

## BACKGROUND

The John Day School district is located in Eastern Oregon and consists of two elementary schools, two middle schools, and one high school that served 929 students in School Year 2000-2001. The student population held steady at about 1,000 students during 1992-1999, but dropped by about 25 students in 2000 and, according to District officials, dropped by much more in 2001.

The District's share of special education students (14.9 percent) is above the state average and above the state's 11 percent threshold for enhanced funding (see Table 1). The District's rates of minority, English-learning, and poor students are all below the state average.

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

	John Day Level	John Day Percent	State Percent or Level
<b>Students</b>			
Enrollment	929		
Average Daily Membership	897	96.6%	95.8%
Special Ed Students	138	14.9%	12.4%
ESL Students	23	2.5%	9.4%
Students in Poverty	119	12.8%	14.4%
Teen Parents	5	0.5%	0.5%
Minority Students	32	3.4%	20.9%
<b>Staffing</b>			
Licensed Staff	68.7	56.8%	55.0%
Instructional Assistants	16.3	13.5%	14.5%
School Administrators	5	4.1%	2.9%
Central Administrators	1	0.8%	1.5%
Classified Support Staff	30	24.8%	26.0%
<b>Instructional Days</b>			
K-12	149	na	171
<b>Computer Infrastructure</b>			
Students per Computer	4	na	5.7
Students per Internet Connection	5.7	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	61%	62%
Writing	na	73%	68%
Math	na	54%	56%
Math Problem Solving	na	69%	58%

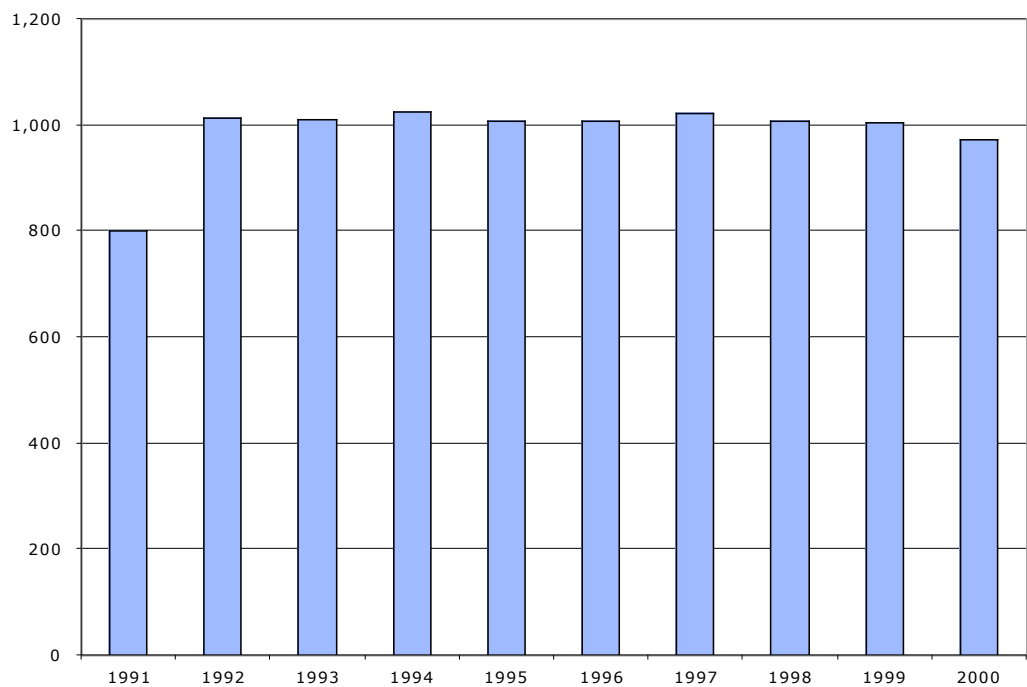
Source: Oregon Department of Education.

The distribution of staffing between licensed staff (teachers), instructional assistants, and support staff is closely 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 for all grades is much lower than the state average and is, in fact, at the state minimum. The District adopted a four-day school week in 1998 in order to cut transportation and general costs. This has in turn forced the District to adopt an instructional day that is at the maximum allowed by the state. The District's computer-related infrastructure is above the state average with 4 and 5.7 students per computer and internet connection, respectively. Finally, the performance by the District's eighth graders on statewide tests is on par with the state averages. District students outperformed the state average on the writing and math problem solving tests but scored slightly lower on the reading and math tests.

**Figure 1: Average Daily Membership, John Day School District, 1991-2000**



Source: Oregon Department of Education.

## REVENUE TRENDS

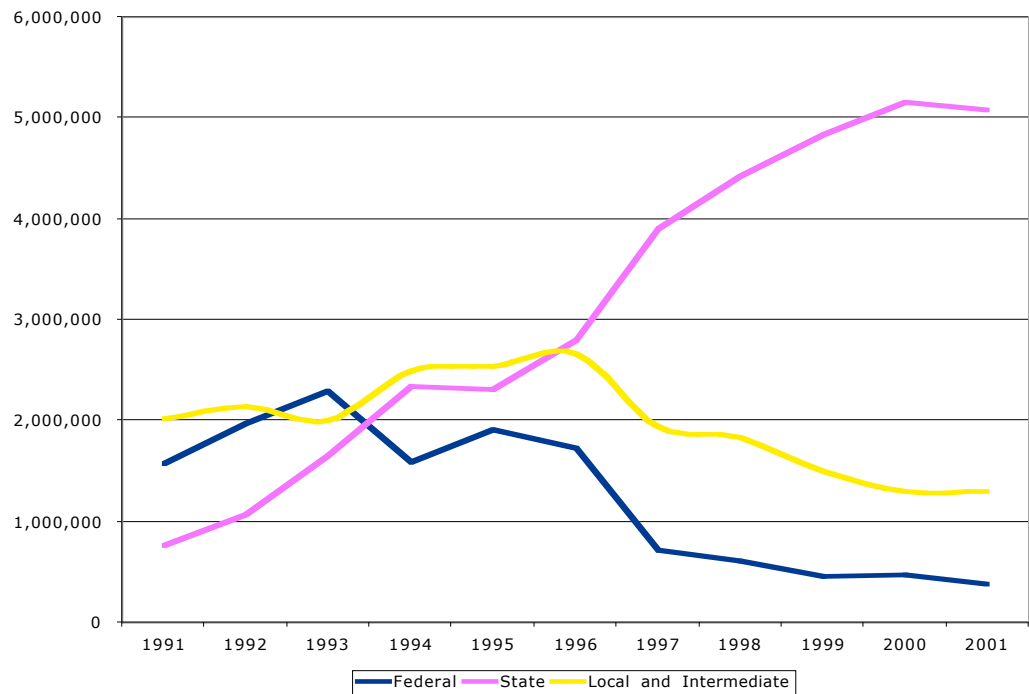
Sixty two percent of the land within the John Day School District is federally owned. In the late 1980s and early 1990s the district was heavily reliant on forest fees paid by the federal government. Annual revenues ranged between \$1.6 and \$2.3 million and represented about 37 percent of the District's total revenues during 1991-1993. The precipitous decline in federal timber cutting and timber industry employment over the past decade have resulted in high unemployment rates for the region, an eroded tax base, and the loss of federal timber receipts for the schools.

With federal timber payments in decline, the equalization aspects of Measure 5 have generally benefited the District. However, state funding, as governed under the

equalization process, is based primarily on the student population, which was stagnant for most of the 1990s and dropped in 2000-2002. According to District officials, some of the state money comes earmarked for specific programs, leaving administrators and instructors in a position to run the same or more programs in 2002 than they did in 1992, but with less money.

Through the equalization process, the composition of the district's revenues changed considerably. In 1991, the district received \$4.4 million in total revenues with local and intermediate sources (education district) contributing 46 percent (see Figure 2). The state and federal governments contributed 18 percent and 36 percent respectively, with the majority of the federal funds coming from forest receipts. By 2001 total revenue was 6.8 million and the distribution of revenue by government type had changed radically. The state accounted for 75 percent of revenue, while local and federal government accounted for 19 percent and 6 percent, respectively.

**Figure 2: Revenue Sources, John Day School District, 1991-2001  
(Dollars Not Adjusted for Inflation)**



Source: Oregon Department of Education.

## 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 7.2 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, John Day School District, 1991 – 2001**

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	4,510,175		
1991-1992	5,529,128	22.6	22.6
1992-1993	5,880,297	30.4	6.4
1993-1994	6,383,833	41.5	8.6
1994-1995	6,661,876	47.7	4.4
1995-1996	6,994,543	55.1	5.0
1996-1997	6,666,014	47.8	-4.7
1997-1998	6,849,030	51.9	2.7
1998-1999	6,947,015	54.0	1.4
1999-2000	7,076,339	56.9	1.9
2000-2001	7,585,219	68.2	7.2

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student – defined as average daily membership – rose from \$5,624 to \$8,456 during 1991-2001. Spending per ADMr grew only modestly faster than inflation through the 1999-2000 school year, but jumped up in 2000-2001 because of the drop in student enrollment. For the decade, spending per ADMr grew at an average annual rate of 5.0 percent.

**Table 3: Total Expenditures per ADMr, John Day 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	5,624		
1991-1992	5,461	-2.9	3.0
1992-1993	5,820	3.5	6.1
1993-1994	6,234	10.8	8.8
1994-1995	6,611	17.6	11.9
1995-1996	6,944	23.5	15.2
1996-1997	6,519	15.9	17.8
1997-1998	6,789	20.7	19.7
1998-1999	6,921	23.1	22.3
1999-2000	7,273	29.3	26.4
2000-2001	8,456	50.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

<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 breakdown of payments to principal for fiscal years 2000 and 2001, so we did not include the amounts in our analysis.

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 school assemblies, band, choir, speech, debate, and athletics.

Because the District spent relatively little on capital projects (e.g., new or remodeled buildings) during 1991-2001, trends for current expenditures are similar to those just discussed for total expenditures. Current expenditures rose 7.4 percent during 2000-2001 and 88.1 percent over the decade (see Table 4). Current spending per student rose faster than the general rate of inflation for most of the study period (Table 5), growing at an average annual rate of 5 percent.

**Table 4: Current Expenditures, John Day School District, 1991 – 2001**

School Year	Current Expenditure:	Percentage Change	
		From 1990-1991	From previous year
1990-1991	3,910,530		
1991-1992	5,268,265	34.7	34.7
1992-1993	5,570,543	42.4	5.7
1993-1994	5,758,510	47.3	3.4
1994-1995	5,991,606	53.2	4.0
1995-1996	6,328,582	61.8	5.6
1996-1997	6,374,455	63.0	0.7
1997-1998	6,544,712	67.4	2.7
1998-1999	6,565,544	67.9	0.3
1999-2000	6,845,281	75.0	4.3
2000-2001	7,353,957	88.1	7.4

Source: ECONorthwest calculated from Oregon Department of Education data.

**Table 5: Current Expenditures per ADMr, John Day 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	5,624		
1991-1992	5,461	-2.9	3.0
1992-1993	5,820	3.5	6.1
1993-1994	6,234	10.8	8.8
1994-1995	6,611	17.6	11.9
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1996-1997	6,519	15.9	17.8
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1998-1999	6,921	23.1	22.3
1999-2000	7,273	29.3	26.4
2000-2001	8,456	50.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Facility maintenance was a high priority for the district through the early and mid 1990s. Budget constraints in the mid-1990s, however, forced the district to defer a lot of needed maintenance. With enrollment static or declining through most of the 1990s, there has been little pressure to construct new facilities. The District's newest building was constructed in 1965 and one campus in John Day will be closed this year.

## INSTRUCTIONAL SPENDING

Oregon Department of Education data distinguish instructional spending between regular and special/alternative education (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 \$3,088 to \$4493 during 1991-2001. Spending on regular instructional programs failed to keep pace with inflation for 1990-2000, however spending per student did increase significantly in 2000-2001 due to an 8 percent drop in enrolment over the previous year.

**Table 6: Expenditure on Regular Instruction per ADMr, John Day 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	3,088		
1991-1992	3,114	0.8	3.0
1992-1993	3,086	-0.1	6.1
1993-1994	3,097	0.3	8.8
1994-1995	3,292	6.6	11.9
1995-1996	3,542	14.7	15.2
1996-1997	3,497	13.2	17.8
1997-1998	3,635	17.7	19.7
1998-1999	3,681	19.2	22.3
1999-2000	3,698	19.7	26.4
2000-2001	4,493	45.5	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditure per ADMr for special education grew rapidly during the 1990-2001 period. Spending rose from \$272 in 1990 to \$718 in 2001 – an increase of 163.7 percent and a growth rate of more than five times the rate of inflation. Special education represented 8.8 percent of current expenditures in 1991. In 2001, it represented 16.0 percent of current expenditures. Even as general enrollment is declining, the District is experiencing growth in the special education population, which is already at 15 percent.

**Table 7: Expenditure on Special Education Instruction per ADMr, John Day 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	272		
1991-1992	333	22.3	3.0
1992-1993	394	44.7	6.1
1993-1994	369	35.7	8.8
1994-1995	420	54.5	11.9
1995-1996	427	56.7	15.2
1996-1997	459	68.6	17.8
1997-1998	479	75.9	19.7
1998-1999	528	94.0	22.3
1999-2000	695	155.2	26.4
2000-2001	718	163.7	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

A 1977 federal mandate to serve children with severe mental and physical disabilities is a factor underlying the sharp increase in special education spending in recent years. 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.

Education officials around the state recognize the need and strongly support the provision of special education, but note that the rate of growth in special education spending has put pressure on the entire budget. When passing the 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.

## SALARIES AND BENEFITS

Spending per student on staff salaries and benefits grew at more than twice the rate of inflation over the decade. This seemingly high growth rate was due in part to low spending on staff salaries per student in the base year (1990-1991), the relatively high percent of special education students, and decreases in student enrollment during 1998-2001.

The District is at the end of a 4-year contract with teachers, which paid cost of living increases of 2.0 percent to 3.0 percent over each of the last four years. The District has also increased the cap on insurance to \$678 per teacher currently.

**Table 8: Salaries and Benefits per ADMr, John Day 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	3,955		
1991-1992	4,246	7.4	3.0
1992-1993	4,577	15.7	6.1
1993-1994	4,696	18.7	8.8
1994-1995	4,991	26.2	11.9
1995-1996	5,011	26.7	15.2
1996-1997	5,166	30.6	17.8
1997-1998	5,253	32.8	19.7
1998-1999	5,345	35.1	22.3
1999-2000	6,024	52.3	26.4
2000-2001	6,631	67.7	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

## 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>. The District's workforce has declined by 5.1 full-time equivalent staff members – a 4 percent decline. Cuts have come from both instructional and service staff. According to District officials, the experience level of teachers is dropping because of regular and early retirements.

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



It is also difficult for the District to attract teachers, especially those with Master's degrees. Declining student enrollment make applicants hesitant to accept a job that may disappear in a year or two.

**Table 9: Staff Levels, 1994-1995 and 2000-2001, John Day 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	2	0.0
Elementary Teachers	35.5	36.6	1.1
Secondary Teachers	18.8	17.8	-1.0
Teachers of Ungraded Classes	7.2	3.6	-3.6
Educational Assistants	18.4	19.1	0.7
Instructional Coordinators and Supervisors	0.1	0.0	-0.1
Subtotal	82.0	79.1	-2.9
Student -Instructor Ratio	12.3	11.3	-1.0
<b>Student Service Staff</b>			
Elementary Guidance	1.0	1	0.0
Secondary Guidance	1.0	1	0.0
Librarians/Media Specialists	1.0		-1.0
Library and Media Support Staff	3.9	3	-0.9
District Administrators	2.0	1	-1.0
District Support Staff	1.0	5	4.0
School Administrators	5.0	5	0.0
School Administrative Support Staff	4.2	4	-0.2
Student Support Staff	2.0	1	-1.0
All Other Support Staff	21.3	19.2	-2.1
Subtotal Student Service Staff	42.4	40.2	-2.2
Student-Service Staff Ratio	23.8	22.3	-1.5
<b>Total District Staff</b>	124.4	119.3	-5.1
<b>Student-Total Staff Ratio</b>	8.1	7.5	-0.6
<b>ADMr</b>	1,008.0	897.0	-111.0

Source: Oregon Department of Education.

According to District officials, funding has been maintained, so far, for extracurricular student activities. Four years ago the district implemented a pay-to-participate program for athletic programs. In addition, dues and fees for vocational agriculture, shop, and home economics were implemented.

## **CURRENT FISCAL POSITION**

The general economic conditions within Grant County have deteriorated over the past decade and are not expected to rebound in the near future. The lack of job opportunities in the John Day area have driven many residents to other parts of the state to obtain

employment. This ongoing trend leads school officials to visualize a scenario of further personnel cuts and perhaps the closure of another building within the next 10 years.

## **FINDINGS**

The key findings for the District are:

- The District was dependent on federal forest fees, which declined precipitously in the early 1990s and are now shared statewide under Measure 5.
- Due in part to the decline of federal timber cutting in the John Day area, the region suffers from one of the highest unemployment rates in Oregon.
- General student enrollment has dropped over the past decade.
- The percent of special education students is 15 percent and growing.
- The District was forced to shut down one of its campuses at the end of the 2001-2002 school year.
- In 1998 the District went to a four-day school week. The District is at the state minimum for number of school days and at the state maximum for length of school day.