

## BACKGROUND

The Coos Bay School District is located in the southern portion of the Oregon coast and served 3,961 students in 2000-2001 school year. Since 1994, the District's enrollment has declined by 80 to 100 students, and average daily membership declined by an average of 65 students per year since the 1994-95 school year (see Figure 1). At the beginning of the 1990s, the District had six elementary schools, and middle school, and a high school. They have reduced the number of elementary schools by one, and will close two more next year.

The declining student population is largely explained by economic changes in the area. The community once offered many well-paying jobs in the timber industry. Throughout the 1980s and early 1990s, timber mills closed down, greatly reducing the number of well-paid blue-collar jobs. Families with children have left the area, in search of better economic opportunities elsewhere.

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

	Coos Bay Level	Coos Bay Percent	State Percent or Level
<b>Students</b>			
Enrollment	3,961		
Average Daily Membership	3,866	97.6%	95.8%
Special Ed Students	607	15.3%	12.4%
ESL Students	66	1.7%	9.4%
Students in Poverty	866	21.9%	14.4%
Teen Parents	39	1.0%	0.5%
Minority Students	868	21.9%	20.9%
<b>Staffing</b>			
Licensed Staff	217.7	54.4%	55.0%
Instructional Assistants	62.9	15.7%	14.5%
School Administrators	13	3.3%	2.9%
Central Administrators	5.5	1.4%	1.5%
Classified Support Staff	101.2	25.3%	26.0%
<b>Instructional Days</b>			
K-12	176	na	171
<b>Computer Infrastructure</b>			
Students per Computer	6.1	na	5.7
Students per Internet Connection	5.6	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	53%	62%
Writing	na	84%	68%
Math	na	61%	56%
Math Problem Solving	na	75%	58%

Source: Oregon Department of Education.

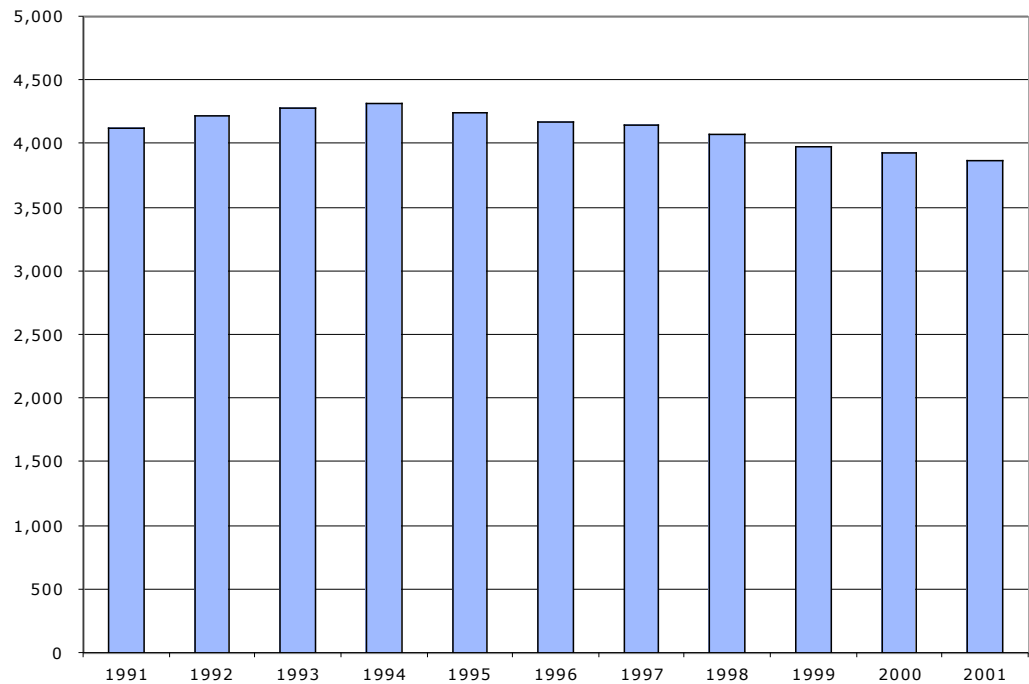
The District's share of special education students (15 percent) is above the state average and above state's 11 percent threshold for enhanced funding. The District's rate of English-learning students is well below the state average. The District has a much higher proportion of impoverished students than the state average.

The distribution of staffing between all categories of staff, including licensed staff (teachers), instructional assistants, administrators, and support staff is roughly in line with state averages.

The number of instructional days is higher than the state average. The District's number of computers per student is less than the state average, at 6.1 students per computer, but the District's number of internet connections is higher than the states at 5.6.

The performance of the District's eighth graders relative to their state counterparts is mixed on statewide tests. District students scored lower than the state average in reading, but writing scores were substantially higher than the state average. Coos Bay students slightly outperformed the state average on math text, but greatly outperformed the state average in math problem solving.

**Figure 1: Average Daily Membership, Coos Bay School District, 1991-2001**



Source: Oregon Department of Education.

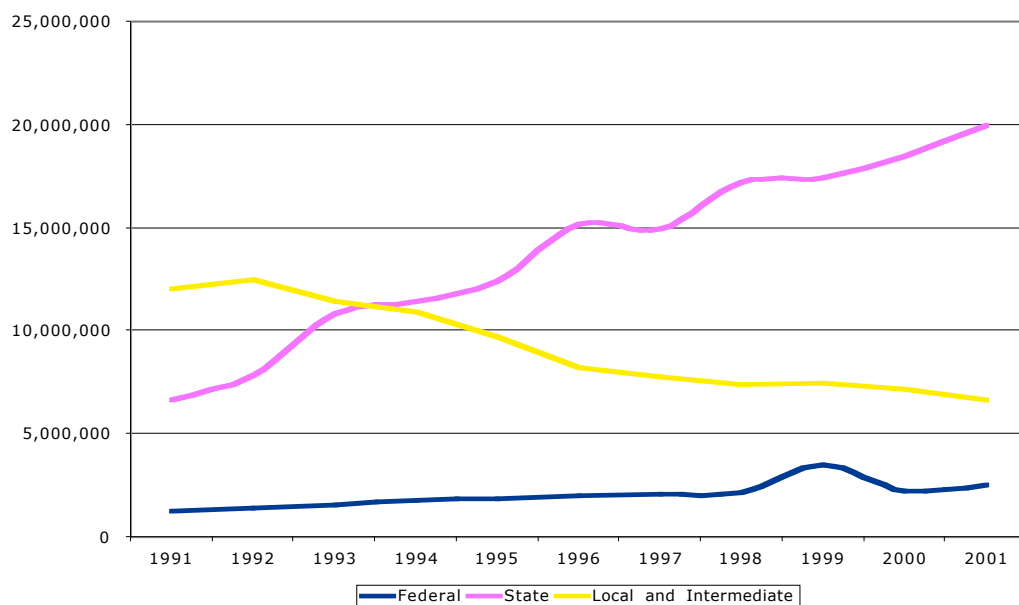
## REVENUE TRENDS

Before Measure 5, the Coos Bay District was one of the lowest spending-per-pupil districts in Oregon. The District had no consistent tax base, and every year, had to ask local voters to fund the school budget. If the voters rejected the annual tax levy, the District reworked the budget and presented it to the voters again, until the levy passed. Because of the District's poor financial state, equalization made a positive impact on the District. The District no longer had to ask the local voters for funds on an annual basis, the State provided consistent revenue to a previously underfunded district. Total revenues grew 46 percent over the decade, while inflation grew 30 percent.

Since 1994, District officials report that state revenues have been less than adequate to meet current service levels. Coos Bay's declining enrollment has impacted total revenue. Because the State funds schools is based on the number of enrolled students, declining enrollment means fewer dollars. Supporting central administration and inter-school programs becomes more difficult.

Figure 2 shows the district's revenue trends for federal, state, and local sources. Through the equalization process, the composition of the District's revenues changed considerably. In 1991, the District received \$20 million in total revenues with local and intermediate sources (education district) contributing the largest share, \$12 million, or 60 percent (see Figure 2). The state government contributed about \$6.6 million, or 33 percent, and the federal government contributed \$1.3 million respectively, about six percent.

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



Source: Oregon Department of Education.

As with other districts 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 \$12 million in 1991 to about \$6.7 million in 2001. Meanwhile, the state's contribution to District revenues rose from \$6.6 million to \$20 million in 2001.

Much of the federal dollars are from Title 1 grants, which support areas with high concentrations of low-income families. The District receives other types of federal funding, such as funding targeted to special education for children with disabilities, English as a second language, and school nutrition programs. The District receives a small amount of funds in the form of federal forest fees.

# 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>. The District spent \$6.4 million in capital outlays in the 1991-92 school year, compared to about \$700,000 in the previous year. Capital outlays rose again in the 1999-00 school year, from \$790,000 to \$3.6 million, and then again in the 2000-01 school year to \$4.8 million. Total expenditures for 2000-2001 increased 7.5 percent over comparable expenditures for 1999-2000 and 68.2 percent over the amount spent in 1990-1991 (see Table 2).

**Table 2: Total Expenditures, Coos Bay School District, 1991-2001**

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	20,317,325		
1991-1992	28,567,029	40.6	40.6
1992-1993	24,609,529	21.1	-13.9
1993-1994	24,468,525	20.4	-0.6
1994-1995	23,073,072	13.6	-5.7
1995-1996	24,099,245	18.6	4.4
1996-1997	25,610,946	26.1	6.3
1997-1998	26,778,920	31.8	4.6
1998-1999	29,285,221	44.1	9.4
1999-2000	31,806,898	56.6	8.6
2000-2001	34,177,694	68.2	7.5

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows spending per student—defined as average daily membership—rose from \$4,918 to \$8,841 from 1991 to 2001, an increase of 80 percent. 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, Coos Bay 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	4,918		
1991-1992	6,773	37.7	3.0
1992-1993	5,739	16.7	6.1
1993-1994	5,667	15.2	8.8
1994-1995	5,427	10.3	11.9
1995-1996	5,766	17.2	15.2
1996-1997	6,174	25.5	17.8
1997-1998	6,563	33.4	19.7
1998-1999	7,363	49.7	22.3
1999-2000	8,100	64.7	26.4
2000-2001	8,841	79.7	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 recurring 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, such as band, debate, school assemblies, and athletics.

Current expenditures are similar to total expenditures, except for the 1991-92, 1999-00, and 2000-01 school years. Current expenditures rose 4.2 percent from 2000 to 2001 and 49.7 percent over the decade (see Table 4). Current expenditures per student increased at a rate higher than inflation throughout the decade (Table 5). On average, per student spending increased by 4.9 percent each year, while inflation grew 2.7 percent. In all but three years, increases in current expenditures per student grew at a rate higher than inflation.

**Table 4: Current Expenditures, Coos Bay School District, 1991-2001**

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	19,618,775		
1991-1992	22,202,737	13.2	13.2
1992-1993	23,624,014	20.4	6.4
1993-1994	24,013,161	22.4	1.6
1994-1995	22,789,957	16.2	-5.1
1995-1996	23,338,035	19.0	2.4
1996-1997	24,163,987	23.2	3.5
1997-1998	25,947,975	32.3	7.4
1998-1999	28,495,422	45.2	9.8
1999-2000	28,206,826	43.8	-1.0
2000-2001	29,377,812	49.7	4.2

Source: ECONorthwest calculated from Oregon Department of Education data.

**Table 5: Current Expenditures per ADMr, Coos Bay 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	4,749		
1991-1992	5,264	10.8	3.0
1992-1993	5,509	16.0	6.1
1993-1994	5,562	17.1	8.8
1994-1995	5,360	12.9	11.9
1995-1996	5,584	17.6	15.2
1996-1997	5,826	22.7	17.8
1997-1998	6,359	33.9	19.7
1998-1999	7,165	50.9	22.3
1999-2000	7,183	51.2	26.4
2000-2001	7,599	60.0	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

## 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: traditional reading, writing, math, history, and in high school, elective courses offered to the majority of District students. Special and alternative 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 \$2,486 to \$3,017 from 1991 to 2001. Spending on regular instructional program fell short of inflation throughout the decade and has been inconsistent. Until 1993, spending increases exceeded inflation, but in 1994 expenses per ADMr dropped to a level below 1992 spending levels, and did not recover until 1999.

**Table 6: Expenditures on Regular Instruction per ADMr, Coos Bay 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	2,486		
1991-1992	2,685	8.0	3.0
1992-1993	2,939	18.2	6.1
1993-1994	2,545	2.4	8.8
1994-1995	2,430	-2.2	11.9
1995-1996	2,577	3.7	15.2
1996-1997	2,626	5.7	17.8
1997-1998	2,780	11.8	19.7
1998-1999	3,071	23.5	22.3
1999-2000	2,791	12.3	26.4
2000-2001	3,017	21.3	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 from \$274 per district student in 1991 to \$1,007 per student in 2001, an increase of 267 percent. Expressed differently, special education represented 5.8 percent of current expenditures in 1991. In 2001, it represented 13.2 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. District officials believe that children with disabilities are receiving better diagnoses, so that more children are identified as disabled. In addition, Coos Bay District officials believe that the problems suffered by children classified as special education have become more severe.

Both the federal and state governments target funding to special education. The State funds special education students at twice the funding for regular students. While this covers some costs, some special education students require much more in services. Moreover, the State will provide special education funding for up to 11 percent of the student body, regardless of the actual special education population. In Coos Bay, 15.3 percent of the student population qualifies for special education.

When passing 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, Coos Bay 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	274		
1991-1992	272	-0.8	3.0
1992-1993	271	-1.3	6.1
1993-1994	656	139.1	8.8
1994-1995	527	91.9	11.9
1995-1996	586	113.6	15.2
1996-1997	588	114.1	17.8
1997-1998	678	147.1	19.7
1998-1999	827	201.1	22.3
1999-2000	923	236.2	26.4
2000-2001	1,007	266.7	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

There is an English as a Second Language program in Coos Bay, but it is quite small.

## SALARIES AND BENEFITS

Spending per student on staff salaries and benefits roughly kept with inflation, except for 1998 and 1999, where spending per student increased 8.4 and 12.7 percent, compared to 1.6 and 2.2 percent increases in inflation. District officials reported that before equalization, teaching was a poorly paid profession within the community. Now it is one of the better paid professions, and has good benefits for the region. Not only have salaries improved, but wages in other fields in the region have declined.

**Table 8: Salaries and Benefits per ADMr, Coos Bay, 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	3,638		
1991-1992	3,808	4.7	3.0
1992-1993	4,060	11.6	6.1
1993-1994	4,116	13.1	8.8
1994-1995	4,044	11.2	11.9
1995-1996	4,165	14.5	15.2
1996-1997	4,289	17.9	17.8
1997-1998	4,647	27.7	19.7
1998-1999	5,236	43.9	22.3
1999-2000	5,386	48.0	26.4
2000-2001	5,516	51.6	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Increases in health insurance costs have impacted the District. Coos Bay pays for 100 percent of their staff's health insurance costs. There is no cap. PERS payments have also grown, but haven't impacted the District in the past as much as health insurance.



# PROGRAM IMPACTS

## LONG-TERM TRENDS

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 four full-time equivalent staff members, or by about one percent. While overall staff reductions have been minor, the District has reduced the number of elementary school teachers by about 10.9 full-time equivalents, or ten percent and the number of secondary teachers by 2.8, or about six percent. Meanwhile, the number of educational assistants grew by 10.1, or 19 percent. The student-instructor ratio declined from 16.6 to 15.4.

The total number of service staff remained constant, but different types of staff were differently impacted. Library staff, school administrators, and district school support staff have been reduced, while student support staff increased.

Table 9 shows that the total number of staff remained relatively stable, but the total number of students declined by about 386, or about nine percent.

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<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, Coos Bay 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	7.5	6.0	-1.5
Elementary Teachers	108.4	97.5	-10.9
Secondary Teachers	49.8	47.0	-2.8
Teachers of Ungraded Classes	36.0	37.1	1.1
Educational Assistants	52.4	62.5	10.1
Instructional Coordinators and Supervisors	2.0	1.4	-0.6
Subtotal	256.1	251.5	-4.6
Student -Instructor Ratio	16.6	15.4	-1.2
<b>Student Service Staff</b>			
Elementary Guidance	3.8	2.0	-1.8
Secondary Guidance	5.0	6.0	1.0
Librarians/Media Specialists	4.0	3.0	-1.0
Library and Media Support Staff	10.0	8.0	-2.0
District Administrators	4.0	4.0	0.0
District Support Staff	12.0	8.0	-4.0
School Administrators	14.0	12.5	-1.5
School Administrative Support Staff	26.8	23.9	-2.9
Student Support Staff	8.5	17.9	9.4
All Other Support Staff	45.6	49.0	3.4
Subtotal Student Service Staff	133.7	134.3	0.6
Student-Service Staff Ratio	31.8	28.8	-3.0
<b>Total District Staff</b>	<b>389.8</b>	<b>385.8</b>	<b>-4.0</b>
<b>Student-Total Staff Ratio</b>	<b>10.9</b>	<b>10.0</b>	<b>-0.9</b>
<b>ADMr</b>	<b>4,251.5</b>	<b>3,866.0</b>	<b>-385.5</b>

Source: ECONorthwest calculated using Oregon Department of Education data.

In order to cut costs as a result of reduced enrollment, the District has closed one elementary school and will close two more next year. The District closed the schools to protect current programs. The District has been able to not cut any specific programs, although fees for sports have increased over the years. The District has been able to maintain small class sizes, with no increases at the elementary level and only a small increase at the secondary level.

## FINDINGS

The key findings for the District are:

- The District was below the statewide spending average prior to Measure 5, so total revenues steadily increased throughout the first half of the 1990s. In the last half of the decade, State revenues have not regularly kept up with inflation.
- The District is experiencing declining student enrollment, which declined ten percent since 1995.
- Spending on regular instruction has not kept pace with inflation.
- Spending on special education instruction increased substantially during the 1990s. In 1990-1991, special education represented 5.8 percent of current expenditures. By 2000-2001, its share of current expenditures grew to 13.2 percent.