

## BACKGROUND

The Burns-Hines School District is located in Southeastern Oregon and consists of four schools that served 1,180 students in School Year 2000-2001. The District's share of special education students (15 percent) is above the state average and above state's 11 percent threshold for enhanced funding. The District's rates of minority, English-learning, and poor students are all below the state average.

**Table 1: District Profile, 2000-2001 School Year**

	Burns-Hines Level	Burns-Hines Percent	State Percent or Level
<b>Students</b>			
Enrollment	1,180		
Average Daily Membership	1,125	95.3%	95.8%
Special Ed Students	177	15.0%	12.4%
ESL Students	33	2.8%	9.4%
Students in Poverty	130	11.0%	14.4%
Teen Parents	4	0.3%	0.5%
Minority Students	198	16.8%	20.9%
<b>Staffing</b>			
Licensed Staff	78.6	53.4%	55.0%
Instructional Assistants	24.4	16.6%	14.5%
School Administrators	5.0	3.4%	2.9%
Central Administrators	3.4	2.3%	1.5%
Classified Support Staff	35.7	24.3%	26.0%
<b>Instructional Days</b>			
K-3	176	na	174
4-6	175	na	172
8-9	176	na	176
10-12	176	na	174
<b>Computer Infrastructure</b>			
Students per Computer	7.5	na	5.7
Students per Internet Connection	9.8	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	80%	62%
Writing	na	61%	68%
Math	na	66%	56%
Math Problem Solving	na	56%	58%

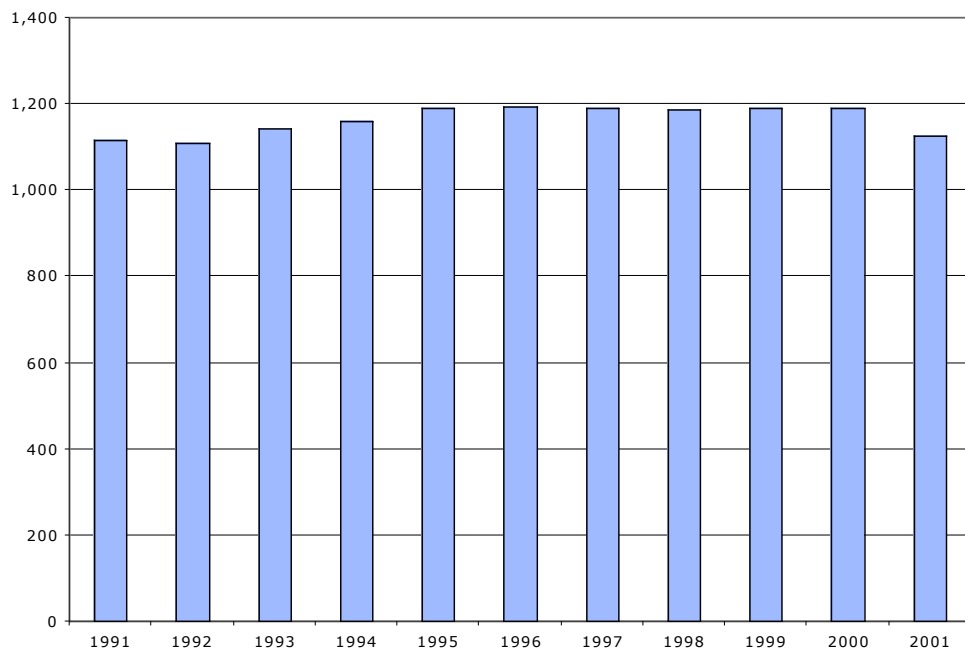
Source: Oregon Department of Education.

The distribution of staffing between licensed staff (teachers), instructional assistants, administrators, and support staff is roughly in line with state averages. The share of staff in administrative positions is slightly above the state average, which is typical of districts with low population densities that do not have the economies of scale of larger urban districts.

The number of instructional days is higher or at the same level as the state average at the elementary, middle, and high school levels. The District's computer-related infrastructure is well below the state average with 7.5 and 9.8 students per computer and internet connection, respectively. Finally, the performance of the District's eighth graders relative to their state counterparts is mixed on statewide tests. District students outperformed the state average on the reading and math tests but slightly underperformed on the writing and math-problem solving tests.

Over the course of the decade, the District's student population rose slightly and then returned to roughly the same levels recorded in the early 1990s (see Figure 1). District officials report that the number of students has continued to decline during the current school year.

**Figure 1: Average Daily Membership, Burns-Hines School District, 1991-2001**



Source: Oregon Department of Education.

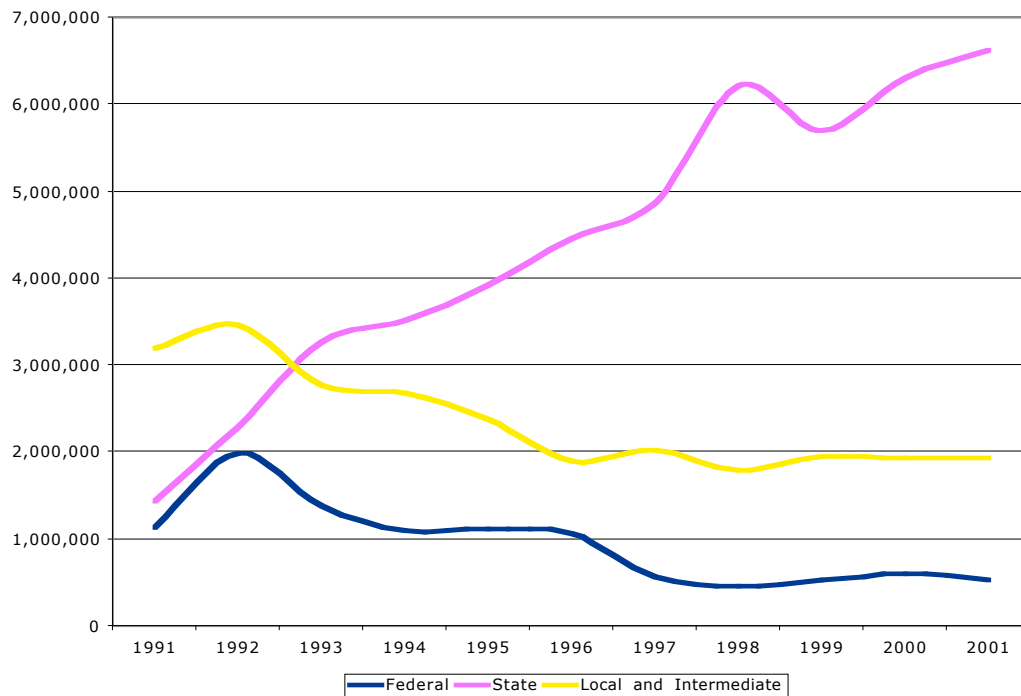
## REVENUE TRENDS

In the late 1980s, the Hines elementary school merged with the schools in the City of Burns. Prior to the equalization process, District officials described the Hines elementary school as reasonably well funded. School officials would estimate an annual budget and local taxpayers routinely passed supplemental levies to cover amounts that could not be financed through the permanent property tax levy. Schools located in the City of Burns were generally less successful in obtaining supplemental levies in the pre-Measure 5 Era.

In the late 1980s and early 1990s, the District also benefited from sizable forest fees paid by the federal government. Annual revenues ranged between \$0.9 and \$1.7 million and represented between 15 and 22 percent of the District's total revenues during 1991-1993.

Through the equalization process, the composition of the District's revenues changed considerably. In 1991, the District received \$5.8 million in total revenues with local and intermediate sources (education district) contributing the largest share, \$3.2 million or 55 percent (see Figure 2). The state and federal governments contributed \$1.5 million and \$1.1 million respectively, with the majority of the federal funds coming from forest receipts.

**Figure 2: Revenue Sources, Burns-Hines School District, 1991-2001 (Dollars not adjusted for inflation)**



Source: Oregon Department of Education.

As with other district's across Oregon, the local and intermediate funds became a smaller source of revenue over the course of the decade. Because of Measure 5's restrictions on property tax rates, the local and intermediate share of financing fell from \$3.2 million in 1991 to less than \$2.0 million in 2001. Meanwhile, the state's share of District revenues rose sharply and reached \$6.6 million in 2001.

While the influx of state funds and a gradual decline in local revenue is common to almost every district in Oregon, the importance of federal funds in the early 1990s, and subsequent drop-off, is unique to Burns-Hines and other districts located in area's with federal timber-related economies. As noted previously, during the late 1980s and early 1990s, the federal forest fees routinely approached or exceeded \$1 million annually. By 2000, the annual payment from forest fees fell to \$57,110. The District continues to receive other types of federal funding targeted to special education for children with disabilities, English as a second language, and school nutrition programs.

# EXPENDITURE TRENDS

## TOTAL AND CURRENT EXPENDITURES

For this expenditure analysis, we adopt the National Education Association (NEA) definitions of school expenditures. Under the NEA definition, total expenditures include current expenditures for the on-going operation and maintenance of District programs and facilities, as well as, capital outlays for the construction of new buildings or remodeling of old ones<sup>1</sup>. Total expenditures for 2000-2001 increased 1.8 percent over comparable expenditures for 1999-2000 and 42.3 percent over the amount spent in 1990-1991 (see Table 2).

**Table 2: Total Expenditures, Burns-Hines School District, 1991-2001**

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	6,531,172		
1991-1992	6,598,975	1.0	1.0
1992-1993	7,170,457	9.8	8.7
1993-1994	7,203,010	10.3	0.5
1994-1995	7,328,095	12.2	1.7
1995-1996	7,633,831	16.9	4.2
1996-1997	7,951,954	21.8	4.2
1997-1998	8,323,854	27.4	4.7
1998-1999	8,463,898	29.6	1.7
1999-2000	9,124,334	39.7	7.8
2000-2001	9,292,112	42.3	1.8

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows spending per student—defined as average daily membership—rose from \$5,860 to \$8,260 during 1991-2001, which represents a 41 percent increase. Over the same period of time, price inflation, measured by the US Consumer Price Index, increased 36.4 percent in the region, and 30.0 percent nationally.

---

<sup>1</sup> In addition to current and capital outlays, the NEA includes interest payments related to debt service, which typically represent 5 percent or less of district outlays. The Oregon Department of Education's reporting system did not provide a detailed breakout of payments to principal for fiscal years 2000 and 2001, so we did not include the amounts in our analysis.

**Table 3: Total Expenditures per ADMr, Burns-Hines School District, 1991-2001**

School Year	Total Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	5,860		
1991-1992	5,949	1.5	3.0
1992-1993	6,281	7.2	6.1
1993-1994	6,219	6.1	8.8
1994-1995	6,157	5.1	11.9
1995-1996	6,403	9.3	15.2
1996-1997	6,688	14.1	17.8
1997-1998	7,009	19.6	19.7
1998-1999	7,101	21.2	22.3
1999-2000	7,674	31.0	26.4
2000-2001	8,260	41.0	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Current expenditures for elementary and secondary schools consist of amounts paid for the general control, instructional service, operation, maintenance, and other reoccurring school services. They include all District contributions to the Public Employees Retirement System (PERS) and health benefits, as well as, a host of school supporting services, including transportation, health services, psychological services, and speech programs. Unlike the legislature’s comparable “net operating expenditure” category, the NEA definition of current expenditures incorporates spending on extracurricular instructional activities, including school assemblies, band, choir, speech, debate, and athletics.

Because the District spent relatively little on capital during 1991-2001, trends for current expenditures are similar to those just discussed for total expenditures. Current expenditures rose 2.7 percent during 2000-2001 and 43.9 percent over the decade (see Table 4). Current spending per student lagged behind the general rate of inflation during the early to mid 1990s (Table 5). Expenditures per student increase at a slightly higher rate during 1999-2001 because spending continues to climb despite a declining student base.

**Table 4: Current Expenditures, Burns-Hines School District, 1991-2001**

School Year	Current Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	6,307,700		
1991-1992	6,485,364	2.8	2.8
1992-1993	6,904,595	9.5	6.5
1993-1994	7,052,535	11.8	2.1
1994-1995	7,113,535	12.8	0.9
1995-1996	7,392,628	17.2	3.9
1996-1997	7,671,720	21.6	3.8
1997-1998	8,150,824	29.2	6.2
1998-1999	8,340,342	32.2	2.3
1999-2000	8,842,938	40.2	6.0
2000-2001	9,077,383	43.9	2.7

**Table 5: Current Expenditures per ADMr, Burns-Hines School District, 1991-2001**

School Year	Current Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	5,659		
1991-1992	5,846	3.3	3.0
1992-1993	6,048	6.9	6.1
1993-1994	6,089	7.6	8.8
1994-1995	5,977	5.6	11.9
1995-1996	6,200	9.6	15.2
1996-1997	6,452	14.0	17.8
1997-1998	6,863	21.3	19.7
1998-1999	6,997	23.6	22.3
1999-2000	7,437	31.4	26.4
2000-2001	8,069	42.6	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

District officials point to a court award in the early 1990s and subsequent careful planning as the reason current expenditures per student kept pace with inflation. In the early 1990s, a local court awarded the District a lump sum of disputed forest fees. District officials placed the lump sum into an account and drew from it gradually over the course of the decade. The District reports they made a final withdrawal on the award during the current school year.

The difference between total and current expenditures, in Tables 2 and 4 respectively, represents capital outlays. The District's annual capital outlays never exceeded \$300,000 during 1991-2001. Given virtually no change in enrollment, the District faced little pressure to build new facilities. Officials report the relatively modest capital outlays are reflected in deferred maintenance. In particularly poor condition is the K-3 building (Slater Elementary), which was built in 1948. The building's sewer system is not connected reliably to the City's sewer infrastructure, and staff use buckets to collect drainage from leaky roofs.

## INSTRUCTIONAL SPENDING

Oregon Department of Education data on instructional spending can be separated into spending on regular programs and special programs (hereafter, referred to as special education). So-called regular instructional programs include traditional reading, writing, math, history, and in high school, elective courses offered to the majority of District students. Special education is a second major instructional category and consists of courses designed for students with physical or mental disabilities, alternative programs for students at risk of dropping out of school, and English as a Second Language classes. In addition to regular and special education, districts report spending on adult and continuing education, but we do not discuss them in detail here.

Table 6 shows that instructional spending per student on regular programs increased from \$2,826 to \$3,709 during 1991-2001. Spending on regular instructional program failed to keep pace with inflation through the 1999-2000 school year. Spending per

student rose between 2000 and 2001 because an enrollment decline did not immediately trigger a decrease in state funding.

**Table 6: Expenditures on Regular Instruction per ADMr, Burns-Hines School District, 1991-2001**

School Year	Regular Instruction per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	2,826		
1991-1992	3,026	7.1	3.0
1992-1993	3,116	10.3	6.1
1993-1994	2,936	3.9	8.8
1994-1995	2,947	4.3	11.9
1995-1996	3,061	8.3	15.2
1996-1997	3,033	7.3	17.8
1997-1998	3,125	10.6	19.7
1998-1999	3,296	16.7	22.3
1999-2000	3,243	14.8	26.4
2000-2001	3,709	31.3	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditures for special education rose steadily over the decade. Measured across all district students—regardless of whether they actually received special education services—expenditures increased more than four-fold from \$319 per district student in 1991 to more than \$1,303 per student in 2001. Expressed differently, special education represented 5.6 percent of current expenditures in 1991. In 2001, it represented 16.1 percent of current expenditures.

District officials, like others across the states, point to a 1977 federal mandate to serve children with severe mental and physical disabilities as the key factor underlying the trend. Since the passage of the law, parents of disabled children have become increasingly aware of the services school districts are required to provide under the law. Moreover, District officials believe that medical advances have resulted in some disabled children surviving who would not have 10-15 years ago.

District officials recognize the need and strongly support the provision of special education but note that the category's rate of growth has put pressure on the entire budget. Both the federal and state governments target funding to special education, but District representatives believe it is inadequate. When passing the 1977 federal mandate, Congress signaled that the federal government would fund 40 percent of the resulting costs but have yet to come close to providing that level of support. Without enhanced federal or state funds, officials see continued growth in the area will force tradeoffs with spending on regular instruction and support services.

**Table 7: Expenditures on Special Education Instruction per ADMr, Burns-Hines School District, 1991-2001**

School Year	Special Education Instruction per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	319		
1991-1992	369	15.6	3.0
1992-1993	464	45.5	6.1
1993-1994	619	94.1	8.8
1994-1995	631	97.8	11.9
1995-1996	702	119.9	15.2
1996-1997	753	135.8	17.8
1997-1998	929	191.2	19.7
1998-1999	875	174.2	22.3
1999-2000	1,173	267.5	26.4
2000-2001	1,303	308.2	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

## SALARIES AND BENEFITS

Spending per student on staff salaries and benefits roughly kept with inflation through the mid-1990s and then exceed inflation from the late-1990s to date. As with previous tables, spending per student jumps between 2000 and 2001 because a decrease the number of students did not automatically trigger a cut in salaries and benefits.

In an attempt to slow the category's growth, the District has imposed a cap on employee health benefits. Consequently, for the first time, most staff members contribute about \$100 in health premiums out-of-pocket.

**Table 8: Salaries and Benefits per ADMr, Burns-Hines, 1991-2001**

School Year	Salaries and Benefits per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,503		
1991-1992	4,827	7.2	3.0
1992-1993	4,981	10.6	6.1
1993-1994	4,900	8.8	8.8
1994-1995	4,845	7.6	11.9
1995-1996	4,952	10.0	15.2
1996-1997	5,283	17.3	17.8
1997-1998	5,781	28.4	19.7
1998-1999	5,676	26.1	22.3
1999-2000	6,062	34.6	26.4
2000-2001	6,736	49.6	30.0



## PROGRAM IMPACTS

### LONG-TERM TRENDS

District officials report that budget pressures over the course of the decade have required cutting staff. Table 9 reports the number of staff by position for the 1994-1995 and 2000-2001 School Years<sup>2</sup>. Overall, the District's workforce has declined by 15.1 full-time equivalent staff members, or by more than 10 percent. Staff reductions have been concentrated in among administrators, support staff, librarians, and counselors. The District has held its instructional staff level, which includes teachers and educational assistants, roughly constant. Officials noted the loss of one librarian as particularly troubling because the District relies on the single remaining librarian to serve four schools.

---

<sup>2</sup> The 1994-1995 School Year is oldest available from ODE with position definitions that are consistent with current reporting.

**Table 9: Staff Levels, 1994-1995 and 2000-2001, Burns-Hines School District**

<b>Staff Category</b>	<b>1994-1995 School Year</b>	<b>2000-2001 School Year</b>	<b>Change</b>
<b>Teachers and Instructional Assistants</b>			
Pre-Kindergarten Teachers	0.0	0.0	0.0
Kindergarten Teachers	3.0	2.5	-0.5
Elementary Teachers	39.0	38.0	-1.0
Secondary Teachers	19.0	18.5	-0.5
Teachers of Ungraded Classes	11.9	10.9	-1.0
Educational Assistants	22.0	22.2	0.2
Instructional Coordinators and Supervisors	0.0	2.0	2.0
Subtotal	94.9	94.1	-0.8
Student -Instructor Ratio	12.5	12.0	-0.6
<b>Student Service Staff</b>			
Elementary Guidance	1.5	2.0	0.5
Secondary Guidance	2.1	1.6	-0.5
Librarians/Media Specialists	2.0	1.1	-0.9
Library and Media Support Staff	1.5	3.1	1.6
District Administrators	6.0	3.3	-2.7
District Support Staff	2.0	3.6	1.6
School Administrators	4.5	4.9	0.4
School Administrative Support Staff	9.0	9.6	0.6
Student Support Staff	0.0	0.0	0.0
All Other Support Staff	25.5	10.6	-14.9
Subtotal Student Service Staff	54.1	39.8	-14.3
Student-Service Staff Ratio	22.0	28.3	6.3
<b>Total District Staff</b>	<b>149.0</b>	<b>133.9</b>	<b>-15.1</b>
<b>Student-Total Staff Ratio</b>	<b>8.0</b>	<b>8.4</b>	<b>0.4</b>
<b>ADMr</b>	<b>1,190.2</b>	<b>1,125.0</b>	<b>-65.2</b>

Source: ECONorthwest calculated using Oregon Department of Education data.

In addition to staff reductions, the officials listed a number of courses and activities that were offered in 1991 but are no longer available today or are available at greatly reduced levels. They include:

- **Advanced Placement classes.** District high school offered Advanced Placement courses in history, literature, and physics. Since 1991, the literature and physics courses have been eliminated.
- **Shop classes.** In the early 1990s, the District offered wood shop, drafting, metals, and mechanics at its high schools. The District has eliminated the drafting class and scaled back the wood shop, metals, and mechanics offerings.
- **Music and art programs.** The District no longer sponsors choir at the high school level. Swing and jazz bands have been eliminated at the high school level

while the traditional marching band remains intact. Officials report a sharp decline in the number and quality of art classes offered.

- **Driver's education.** The District no longer provides driver education or traffic safety courses.
- **Summer school.** The District has curtailed summer school offerings and now charges participating students.
- **Pay for play.** The District temporarily experimented with a pay for play policy, assessing user charges for school athletes, but abandoned the policy in the late 1990s.

While officials generally reported a contraction in services, the District did add a limited number of programs during the 1990s including:

- **Agricultural classes.** The District offers agricultural coursework funded primarily by the Oregon State University Extension Office.
- **Carpentry classes.** The District offers a carpentry class with materials supplied by the local hay growers' association and the agricultural community.

## CURRENT FISCAL POSITION

Prior the statewide vote on Ballot Measure 13, the District anticipated a \$1.3 million shortfall relative to its original budget request. The District designed its original request to hold services constant at 2001-2002 levels. To balance the budget, the superintendent has proposed the following:

- **Staff cuts.** Elimination of 10.9 teaching and 1.5 administrative positions.
- **Salary and benefit freeze.** The proposed budget calls for District-wide freeze in salaries and benefits
- **Reduction in materials.** District will defer purchase of science textbooks and computers.

If the legislature fails to restore amounts that would have been funded through Ballot Measure 13, the District would need to cut an additional \$0.4 million from its budget. The superintendent has advanced the following proposals:

- **Additional staff cuts.** The District would eliminate one additional teaching position at the high school and would privatize cleaning services.
- **Shortened school week.** The District may shorten its school week from the existing 4.5 days to 4.0 days. The District's philosophy is that cutting days would leave the teaching and staff infrastructure in place and allow a return to prior service levels should additional revenues become available.

## FINDINGS

The key findings for the District are:

- **Forest fees decline.** District experienced a sharp decline in federal forest fees during the 1990s. Such fees fell outside the state's equalization formula, and therefore, the losses were not automatically offset by increased state funding.
- **Total current spending keeps pace with inflation.** Despite the loss in federal forest fees, District's annual current spending has roughly kept pace with inflation over the decade. District officials point to the spending down a court awarded payment and the primary reasons for the District's relative financial stability during the 1990s.
- **Spending on special education outpaces inflation.** Spending on special education instruction increased sharply during the 1990s. In 1990-1991, special education represented 5.6 percent of current expenditures. By 2000-2001, its share of current expenditures nearly tripled.
- **District workforce reduced.** During 1995-2001 the District eliminated 15 student service position, or about 10 percent of its workforce.
- **Capital outlays relatively low.** District has been unable to pass capital bonds during the decade, which has contributed to a reported decline in the quality of the District's four buildings.