

## BACKGROUND

The Salem-Keizer school district is located in the Central Willamette Oregon and enrolled 35,108 students during the 2000-2001 School Year. The District's share of special education students (11.3 percent) is slightly below the state average and roughly equal to the state's 11 percent threshold eligible for enhanced funding. The poverty rate among students is identical to the state average at 14 percent. Nearly one in three District students are minorities, which is well above the state average. Eleven percent of District students are English learners, which is slightly above the state average.

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

	Salem-Keizer Level	Salem-Keizer Percent	State Percent or Level
<b>Students</b>			
Enrollment	35,108		
Average Daily Membership	33,410	95.2%	95.8%
Special Ed Students	3,981	11.3%	12.4%
ESL Students	3,978	10.8%	9.4%
Students in Poverty	5,037	14.4%	14.4%
Teen Parents	170	0.5%	0.5%
Minority Students	11,246	32.0%	20.9%
<b>Staffing</b>			
Licensed Staff	1,817.7	55.5%	55.0%
Instructional Assistants	462.9	14.1%	14.5%
School Administrators	88.9	2.7%	2.9%
Central Administrators	62	1.9%	1.5%
Classified Support Staff	843.1	25.8%	26.0%
<b>Instructional Days</b>			
K-3	177	na	171
<b>Computer Infrastructure</b>			
Students per Computer	9.4	na	5.7
Students per Internet Connection	11.2	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	58%	62%
Writing	na	66%	68%
Math	na	48%	56%
Math Problem Solving	na	53%	58%

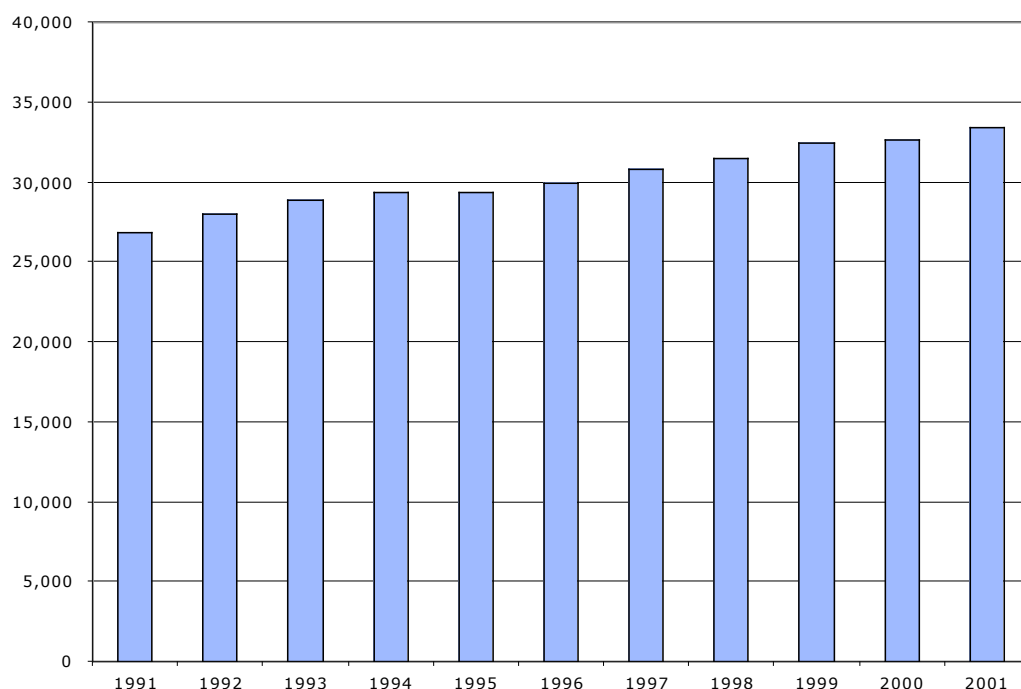
Source: Oregon Department of Education.

The distribution of staff between licensed staff (teachers), instructional assistants, administrators, and support staff is virtually identical to state averages, with teachers and instructional assistants composing 71 percent of the staff totals.

The number of instructional days exceeds the state average by six days. The District's computer-related infrastructure is subpar compared to the state with 9.4 and 11.2 students per computer and Internet connection, respectively. Finally, the performance on statewide reading, writing, and math among the District's eighth graders is below average..

The Salem-Keizer District has grown steadily throughout the decade, increasing from an average daily members of 26,887 to 33,410 during 1991-2001—a 2.2 percent average annual rate (see Figure 1).

**Figure 1: Average Daily Membership, Salem-Keizer, 1991-2001**



Source: Oregon Department of Education.

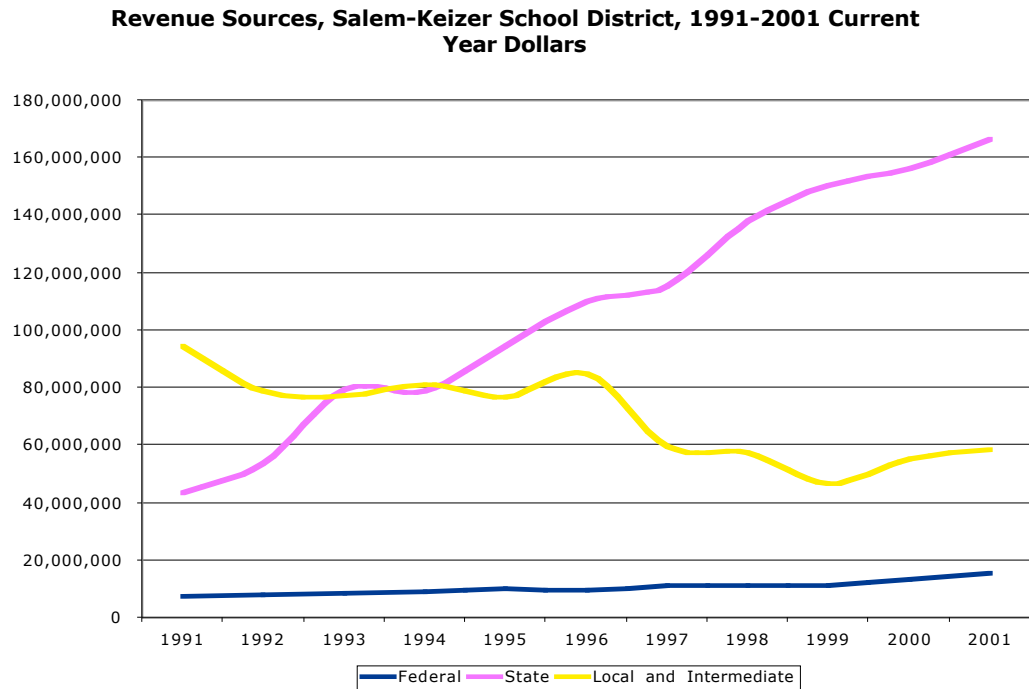
## REVENUE TRENDS

Prior to Measure 5 and equalization, the District struggled with local financing and often received state “safety net” funding. District officials point to a disproportionate share of non-paying public properties in the District as the key reason the traditional property tax finance produced fewer resources per student (at a given tax rate) in Salem than in other urban areas. The District’s budget manager recalls that, in the pre-Measure 5 Era—the Beaverton School District collected \$400 more per student than Salem at the same tax rate.

As one of the lower-funded district’s in the state during 1980s, Salem-Keizer was a clear beneficiary of the equalization process. After a slight reduction between 1991-1992, total revenues per student have increased at an annual average rate of 4.1 percent—outpacing both national and regional inflation. Salem-Keizer is now comparable to the statewide average expenditure per student. Figure 2 shows in the early 1990s, state funds overtook local and intermediate sources as the largest source of District financing. In 1990, local and state sources represented 65 and 30 percent of District financing respectively. By 2001, the roles switched with the local share at 24 percent and the state share at 69 percent. Federal funds held relatively steady over the decade at 5-6 percent of total revenues. The district reserved its Ballot Measure 52 (lottery bond) allocation, nearly \$10 million, to purchase non-bondable items needed to

open new schools, which are to be built with the construction bond measure approved by the voters in November 1998.

**Figure 2: Revenue Sources, Salem-Keizer 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 ones<sup>1</sup>. Total expenditures for 2000-2001 increased 7.9 percent over comparable expenditures for 1999-2000 and 90.1 percent over the amount spent in 1990-1991 (see Table 2). The near doubling of total expenditures reflects the District's growing student population.

<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 2: Total Expenditures, Salem-Keizer School District, 1991-2001**

School Year	Total Expenditures	Percentage Change	
		From 1991-1992	From previous year
1990-1991	123,804,085		
1991-1992	138,356,923	11.8	11.8
1992-1993	167,298,386	35.1	20.9
1993-1994	198,262,246	60.1	18.5
1994-1995	203,024,757	64.0	2.4
1995-1996	182,296,828	47.2	-10.2
1996-1997	192,178,537	55.2	5.4
1997-1998	199,296,368	61.0	3.7
1998-1999	209,393,231	69.1	5.1
1999-2000	218,140,349	76.2	4.2
2000-2001	235,319,816	90.1	7.9

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student—defined as average daily membership—rose from \$4,605 to \$7,043 during 1991-2001, which represents a 53 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. Total expenditures per student spike and then decline in the mid-1990s, which is associated with capital spending.

**Table 3: Total Expenditures per ADMr, Salem-Keizer 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	4,605			
1991-1992	4,939	7.3	4.5	3.0
1992-1993	5,792	25.8	8.1	6.1
1993-1994	6,760	46.8	11.2	8.8
1994-1995	6,922	50.3	14.8	11.9
1995-1996	6,080	32.0	18.4	15.2
1996-1997	6,242	35.6	22.4	17.8
1997-1998	6,336	37.6	25.1	19.7
1998-1999	6,449	40.1	28.6	22.3
1999-2000	6,678	45.0	32.8	26.4
2000-2001	7,043	53.0	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 administration, 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, athletics, speech, debate, band and choir.

Current expenditures rose 10.1 percent during 2000-2001 and 92.7 percent over the decade (see Table 4). Current spending per student increased from \$4,466 to \$6,925 and outpaced both regional and national rates of inflation (Table 5).

**Table 4: Current Expenditures, Salem-Keizer School District, 1991-2001**

School Year	Current Expenditure	Percentage Change	
		From 1991-1992	From previous year
1990-1991	120,073,785		
1991-1992	132,758,046	10.6	10.6
1992-1993	152,996,520	27.4	15.2
1993-1994	159,017,616	32.4	3.9
1994-1995	165,073,630	37.5	3.8
1995-1996	171,649,894	43.0	4.0
1996-1997	177,421,699	47.8	3.4
1997-1998	191,442,219	59.4	7.9
1998-1999	199,742,685	66.3	4.3
1999-2000	210,208,083	75.1	5.2
2000-2001	231,363,522	92.7	10.1

Source: ECONorthwest calculated from Oregon Department of Education data.

**Table 5: Current Expenditures per ADMr, Salem-Keizer 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	4,466			
1991-1992	4,739	6.1	4.5	3.0
1992-1993	5,297	18.6	8.1	6.1
1993-1994	5,422	21.4	11.2	8.8
1994-1995	5,628	26.0	14.8	11.9
1995-1996	5,725	28.2	18.4	15.2
1996-1997	5,762	29.0	22.4	17.8
1997-1998	6,086	36.3	25.1	19.7
1998-1999	6,152	37.8	28.6	22.3
1999-2000	6,435	44.1	32.8	26.4
2000-2001	6,925	55.1	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 2.2 percent rate, the District faced on-going pressure to build new facilities. The fiscal manager indicated that the District annual enrollment has been increasing the equivalent of one elementary school each year. The District's annual capital outlays peaked at \$35-\$40 million in the 1994-1995 and 1995-1996 school years.

## 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 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 \$2,431 to \$3,271 during 1991-2001. Spending on regular instructional program roughly kept pace with regional and national inflation.

**Table 6: Expenditures on Regular Instruction per ADMr, Salem-Keizer 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	2,431			
1991-1992	2,593	6.7	4.5	3.0
1992-1993	2,780	14.3	8.1	6.1
1993-1994	2,777	14.2	11.2	8.8
1994-1995	2,749	13.1	14.8	11.9
1995-1996	2,767	13.8	18.4	15.2
1996-1997	2,856	17.4	22.4	17.8
1997-1998	3,018	24.1	25.1	19.7
1998-1999	3,115	28.1	28.6	22.3
1999-2000	3,073	26.4	32.8	26.4
2000-2001	3,271	34.6	36.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditures for special programs rose steadily over the decade. Measured across *all* district students—regardless of whether they actually received special program services—expenditures increased almost three fold from \$360 per district student in 1991 to more than \$1,183 per student in 2001. Expressed differently, special programs represented 8 percent of current expenditures in 1991. In 2001, it represented 17 percent of current expenditures.

Salem-Keizer officials point to a number of factors that have contributed to the sharp increase in spending on special programs:

- **Federal mandate to serve children with disabilities.** A 1977 federal law calls on public school districts across the country to serve children with severe mental and physical disabilities. 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 programs but note that the category's rate of growth has put pressure on the entire budget.
- **Increase in English-learning population.** District officials described their 1991 ESL program as relatively small and offered in a about eight schools. By 2001, nearly 4,000 students were enrolled in ESL and programs existed in 28 school across the District. Salem-Keizer's ESL students speak 27 different native languages

- **Alternative and dropout prevention programs.** The District is working harder than in 1991 to prevent dropouts and has added a number of alternative programs, described in the next section, to keep at-risk students in school. District officials believe the concentration of state correctional facilities in the area contributes to a more challenging student population. Prisoners, parolees, and their families often relocate to the Salem area. Officials say the children of such families are more likely to need special or alternative education services than children whose families are not involved with the correctional system.

**Table 7: Expenditures on Special Education Instruction per ADMr, Salem-Keizer 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	360			
1991-1992	400	11.2	4.5	3.0
1992-1993	495	37.6	8.1	6.1
1993-1994	554	54.1	11.2	8.8
1994-1995	608	69.0	14.8	11.9
1995-1996	659	83.3	18.4	15.2
1996-1997	693	92.7	22.4	17.8
1997-1998	764	112.4	25.1	19.7
1998-1999	804	123.5	28.6	22.3
1999-2000	1,161	222.7	32.8	26.4
2000-2001	1,183	228.9	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 \$3,822 to \$5,855, or 53.2 percent during 1991-2001. The overall growth is nearly identical to that reported for all current expenditures, which implies that salaries and benefits represent about the same share of on-going operational spending as they did in 1991 (roughly 85 percent). In general, officials believe staff compensation is somewhat more competitive than it was 10 years ago. The District does not have difficulty attracting quality staff; however, it has been less successful in locating bilingual ESL teachers—a problem faced by many districts across the country.

In an attempt to contain growth in spending on health benefits, the District has imposed a \$680 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, Salem-Keizer, 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	3,822			
1991-1992	4,049	5.9	4.5	3.0
1992-1993	4,446	16.3	8.1	6.1
1993-1994	4,564	19.4	11.2	8.8
1994-1995	4,646	21.6	14.8	11.9
1995-1996	4,763	24.6	18.4	15.2
1996-1997	4,877	27.6	22.4	17.8
1997-1998	5,109	33.7	25.1	19.7
1998-1999	5,174	35.4	28.6	22.3
1999-2000	5,674	48.4	32.8	26.4
2000-2001	5,855	53.2	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 Years<sup>2</sup>. The District has added 587.5 instruction staff over the period, which lowered the student-instructional staff ratio from 17.4 to 14.7.

---

<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, Salem-Keizer 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	5.8	0.0	-5.8
Kindergarten Teachers	43.5	54.5	11.0
Elementary Teachers	425.8	921.8	496.0
Secondary Teachers	669.8	447.3	-222.5
Teachers of Ungraded Classes	207.6	281.4	73.8
Educational Assistants	317	534.1	217.1
Instructional Coordinators and Supervisors	14	31.9	17.9
Subtotal	1,683.5	2,271.0	587.5
Student-Instructor Ratio	17.4	14.7	-2.7
<b>Student Service Staff</b>			
Elementary Guidance	36.8	39.8	3.0
Secondary Guidance	38.7	44.4	5.7
Librarians/Media Specialists	44.6	49.6	5.0
Library and Media Support Staff	43.9	42.9	-1.0
District Administrators	36.5	64	27.5
District Support Staff	136.5	95.5	-41.0
School Administrators	81.5	91.9	10.4
School Administrative Support Staff	166.6	207.9	41.3
Student Support Staff	44.1	73.5	29.4
All Other Support Staff	376.3	480.4	104.1
Subtotal Student Service Staff	1,005.5	1,189.9	184.4
Student-Service Staff Ratio	29.2	28.1	-1.1
<b>Total District Staff</b>	<b>2,689.0</b>	<b>3,460.9</b>	<b>771.9</b>
<b>Student-Total Staff Ratio</b>	<b>10.9</b>	<b>9.7</b>	<b>-1.3</b>
<b>ADMr</b>	<b>29,329</b>	<b>33,410</b>	<b>4,081</b>

Source: Oregon Department of Education.

While the overall instructional workforce increased, there was a mix of gains and losses across different staff categories. For example, the District more than doubled its corps of elementary teachers but reduced the number of secondary teachers by one third. Moreover, the District did not retain its small number of pre-Kindergarten teachers.

The number of administrators and staff providing student services, such as counselors, librarians, and media specialists, also increased over the decade albeit at lower rate than instructional staff. The opening of new schools over the decade, in part, drove the hiring of additional administrators and administrative support staff.

With the expanded staff came additional course offerings. Consistent with the expenditure trends described above, District officials report that most of the new offerings are in the special programs area. Key programs and services that were available in 2001 but not in 1991, include:

- **Enhanced alternative education and dropout prevention classes.** The District created a Structured Learning Center and Downtown Learning Center for high school students at risk of dropping out of school. The programs are geared for students who are not likely to succeed in a formal classroom setting. The off-campus programs allow students to gain work experience or technical training while working toward their diploma or obtaining a GED.
- **Expanded ESL offerings.** The District's ESL program was small ten years ago, funded almost exclusively by a federal grant and offered in a limited number of locations across the district. With the ESL population currently representing 11 percent of students, the District offers classes in 28 schools at all levels to students who speak 27 different languages.
- **CIM coordinators.** The District has hired staff to manage and track student progression toward the Certificate of Initial Mastery (CIM).
- **Media development classes.** Students can enroll in journalism courses that include radio and television broadcasting opportunities on local cable access channels.
- **Charter schools.** The District has opened two charter schools.
- **Improved building facilities.** Through the passage of local bond measures, the District has not only constructed buildings for its new population but also improved its maintenance on existing buildings. The fiscal director reports that estimates of deferred maintenance did not grow as rapidly during the 1990s as it had in the 1980s.

## CURRENT FISCAL POSITION

The District's current fiscal position is strengthened somewhat by carry-over funds, which consist of unspent operating funds (essentially, saved resources) from prior school years. The school board recently approved using \$4.5 million in carryover funds to continue funding of reading recovery teachers, instructional aids for elementary schools, an educational resource center, and two instruction days that had been previously targeted for cuts. The superintendent has advanced the following proposals to address an anticipated decline in state funding for the upcoming fiscal year:

- **Workforce reduction and increased class sizes.** Throughout the 1990s, the District was able to accommodate any needed staff reductions by not filling vacancies created by retirements or other departures. For the upcoming school year the District anticipates a formal reduction in force. According to current proposals the District will eliminate up to 50 positions from its teaching and instructional aide ranks. Average student class sizes will increase by one.
- **Temporarily mothball new facilities.** One proposal has the District delaying, for a year or two, the opening of newly constructed elementary schools. While capital funds are available to complete construction on the buildings, mothballing would delay the need to hire administrators and all but eliminate costs for facility operations in the short run.

# FINDINGS

The key findings for the District are:

- **Equalization boosts spending per student.** The equalization process worked as designed in the Salem-Keizer District. As a relatively low funded district during the 1980s because of the high share of tax-exempt government properties within its boundaries, the District received a disproportionate share of state funds to increase spending per student to the statewide average.
- **Gains targeted to special and alternative education.** While current spending per student outpaced regional inflation, spending on instruction for regular programs grew at roughly the same rate as regional inflation. At the same time, spending on special and alternative education per student more than tripled. The District expanded its ESL offerings, added a number of non-traditional programs for students at-risk of dropping out, and served a larger number of students with severe physical or mental disabilities.
- **Facility upgrades and expansions.** Through local bonds, the District has added a number of new schools to keep pace with a student population that grew at an average annual rate of 2.2 percent during 1991-2001. Through the bond revenues, the District was also able to remodel and repair existing facilities and generally reduce its deferred maintenance backlog.