate this fluctuation, the USOE averages reported expenditures over three years. According to the USOE report, 36 out of 40 school districts met the required minimum expenditure based on the three-year average for fiscal year 1992 through fiscal year 1994. However, we believe it is significant that the four districts that are not in compliance with the minimum expenditure requirement include larger districts that together represent 37 percent of the total student population. The three-year cumulative average expenditures reported for all 40 districts was 122 percent of the required minimum (thus 100 percent would equal the 4 percent required minimum). Individual district expenditures averaged from a low of 91 percent to a high of 280 percent of the required minimum. The following figure lists the three-year average ratio of reported to required minimum expenditures for each district.

**Figure VII**  
**Districts' Reported Supply Expenditure Ratio\***

District	Percent	District	Percent
Alpine	112	Nebo	101
Beaver	151	N Sanpete	154
Box Elder	91	N Summit	163
Cache	92	Ogden	153
Carbon	142	Park City	202
Dagget	187	Piute	104
Davis	120	Provo	145
Duchesne	129	Rich	151
Emery	280	Salt Lake	132
Garfield	138	San Juan	208
Grand	147	Sevier	142
Granite	94	S Sanpete	193
Iron	120	S Summit	185
Jordan	95	Tintic	130
Juab	133	Tooele	143
Kane	149	Uintah	112
Logan	132	Wasatch	210
Millard	161	Washington	123
Morgan	102	Wayne	163
Murray	111	Weber	203

*\* This percentage is derived by dividing average reported expenditures by its average required minimum expenditures for fiscal years 1992-1994*

We examined four districts' reported expenditures, including two districts that failed to meet the minimum expenditure requirement and two that appeared to easily meet the requirement, and compared their expenditure details to determine how reports were prepared, what items were included, and why some districts were able to comply while other districts failed.

We commend the USBE and the USOE for having a minimum expenditure criterion for textbooks and supplies. We contacted several surrounding western states and found that most of them did not have a criterion for spending on textbooks and educational supplies. Any requirements regarding textbooks and educational supplies were typically determined by local school boards. The surrounding states had very little to say regarding policy and expenditure levels on this issue. The Utah State Legislature, on the other hand, has stated its intent for some regulation at the state level. As a result, the USBE and the USOE have made an effort to regulate and monitor educational supply expenditures by creating a minimum expenditure requirement for the districts and we commend them for this. Since information pertaining to district expenditure levels relative to the required minimum is often cited when additional funding is requested by the USOE, it is necessary that this information be meaningful. However, if the methodology for measurement and reporting is not standardized, the resulting expenditure criterion will not be meaningful. Consequently, the following sections detail how the USBE and the USOE can improve the minimum expenditure reporting criteria.

## **Some Reported Expenditures are Inappropriate**

In our opinion, some of the expenditures reported towards meeting the minimum expenditure requirement are inappropriate. First, although the minimum expenditure is calculated as a percent of the Total Basic School Program, funded primarily from state funds, the USOE allows districts to use any funding source to meet the minimum expenditure requirement. As a result, districts have reported expenditures from teachers' supplemental supply funding which is not part of the Total Basic School Program as well as expenditures from federal funding and school-generated funding in meeting the required minimum expenditure. Not only is this inappropriate, but allowing expenditures from any funding source to be counted also results in an inconsistent and unreliable report of how much state money is spent on textbooks and supplies. Second, school districts include some expenditures in their reports that do not meet the definition of educational supplies as provided by the USOE. One district in particular reported many of these inappropriate expenditures such as student organized dances, yearbook publishing expenses, and other disbursements associated with student organization expenses. These disbursements are not within the definition provided by the USOE and should not be counted towards meeting the minimum expenditure requirement. Many of these inappropriately reported expenditures were included because this district made the decision to count every school-generated disbursement as an instructional supply expenditure. This methodology is not only inappropriate, but inconsistent with what the other districts do.

The USOE calculates the required minimum as 4 percent of the amount appropriated to the Total Basic School Program. The Total Basic School Program is only part of the State Supported Minimum School Program and is directly related to the distribution of state and local funds to districts based on their weighted pupil units (WPU). For example, if District X is allocated \$1 million from the Total Basic School Program, the USOE would require District X to spend \$40,000 on textbooks and supplies. The Total Basic School Program does not include funding such as the Teachers' Supply Supplemental, Centennial Schools, Incentives for Excellence, or other funding that are in the Related to Basic Program of the Minimum Program.

Although the USOE calculates the required minimum expenditure using only Total Basic School Program funding, districts report expenditures derived from other program funding sources. Using the above example, if District X spends \$30,000 from federal sources and \$10,000 from a teachers' supplemental appropriation on textbooks and supplies, the USOE's present practice has been to accept whatever is reported towards the minimum expenditure requirement and would consider the minimum requirement met 100 percent. In our opinion, expenditures must come from the state appropriation to the Total Basic School Program; the use of federal or supplemental funds to meet this basic requirement is simply inappropriate. This excludes all teachers' supplemental or other Related to Basic funds, all federal funds, and all school-generated funds. Further, when school districts are allowed to include expenditures from these other sources in their expenditure reports, they can more easily meet the minimum requirement because the funding sources increase while the base for the minimum requirement stays the same. When expenditures from these other funding sources are included in the reports, it could allow districts to supplant a portion of the Total Basic School Program funds intended for educational supplies.

Our efforts to analyze the district and school expenditure data were time-consuming and complicated by the differences in district computer systems. Some districts have their own computerized accounting systems that allow them to sort by various classification codes and dates. This enabled us to create our own reports using specific data that were valuable to us. Other districts relied on the state computer system for their accounting and financial records. As a result, we limited our analysis to four districts. The coding structure all districts use allowed us to identify expenditures by its funding source. We reviewed the USOE's data on reported average expenditures (fiscal years 1992 to 1994) and selected two districts that on average did not meet the minimum and two districts that more than met the minimum requirement.

We examined expenditure records from these four districts for three consecutive years (fiscal years 1993 to 1995). Although for a three-year average, two districts did not meet the minimum, all four of these districts reported meeting the minimum expenditure requirement in fiscal year 1994. Two districts report spending 100 percent and 104 percent of the required 4 percent minimum expenditure, while the other two districts report spending 170 percent and

232 percent respectively. Our analysis indicated that all four districts counted supply expenditures using funding sources other than Total Basic Program monies. The teacher's supplemental supply funds as well as all other Related to Basic Program funds and federal funds were all reported toward the minimum expenditure. In addition, one district reported significant amounts of expenditures using school-generated funds. Consequently, the next section of this report will demonstrate that when the inappropriate funding sources (teachers' supplemental and other Related to Basic funds, federal funds, and school-generated funds) are backed out, only one of the four districts actually met the 4 percent minimum expenditure requirement in fiscal year 1994.

### **Some Reported Expenditures are Inappropriate Because of Their Funding Source**

Again, the minimum expenditure criterion is based on the total funding amount provided to the Total Basic School Program. In our opinion, any expenditure counted towards meeting the minimum expenditure criterion must come from Total Basic School Program funds. If the funding source of an expenditure is not within the Total Basic School Program, it is inappropriate to count that expenditure towards meeting the minimum expenditure requirement. As a result, we believe that it is inappropriate to count expenditures using the teachers' supplemental supply and other Related to Basic program funds, federal funds, and school-generated funds towards meeting the minimum expenditure requirement. We are not saying that these monies cannot be used to purchase educational supplies, only that they should not be used to meet the 4 percent minimum expenditure requirement.

**Teachers' Supplemental Supply Funds are Inappropriately Reported.** We found that teachers' supplemental supply funds are used to meet the minimum expenditure requirement. Although these supplemental funds are included in the State Supported Minimum School Program, they are not part of the Total Basic School Program from which the 4 percent minimum requirement is calculated. Since the USOE does not consider these supplemental or any of the Related to Basic Program funds when calculating the minimum, these expenditures should not be used to meet the minimum. Further, it is the intent of the school board that these funds allocated specifically for teachers' supply purchases are used to supplement but not supplant required expenditures.

The Legislature allocated a \$3 million one-time supplemental appropriation for teachers' supplies in fiscal year 1994 which we discuss in more detail in Chapter IV. The teachers' supply supplemental was included as a line item among other Related to Basic appropriations. The board rule regarding the teachers' supplemental supplies appropriation says "these funds are to supplement, not supplant, existing funds for these purposes." Chapter IV acknowledges most districts accounted for these funds adequately, however, they should not be counted towards meeting the required minimum. Our analysis determined that expenditures reported from this one appropriation accounted for between 3 to 11 percent of the total textbook and educational supply expenditures reported by the four districts reviewed. We also found that

two of the districts in our review that had not met the required minimum the previous two years met it in fiscal year 1994 because of the supplemental appropriation. Neither of these two districts would have met the 4 percent minimum had they not reported expenditures using the teachers' supplemental supply funding.

We are concerned that expenditures from the teachers' supply supplemental and other state program funds that are not part of the Total Basic School Program could supplant the existing funds designated for the purpose of textbook and supply purchases. This was not the intent of the Legislature when the 4 percent minimum expenditure policy was developed. The 1995 Legislature appropriated another \$2 million teachers' supply supplemental and an additional \$9.5 million textbook and supplies supplemental. While these funds should be used to purchase supplies, expenditures from these funds, or any of the Related to Basic Program funds, should not be used to meet the required minimum.

**Federal Funds are Inappropriately Reported.** We found that educational supplies purchased with federal funds are reported on the district F4 reports and included in the expenditure total used to meet the required minimum. Again, the 4 percent minimum expenditure requirement is based exclusively on the funding appropriated in the Total Basic Program section of the State Supported Minimum School Program. Federal funds are not included in the Total Basic Program and, thus, not considered when the 4 percent minimum is calculated. The amount of federal funds received by each district varies considerably. Allowing the general use of expenditures from federal funds to be reported towards meeting the minimum significantly enhances some districts' ability to meet the minimum expenditure requirement and creates an unfair advantage for the districts receiving the additional federal funds. Further, allowing expenditures from federal funds to be counted causes inconsistent reporting among districts in terms of the percentage of state funds allocated for textbook and supply expenditures. In addition, it is possible that reporting expenditures from federal funds allows the supplanting of state funding allocated for textbooks and supplies.

We analyzed four districts' reported expenditures by program to determine how much the expenditure of federal funds contributed to the minimum required expenditure reports. Our analysis revealed the ratio of expenditures reported from federal programs varied widely between districts and also for the same district from year to year. We found the district with the greatest amount of federal revenue sources reported a much higher percentage of its educational supply expenditures from federal program funds. Figure VIII shows the percentages by district.

**Figure VIII**  
**Federal Program Expenditures Reported In Minimum**

Federal Revenues as a Percent of Total Revenues*	Reported Expenditures From Federal Program Sources			
	FY93	FY94	FY95	
District A	7.1%	9.8%	14.6%	11.8%
District C	11.2	13.6	14.8	25.2
District D	6.0	10.6	6.8	15.6
District J	29.8	26.5	34.6	24.5
State	7.3	N/A	N/A	N/A

*\* Percent is calculated by dividing each districts' averaged federal revenue sources by averaged total revenue sources for fiscal years 1993 and 1994.*

As shown in the above figure, District J received almost 30 percent of its revenue from federal sources and so was able to expend from 25 to 35 percent of its required supply expenditures from these federal revenues. On the other hand, Districts A and D received only 6 to 7 percent of their revenue from federal sources and reported between 6 to 15 percent of their expenditures from federal programs. Statewide, federal sources accounted for just over 7 percent of the states' total revenue sources. Reported supply and textbook expenditures also varied from year to year for the same district. For example, reported supply expenditures in District D increased from 6.8 percent in fiscal year 1994 to over 15 percent the following year. We found the increase was related to expenditures of Title I funding, a federal program for "at risk" children. The Title I funds had been carried over from previous years and the district was concerned that the funds would lapse if they were not spent. The amount of federal funds used for educational supply purchases appears to vary based on the ratio of funds available and the program requirements of the funds.

We found that reported educational supply expenditures were financed in significant amounts by the following federal programs: Title I Disadvantaged, IDEA Handicapped, Title V Indian Education Act, Alcohol & Drug Abuse Prevention, and many others. We asked the Legislative Fiscal Analyst whether it was appropriate to use federal funds to meet the minimum expenditure requirement for textbooks and supplies. In his opinion, since the 4 percent minimum requirement is based on the Total Basic School Program that is primarily funded with state funds and includes no federal funds at all, it is not appropriate to meet the minimum expenditure requirement using federal funds.

Although we do not argue against the use of federal funds to purchase educational supplies, we too believe that the use of federal funds to fulfill the required 4 percent minimum expenditure is inappropriate. Administrators from the USOE feel it is appropriate to report expenditures from certain federal programs funds into the required minimum. For example, a few districts have federal lands exempt from property taxes and so receive high impact federal funds in lieu of local funds. Neither the USBE nor the the USOE designate specific federal program expenditures that can be included in the reported minimum. We believe any expenditures from federal funds counted toward the 4% required minimum should be approved and justified by the USBE and the USOE. In our opinion, most expenditures from federal funds should not be counted.

**Disbursements From School-Generated Funds are Inappropriately Reported.** One of the four districts we reviewed, District C, reported as educational supplies every disbursement made by its individual schools. In our opinion, it is inappropriate to apply school-generated funding towards meeting the required minimum expenditure because these funds are not part of the Total Basic School Program. In addition, a large percentage of the school disbursements reported by District C were not for educational supplies. Many disbursements were from the students own funds and included costs for student organized dances, yearbook publishing expenses, and other disbursements associated with student organization expenses and even funds raised for the needy. While this district has always appeared to spend much more than the required minimum, when these school disbursements are removed, the district no longer meets the required minimum.

We examined the educational supply expenditure accounts on District C's reports for fiscal year 1992 through fiscal year 1995. Included in the supply account (code 610) each year was a large accounting entry that doubled the entire amount reported. Further inquiries revealed the accounting entry was for every individual schools' financial disbursements. As shown in Figure IX, the accounting entries ranged from \$751,372 in fiscal year 1993 to \$1,084,371 in fiscal year 1995.

<b>Figure IX</b>				
<b>Percent of District C's School Disbursements Reported Into Minimum</b>				
	<b>FY92</b>	<b>FY93</b>	<b>FY94</b>	<b>FY95</b>
Reported Minimum Expenditures	\$1,372,890	\$1,537,749	\$1,876,233	\$2,103,412
School Disbursements	778,310	751,372	940,026	1,084,371
Percent	57%	49%	50%	52%

We found at the end of the school year, the district totaled each school's disbursements and deducted the activity already accounted for by the district. An accounting entry for the entire amount was then entered and reported as supply expenditures. Although the schools each provided some details of their disbursements, the district did not attempt to classify them by object code or eliminate any expenditures that should not be reported into the required minimum. Instead, the year-end supply entry encompassed any and all school disbursements.

In our opinion, it is inappropriate to include disbursements from school-generated funds towards meeting the minimum expenditure. The other three districts that we reviewed did not report school disbursements in meeting the minimum. We do not know if any other districts include school disbursements in their reports. However, the fact that one district reports such significant amounts while others report nothing, makes the minimum expenditure data inconsistent and incomparable.

In addition, it is inappropriate to assume that all school disbursements can be counted as supply expenditures. By reporting expenditures using school-generated funds, many inappropriate expenditures were included. We reviewed financial information for six schools within District C to assess if the school disbursements reported were within the boundaries of the board's definition of supplies. We found many of these disbursements were definitely not for supplies. For instance, in fiscal year 1995, \$9,300 from one elementary school's account entitled "other" was included in the district's year-end accounting transaction. Although some of the purchases placed into this "other" account may have been for educational supplies, the principal confirmed the funds used to make these purchases came from the school's independent fund raisers, including the commission for student picture sales, candy sales, and bake sales. Some examples of purchases reported as educational supplies include: folk dancing demonstration, lunch for a guest, helmet purchases, Christmas party, contribution to KSL Radio's Quarters for Christmas, faculty party, and restaurant expense. Most of the purchases from these independent funds should not have been reported as supply expenditures because the funds were generated by and intended for alternate purposes. Many of these disbursements simply *passed through* the school's checking account. Funds were collected, deposited into the school account, and the disbursements made through the school's account. For example, the school's "Quarters for Christmas" were collected from students, deposited into the school account, and then paid to a radio station as a donation for the needy. The district's year-end accounting entry included these types of disbursements as part of the reported minimum expenditures.

A more substantial example of inappropriately reported school disbursements relates to one of the district high schools. One high school's disbursements (\$368,711) made up 39 percent of the \$940,026 reported in the district's educational supply accounting entry for fiscal year 1994. Some disbursements are in reality only transfers made to other accounts within the school and so may even be accounted for more than once. Although we could not reconcile the entry exactly, it appears most of these disbursements clearly were not appropriate. The

following are some examples of expenditures reported as educational supplies by the high school in District C:

1. Student Activities-\$87,970. Students paid a fee at the beginning of the school year. Disbursements were generally transfers to other accounts, mostly to the athletics department. When school disbursements were made from athletics, they were counted again.
2. Drill Team and Cheerleaders-\$36,104. Drill team members and cheerleaders raised their own funds to purchase uniforms, equipment, transportation, and other expenses associated with the teams.
3. Yearbook-\$27,466. The costs to publish and print the yearbook were included even though funds came from student-solicited advertisers and sales of the publication.
4. Student body-\$17,560. Students raised funds to finance assemblies, dances, and other student organized activities. The funds only pass through the school checkbook in order to monitor student spending.
5. Officials-\$12,569. Expenditures were paid to officials for various sporting events. Most of the funds came from the student activity account or from gate receipts.

Other pass-through disbursements included student organization and guild expenses that are paid for with the student's own money as well as class project fees where students pay for the materials used in the project. Project fees are charged for various art, shop, and home economics classes. Once the materials were purchased out of these fees, the disbursement was included with the reported minimum.

Although none of these reported expenditures are within the definition provided by state board rule, all of these disbursements were simply totaled at year end and reported as part of the minimum educational supply expenditures. The other three districts in our review did not report any of these school expenditures.

It is interesting to note that District C is the district that has the most dissatisfied teachers in our survey reported in Chapter II. The teachers in this district indicated dissatisfaction with textbook quantity and quality and supply quantity and quality. Initially this was puzzling to us because the district reported it was spending well over the required minimum. However, when the school disbursements are removed, the district is far from meeting the required minimum expenditure.

When expenditures using teachers' supply supplemental, other Related to Basic, federal, and school-generated funds are removed from each districts' reported expenditures, only one of the four districts continues to meet the required minimum as shown in Figure X.

**Figure X**  
**Adjustments to 1994 Reported Minimum Amounts**

Adjustments	District			
	A	C	D	J
Reported Divided by Required*	100%	170%	104%	232%
Less Teachers' Supply Supplemental	94	161	96	225
Less Related to Basic Programs	88	156	91	198
Less Federally Funded Programs	73	144	84	120
Less School Funded Disbursements	73	59	84	120

\* 100% = The 4 percent minimum expenditure requirement has been met.

The fact that District C has the most dissatisfied teachers begins to make sense. While this district initially appeared to more than meet the minimum expenditure requirement, this district actually spends less than the required minimum expenditure. In fact, it appears to devote the smallest percentage of its Total Basic School allocation to textbooks and supplies compared to the other three districts. It also makes sense that of the three larger districts (A, C, and D) the teachers sampled from District D are more satisfied than teachers from the other two districts. District D appears to devote a higher percentage of its Total Basic School allocation to textbooks and supplies. District J, which still appears to spend well over the 4 percent minimum, is not as satisfied as we would have expected.

While we believe that funding sources make some expenditures inappropriate, we also identified other reported expenditures that are inappropriate based on the USBE's definitions.

### **Some Expenditures are Inappropriate by Definition**

The USBE policy states that districts shall spend the 4 percent required minimum amount on "educational supplies." The USBE has defined this to include textbooks, library books and materials, periodicals, teaching supplies, audiovisual materials, laboratory materials, student supplies, and other instructional materials used by teachers and students in the instructional process. Although the policy further defines each of these items (see Appendix C), there are some expenditures reported toward meeting the minimum criteria that do not appear to meet the USBE's definition.

In some cases, purchases classified as educational supplies clearly did not meet any part of the definition. For example, District J, in fiscal year 1994, reported over \$16,000 of teacher

lunch duty meals and foster grandparent meals as a supply expenditure. Teacher lunch duty meals are those paid by the district when a teacher is required to monitor the lunchroom. Foster grandparents are those people who volunteer to come in and help the students learn school material. The district pays for their lunch on the days when they come in. Other districts do not include meal expenditures as a supply expenditure and meals do not fit within the USBE's definition. While inappropriate, District J would still meet the required minimum after these expenditures are removed.

Another small district, District E, charged over \$14,000 of team athletic expenses as instructional supplies. Included in the \$14,000 were team uniforms, cheerleader uniforms, travel expenses to games and recruiting trip expenses. Given the USBE's definition of instructional expenses, we believe these expenses are inappropriately reported. Further, other districts do not report team athletic expenses as an instructional supply. This same district also reported its driver education vehicle as an \$11,000 instructional supply. It is inappropriate to report a vehicle as an instructional supply expense under USBE's guidelines. It is more appropriately considered as capital equipment that is depreciated over time. While other districts will report, as an instructional expense, the oil and gas the driver education vehicle uses, we never noted any other district reporting its vehicle as a supply expense. District E is the only small district whose teachers are dissatisfied with both textbook and supply quantities, yet, this district reports total expenditures that more than meet the required minimum expenditure. We were unable to evaluate in detail this district's expenditures but know that removing these expenditures would not cause this district to fall below the required minimum. However, these expenditures are inappropriately classified as educational supplies.

While we found inappropriate expenditures reported towards meeting the minimum expenditure requirement, we also noticed something about the requirement itself. It is possible that the way the requirement is defined (as a percentage of the Total Basic School Program) may promote district spending inequities on a per student basis because of add-ons to the weighted pupil unit.

### **Current Minimum Expenditure Requirement may Promote Spending Inequity**

As currently stated, the USBE's minimum expenditure criterion may promote district spending inequities. When analyzed on a per-student basis, districts are *required* to spend significantly different amounts of money per student. Specifically, smaller districts are required to spend much more per student on textbooks and supplies than are larger districts. We believe it is possible that these different required spending levels contribute to the relative teacher dissatisfaction observed in the larger districts. Figure XI illustrates the annual minimum average expenditure required per student for fiscal year 1992 through fiscal year 1994 based on the 4 percent minimum.

**Figure XI**  
**Required Annual Minimum Expenditures per Student**

District	Amount	District	Amount
Tintic	\$190.03	Emery	\$82.11
Daggett	187.70	Ogden	81.74
Piute	143.61	Tooele	81.63
Wayne	123.42	Salt Lake	81.54
Garfield	120.29	Uintah	80.98
Rich	119.49	Iron	80.84
Kane	105.21	Wasatch	80.76
San Juan	96.23	Weber	78.58
Beaver	95.42	Box Elder	78.41
S Summit	93.17	Granite	78.29
N Summit	92.19	Morgan	78.16
Grand	91.03	Jordan	77.17
Duchesne	89.12	Washington	76.98
Carbon	88.24	Murray	76.97
Juab	86.96	Alpine	76.84
Provo	85.72	Park City	76.44
S Sanpete	85.42	Cache	76.29
Sevier	85.39	Logan	76.23
Millard	84.76	Davis	76.07
N Sanpete	84.57	Nebo	75.63

*\* Each districts' required 4 percent minimum was divided by its average daily membership (enrollment) and averaged for fiscal years 1992-1994*

The inequity results because the 4 percent required minimum is calculated based on the Total Basic Program section of the Minimum School Program. This section is directly related to distribution of funds based on their weighted pupil units (WPU). However, the formula for each district's WPU considers factors beyond average student enrollment, including growth factors, professional staff costs, and adjustments for small but necessary schools.

As can be seen from Figure XI, when the 4 percent minimum expenditure requirement is expressed on a per student basis, significantly different amounts of money are required to be spent per student among districts. Since the number of students a district has is a primary determinant of textbook and supply needs, it does not seem logical that required per-student expenditures would vary so significantly. For example, it does not make sense to us that Tintic District was required to spend \$190 per student on textbooks and supplies on average while Granite District was required to spend \$78, a \$112 expenditure difference per student. While Tintic district may have higher overhead costs per student than Granite because Granite is so much larger and can utilize economies of scale, it is doubtful that it requires expenditures of \$112 more per student than Granite to adequately meet student textbook and supply needs.

In addition, Figure XI also reveals that, as a general rule, the medium and larger-sized districts are required to spend significantly less per student than small or very small districts. It is possible that this difference in required expenditures per student accounts for some of the difference in teacher satisfaction. In Chapter II we noted that a higher percentage of medium to large sized schools expressed some level of dissatisfaction with textbook and supply quantities than did the smaller schools. While we are not saying that this required expenditure difference is the reason that larger districts are more dissatisfied than smaller districts, we do believe that it is a likely contributor.

While we applaud the USBE and the USOE for having an expenditure criterion for textbook and supply expenditures, particularly when other states do not, we do believe that the USBE and the USOE needs to take action to insure accurate reporting.

## **USBE and USOE Must Take Action**

Both the Utah State Board of Education and the Utah State Office of Education must take action to ensure that data reported in reference to the minimum expenditure criteria are accurate in terms of the appropriateness and consistency of reported data. In our opinion, there are several factors that contribute to the inappropriate and inconsistently reported data. First, the purpose of the minimum expenditure requirement is not clearly identified. Second, measurement methodology is loosely controlled. Third, monitoring district compliance has been ineffective.

The purpose of the 4 percent minimum expenditure requirement needs to be clearly defined again. In 1987, the Legislature was apparently concerned that districts were not allocating

adequate amounts of their budgets for textbooks and supplies. As a result, the USBE modified its minimum expenditure requirement to meet legislative intent. While the 1987 statute said it was “the intent of the Legislature that state and local minimum school program funds be expended for adequate amounts of textbooks and educational supplies for students before those funds are used to supplement secondary school activities,” this intent language is no longer contained in the **Utah Code**. Currently, district administrators appear unclear as to the current purpose of the minimum expenditure requirement. Thus, we believe the USBE should clearly define the purpose of the minimum expenditure requirement. The Legislature could also help the USBE by specifying what it believes the purpose of the minimum expenditure requirement should be.

Once the purpose is clearly established, the methodology for measuring educational supply expenditures must be clearly defined. It is critical that the data in the minimum expenditure reports be accurate, consistent, and appropriate. In particular, the USBE must specify what funding sources can be used to meet the minimum expenditure requirement. Again, in our opinion as long as the minimum expenditure is based solely on the Total Basic School Program, then only Total Basic School Program funding may be used to meet the requirement. Once the methodology is established, the districts must be trained in the application of the new methodology.

Finally, reporting compliance must be effectively monitored by the USOE. Currently there is little monitoring and non-compliance brings no action. This ineffective monitoring has allowed loose interpretations and reporting abuses to continue. With its small auditing staff, the USOE might want to consider using the districts’ single audit process to monitor compliance. Also, we reviewed the administrative policies and statutes but we could not find any mention of enforcement of this rule. We also interviewed several administrators at the USOE, but they were unable to tell us of any instance where this policy was enforced. Based on the past three year average, four school districts were out of compliance with this regulation. These districts represent over 37 percent of the total student population. We interviewed the business administrators or accountants at each of these districts. They each told us their district had been notified by the USOE when their reported expenditures did not meet the 4 percent minimum requirement. However, none of the districts were told of any consequence for non-compliance. If the reported minimum expenditures are to be meaningful, compliance must be monitored and enforced.

While this chapter has discussed the fact that funding from sources other than the Total Basic School program, including the one-time teacher supply funds should not be used as meeting the minimum expenditure requirement, Chapter IV acknowledges most districts accounted for these teacher supply funds adequately.

## Recommendations:

1. We recommend the Legislature again include language in future legislation that specifies their intent regarding expenditures for textbook and educational supplies.
2. We recommend that the Utah State Board of Education:
  - a) Specify the purpose of the 4 percent minimum requirement;
  - b) Reassess the methodology used to calculate the required minimum and determine if it is equitable for both large and small districts;
  - c) Assess if the minimum requirement should continue to be a ratio or if it should be expressed on a per student basis;
  - d) If the minimum requirement continues to be expressed as a ratio, assess whether 4 percent is a reasonable ratio or determine a new ratio;
  - e) Specify what funding sources should be included for reporting minimum expenditures.
3. We recommend that the Utah State Office of Education:
  - a) Insure that training and instruction is provided to the districts regarding the revised methodology for reporting educational supplies;
  - b) Consider using the districts' single audit process as a method of monitoring information reported by districts to ensure it is consistent and appropriate;
  - c) Determine what actions are appropriate to enforce district compliance with the minimum expenditure policy.
4. We recommend that the Legislature request a follow-up audit by the Legislative Auditor General's Office to re-examine changes to the minimum expenditure requirement and report back to the Legislature in fiscal year 1998.

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## **Chapter IV**

# **Teachers' Supplemental Supply Funds Were Accounted for Appropriately**

We reviewed distribution and accounting practices in 15 of the 40 state school districts for the teachers' one-time supplemental supply appropriations available in fiscal years 1994 and 1996. In general, the school districts have accounted for these appropriations adequately. Each district received allocations and was responsible for distributing the funds and monitoring the expenditures. We found that most districts implemented procedures and controls to distribute the funds and review the expenditures, and that teachers generally spent the allocation appropriately on supplies, materials and field trips. However, one district failed to adequately account for teacher purchases, thus raising questions whether or not purchases were made as the Legislature intended. As a result, we believe the districts need more instruction or policy from the USOE regarding procedures for distribution of funding, expenditure review and approval, documentation, and reimbursement. In addition, the USOE needs to follow-up with the districts on their expenditures of supplemental and one-time appropriations.

As part of the minimum school program for fiscal year 1994, the Utah State Legislature allocated a one-time \$3 million appropriation for teachers' supplies and materials. Another one-time \$2 million appropriation was made available for teachers' supplies in fiscal year 1996. These funds were distributed to the elementary and secondary education teachers in the state. Full-time certificated teachers, staff, media personnel and counselors received about \$145 each from the fiscal year 1994 appropriation and about \$94 each from the fiscal year 1996 appropriation. Certificated staff who worked less than full-time received pro-rated amounts of the appropriations. Appropriations were also given to certificated staff at applied technology centers and the School for the Deaf and Blind. The purpose of these appropriations was to help alleviate the out-of-pocket costs incurred by teachers during the school year for additional classroom supplies, educational materials and field trips. These funds were intended to supplement, not supplant, funds already earmarked for educational supplies.

In addition, a \$9.5 million supplemental appropriation was allocated for fiscal year 1996 for textbooks and supplies. However, we were unable to audit the expenditures of these funds allocated for school year 1995-96 because in most of the schools and districts we visited there were no receipts or documentation available. Some of the schools had not yet received their appropriations from the districts and many of the teachers had not spent their allocations or turned in receipts.

## **Most Districts Have Adequate Controls for Teachers' Supplemental Supply Funds**

Most of the districts we surveyed had adequate controls for the distribution and expenditure of the fiscal year 1994 appropriation given to teachers for supplies. The districts followed the same procedures and guidelines for the fiscal year 1996 appropriations as well. Further, in fiscal year 1994, teachers generally made appropriate purchases that fit the definitions and mandates of the Legislature and the State Board. Only one district did not have adequate procedures to monitor the distribution of funds and document the expenditures. The Legislature intended that this and all supplemental appropriations be adequately accounted for to ensure that the legislative intent is followed. To comply with the legislative intent the USOE directed all districts to “develop procedures and time lines to facilitate the intent of the appropriation”.

We surveyed 15 school districts by phone to determine what procedures they had in place to verify teacher purchases for appropriateness with the USBE definition of supplies. We also visited several randomly selected schools to review their receipts and verify educational purchases. The procedures varied from district to district, but most districts required teachers to make their purchases and then bring in receipts for reimbursement and verification. A few districts required teachers to have their supply purchases approved prior to buying them and required receipts after purchase. One district issued teachers a check in advance but still required that teachers bring in receipts or invoices to document their purchases afterward. The districts surveyed and schools we reviewed felt that their teachers were abiding by the definitions that the Legislature and the State Board issued regarding the type of supplies and materials they could purchase.

### **Teacher Purchases Were Appropriate**

We examined invoices and receipts from a sample of schools in three districts and determined that teachers made purchases that were in accordance with the intent of the Legislature and the USBE rule and definitions. As allowed by legislation, some teachers pooled their allocations to purchase larger items that benefited more than one classroom, such as a VCR or projector. Student newspapers, music, art supplies, microscopes, paperback books, maps, playground equipment, printers and computer programs are a few examples of the purchase invoices from schools we visited. All invoices we reviewed were appropriate and fit within the definition of educational supplies, materials and fieldtrips as defined by administrative rules. Upon reviewing teachers' supply accounts, we found that most teachers used their entire appropriation and stayed within the USBE definition for educational supplies.

## **One District Failed to Account for Teacher Purchases**

One large school district in our survey did not require teachers to document or verify their supply purchases for either the fiscal year 1994 appropriation or the fiscal year 1996 appropriation. The total appropriation to this district was over \$340,000 in fiscal year 1994 and over \$220,000 in fiscal year 1996. Most schools in this district issued teachers checks and in one instance, cash, but no receipts were required to document or verify the purchases. Because there was no documentation of purchases, the appropriateness of the purchases in this district could not be determined. We did additional surveying by phone in this district by contacting principals in 18 of the 66 schools (27 percent) to determine what procedures were followed. From discussions with district personnel and principals we determined that the schools followed the district policy that did not require principals to collect or review receipts or invoices. In addition, cash was given out by one school in this district and teachers were required to sign for it. Most schools did advise their teachers to keep receipts in case of an audit, but principals did not require these receipts to be returned or reviewed for appropriateness of purchase. In our opinion, this school district's policy for distributing and accounting for the teachers' supplies supplemental funds was not adequate.

### **More Specific Instruction and Follow-up are Needed**

We believe that USOE should provide more specific instruction to the districts regarding the distribution, expenditure and documentation of teachers' supplemental supply funds. USOE should also follow-up to verify that reasonable documentation procedures are in place and that funds were accounted for according to the legislative intent. Although only one of 15 districts reviewed lacked adequate controls, this one district was a large district. We feel these changes are needed to eliminate any confusion involving the future supplemental funds for teachers' supplies.

### **Districts Need More Instruction and Follow-up**

The USOE should provide more direction to the districts to ensure that appropriated funds are accounted for in a reasonable fashion, while still allowing districts to develop their own policies. The USOE instructed all districts to use proper accounting procedures and document their expenditures and the administrative policy directs all districts to "develop procedures and time lines to facilitate the intent of the appropriation". In addition, the USOE sent each district a copy of instructional supply definitions. While most school districts have policies that require schools to verify purchases and funds expended, the fact that one large district had inadequate policies leads us to conclude that USOE did not provide adequate direction. Some of the school principals in this district believed the teachers' supply appropriation was given to the teachers with no strings attached. One principal claimed that the Legislature intended to

give the teachers total discretion over the money so the schools should not be held accountable. This money was completely distributed to teachers at the start of the school year but no receipts were collected. The money was unaccounted for and we were unable to audit the purchases to verify if it was spent on educational supplies because there was no documentation available. It is important that districts take responsibility for accounting for these funds, but the USOE needs to provide more direction to ensure that the intent of the Legislature is followed.

In addition, we believe that the USOE should evaluate and follow-up on district procedures for distributing and accounting for the teachers' supplemental supply funds. In our opinion, the USOE did not adequately follow-up on the board rule that directed school districts to develop procedures and time-lines for this one-time appropriation of fiscal year 1994. Although 14 of the 15 districts we surveyed did adequately account for these funds, one large district did not. The USOE has an obligation to follow through on their policies to ensure that districts are abiding by the intent of the legislation. Several districts had memos from the USOE regarding the distribution and accounting for the teachers' supplies funds. However, we could find no indication that the USOE ever reviewed any district policies or audited the district records or receipts for the distribution and expenditure of this one-time appropriation for teachers supplies. The USOE should conduct some type of follow-up on these funds to determine how they were spent.

**Recommendations:**

1. We recommend that the USOE provide more detailed instructions to districts on the distribution, accounting, expenditure and documentation of the teachers' supply funds.
2. We recommend that the USOE review a sample of school districts' policies and procedures and follow-up on the expenditures of teachers' supply appropriations to ensure compliance with legislative intent.

## Appendices

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# **Appendix A**

## **Legislative Auditor General's Teacher Textbook and Supplies Survey**

September 5, 1995

Dear teacher,

The Legislative Auditor General's Office is conducting an audit of the adequacy of school textbooks and supplies. This audit was requested by the Legislative Joint Majority Leadership to identify any unmet needs within schools for textbooks and classroom supplies.

To adequately address any issues surrounding school textbooks and supplies, we believe it is vital that information be obtained from teachers. To accomplish this, we have randomly chosen a number of schools around the state and are attempting to survey all teachers within those schools. Since this audit is just beginning, the survey responses from teachers are very important and will help focus the audit on significant issues from a teacher's standpoint. Since your responses will help identify potential audit issues, it is important that we receive your completed questionnaire no later than October 1st.

We recognize that this is a very busy time for teachers and so we are very appreciative of your time in responding to this questionnaire. For your information, this questionnaire should take approximately 20 minutes. When you have completed the questionnaire, please return it to us in the self-addressed, stamped envelope provided you. If you have any questions, please call Janice Truscott at 538-1033. Thank you for your input.

Sincerely,

Wayne Welsh  
Auditor General

## TEACHER TEXTBOOK AND SUPPLIES SURVEY

Please answer these questions in relation to the subject that you teach. For those who teach more than one subject, we have provided two copies of the questionnaire. Please use a separate questionnaire for each subject that you teach. If you are an elementary school teacher who teaches all subjects, you may wish to use one questionnaire to answer for all the subjects that you teach. If you do this, please mark your answers in a way that allows us to determine which answer pertains to which subject. All questionnaire responses will be held confidential. A self-addressed, stamped envelope is enclosed for your convenience. We appreciate your time and care in responding to this survey questionnaire.

### GENERAL INFORMATION

Your Name (Optional) \_\_\_\_\_

School Name: \_\_\_\_\_

Grade Level \_\_\_\_\_ (Elementary teachers who teach all subjects need only identify the grade.)

Course Name: \_\_\_\_\_

Is this course a core curriculum course? Yes or No

How many years have you taught this course?

### TEXTBOOKS

1. What textbook(s) did you use in the 1994-95 school year?
2. How long have you been using this textbook?
3. Is this textbook adequate as a teaching aid (When answering this question, consider the physical condition of the textbook as well as the information contained in the textbook)? If your answer is no, please indicate why.

4. Will you be teaching from a new textbook during the 1995-96 school year? Yes or No

5. Based on your past experience, on average, how many years will a textbook be used in this course before a new textbook is purchased?

6. Optimally, how many years should a textbook be used in this course before it is replaced?

7. For this course, how important is it that each student have their own **take-home** textbook? Why?

8. If students do not have their own take-home textbook, how important is it that each student have, at least, their own **in-class** textbook? Why?

9. For the 1994-95 school year, did each student have their own **take-home** textbook? Yes or No

If not, did each student have their own **in-class** textbook? Yes or No

10. Did a lack of textbooks impact the way that you taught the class or the level of learning achieved in the class? If your answer is yes, please describe.

11. Overall, how satisfied are you with the **quality** of textbooks made available for you to teach your class? (Circle one)

Very Satisfied      Slightly Satisfied      Slightly Dissatisfied      Very Dissatisfied

12. Overall, how satisfied are you with the **quantity** of textbooks made available for you to teach your class? (Circle one)

Very Satisfied      Slightly Satisfied      Slightly Dissatisfied      Very Dissatisfied

**MATERIALS AND SUPPLIES**

13. What school-provided materials and supplies are necessary to enable this course to be taught in an adequate manner?

14. For the 1994-95 school year, were the above materials and supplies available in reasonable amounts for course use? If not, why not?

15. In the past three years, have these materials and supplies been available in reasonable quantities for course use?

16. Did inadequate materials and supplies impact the way that you taught the class or the level of learning achieved in the class? If your answer is yes, please describe.

17. During the past three years, have you ever paid for classroom materials and supplies out of your own pocket? Yes or No

If your answer to the above is yes, approximately how much did you spend?

What did you buy?

18. Overall, how satisfied are you with the **quality** of materials made available for you to teach your class? (Circle one)

Very Satisfied	Satisfied	Slightly Satisfied	Slightly Dissatisfied	Dissatisfied	Very Dissatisfied
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19. Overall, how satisfied are you with the **quantity** of materials made available for you to teach your class? (Circle one)

Very Satisfied	Satisfied	Slightly Satisfied	Slightly Dissatisfied	Dissatisfied	Very Dissatisfied
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## **COURSE COMPUTER SOFTWARE**

For these questions, we are primarily interested in computer software which is used as a teaching aid for students and which may act as a replacement for a textbook. We are not as interested in software which is used primarily to aid the teacher.

20. What course software did you use in the 1994-95 school year?

21. How long have you been using this course software?

22. What is the usable life of this course software?

22. Is this course software adequate as a teaching aid?

If your answer is no, please indicate why.

23. Will you be teaching using new course software in the 1995-96 school year? Yes or No

24. Did inadequate course software impact the way that you taught the class or the level of learning achieved in the class? If your answer is yes, please describe.

25. Do you have the computer hardware necessary to support the software?

26. Overall, how satisfied are you with the **quality** of software made available for you to teach your class? (Circle one)

Very Satisfied	Satisfied	Slightly Satisfied	Slightly Dissatisfied	Dissatisfied	Very Dissatisfied
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27. Please discuss here any other issues surrounding textbooks and course materials and supplies which you feel are important but which this questionnaire has not addressed.

Please return this questionnaire using the self-addressed, stamped envelope by October 1st. If you have questions, call Janice Truscott at 538-1033. Thank you.

**Appendix B**  
**STATE SUPPORTED MINIMUM SCHOOL PROGRAM**  
**Fiscal Year 1993-94 Appropriation SB212**

<b>I. BASIC SCHOOL PROGRAMS:</b>	<b>WEIGHTED</b>	<b>FUNDING @</b>
<b>A. REGULAR BASIC SCHOOL PROGRAMS</b>	<b>PUPIL UNITS</b>	<b>\$ 1,539</b>
1. Kindergarten	18,737	\$28,836,243
2. Grades 1-12	418,695	\$644,371,605
3. Professional staff	40,206	\$61,877,034
4. Administrative Costs	1,655	\$2,547,045
5. Nec. Existent Small Schools	5,700	\$8,772,300
Total Reg. Basic School Prgms (1 to 5)	484,993	\$746,404,227
<b>B. RESTRICTED BASIC SCHOOL PROGRAMS</b>		
1. Special Education-Regular Program		
a. Special Education Add-On WPU's	50,893	\$78,324,327
b. Self Contained Reg. WPU's	10,686	\$16,445,754
2. Special Education- Pre-School	3,340	\$5,140,260
3. Extended Year Prog for Sev Disabled	232	\$357,048
4. Special Education-State Programs	1,321	\$2,033,019
Total Special Education (1 to 4)	66,472	\$102,300,408
5. Applied Tech Ed - District	17,091	\$26,303,049
6. Applied Tech Ed-District Set Aside	967	\$1,488,213
Total Vocational Education (5 to 6)	18,058	\$27,791,262
7. Youth-In-Custody	3,299	\$5,077,161
8. Adult High School Completion	2,989	\$4,600,071
9. Accelerated Learning Programs	1,790	\$2,754,810
10. At Risk Students	2,471	\$3,802,869
11. Career Ladders	23,705	\$36,481,995
12. Class Size Reduction 1st & 2nd Grade	7,182	\$11,053,098
Total Other Restricted Prgms (7 to 12)	41,436	\$63,770,004
<b>C. UNRESTRICTED BASIC SCHOOL PROGRAMS</b>		
1. Local Program	11,413	\$17,564,607
<b>TOTAL BASIC SCHOOL PROGRAM (A to C)</b>	622,372	\$957,830,508

<b>D. RELATED TO BASIC PROGRAM</b>	
1. Social Security & Retirement	\$170,494,242
2. Pupil Transportation to & From School	\$33,480,401
3. Contingency Fund	\$606,600
4. Incentives For Excellence	\$603,397
5. Secondary Applied Tech Ed. - ATC's	\$2,719,200
6. Regional Service Centers	\$668,500
7. Programing for Areas Not Served by ATC's	\$600,000
8. Educational Technology Initiative	\$1,000,000
9. Ed Net	\$500,000
10. Centennial Schools	\$2,600,000
11. Teacher Supplies & Materials	\$3,000,000
12. Children at Risk Program	\$3,215,460
13. Music in the Schools	\$34,000
14. Dual Enrollment	\$343,582
15. Class Size Reduction 1st & 2nd Grade	\$400,000
<b>TOTAL RELATED TO BASIC PROGRAMS (1 to 15)</b>	<b>\$220,265,382</b>
<b>II. SPECIAL PURPOSE PROGRAMS:</b>	
A. Experimental - Developmental Programs	\$3,915,100
<b>TOTAL SPECIAL PURPOSE PROGRAMS</b>	<b>\$3,915,100</b>
<b>III. BOARD AND VOTED LEEWAY PROGRAMS:</b>	
A. Voted Leeway Program	\$53,198,000
B. Board Leeway State Support	\$19,459,057
<b>TOTAL BOARD AND VOTED LEEWAY PROGRAMS</b>	<b>\$72,657,057</b>
<b>TOTAL MINIMUM SCHOOL PROGRAM (I to III)</b>	622,372
	\$1,254,668,047
<b>IV. LOCAL REVENUE:</b>	
A. Basic Tax Rate	\$242,063,719
B. Voted Leeway	\$46,545,052
C. Board Leeway Program	\$13,577,317
Total Local Contribution (A to C)	\$302,186,088
<b>V. STATE REVENUE:</b>	
A. Uniform School Fund	\$952,481,959
<b>TOTAL REVENUE (IV TO V)</b>	<b>\$1,254,668,047</b>

# Appendix C

## Utah Administrative Rules

### **R277-408. Expenditures for Educational Supplies Required in Utah Public Schools.**

#### **R277-408-1. Definitions.**

- A. "Audiovisual materials" means non-print items which, with reasonable care and use, may be expected to last for more than one year. This includes such items as tapes and discs, slides and transparencies, films and filmstrips, maps, globes and charts, prints and photographs, and models and mockups.
- B. "Basic program" means the sum of all the programs funded under the weighted pupil unit.
- C. "Board" means the Utah State Board of Education.
- D. "Educational supplies" means textbooks, library books and materials, periodicals, teaching supplies, audiovisual materials, laboratory materials, student supplies, and other instructional materials used by teachers and students in the instructional process.
- E. "Laboratory materials" means items which are required of students as an integral part of a course, subject, or grade, or those items which are consumed in the teaching-learning process but not considered personal property of students. These include:
  - (1) teaching materials: glue, sandpaper, nails, and other such items; thread, needles, bobbins, and similar items for general practice and instruction; flour, sugar, spices, and other food items used in instruction;
  - (2) instructional media materials: required literary magazines, weekly readers, and other such materials. These may also be classified as textbooks depending on their use and application;
  - (3) equipment: machines, apparatus, large tools, large musical instruments and other such items; and
  - (4) other: towels, if school towels are required to be used; choir, band, and orchestra robes or capes which have little use to students except for a particular activity; drama costumes other than typical student dress; gym clothing, if required to be uniform or purchased from a particular location; workbooks, resource files, and supplementary text materials which may enrich and individualize the classroom instruction program.
- F. "Library books" means books provided for enrichment, extension, or study in depth. They may be general or specialized. They include reference sets and dictionaries, but not textbooks and periodicals.
- G. "Periodicals" means serial materials published at fixed intervals, including both the regular published format and microfilm format for permanent collections.
- H. "Student supplies" means items which are retained by and become the personal property of the student. These include:
  - (1) paper, pencils, pens, notebooks, and similar items;
  - (2) supplies and materials to construct personal items that are retained by the student;
- I. "Teaching supplies" means expendable items that are:
  - (1) consumed, worn out, or deteriorated in use such as paper, pencils, notebooks, workbooks, chemicals, paints, tests or answer sheets, bulbs, or tubes, or
  - (2) lose their identity through fabrication or incorporation into a different or more complex unit or substance such as transparency acetate, camera film, laminating supplies, chart paper, mounting or framing materials, or other similar items.
- J. "Textbooks" means 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. These materials:
  - (1) are designed for student use;
  - (2) are accompanied by or contain teaching guides and study helps;
  - (3) may be programmed or self-instructional; and
  - (4) must appear on the list of state-adopted texts or be approved for pilot or trial use by the State

Textbook Commission.

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## Agency Response