

BACKGROUND

The David Douglas School District is located in the Portland Metropolitan Area and enrolled 8,173 students during the 2000-2001 school year. The District's share of special education students (11.8 percent) is slightly below the state average and slightly above the state's 11 percent threshold eligible for enhanced funding. The poverty rate of 17.7 percent is above the state average. Almost one in four District students are minorities (above the state average), and 26.2 percent of District students are English learners, which is well above average.

Table 1: David Douglas School District Profile, 2000-2001 School Year

	David Douglas Level	David Douglas Percent	State Percent or Level
Students			
Enrollment	8,173		
Average Daily Membership	7,969	97.5%	95.8%
Special Ed Students	961	11.8%	12.4%
ESL Students	2,144	26.2%	9.4%
Students in Poverty	1,446	17.7%	14.4%
Teen Parents	32	0.4%	0.5%
Minority Students	1,921	23.5%	20.9%
Staffing			
Licensed Staff	448.8	51.9%	55.0%
Instructional Assistants	177.2	20.5%	14.5%
School Administrators	18	2.1%	2.9%
Central Administrators	8	0.9%	1.5%
Classified Support Staff	212.1	24.6%	26.0%
Instructional Days			
K-12	179	na	171
Computer Infrastructure			
Students per Computer	6.7	na	5.7
Students per Internet Connection	7.5	na	6.0
Student Performance (8th Grade)			
Reading	na	53%	62%
Writing	na	63%	68%
Math	na	55%	56%
Math Problem Solving	na	51%	58%

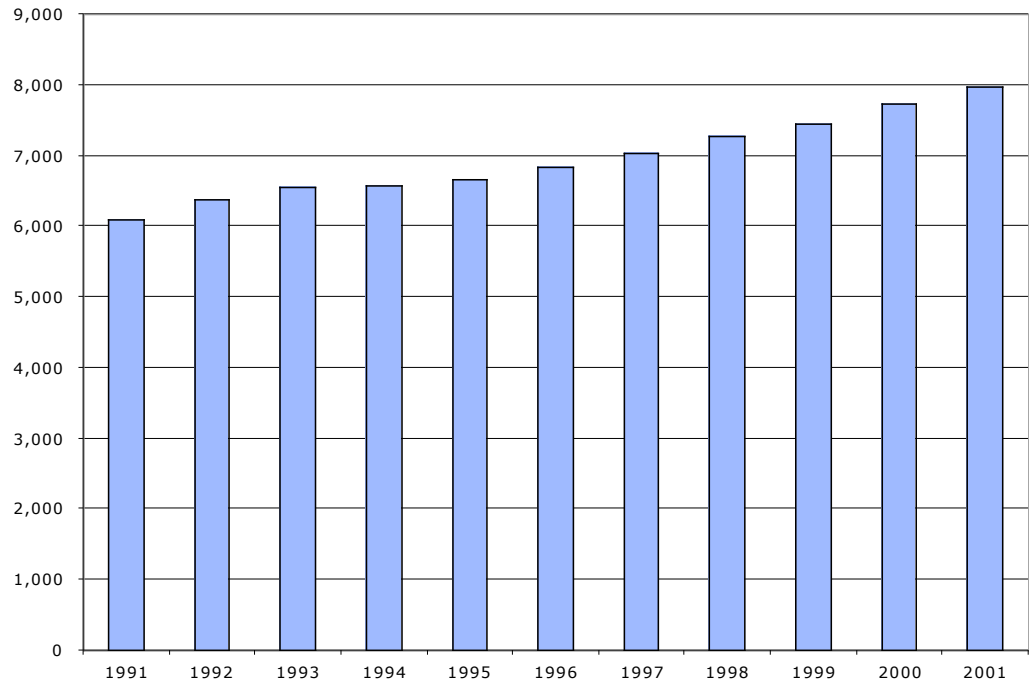
Source: Oregon Department of Education.

The distribution of staff shows the instructional assistants compose a slightly higher share of total staff, and classified support staff a lower share, than is the state norm.

The number of instructional days exceeds the state average by eight. The District's computer-related infrastructure is roughly in line with the state average with 6.7 and 7.5 students per computer and Internet connection, respectively. Finally, the District's eighth graders generally underperform their state counterparts on reading, writing, and math tests.

The David Douglas School District grew steadily throughout the decade, increasing from an average daily members of 6,095 to 7,969 during 1991-2001—a 2.7 percent average annual rate (see Figure 1).

Figure 1: Average Daily Membership, David Douglas, 1991-2001



Source: Oregon Department of Education.

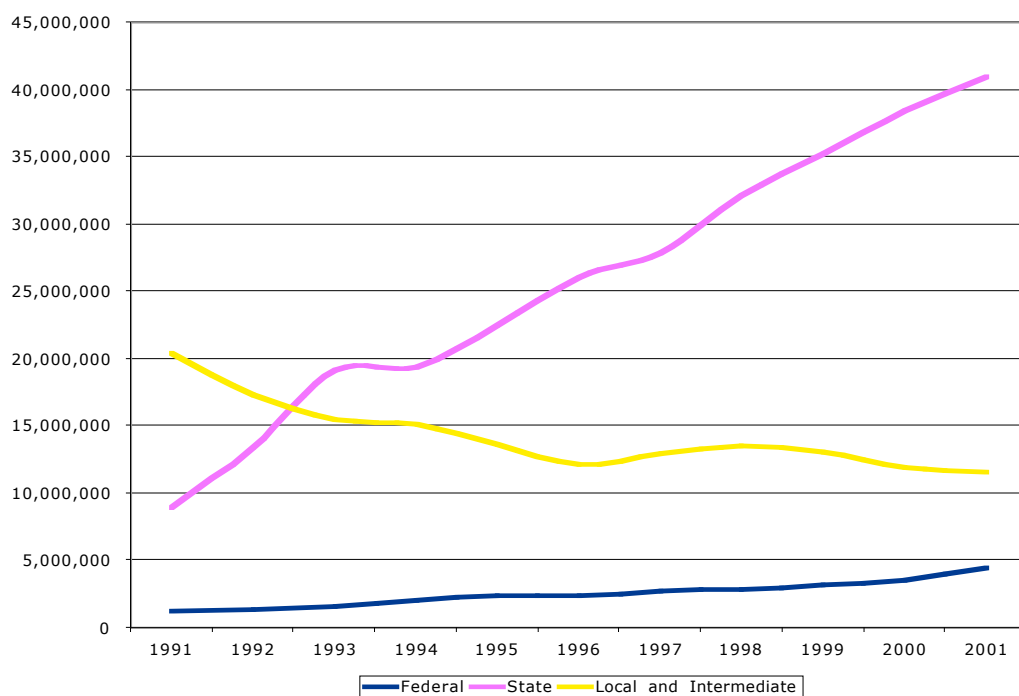
REVENUE TRENDS

Prior to Measure 5 and the equalization process, David Douglas was considered a low-funded District. The District is largely residential, so it does not benefit from a large commercial property base that contributes revenue without adding to the student base. Moreover, the District's property values are below the regional average. In 1991, the local and intermediate sources contributed \$3,350 per student, below the state average of \$3,593.

Total revenues increased at an average annual rate of 6.4 percent during 1991-2001. Figure 2 shows the Measure 5 related drop in local funds during the early 1990s, which was coupled with a steady increase in state financing. Early in the 1990s, state funds overtook local and intermediate sources as the largest source of District financing.

In 1991, local and state sources represented 67 and 29 percent of District financing respectively. By 2001, local share had fallen to 20 percent, and the state's share rose to 72 percent. The District was successful in securing a number of federal grants during the 1990s, and the share of revenues originating from the federal government doubled from 4 to 8 percent. The federal government has awarded two recent grants to the District to facilitate small class sizes and to provide services to refugee populations.

Figure 2: Revenue Sources, David Douglas School District, 1991-2001 (Dollars not adjusted for inflation)



Source: ECONorthwest calculated based on Oregon Department of Education data.

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 ones¹. Total expenditures for 2000-2001 increased 10.5 percent over comparable expenditures for 1999-2000 and 93.6 percent over the amount spent in 1990-1991 (see Table 2). The near doubling of total expenditures over the period is not uncommon for districts with fast growing student populations.

¹ In addition to current expenditures 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 2: Total Expenditures, David Douglas School District, 1991-2001

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	29,952,545		
1991-1992	32,150,858	7.3	7.3
1992-1993	35,568,352	18.7	10.6
1993-1994	38,148,262	27.4	7.3
1994-1995	43,708,751	45.9	14.6
1995-1996	49,504,136	65.3	13.3
1996-1997	48,145,222	60.7	-2.7
1997-1998	45,615,442	52.3	-5.3
1998-1999	49,148,833	64.1	7.7
1999-2000	52,490,390	75.2	6.8
2000-2001	57,976,356	93.6	10.5

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student—defined as average daily membership—rose from \$4,915 to \$7,275 during 1991-2001, which represents a 48 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.

Table 3: Total Expenditures per ADMr, David Douglas School District, 1991-2001

School Year	Total Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in Portland-Salem CPI-U since 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,915			
1991-1992	5,044	2.6	4.5	3.0
1992-1993	5,430	10.5	8.1	6.1
1993-1994	5,796	17.9	11.2	8.8
1994-1995	6,560	33.5	14.8	11.9
1995-1996	7,236	47.2	18.4	15.2
1996-1997	6,847	39.3	22.4	17.8
1997-1998	6,278	27.7	25.1	19.7
1998-1999	6,592	34.1	28.6	22.3
1999-2000	6,782	38.0	32.8	26.4
2000-2001	7,275	48.0	36.4	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 athletics, band, chorus, choir, speech and debate.

Current expenditures rose 7.8 percent during 2000-2001 and 87.8 percent over the decade (see Table 4). Current spending per student increased from \$4,824 to \$6,929.

The ten-year growth in current spending per student exceeded by the rates of regional and national price inflation (Table 5).

Table 4: Current Expenditures, David Douglas School District, 1991-2001

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	29,403,103		
1991-1992	31,601,647	7.5	7.5
1992-1993	34,125,797	16.1	8.0
1993-1994	34,251,433	16.5	0.4
1994-1995	37,547,296	27.7	9.6
1995-1996	39,939,940	35.8	6.4
1996-1997	42,384,983	44.2	6.1
1997-1998	44,785,387	52.3	5.7
1998-1999	47,568,470	61.8	6.2
1999-2000	51,243,554	74.3	7.7
2000-2001	55,217,805	87.8	7.8

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 5: Current Expenditures per ADMr, David Douglas School District, 1991-2001

School Year	Current Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in Portland-Salem CPI-U since 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,824			
1991-1992	4,957	2.8	4.5	3.0
1992-1993	5,209	8.0	8.1	6.1
1993-1994	5,204	7.9	11.2	8.8
1994-1995	5,635	16.8	14.8	11.9
1995-1996	5,838	21.0	18.4	15.2
1996-1997	6,028	24.9	22.4	17.8
1997-1998	6,164	27.8	25.1	19.7
1998-1999	6,380	32.2	28.6	22.3
1999-2000	6,621	37.2	32.8	26.4
2000-2001	6,929	43.6	36.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

The difference between total and current expenditures, in Tables 2 and 4 respectively, represents capital outlays. With the student population growing at a 2.7 percent rate, the District faced some pressure to find additional classroom space. David Douglas recently passed a \$39.9 million bond levy to reopen an elementary school and remodel a number of other facilities. Officials note that seismic upgrades have been, and will continue to be, costly. Capital outlays, measured over the decade were relatively low, averaging \$3.1 million per year.

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 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 \$2,405 to \$3,284 during 1991-2001. Spending on regular instructional programs kept pace with inflation measured at the regional and national level.

Table 6: Expenditures on Regular Instruction per ADMr, David Douglas School District, 1991-2001

School Year	Regular Instruction per ADMr	Percentage Change from 1990-1991	Percentage Change in Portland-Salem CPI-U since 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	2,405			
1991-1992	2,485	3.3	4.5	3.0
1992-1993	2,560	6.5	8.1	6.1
1993-1994	2,666	10.9	11.2	8.8
1994-1995	2,874	19.5	14.8	11.9
1995-1996	2,936	22.1	18.4	15.2
1996-1997	2,976	23.7	22.4	17.8
1997-1998	3,034	26.2	25.1	19.7
1998-1999	3,228	34.2	28.6	22.3
1999-2000	3,040	26.4	32.8	26.4
2000-2001	3,284	36.6	36.4	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 159.9 percent from \$380 per District student in 1991 to more than \$989 per student in 2001. Expressed differently, special education’s share of current expenditures increased from 8 percent in 1991 to 14 percent in 2001.

Like other observers across state, David Douglas officials point to a federal mandate that ensures equal educational opportunities to children with physical and mental disabilities. Officials noted that per capita costs for children with severe disabilities can exceed \$25,000.

The District also has an extraordinarily large ESL population, with more than 26 percent of students identified as English-learners. District students speak more than 30 native languages with Russian, Ukrainian, Spanish, and number of Eastern European languages the most common. Students who are not proficient in English can remain in school until they are 21 years old.

Table 7: Expenditures on Special Education Instruction per ADMr, David Douglas School District, 1991-2001

School Year	Special Education Instruction per ADMr	Percentage Change from 1990-1991	Percentage Change in Portland-Salem CPI-U since 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	380			
1991-1992	409	7.5	4.5	3.0
1992-1993	541	42.3	8.1	6.1
1993-1994	514	35.2	11.2	8.8
1994-1995	617	62.2	14.8	11.9
1995-1996	691	81.7	18.4	15.2
1996-1997	764	100.8	22.4	17.8
1997-1998	708	86.1	25.1	19.7
1998-1999	633	66.3	28.6	22.3
1999-2000	869	128.5	32.8	26.4
2000-2001	989	159.9	36.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

SALARIES AND BENEFITS

Spending per student on staff salaries and benefits increased from \$4,133 to \$6,008, or 45.4 percent during 1991-2001. The growth is roughly equal to that reported for all current expenditures. In general, District officials believe staff compensation is as competitive as it was 10 years ago. In recent years, David Douglas has received 20 applications for every opening, and officials believe the quality of teachers has risen considerably since 1991. A greater share of teachers are entering work with a Masters and are generally well-prepared to teach, according to our respondents. David Douglas tends to offer above-average salaries to entry-level teachers; however, average compensation for all teachers is somewhat less generous.

In an attempt to contain growth in spending on health benefits, the District has imposed a cap on employee health benefits. Consequently, for the first time, some staff members contribute out-of-pocket to their health premiums. While the District's contribution to PERS has not grown dramatically in recent years, officials believe it will during the 2003-2004 School Year.

Table 8: Salaries and Benefits per ADMr, David Douglas School District, 1991-2001

School Year	Salaries and Benefits per ADMr	Percentage Change from 1990-1991	Percentage Change in Portland-Salem CPI-U since 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,133			
1991-1992	4,278	3.5	4.5	3.0
1992-1993	4,500	8.9	8.1	6.1
1993-1994	4,565	10.5	11.2	8.8
1994-1995	4,894	18.4	14.8	11.9
1995-1996	5,079	22.9	18.4	15.2
1996-1997	5,250	27.0	22.4	17.8
1997-1998	5,325	28.8	25.1	19.7
1998-1999	5,514	33.4	28.6	22.3
1999-2000	5,795	40.2	32.8	26.4
2000-2001	6,008	45.4	36.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

PROGRAM IMPACTS

LONG-TERM TRENDS

The equalization funding process and growing student population has allowed the District to add staff and services over the decade. Table 9 reports the number of staff by position for the 1994-1995 and 2000-2001 School Years². The District added 149 instructional staff over the period, which lowered the student-instructor ratio from 13.9 to 12.7. Gains among instructional staff were concentrated among teachers of ungraded classes and educational assistants.

The District also added about 51 student service staff, with gains in various categories of support staff.

² 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, David Douglas School District

Staff Category	1994-1995 School Year	2000-2001 School Year	Change
Teachers and Instructional Assistants			
Pre-Kindergarten Teachers	0.0	0.0	0.0
Kindergarten Teachers	15.0	16.0	1.0
Elementary Teachers	133.0	148.0	15.0
Secondary Teachers	162.6	123.8	-38.8
Teachers of Ungraded Classes	55.9	145.1	89.2
Educational Assistants	103.5	179.7	76.2
Instructional Coordinators and Supervisors	9.5	16.1	6.6
Subtotal	479.5	628.7	149.2
Student-Instructor Ratio	13.9	12.7	-1.2
Student Service Staff			
Elementary Guidance	8.0	8.0	0.0
Secondary Guidance	9.0	9.5	0.5
Librarians/Media Specialists	11.0	11.0	0.0
Library and Media Support Staff	3.0	2.0	-1.0
District Administrators	6.0	8.0	2.0
District Support Staff	19.0	30.5	11.5
School Administrators	18.0	18.0	0.0
School Administrative Support Staff	34.3	40.1	5.8
Student Support Staff	8.7	20.0	11.3
All Other Support Staff	143.0	163.5	20.5
Subtotal Student Service Staff	260.0	310.6	50.6
Student-Service Staff Ratio	25.6	25.7	0.0
Total District Staff			
	739.5	939.3	199.8
Student-Total Staff Ratio			
	9.0	8.5	-0.5
ADMr	6,663.0	7,969.0	1,306.0

Source: Oregon Department of Education.

The District added a number of classes and services that were not available in 1991. Those include:

- **All-day kindergarten.** The District offers all-day kindergarten to limited number of children, who apply for slots through a lottery.
- **Teen parent program.** This special education program offers the District's teen parents classes in job hunting, parenting, and child nutrition. The District provides childcare on-site.
- **Expanded summer school program.** Students who do not receive a C or better can retrieve credits for the coursework in a District summer school program.

- **Project Up and before and after school tutoring.** Through Project Up and other initiatives the District offers tutors before and after school to students at-risk of dropping out or failing courses.
- **Expanded CAM offerings.** David Douglas high school offers the Certificate of Advanced Mastery in eight different subjects, including natural resources and recreation/tourism/hospitality. The District collaborated with the Oregon Business Council to develop the CAM program and select subject areas with the best promise of providing job opportunities for graduating students.
- **Expanded ESL courses.** Prior to the 1990s, David Douglas contracted for ESL services with the Multnomah County Educational School District. Today, with more than 26 percent of students receiving those courses, the District concluded it was cost effective to directly provide ESL.
- **Elementary language program.** During the 1990s, David Douglas started offering Spanish at the elementary level for the first time.

CURRENT FISCAL POSITION

The District anticipates at least \$3.5 million in cuts relative to its current services budget for 2002-2003. In addition, if the legislature does not restore the funding proposed in the ill-fated Ballot Measure 13, the District will cut an additional \$3.5 million from its budget. Programs and services targeted for elimination or reduction include:

- **Summer school.** David Douglas will likely eliminate summer school at the elementary and middle school levels.
- **CIM academy.** The District will likely eliminate special support to elementary students designed to improve the likelihood of obtaining the Certificate of Initial Mastery.
- **Outdoor school.** Through this school year, the Multnomah County ESD funded outdoor school for District sixth graders. The ESD has proposed eliminating outdoor school, and if so, David Douglas will not be able to restore it.
- **One instructional day or four teachers.** The District will eliminate one instructional day or four teachers.

FINDINGS

Our key findings for the David Douglas School District include:

- **Success with federal grants has strengthened the fiscal position.** David Douglas was successful in attracting federal revenue during 1991-2001. Two recent awards support small class size initiatives and fund programs for refugees. Over the decade, the share of total revenues that originate from the federal government doubled—from 4 to 8 percent.
- **Equalization benefited District.** Lacking a sizable commercial or industrial property base, the District's pre-Measure 5 property tax collections per

student were subpar. The equalization process generally benefited the District.

- **Spending on special and alternative education outpaced inflation.** With more than 26 percent of its students requiring ESL by 2001, special education expenditures grew 160 percent over the decade.
- **Staff to student ratios decline modestly.** A generally favorable fiscal climate and growing student population allowed the District to hire additional teachers, instructional assistants, and support staff. Overall, the number of students per staff member declined modestly during 1995-2001 from 9.0 to 8.5.