

BACKGROUND

The Beaverton School District is located in the Portland Metropolitan Area and enrolled 33,600 students during the 2000-2001 school year. The District's share of special education students (11.7 percent) is slightly below the state average and slightly above the state's 11 percent threshold eligible for enhanced funding. The poverty rate of 6.2 percent is well below the state average. More than one in four District students are minorities (above the state average), and 12.4 percent of District students are English learners, which also is above average.

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

	Beaverton Level	Beaverton Percent	State Percent or Level
Students			
Enrollment	33,600		
Average Daily Membership	32,236	95.9%	95.8%
Special Ed Students	3,918	11.7%	12.4%
ESL Students	4,151	12.4%	9.4%
Students in Poverty	2,094	6.2%	14.4%
Teen Parents	97	0.3%	0.5%
Minority Students	8,705	25.9%	20.9%
Staffing			
Licensed Staff	1,781.2	55.9%	55.0%
Instructional Assistants	362.4	11.4%	14.5%
School Administrators	78	2.5%	2.9%
Central Administrators	33	1.0%	1.5%
Classified Support Staff	931.9	29.3%	26.0%
Instructional Days			
K-12	174	na	171
Computer Infrastructure			
Students per Computer	12.8	na	5.7
Students per Internet Connection	13.3	na	6.0
Student Performance (8th Grade)			
Reading	na	72%	62%
Writing	na	76%	68%
Math	na	68%	56%
Math Problem Solving	na	64%	58%

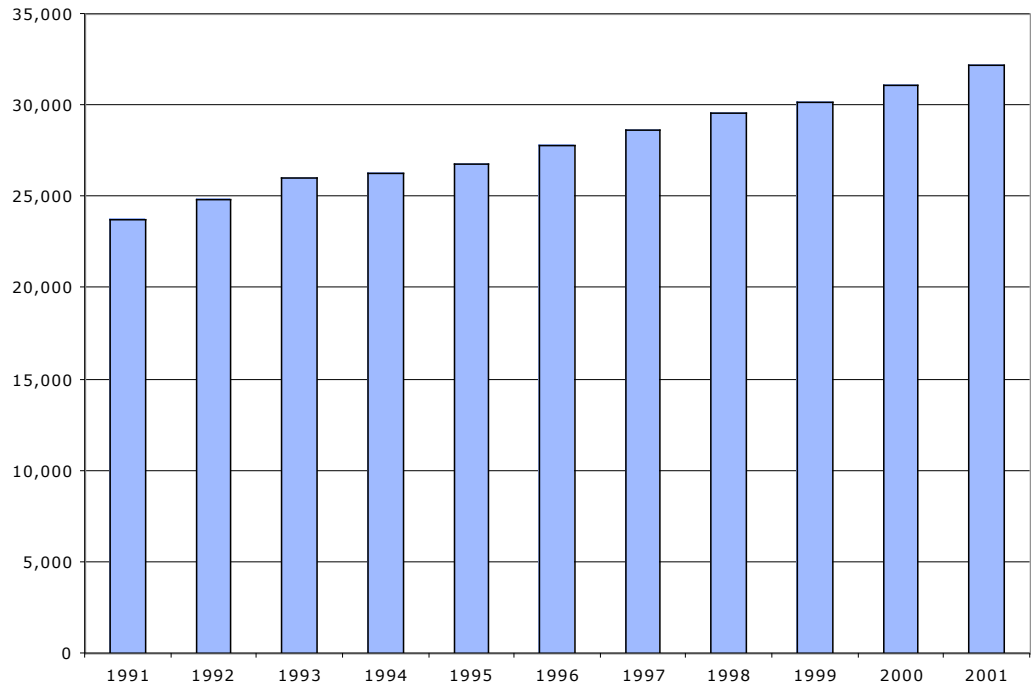
Source: Oregon Department of Education.

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

The number of instructional days exceeds the state average by three. The District's computer-related infrastructure is subpar compared to the state with 12.8 and 13.3 students per computer and Internet connection, respectively. Finally, the District's eighth graders generally outperform their state counterparts on reading, writing, and math tests.

The Beaverton School District grew steadily throughout the decade, increasing from an average daily membership of 23,798 to 32,236 during 1991-2001—a 3.1 percent average annual rate (see Figure 1).

Figure 1: Average Daily Membership, Beaverton, 1991-2001



Source: Oregon Department of Education.

REVENUE TRENDS

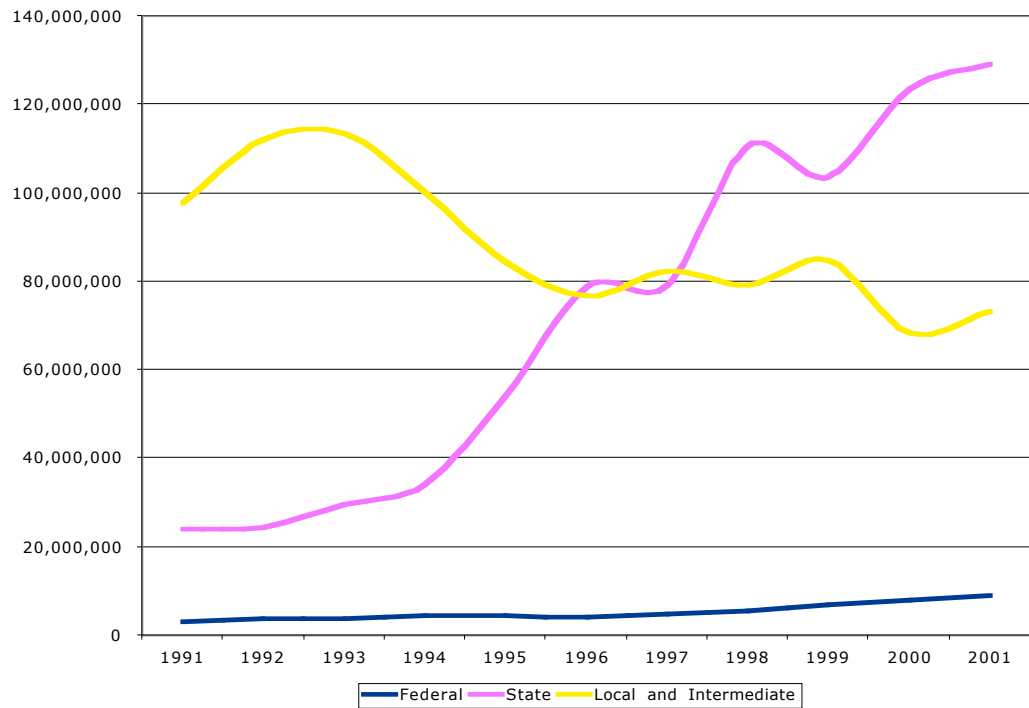
Prior to Measure 5 and the equalization process, the Beaverton School District was relatively well funded. A mix of residential and commercial properties generated local and intermediate revenues that exceeded \$4,100 per student (ADM_r) in 1990-1991, which was well above the statewide average of \$3,593 at the time. Given the relatively high pre-Measure 5 base, the District was not a beneficiary of the equalization process.

Total revenues increased at an average annual rate of 5.4 percent during 1991-2001. The decade was characterized by slow growth in the early 1990s followed by faster growth in the late 1990s, which was fueled, in part, by local construction bonds.

Figure 2 shows the Measure 5-related drop in local funds during the early 1990s, which was coupled with a gradual increase in state financing. During the mid to late 1990s, state funds overtook local and intermediate sources as the largest source of District financing.

In 1991, local and state sources represented 78 and 19 percent of District financing respectively. By 2001, the local share had fallen to 35 percent, and the state rose to 61 percent. Federal funds held relatively steady over the decade at 3-4 percent.

**Figure 2: Revenue Sources, Beaverton 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 5.2 percent over comparable expenditures for 1999-2000 and 86.4 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 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, Beaverton School District, 1991-2001

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	129,838,161		
1991-1992	139,202,241	7.2	7.2
1992-1993	157,001,953	20.9	12.8
1993-1994	167,231,277	28.8	6.5
1994-1995	146,995,757	13.2	-12.1
1995-1996	154,099,126	18.7	4.8
1996-1997	165,976,525	27.8	7.7
1997-1998	196,530,589	51.4	18.4
1998-1999	243,408,545	87.5	23.9
1999-2000	229,969,884	77.1	-5.5
2000-2001	241,975,772	86.4	5.2

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student—defined as average daily membership—rose from \$5,456 to \$7,506 during 1991-2001, which represents a 37.6 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 grew slowly through the 1996-1997 school year and accelerated thereafter.

Table 3: Total Expenditures per ADMr, Beaverton 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	5,456			
1991-1992	5,599	2.6	4.5	3.0
1992-1993	6,031	10.5	8.1	6.1
1993-1994	6,366	16.7	11.2	8.8
1994-1995	5,485	0.5	14.8	11.9
1995-1996	5,542	1.6	18.4	15.2
1996-1997	5,786	6.0	22.4	17.8
1997-1998	6,643	21.8	25.1	19.7
1998-1999	8,060	47.7	28.6	22.3
1999-2000	7,384	35.3	32.8	26.4
2000-2001	7,506	37.6	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 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 4.9 percent during 2000-2001 and 75.1 percent over the decade (see Table 4). Current spending per student increased from \$5,137 to \$6,639, although as with total expenditures the growth was concentrated in the latter half of the

decade. By 2001, the ten-year growth in current spending per student matched the rate of national price inflation but lagged behind the regional rate (Table 5).

Table 4: Current Expenditures, Beaverton School District, 1991-2001

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	122,241,442		
1991-1992	131,237,817	7.4	7.4
1992-1993	143,830,599	17.7	9.6
1993-1994	136,050,997	11.3	-5.4
1994-1995	135,286,511	10.7	-0.6
1995-1996	144,363,999	18.1	6.7
1996-1997	151,767,824	24.2	5.1
1997-1998	169,364,345	38.5	11.6
1998-1999	183,424,847	50.1	8.3
1999-2000	203,998,566	66.9	11.2
2000-2001	214,007,698	75.1	4.9

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 5: Current Expenditures per ADMr, Beaverton 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	5,137			
1991-1992	5,279	2.8	4.5	3.0
1992-1993	5,525	7.6	8.1	6.1
1993-1994	5,179	0.8	11.2	8.8
1994-1995	5,048	-1.7	14.8	11.9
1995-1996	5,192	1.1	18.4	15.2
1996-1997	5,291	3.0	22.4	17.8
1997-1998	5,724	11.4	25.1	19.7
1998-1999	6,074	18.2	28.6	22.3
1999-2000	6,550	27.5	32.8	26.4
2000-2001	6,639	29.2	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 3.1 percent rate, the District faced on-going pressure to build new facilities. District officials reported that the community has been supportive of local bond measures, recently passing a \$149.7 million bond to build and remodel schools. Capital outlays averaged \$21.5 million per year during 1991-2001.

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 \$2,458 to \$2,987 during 1991-2001. Spending on regular instructional programs did not keep pace with inflation measured at the regional or national level.

Table 6: Expenditures on Regular Instruction per ADMr, Beaverton 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	2,458			
1991-1992	2,598	5.7	4.5	3.0
1992-1993	2,753	12.0	8.1	6.1
1993-1994	2,640	7.4	11.2	8.8
1994-1995	2,561	4.2	14.8	11.9
1995-1996	2,726	10.9	18.4	15.2
1996-1997	2,730	11.1	22.4	17.8
1997-1998	2,877	17.0	25.1	19.7
1998-1999	2,953	20.1	28.6	22.3
1999-2000	2,988	21.6	32.8	26.4
2000-2001	2,987	21.5	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 73 percent from \$513 per district student in 1991 to more than \$889 per student in 2001. Expressed differently, special education’s share of current expenditures increased from 10 percent in 1991 to 13 percent in 2001.

Like other observers across state, Beaverton officials point to a federal mandate that ensures equal educational opportunities to children with physical and mental disabilities.

Beaverton has also seen strong growth in its English-learning population, with 12.4 percent of students currently enrolled in ESL classes. The District now operates a central intake center to accommodate the influx of foreign-language speakers. Beaverton students speak 71 different languages and dialects.

Table 7: Expenditures on Special Education Instruction per ADMr, Beaverton 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	513			
1991-1992	537	4.6	4.5	3.0
1992-1993	527	2.6	8.1	6.1
1993-1994	488	-4.9	11.2	8.8
1994-1995	467	-9.1	14.8	11.9
1995-1996	457	-11.0	18.4	15.2
1996-1997	507	-1.3	22.4	17.8
1997-1998	503	-2.0	25.1	19.7
1998-1999	628	22.4	28.6	22.3
1999-2000	793	54.5	32.8	26.4
2000-2001	889	73.2	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 \$4,416 to \$5,632, or 27.5 percent during 1991-2001. The growth is slightly lower than that reported for all current expenditures. In general, officials believe staff compensation is as competitive as it was 10 years ago. The District does not have difficulty attracting quality staff.

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, most staff members contribute out-of-pocket to their health premiums.

Table 8: Salaries and Benefits per ADMr, Beaverton, 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	4,416			
1991-1992	4,515	2.2	4.5	3.0
1992-1993	4,657	5.5	8.1	6.1
1993-1994	4,409	-0.2	11.2	8.8
1994-1995	4,208	-4.7	14.8	11.9
1995-1996	4,296	-2.7	18.4	15.2
1996-1997	4,471	1.2	22.4	17.8
1997-1998	4,683	6.1	25.1	19.7
1998-1999	5,057	14.5	28.6	22.3
1999-2000	5,296	19.9	32.8	26.4
2000-2001	5,632	27.5	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 has added 506 instructional staff over the period, which lowered the student-instructor ratio from 18.1 to 16.2.

Table 9: Staff Levels 1994-1995 and 2000-2001, Beaverton School District

Staff Category	1994-1995 School Year	2000-2001 School Year	Change
Teachers and Instructional Assistants			
Pre-Kindergarten Teachers	0	0	0.0
Kindergarten Teachers	54.5	59.5	5.0
Elementary Teachers	726.9	862.2	135.3
Secondary Teachers	288.3	361.4	73.1
Teachers of Ungraded Classes	231.3	356.5	125.2
Educational Assistants	177.5	339.1	161.6
Instructional Coordinators and Supervisors	6	11.8	5.8
Subtotal	1,484.5	1,990.5	506.0
Student-Instructor Ratio	18.1	16.2	-1.9
Student Service Staff			
Elementary Guidance	14.5	23.6	9.1
Secondary Guidance	38.2	48.2	10.0
Librarians/Media Specialists	41.3	44.2	2.9
Library and Media Support Staff	24.1	31.4	7.3
District Administrators	21	31	10.0
District Support Staff	40	47.1	7.1
School Administrators	68	79	11.0
School Administrative Support Staff	168.3	191.6	23.3
Student Support Staff	64.5	75.5	11.0
All Other Support Staff	461.2	651.5	190.3
Subtotal Student Service Staff	941.1	1,223.1	282.0
Student-Service Staff Ratio	28.5	26.4	-2.1
Total District Staff	2,425.6	3,213.6	788.0
Student-Total Staff Ratio	11.0	10.0	-1.0
ADMr	26,798	32,236	5,438

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

Source: Oregon Department of Education.

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.

While current expenditures roughly kept pace with inflation during 1991-2001 spending on regular programs did not. To balance budgets during the past ten years, the District implemented the following policies and service cuts.

- **Pay for play and limited sports teams.** Most District athletes now pay to participate in school sports. In addition to pay for play, the District has limited the number of athletes who can participate in school athletics by imposing so-called cut policies. Under the policies, only a fixed number of students are allowed to participate in a given sport.
- **User charges for facility use.** The District enacted user charges for the community's use of District buildings and facilities after normal school hours.
- **Reduced music offerings.** The District eliminated orchestra and band at the elementary school levels. Middle school band was scaled back.
- **Talented and gifted programs reduced.** Spending on talented and gifted programs fell from \$519,000 in 1991 to \$365,000 in 2001.
- **Staff development specialists and teacher coaches eliminated.** The District historically funded a staff development department, which provides technical and professional assistance to teachers, instructional assistants, and administrative staff. The District eliminated the department and associated positions during the 1990s. In addition, the District lost its curriculum materials center, which officials believed was a valuable resources for the teaching staff.
- **Driver's education eliminated.** The District no longer offers driver's education and now refers students to private classes.
- **Outdoor school.** Over the course of the decade, the District scaled back outdoor school from 5 to 2.5 days. The program was eliminated in the 2001-2002 School Year.
- **Elimination of "zero period".** In the past, District high school students could enroll in a zero period, which started 50 minutes before the regular school day. The period allowed students to take an additional elective. Zero period is no longer offered, and the District limits high school students to six courses per term.

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

- **Options high schools.** Similar to magnet schools, students are offered specialized instruction in selected subjects. One options high school offers classes in arts and communications and is geared to students interested in work in the creative services industries. The Merlo Station high school offers specialized science and technology courses, teen parent classes, and evening schedules for working students.
- **Capital Center.** A collaborative project with the Hillsboro School District, students can take classes for college credit at the Center.

CURRENT FISCAL POSITION

Assuming the legislature does not replace funds lost through the failure of Ballot Measure 13, the District anticipates a \$14.5 million reduction from its current services budget. To achieve balance, the superintendent has proposed the following cuts.

- **Reducing positions and increased class sizes.** The current budget proposal calls for widespread reductions in a variety of positions, including teachers, central administrators, psychologists, instructional aides, custodians, and maintenance staff. Class sizes will be affected at the elementary and middle school levels.
- **Increased fees for all athletics.** The District proposes to increase “pay for play” fees paid by student athletes.

FINDINGS

The key findings for the Beaverton School District are:

- **Well-funded District pre-Measure 5 is not a beneficiary of equalization process.** Prior to Measure 5, Beaverton’s relatively diverse mix of properties generated above average revenues per student. As a result of the equalization process, the District’s total state and local revenues failed to keep pace with inflation during the early 1990s. However, revenues and expenditures accelerated during the latter half of the decade and by 2001—the District’s growth in total and current expenditures roughly matched the rate of inflation in the Portland area.
- **Spending on special and alternative programs outpaces inflation.** Because of an influx of English-learning students and increased services for students with physical and mental disabilities, the District’s per student spending on special and alternative programs grew 73 percent during 1991-2001—well above the rate of regional inflation. Evidence of the District’s increased spending in this category includes the creation of an ESL intake center, which serves students speaking 71 different native languages.
- **Spending on regular programs failed to keep pace with inflation.** Given the growth in special and alternative programs, the District has eliminated or scaled back instructional spending for regular programs. Service reductions

include the elimination or reduction of: certain music programs at the elementary and middle school levels, outdoor school, and a “zero period” which allowed District high school students take an extra elective course each term.