

## BACKGROUND

The Lincoln County School District is located on Oregon's central coast and consists of 22 schools that served 6,496 students during the 2000-2001 school year. The District's share of special education students, 14.2 percent, is above the state average and 3.2 percent above the state's 11 percent threshold eligible for enhanced funding. The poverty rate of 18.1 percent is above the state average. The District's rates of minority students is slightly over the statewide average, and the rate of non-native English speakers is half as large as the state average.

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

	Lincoln County Level	Lincoln County Percent	State Percent or Level
<b>Students</b>			
Enrollment	6,496		
Average Daily Membership	6,158	94.8%	95.8%
Special Ed Students	920	14.2%	12.4%
ESL Students	298	4.6%	9.4%
Students in Poverty	1,177	18.1%	14.4%
Teen Parents	28	0.4%	0.5%
Minority Students	1,484	22.8%	20.9%
<b>Staffing</b>			
Licensed Staff	294.8	53.1%	55.0%
Instructional Assistants	74.5	13.4%	14.5%
School Administrators	22	4.0%	2.9%
Central Administrators	6	1.1%	1.5%
Classified Support Staff	158.4	28.5%	26.0%
<b>Instructional Days</b>			
K-12	172	na	171
<b>Computer Infrastructure</b>			
Students per Computer	9.5	na	5.7
Students per Internet Connection	12.6	na	6.0
<b>Student Performance (8th Grade)</b>			
Reading	na	62%	62%
Writing	na	55%	68%
Math	na	46%	56%
Math Problem Solving	na	52%	58%

Source: Oregon Department of Education.

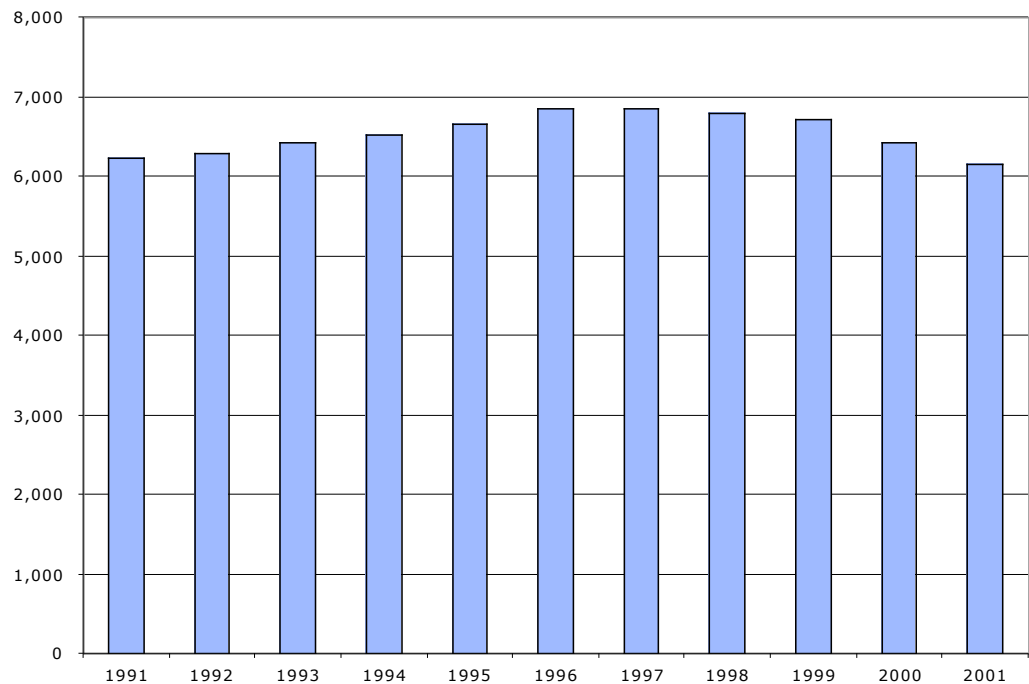
The distribution of staff shows that licensed staff and instructional assistants compose a slightly lower share of total staff. The share of school administrators is slightly above the state average, which is typical of districts with low population densities that do not have the economies of scale of larger urban districts.

The number of instructional days exceeds the state average by one. The District's computer-related infrastructure is below the state average with 9.5 and 12.6 students per computer and Internet connection, respectively.

The District's eighth graders underperform their state counterparts on writing, and math tests, and meet statewide averages for reading.

The Lincoln County School District grew steadily throughout the first half of the 1990s, increasing from an average daily membership of 6,237 to 6,853 in 1997. Since 1997, average daily membership has declined every year, dropping to 6,158 in 2001, below its 1991 level (see Figure 1).

**Figure 1: Average Daily Membership, Lincoln County School District, 1991-2001**



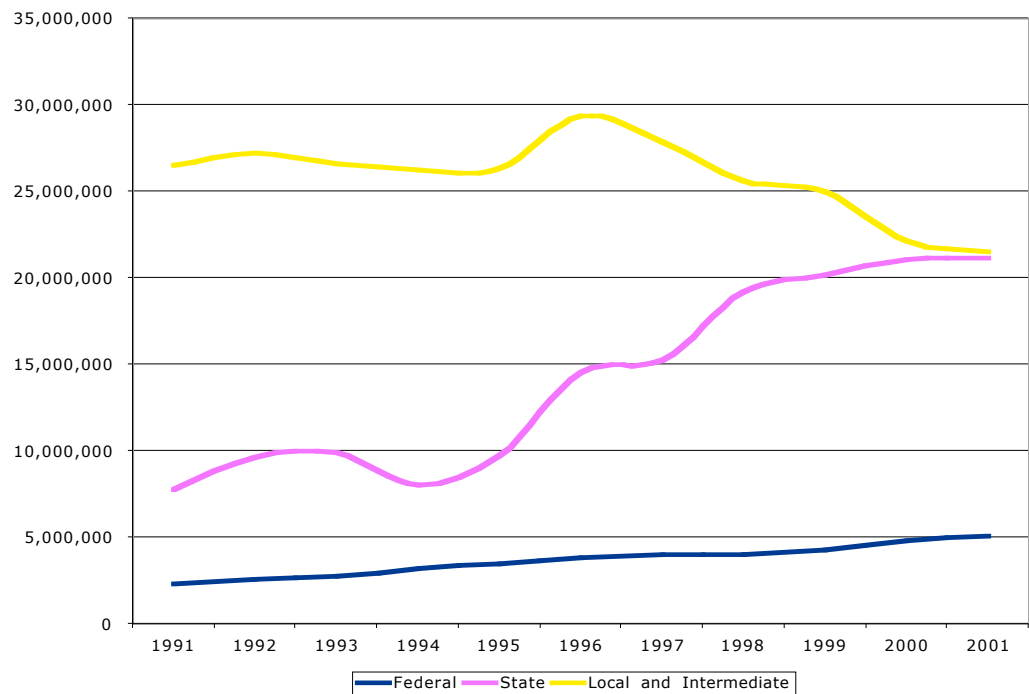
Source: Oregon Department of Education.

## REVENUE TRENDS

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. In 1991, most of the District's revenue came from local sources. The District received \$36.5 million in total revenues with local and intermediate sources (education district) contributing \$26.5 million or 73 percent. The state government contributed \$7.7 million, or 21 percent, and the federal government contributed \$2.3 million, about 6 percent.

As with other districts across Oregon, the local and intermediate funds became a smaller source of revenue over the course of the decade. The local and intermediate financing fell from \$26.5 million in 1991 to about \$21.5 million in 2001, or about 45 percent of total revenues. Meanwhile, the state's share of District revenues rose from \$7.7 million in 1991 to \$21.1 million in 2001, about 44 percent of total revenues. However, relative to other districts in Oregon, local and intermediate funds contribute a high portion of total revenues.

**Figure 2: Revenue Sources, Lincoln County School District, 1991-2001**



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

The District was successful in securing a number of federal grants during the 1990s, and the share of revenues originating from the federal government increased from six to 11 percent. The federal government has awarded recent grants to the District to facilitate small class sizes.

## 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 23.2 percent (see Table 2), compared to a 30 percent increase in inflation. Over the decade, the District has spent less than four percent of their total expenditures on capital expenditures on an annual basis,

<sup>1</sup> 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.

except during 1997 through 1999. During those years, the District spent over \$37 million total on three new schools and upgrading existing facilities.

**Table 2: Total Expenditures, Lincoln County School District, 1991-2001**

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	37,196,413		
1991-1992	37,201,532	0.0	0.0
1992-1993	39,196,169	5.4	5.4
1993-1994	41,395,977	11.3	5.6
1994-1995	41,235,705	10.9	-0.4
1995-1996	44,864,021	20.6	8.8
1996-1997	59,248,612	59.3	32.1
1997-1998	65,707,674	76.7	10.9
1998-1999	50,991,867	37.1	-22.4
1999-2000	46,543,302	25.1	-8.7
2000-2001	45,826,793	23.2	-1.5

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student—defined as average daily membership—rose from \$5,964 to \$7,442 from 1991 to 2001, a 24.8 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, Lincoln County 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	5,964		
1991-1992	5,916	-0.8	3.0
1992-1993	6,097	2.2	6.1
1993-1994	6,338	6.3	8.8
1994-1995	6,184	3.7	11.9
1995-1996	6,548	9.8	15.2
1996-1997	8,645	45.0	17.8
1997-1998	9,673	62.2	19.7
1998-1999	7,593	27.3	22.3
1999-2000	7,247	21.5	26.4
2000-2001	7,442	24.8	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.

Current expenditures are similar to total expenditures, except for 1997 through 1999, when the District spent large sums on capital improvements. Current expenditures rose 24.9 percent over the decade (see Table 4), peaking in 1999, and have declined since then. Current spending per student increased at a rate lower than inflation throughout the decade (Table 5).

**Table 4: Current Expenditures, Lincoln County School District, 1991-2001**

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	35,927,892		
1991-1992	36,318,374	1.1	1.1
1992-1993	38,201,718	6.3	5.2
1993-1994	40,516,307	12.8	6.1
1994-1995	40,637,227	13.1	0.3
1995-1996	43,466,839	21.0	7.0
1996-1997	45,802,437	27.5	5.4
1997-1998	45,763,248	27.4	-0.1
1998-1999	46,154,838	28.5	0.9
1999-2000	45,018,130	25.3	-2.5
2000-2001	44,874,324	24.9	-0.3

Source: ECONorthwest calculated from Oregon Department of Education data.

**Table 5: Current Expenditures per ADMr, Lincoln County School District, 1991-2001**

School Year	Current Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	5,761		
1991-1992	5,776	0.3	3.0
1992-1993	5,942	3.1	6.1
1993-1994	6,204	7.7	8.8
1994-1995	6,094	5.8	11.9
1995-1996	6,344	10.1	15.2
1996-1997	6,683	16.0	17.8
1997-1998	6,737	16.9	19.7
1998-1999	6,872	19.3	22.3
1999-2000	7,010	21.7	26.4
2000-2001	7,287	26.5	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 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 \$2,719 to \$3,092 from 1991 to 2001, an increase of 13.7 percent, well below growth in inflation. Spending per student grew very slowly in the first half of the decade, and then grew rapidly through 1999. However spending per student has declined five percent since 1999.

**Table 6: Expenditures on Regular Instruction per ADMr, Lincoln County 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	2,719		
1991-1992	2,758	1.4	3.0
1992-1993	2,834	4.2	6.1
1993-1994	2,959	8.8	8.8
1994-1995	2,884	6.1	11.9
1995-1996	2,881	6.0	15.2
1996-1997	3,038	11.8	17.8
1997-1998	3,185	17.2	19.7
1998-1999	3,237	19.1	22.3
1999-2000	3,160	16.2	26.4
2000-2001	3,092	13.7	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 per student doubled during the decade, increasing from \$567 in 1991 to \$1,099 in 2001. Expressed differently, special education’s share of current expenditures increased from 9.8 percent in 1991 to 15.1 percent in 2001.

Like other observers across state, Lincoln County officials point to a federal mandate that ensures equal educational opportunities to children with physical and mental disabilities. District officials noted that a child with severe disabilities can be extraordinarily costly to educate,

The District has a small but growing ESL population, with most of the English-learning population speaking Spanish. The District has not expanded the ESL program, and is searching for qualified teachers to meet their growing ESL demand.

**Table 7: Expenditures on Special Education Instruction per ADMr, Lincoln County 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	567		
1991-1992	547	-3.6	3.0
1992-1993	619	9.1	6.1
1993-1994	672	18.5	8.8
1994-1995	699	23.2	11.9
1995-1996	657	15.8	15.2
1996-1997	729	28.6	17.8
1997-1998	823	45.1	19.7
1998-1999	748	31.9	22.3
1999-2000	976	72.1	26.4
2000-2001	1,099	93.8	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

## SALARIES AND BENEFITS

Spending per student on staff salaries and benefits increased from \$4,735 to \$6,004, or 26.8 percent from 1991 to 2001, not quite keeping pace with growth in inflation (Table 8). 1998, salaries and benefits per ADMr declined slightly from the previous year, but recovered in the following year.

**Table 8: Salaries and Benefits per ADMr, Lincoln County School District, 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	4,735		
1991-1992	4,813	1.7	3.0
1992-1993	4,939	4.3	6.1
1993-1994	5,181	9.4	8.8
1994-1995	5,149	8.7	11.9
1995-1996	5,048	6.6	15.2
1996-1997	5,311	12.2	17.8
1997-1998	5,515	16.5	19.7
1998-1999	5,439	14.9	22.3
1999-2000	5,679	20.0	26.4
2000-2001	6,004	26.8	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

In an attempt to slow the category's growth, the District recently imposed a cap on employee health benefits. However, the District picks up the employees' share of PERS payments. District officials note that the majority of their teaching staff has been there for many years, and is due to retire in the next 10 to 15 years. Thus, many of their teachers are on the high end of the pay scale.

# PROGRAM IMPACTS

## LONG-TERM TRENDS

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 116.5 full-time equivalent staff members, or 15.1 percent. During the same time period, the number of students declined by 7.7 percent.

Most of the staff reductions were among the teachers and instructional assistants, which declined by 20.3 percent since 1995. The District severely cut the number of secondary teachers and educational assistants, and increased the number of elementary teachers and teachers of mixed-grade classes. The student-Instructor ratio increased from 12.8 to 14.8 students per teacher.

Student service staff shrank in many categories, including guidance counselors at the secondary level, librarians and their support staff, school administrators, and District, school, and student support staff. The few service staff categories that increased in size since 1995 include elementary guidance counselors, District administrators, "other" support staff.

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<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, Lincoln County 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	12.0	12.0	0.0
Elementary Teachers	150.6	231.0	80.4
Secondary Teachers	198.3	26.7	-171.6
Teachers of Ungraded Classes	0.0	37.4	37.4
Educational Assistants	154.4	106.4	-48.0
Instructional Coordinators and Supervisors	6.0	2.0	-4.0
Subtotal	521.3	415.5	-105.8
Student -Instructor Ratio	12.8	14.8	2.0
<b>Student Service Staff</b>			
Elementary Guidance	0.0	5.5	5.5
Secondary Guidance	16.0	6.2	-9.8
Librarians/Media Specialists	15.0	2.0	-13.0
Library and Media Support Staff	14.8	11.8	-3.0
District Administrators	9.0	22.0	13.0
District Support Staff	23.5	9.0	-14.5
School Administrators	24.0	21.8	-2.2
School Administrative Support Staff	37.4	24.3	-13.1
Student Support Staff	28.6	14.5	-14.1
All Other Support Staff	81.8	122.3	40.5
Subtotal Student Service Staff	250.1	239.4	-10.7
Student-Service Staff Ratio	26.7	25.7	-0.9
<b>Total District Staff</b>	771.4	654.9	-116.5
<b>Student-Total Staff Ratio</b>	8.6	9.4	0.8
<b>ADMr</b>	6,668.2	6,158.0	-510.2

Source: ECONorthwest calculated using Oregon Department of Education data.

With expenditures for regular programs failing to keep pace with inflation during the decade, the District has eliminated a number of programs and services, including:

- **Foreign languages scaled back.** Lincoln County students are no longer offered French, German, or Latin. The District used to offer three levels of Spanish in its high schools and now offers two.
- **Middle school athletic programs reduced.** The District no longer competes formally in middle school football, basketball, or volleyball. The programs are now offered as club sports.
- **Outdoor school.** The District cut funding for outdoor school, but the program continues with funding from booster clubs and fundraising.

# FINDINGS

The key findings for the District are:

- The District's enrollment has steadily declined since 1997.
- Local revenue still contributes a relatively high portion of the District's total revenue, relative to other school districts in Oregon.
- The District's increase in instructional spending per student did not keep pace with inflation over the decade.
- The District's increase in special education instruction spending per student almost doubled, exceeding inflation.
- The District's increase in salaries and benefits per student fell slightly short of inflation over the decade.
- Since 1995, the District cut the number of teachers and instructional assistants by 20.3 percent, while the number of students declined by 7.7 percent.