

## BACKGROUND

The Pleasant Hill School District—the oldest in the state—is located in western Oregon and consists of four schools that served 1,247 students in the 2000-2001 school year. Over the course of the decade, the District's enrollment has varied by less than three percent in a given year. Since 1995, the District's enrollment has declined slightly, but steadily. District officials report that declining enrollment is mostly visible at the elementary level, as few new families with children move to the area.

The District's share of special education students (11.3 percent) is below the state average but just above state's 11 percent threshold for enhanced funding. The District's rates of minority students is well below the state average, and the rate of students in poverty is slightly above the state average.

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

	Pleasant Hill Level	Pleasant Hill Percent	State Percent or Level
<b>Students</b>			
Enrollment	1,247		
Average Daily Membership	1,233	98.9%	95.8%
Special Ed Students	141	11.3%	12.4%
ESL Students	na	na	9.4%
Students in Poverty	186	14.9%	14.4%
Teen Parents	na	na	0.5%
Minority Students	42	3.4%	20.9%
<b>Staffing</b>			
Licensed Staff	67.8	54.9%	55.0%
Instructional Assistants	15.5	12.5%	14.5%
School Administrators	5	4.1%	2.9%
Central Administrators	2	1.6%	1.5%
Classified Support Staff	33.3	26.9%	26.0%
<b>Instructional Days</b>			
K-12	174	na	171
<b>Computer Infrastructure</b>			
Students per Computer	7.3	na	5.7
Students per Internet Connection	7.4	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	68%	62%
Writing	na	76%	68%
Math	na	62%	56%
Math Problem Solving	na	74%	58%

Source: Oregon Department of Education.

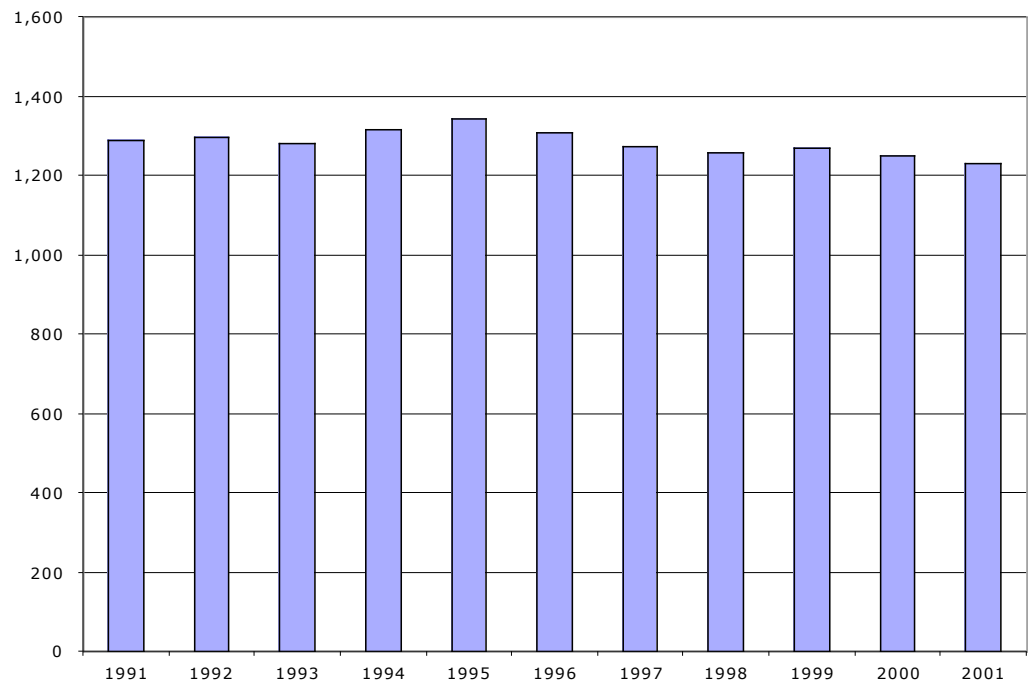
The distribution of staffing between licensed staff (teachers), instructional assistants, administrators, and support staff is roughly in line with state

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 than the state average. The District's computer-related infrastructure is below the state average with 7.3 and 7.4 students per computer and internet connection, respectively.

The District's eighth graders compare well to their state counterparts on statewide tests. District students outperformed the state average in reading, writing, math, and math problem solving. The District's student performed substantially better than the statewide average in math problem solving test.

**Figure 1: Average Daily Membership, Pleasant Hill School District, 1991-2001**



Source: Oregon Department of Education.

## REVENUE TRENDS

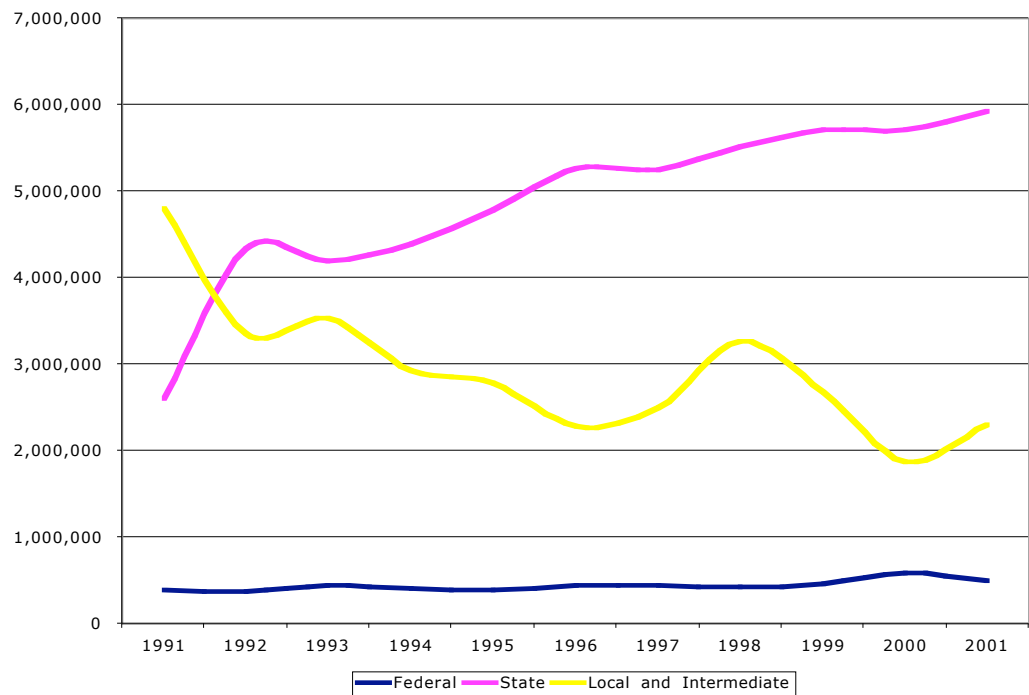
Prior to Measure 5, the Pleasant Hill District was one of the highest spending in Oregon. The community supported the school system, and was willing to pay higher taxes to support schools. The statewide property tax measures have limited the local financial support.

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 \$7.8 million in

total revenues with local and intermediate sources (education district) contributing the largest share, \$4.8 million or 62 percent. The state government contributed \$2.6 million, or 33 percent, and the federal government contributed \$0.4 million, about five percent.

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 \$4.8 million in 1991 to about \$2.3 million in 2001, or about 26 percent of total revenues. Meanwhile, the state's share of District revenues rose from \$2.6 million in 1991 to \$5.9 million in 2001, about 68 percent of total revenues.

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



Source: Oregon Department of Education.

Much of the federal dollars are from Title 1 grants, which provide support for low-income students. The District receives other types of federal funding, such as funding targeted to special education for children with disabilities and English as a second language. The District receives some funds in the form of federal forest fees.

Total revenues grew over the course of the last decade, increasing by 12 percent, compared to a 30 percent growth inflation. Total revenue per student grew at a slightly faster pace, 17 percent, also below the rate of inflation.

# 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>. Between 1991 and 2001, total expenditures grew 11.5 percent, compared to a 30 percent increase in inflation (see Table 2). From 2000 to 2001, total expenditures declined 5.1 percent. In the 1997-98 school year, capital expenditures grew by \$4 million dollars, when the school built a new elementary school with funds generated by a local bond. The new school merely replaced the existing elementary school, which was in poor condition.

**Table 2: Total Expenditures, Pleasant Hill School District, 1991-2001**

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	7,506,558		
1991-1992	7,480,059	-0.4	-0.4
1992-1993	7,844,814	4.5	4.9
1993-1994	7,857,243	4.7	0.2
1994-1995	7,718,173	2.8	-1.8
1995-1996	8,049,376	7.2	4.3
1996-1997	8,535,889	13.7	6.0
1997-1998	13,199,312	75.8	54.6
1998-1999	13,294,800	77.1	0.7
1999-2000	8,822,116	17.5	-33.6
2000-2001	8,369,473	11.5	-5.1

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows spending per student—defined as average daily membership—rose from \$5,815 to \$6,788 from 1991 to 2001, 16.7 percent increase. Over the same period of time, price inflation, measured by the US Consumer Price Index, increased 30 percent.

<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, Pleasant Hill 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	5,815		
1991-1992	5,769	-0.8	3.0
1992-1993	6,114	5.1	6.1
1993-1994	5,964	2.6	8.8
1994-1995	5,748	-1.2	11.9
1995-1996	6,147	5.7	15.2
1996-1997	6,692	15.1	17.8
1997-1998	10,477	80.2	19.7
1998-1999	10,479	80.2	22.3
1999-2000	7,063	21.5	26.4
2000-2001	6,788	16.7	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 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, such as band, debate, school assemblies, and athletics.

Because the District spent relatively little on capital during 1991-2001, except for the 1997-98 school year, trends for current expenditures are similar to those just discussed for total expenditures. Current expenditures declined 3.4 percent from 2000 to 2001, and grew 11.8 percent over the decade (see Table 4).

Current spending per student lagged behind the general rate of inflation throughout the entire decade (see Table 5).

**Table 4: Current Expenditures, Pleasant Hill School District, 1991-2001**

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	7,372,636		
1991-1992	7,357,605	-0.2	-0.2
1992-1993	7,672,572	4.1	4.3
1993-1994	7,723,913	4.8	0.7
1994-1995	7,571,177	2.7	-2.0
1995-1996	7,797,344	5.8	3.0
1996-1997	8,103,335	9.9	3.9
1997-1998	8,720,295	18.3	7.6
1998-1999	8,833,898	19.8	1.3
1999-2000	8,532,869	15.7	-3.4
2000-2001	8,239,976	11.8	-3.4

Source: ECONorthwest calculated from Oregon Department of Education data.

**Table 5: Current Expenditures per ADMr, Pleasant Hill 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	5,712			
1991-1992	5,675	-0.6	4.5	3.0
1992-1993	5,980	4.7	8.1	6.1
1993-1994	5,863	2.6	11.2	8.8
1994-1995	5,639	-1.3	14.8	11.9
1995-1996	5,954	4.3	18.4	15.2
1996-1997	6,353	11.2	22.4	17.8
1997-1998	6,922	21.2	25.1	19.7
1998-1999	6,963	21.9	28.6	22.3
1999-2000	6,832	19.6	32.8	26.4
2000-2001	6,683	17.0	36.4	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 here.

Table 6 shows that instructional spending per student on regular programs increased from \$3,034 to \$3,619 during 1991-2001. Spending on regular instructional program failed to keep pace with inflation throughout the entire decade, increasing 19.3 percent, compared to a 30 percent increase in inflation.

**Table 6: Expenditures on Regular Instruction per ADMr, Pleasant Hill 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	3,034		
1991-1992	2,987	-1.5	3.0
1992-1993	3,213	5.9	6.1
1993-1994	3,199	5.4	8.8
1994-1995	3,146	3.7	11.9
1995-1996	3,299	8.7	15.2
1996-1997	3,541	16.7	17.8
1997-1998	3,495	15.2	19.7
1998-1999	3,589	18.3	22.3
1999-2000	3,571	17.7	26.4
2000-2001	3,618	19.3	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditures for special education rose steadily since 1995, then dropped in 2001. Measured across all district students—regardless of whether they actually received special education services—expenditures increased from \$411 per district student in 1991 to \$600 per student in 2001. Expressed differently, special education represented 7.2 percent of current expenditures in 1991, and in 2001, it represented 9.0 percent of current expenditures.

District officials at Pleasant Hill School District reported that the number of special education students has remained fairly stable over the decade. The proportion of special education students relative to the total student population has risen, because the total student population has declined.

The District offers no special education programs. The District busses the students who require special assistance to Eugene and Springfield. The Pleasant-Hill District pays the other Districts to provide those services. Eugene and Springfield charge Pleasant Hill the actual cost of educating the students, which may exceed the revenue that Pleasant Hill receives from the state for its special education population.

**Table 7: Expenditures on Special Education Instruction per ADMr, Pleasant Hill 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	411		
1991-1992	394	-4.2	3.0
1992-1993	388	-5.7	6.1
1993-1994	386	-6.0	8.8
1994-1995	455	10.7	11.9
1995-1996	473	15.0	15.2
1996-1997	518	26.0	17.8
1997-1998	522	26.9	19.7
1998-1999	553	34.5	22.3
1999-2000	661	60.6	26.4
2000-2001	600	45.8	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

## SALARIES AND BENEFITS

Spending per student on staff salaries and benefits did not keep pace with inflation during the 1990s. Since 1991, inflation grew 30 percent, while salaries and benefits grew 17 percent. In 1996 and 1997, spending per student increased at a rate greater than inflation, but only after spending had remained relatively flat since 1991.

In an attempt to slow the category's growth, the District has imposed a cap on employee health benefits. For classified staff there is a cap, and for certified staff the District either pays up to a cap, or 90 percent of health care cost, whichever is greater.



**Table 8: Salaries and Benefits per ADMr, Pleasant Hill, 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	4,790		
1991-1992	4,840	1.0	3.0
1992-1993	5,007	4.5	6.1
1993-1994	4,955	3.4	8.8
1994-1995	4,780	-0.2	11.9
1995-1996	5,046	5.3	15.2
1996-1997	5,293	10.5	17.8
1997-1998	5,354	11.8	19.7
1998-1999	5,357	11.8	22.3
1999-2000	5,723	19.5	26.4
2000-2001	5,615	17.2	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

District contributions to PERS have increased. The District pays the employees' contribution, adding to overall costs for benefits.

## 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 decreased by 16.2 full-time equivalent staff members, or 12 percent. During the same time period, the number of students declined by eight percent.

Among teaching staff, the staff cuts hit across categories. The District halved the number of kindergarten teachers, and now employs a single teacher for the kindergarten. The elementary schools and the secondary schools decreased the number of teachers by three each. The number of teachers of ungraded classes shrank by 25 percent. As a result of teaching staff reductions, the student-instructor ratio grew from 15.6 to 16.2.

Overall, student service staff shrank by 6.4 full-time equivalents. The only category of support staff not negatively affected by reductions was the library and media support staff. The District has economized on staff by giving one person two jobs—the superintendent is a part-time principal. The

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

District has also trimmed the hours of many positions. For example, the school nurse position was once a 1.0 full-time equivalent position. Now it is a 0.25 full-time equivalent position. The District once employed five maintenance staff, now there are two.

**Table 9: Staff Levels, 1994-1995 and 2000-2001, Pleasant Hill 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	2.0	1.0	-1.0
Elementary Teachers	24.0	21.0	-3.0
Secondary Teachers	33.7	30.7	-3.0
Teachers of Ungraded Classes	8.9	6.7	-2.2
Educational Assistants	17.3	16.7	-0.6
Instructional Coordinators and Supervisors	0.0	0.0	0.0
Subtotal	85.9	76.1	-9.8
Student -Instructor Ratio	15.6	16.2	0.6
<b>Student Service Staff</b>			
Elementary Guidance	1.0	0.5	-0.5
Secondary Guidance	2.8	2.5	-0.3
Librarians/Media Specialists	2.1	1.0	-1.1
Library and Media Support Staff	3.1	3.1	0.0
District Administrators	2.0	1.8	-0.2
District Support Staff	2.6	2.3	-0.3
School Administrators	5.0	4.2	-0.8
School Administrative Support Staff	9.8	8.7	-1.1
Student Support Staff	2.9	1.5	-1.4
All Other Support Staff	20.0	19.3	-0.7
Subtotal Student Service Staff	51.3	44.9	-6.4
Student-Service Staff Ratio	26.2	27.5	1.3
<b>Total District Staff</b>	137.2	121.0	-16.2
<b>Student-Total Staff Ratio</b>	9.8	10.2	0.4
<b>ADMr</b>	1,342.7	1,233.0	-109.7

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. The District has lost counseling support, a speech therapist, elementary school physical education programs, and music programs have been reduced. Fees for field trips have increased, placing financial burden on the students. Fee for sports have grown, but it is strongly supported by community booster club.

## FINDINGS

The key findings for the District are:

- The District was one of the best-funded in Oregon before Measure 5.
- The increase in total revenues per student grew 12 percent over the course of the decade. Inflation grew 30 percent during the same period.
- The District's increase in current spending and current spending per student was well below inflation over the decade.
- The District's increase in instructional spending per student was below inflation over the decade.
- The District's increase in special education instruction spending per student exceeded inflation over the decade.
- The District's increase in salaries and benefits per student was well below inflation over the decade.