Philomath

BACKGROUND

The Philomath School district is located five miles west of Corvallis in the foothills of the coast range. The district consists of four elementary schools, one middle school, and one high school that served 1,876 students in School Year 2000-2001. The district's enrollment grew steadily through the 1990s, but has since leveled off.

The District's share of special education students (11.1 percent) is below the state average and right at the state's 11 percent threshold for enhanced funding. The District's rates of minority, English-learning, and poor students are all below the state average.

The percent of total staff that are licensed (teachers) is about 10 percentage points higher than the state average (64.7 percent Vs 55 Percent). Instructional assistants, and support staff distributions are below the state averages and administrative staff are roughly equal with state averages.

Table 1: District Profile, 2000-2001 School Year

	Philomath Level	Philomath Percent	State Percent or Level
Students			
Enrollment	1,876		
Average Daily Membership	1,795	95.7%	95.8%
Special Ed Students	209	11.1%	12.4%
ESL Students	23	1.2%	9.4%
Students in Poverty	184	9.8%	14.4%
Teen Parents	7	0.4%	0.5%
Minority Students	181	9.7%	20.9%
Staffing			
Licensed Staff	105.2	64.7%	55.0%
Instructional Assistants	18.7	11.5%	14.5%
School Administrators	5.5	3.4%	2.9%
Central Administrators	2.5	1.5%	1.5%
Classified Support Staff	30.6	18.8%	26.0%
Instructional Days			
K-12	169	na	171
Computer Infrastructure			
Students per Computer	6.2	na	5.7
Students per Internet Connection	6.1	na	6.0
Student Performance (8th Grade)			
Reading	na	69%	62%
Writing	na	61%	68%
Math	na	67%	56%
Math Problem Solving	na	61%	58%

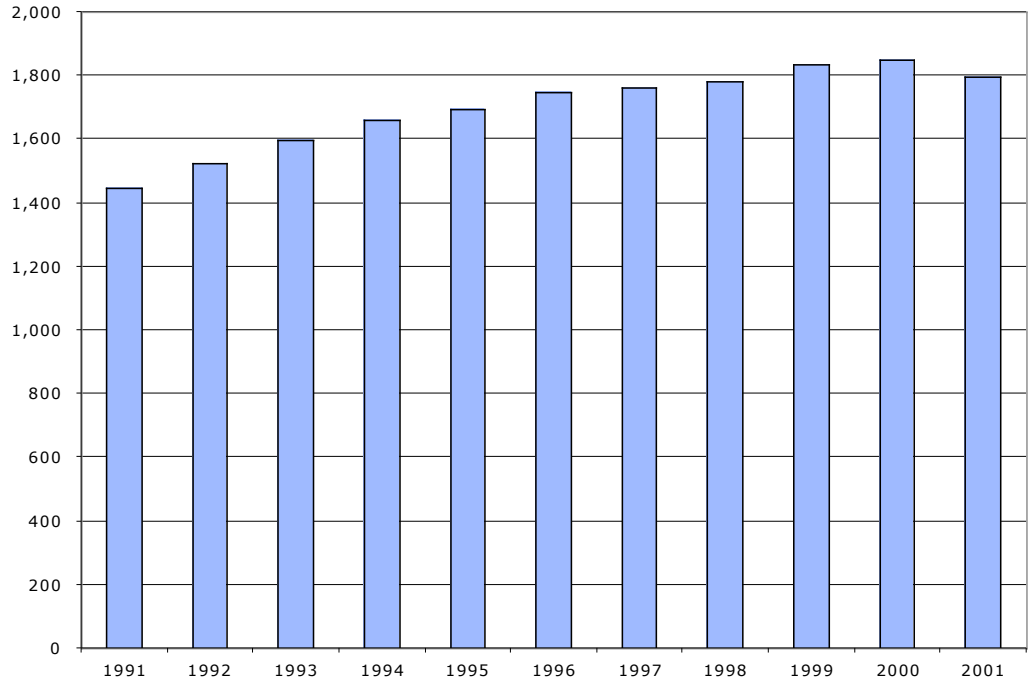
Source: Oregon Department of Education.

Philomath students meet for instruction two days less than the state average for all grades (169 Vs 171). The District's computer-related infrastructure is slightly below the state average with 6.2 and 6.1 students per computer and internet connection,

respectively. Finally, the District's eighth graders outperformed the state average on the reading, math, and math problem solving tests, while scoring lower than the state average on the writing test.

The District's student population grew rapidly through the early and mid 1990s, but has since leveled off and even declined (see Figure 1). There were 350 more student in the District in 2001 than there were in 1990 – a 24 percent increase. Comparatively, the general population of Philomath grew by 29 percent between 1990 and 2000.

Figure 1: Average Daily Membership, Philomath School District, 1991-2001

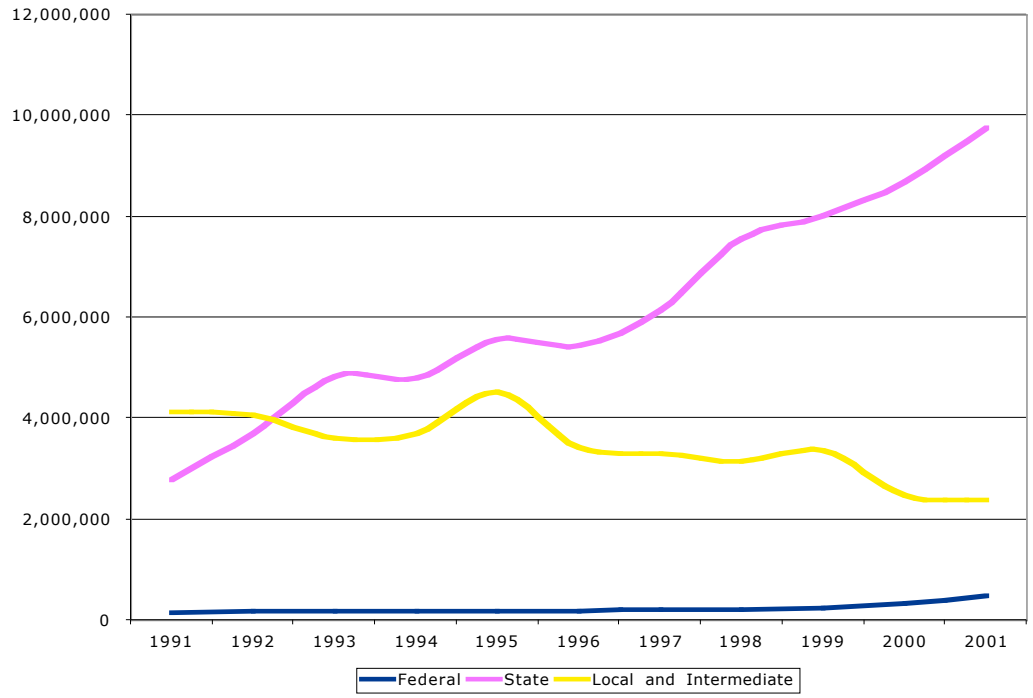


Source: Oregon Department of Education.

REVENUE TRENDS

Even prior to Measure 5, state funding was a critically important component of the District's finances, accounting for nearly 40 percent of revenue in 1990-1991. With equalization, the state share of revenue nearly doubled to 77 percent of revenue for 2000-2001. In 1990-1991, local and intermediate sources provided almost 60 percent of revenue. In 2000-2001 it was under 20 percent. Federal sources have contributed less than four percent of total revenue each year of the decade. Revenue increased from $7.1 million in 1990-1991 to $12.6 million in 2000-2001, a 78 percent increase.

Figure 2: Revenue Sources, Redmond 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[1]. Total expenditures for 2000-20001 decreased 30.6 percent over comparable expenditures for 1999-2000, as the District completed construction of a new school (see Table 2). Total expenditures were up more than 100 percent for the decade.

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

Table 2: Total Expenditures, Philomath School District, 1990-2001

School Year	Total Expenditures	Percentage Change From 1990-1991	Percentage Change From previous year
1990-1991	6,567,805		
1991-1992	7,089,115	7.9	7.9
1992-1993	8,876,545	35.2	25.2
1993-1994	8,356,184	27.2	-5.9
1994-1995	13,211,410	101.2	58.1
1995-1996	10,107,539	53.9	-23.5
1996-1997	10,151,938	54.6	0.4
1997-1998	10,698,475	62.9	5.4
1998-1999	11,149,773	69.8	4.2
1999-2000	19,518,167	197.2	75.1
2000-2001	13,548,801	106.3	-30.6

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows total spending per student – defined as average daily membership – rose from $4,544 to $7,548 during 1991-2001. Again, the influence of the spending on new building construction can be seen in 1999-2000. Total expenditure rose at more than twice the rate of inflation, as measured by the US Consumer Price Index over the decade.

Table 3: Total Expenditure per ADMr, Philomath School District, 1990-2001

School Year	Total Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,544		
1991-1992	4,644	2.2	3.0
1992-1993	5,560	22.4	6.1
1993-1994	5,034	10.8	8.8
1994-1995	7,794	71.5	11.9
1995-1996	5,776	27.1	15.2
1996-1997	5,762	26.8	17.8
1997-1998	6,007	32.2	19.7
1998-1999	6,073	33.7	22.3
1999-2000	10,545	132.1	26.4
2000-2001	7,548	66.1	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, including school assemblies, band, choir, speech, debate, and athletics.

Due largely to enrollment growth through the early and mid 1990 and to the District's commitment to building maintenance, current expenditures rose by 87.8 percent

over the decade (see Table 4). Current spending per student met or exceeded inflation each of the last ten years (Table 5). Current spending per student grew at an average annual rate of 5.1 percent, compared to a 3.0 percent average annual growth rate for inflation.

Table 4: Current Expenditures, Philomath School District, 1990-2001

		Percentage Change	
School Year	Current Expenditure	From 1990-1991	From previous year
1990-1991	6,409,213		
1991-1992	6,840,080	6.7	6.7
1992-1993	7,597,495	18.5	11.1
1993-1994	7,879,019	22.9	3.7
1994-1995	8,377,183	30.7	6.3
1995-1996	8,922,678	39.2	6.5
1996-1997	9,607,673	49.9	7.7
1997-1998	9,991,898	55.9	4.0
1998-1999	10,394,435	62.2	4.0
1999-2000	11,262,602	75.7	8.4
2000-2001	12,037,318	87.8	6.9

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 5: Current Expenditures per ADMr, Philomath School District, 1990-2001

School Year	Current Expenditures per ADMr	Percentage Change from 1990-1991	Percentage Change in US CPI-U since 1990-1991
1990-1991	4,434		
1991-1992	4,481	1.1	3.0
1992-1993	4,759	7.3	6.1
1993-1994	4,746	7.0	8.8
1994-1995	4,942	11.5	11.9
1995-1996	5,099	15.0	15.2
1996-1997	5,453	23.0	17.8
1997-1998	5,611	26.5	19.7
1998-1999	5,662	27.7	22.3
1999-2000	6,085	37.2	26.4
2000-2001	6,706	51.2	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. New school construction represents the major deviations between total and current expenditures in 1994-1995 and 1999-2000 school years. Despite the new school construction, District officials report that the schools are near full capacity.

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 $2,596 to $3,540 during 1991-2001. Spending on regular instructional programs grew at an average annual rate of 3.6 percent, slightly faster than the rate of inflation. Regular programs represented 59 percent of current expenditures in 1990 and 53 percent in 2001.

Table 6: Expenditures on Regular Instruction per ADMr, Philomath 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	2,596		
1991-1992	2,655	2.3	3.0
1992-1993	2,905	11.9	6.1
1993-1994	2,737	5.4	8.8
1994-1995	3,030	16.7	11.9
1995-1996	3,102	19.5	15.2
1996-1997	3,393	30.7	17.8
1997-1998	3,324	28.0	19.7
1998-1999	3,305	27.3	22.3
1999-2000	3,239	24.8	26.4
2000-2001	3,540	36.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditures for special education grew rapidly throughout the decade, almost doubling between 1990 and 2001 and growing at more than three times the rate of inflation. Special education represented 4.6 percent of current expenditures in 1991 and 5.9 in 2001.

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.

Table 7: Expenditures on Special Education per ADMr, Philomath 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	203		
1991-1992	224	10.4	3.0
1992-1993	243	19.5	6.1
1993-1994	238	17.0	8.8
1994-1995	244	19.9	11.9
1995-1996	261	28.5	15.2
1996-1997	283	39.2	17.8
1997-1998	312	53.5	19.7
1998-1999	383	88.8	22.3
1999-2000	383	88.4	26.4
2000-2001	396	94.7	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

SALARIES AND BENEFITS

Spending per student on staff salaries and benefits kept pace with inflation through the early and mid 1990s, but outpaced inflation during 1996-2001. For the decade, spending on salaries and benefits per student grew at an average annual rate of 5.6 percent, compared to a 3.0 percent average annual growth rate for inflation. District officials point to additional staff hired for special education students, escalating health benefit costs, PERS contributions, and more teachers with Master's degrees as major drivers of salary and benefit costs. In an attempt to slow the growth in benefit costs, the District has tied increases in health benefits to the Portland (general) CPI.

Table 8: Salaries and Benefits per ADMr, Philomath 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	3,510		
1991-1992	3,570	1.7	3.0
1992-1993	3,790	8.0	6.1
1993-1994	3,866	10.1	8.8
1994-1995	3,970	13.1	11.9
1995-1996	4,096	16.7	15.2
1996-1997	4,399	25.3	17.8
1997-1998	4,488	27.9	19.7
1998-1999	4,606	31.2	22.3
1999-2000	5,140	46.4	26.4
2000-2001	5,468	55.8	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

PROGRAM IMPACTS

LONG-TERM TRENDS

Due to increased enrollment over the past decade the District increased instructional staff levels from 104 in 1994-1995 to 110.9 in 2000-2001 – a 6.6 percent increase (see Table 9). The student-instructor ratio stayed constant over this period at just over 16 students per instructor, During this same period, student service staff grew from 42.2 to 51.3 positions – a 21.6 percent increase.

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

Staff Category	1994-1995 School Year	2000-2001 School Year	Change
Teachers and Instructional Assistants			
Pre-Kindergarten Teachers	0.0	0.0	0.0
Kindertgarten Teachers	2.5	3	0.5
Elementary Teachers	48.7	48.9	0.2
Secondary Teachers	28.0	27.9	-0.1
Teachers of Ungraded Classes	8.4	13	4.6
Educational Assistants	15.4	18.1	2.7
Instructional Coordinators and Supervisors	1.0	0.0	-1.0
Subtotal	104.0	110.9	6.9
Student -Instructor Ratio	16.3	16.2	-0.1
Student Service Staff			
Elementary Guidance	2.0	2.0	0.0
Secondary Guidance	2.0	2.0	0.0
Librarians/Media Specialists	2.0	1.0	-1.0
Library and Media Support Staff	4.0	3.5	-0.5
District Administrators	2.7	3.7	1.0
District Support Staff	2.5	2.8	0.3
School Administrators	6.3	6.1	-0.2
School Administrative Support Staff	6.0	11.2	5.2
Student Support Staff	1.5	2.0	0.5
All Other Support Staff	13.2	17.0	3.8
Subtotal Student Service Staff	42.2	51.3	9.1
Student-Service Staff Ratio	40.2	35.0	-5.2
Total District Staff	146.2	162.2	16.0
Student-Total Staff Ratio	11.6	11.1	-0.5
ADMr	1,695.0	1,795.0	100.0

Source: ECONorthwest calculated using Oregon Department of Education data.

According to District officials, small cuts have been made to sports programs, while music, art, and guidance counseling have all seen increases. Like many school districts in Oregon, Philomath has been forced to increase student sports fees, as well as increase the cost to students for driver's education. District officials did note that the schools enjoy an active and generous sports boosters organization.

CURRENT FISCAL POSITION

State budget shortfalls are impacting school districts throughout the state. Philomath is no exception. Although District officials believe Measure 5 was beneficial to the District while the student population was growing year-over-year, they believe that flat enrollment and the constraints on alternative revenue sources are negatively impacting the District's current fiscal position.

FINDINGS

The key findings for the District are:

- District's student population grew during the early and mid 1990s, but has since leveled off.
- Salaries and benefits have grown, on a per student basis, at approximately twice the rate of inflation.
- Spending on special education instruction increases at an average annual rate of 9.4 percent during the past decade. Meanwhile, spending on regular instruction grew at only 3.6 percent.
- The District built a new elementary school in 1999-2000. The District is currently at capacity.
- The district has not made major cuts to extracurricular activities over the past 10 years.
- The District's contribution to PERS have increased over the past several years and are expected to continue to increase.