

BACKGROUND

The Phoenix-Talent School District is located in southwestern Oregon and consists of five schools that served 2,837 students in the 2000-01 school year. Over the course of the decade, the District's enrollment has steadily grown, increasing by about 500 students. The populations of Phoenix and Talent have grown, as have nearby Medford and Ashland.

The District's share of special education students (9.9 percent) is below the state average and below state's 11 percent threshold for enhanced funding. The District's rate of students in poverty is slightly below the state average. The District's rates of minority and English-learning are above the state average, and are mostly Spanish-speaking Hispanic students.

Table 1: District Profile, 2000-2001 School Year

	Phoenix-Talent Level	Phoenix-Talent Percent	State Percent or Level
Students			
Enrollment	2,837		
Average Daily Membership	2,734	96.4%	95.8%
Special Ed Students	280	9.9%	12.4%
ESL Students	362	12.8%	9.4%
Students in Poverty	383	13.5%	14.4%
Teen Parents	26	0.9%	0.5%
Minority Students	652	23.0%	20.9%
Staffing			
Licensed Staff	167	69.2%	55.0%
Instructional Assistants	22.6	9.4%	14.5%
School Administrators	8	3.3%	2.9%
Central Administrators	4	1.7%	1.5%
Classified Support Staff	39.7	16.5%	26.0%
Instructional Days			
K-5	167	na	170
6-8	170	na	170
9-12	172	na	171
Computer Infrastructure			
Students per Computer	7.3	na	5.7
Students per Internet Connection	8.3	na	6.0
Student Performance (8th Grade)			
Reading	na	66%	62%
Writing	na	74%	68%
Math	na	47%	56%
Math Problem Solving	na	53%	58%

Source: Oregon Department of Education.

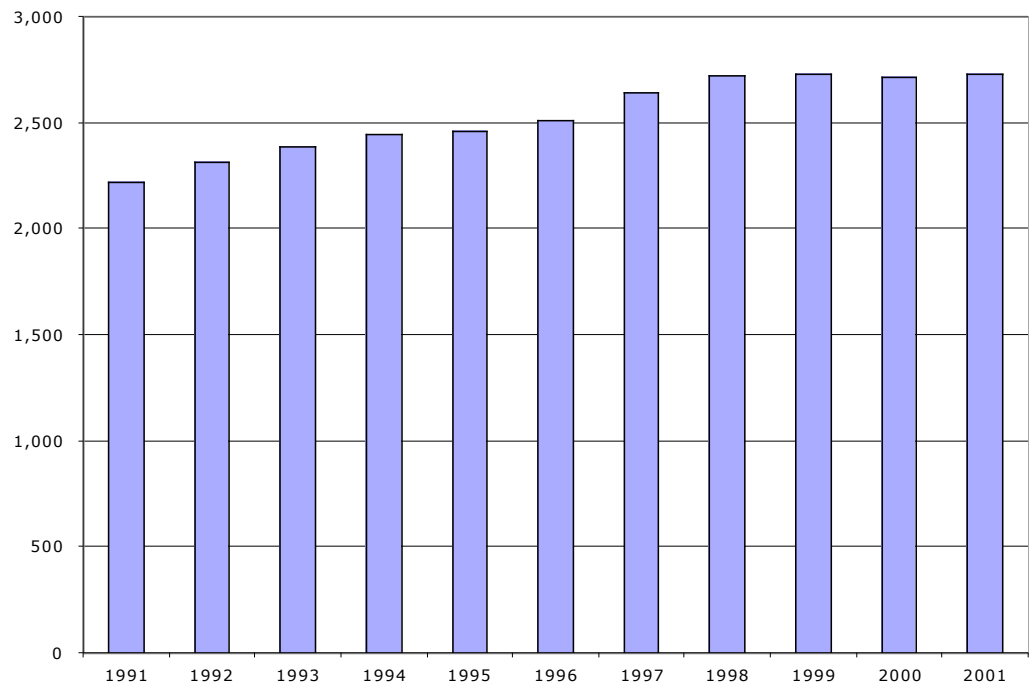
The distribution of staffing between licensed staff (teachers) is substantially higher than the state average and the District's portion of

instructional assistants is lower than the state average. The share of staff in administrative positions is slightly above the state average.

The number of instructional days is three days lower than the state average for elementary students, equal to the state average at the middle school level, and one day higher at the high school level. The District's computer-related infrastructure is well below the state average with 7.5 and 8.3 students per computer and internet connection, respectively.

The performance of the District's eighth graders relative to their state counterparts is mixed on statewide tests. District students outperformed the state average on the reading and writing tests, but performed below the state average in math and math problem solving.

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



Source: Oregon Department of Education.

REVENUE TRENDS

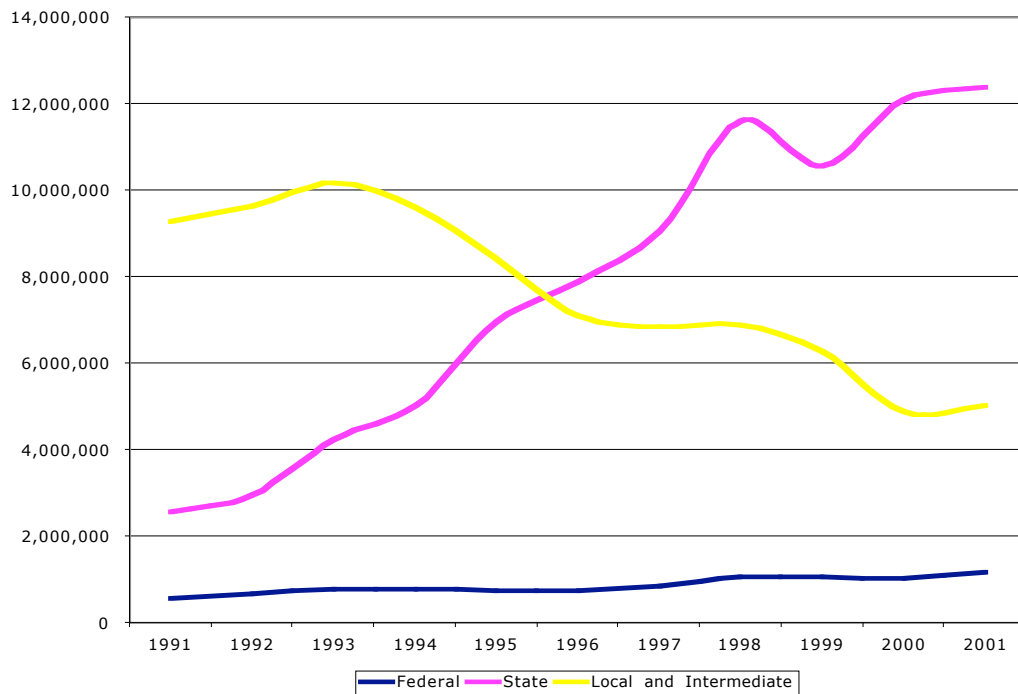
Before Measure 5, the Phoenix-Talent District's spending had been below the state average in terms of per-student spending. In the years following equalization, the District benefited as funding increased to match the rest of the state.

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 \$12.4 million in total revenues with local and intermediate sources (education district) contributing the largest share, \$9.3 million or 75 percent. The state government contributed \$2.6 million, or 21 percent, and the federal government contributed \$0.6 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 \$9.3 million in 1991 to about \$5.0 million in 2001, or about 27 percent of total revenues. Meanwhile, the state's share of District revenues rose from \$2.6 million in 1991 to \$12.4 million in 2001, about 67 percent of total revenues.

Figure 2: Revenue Sources, Phoenix-Talent School District, 1991-2001 (Dollars not adjusted for inflation)



Source: Oregon Department of Education.

Much of the federal dollars are from Title 1 grants and nutrition programs, 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 a small amount of funds in the form of federal forest fees.

Total revenues grew over the course of the last decade, increasing by 50 percent, compared to a 30 percent growth inflation. However, total revenue

per student grew at a much slower pace, 21 percent, 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.¹ Total expenditures were high in 1991, as the District spent \$8.1 million on capital outlays. The District had passed a bond in 1988 to build a new High School, but land use issues prevented the District from developing the identified site. Instead of building a completely new facility, the District remodeled existing schools, which explains the large capital expenditure in 1991.

Total expenditures in 2000-2001 increased 7.2 percent over comparable expenditures for 1999-2000 (see Table 2). Because of 1991 was such a high expenditure year, total expenses in 2001 were only 5.7 percent greater than they were in 1991.

Table 2: Total Expenditures, Phoenix-Talent School District, 1991-2001

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	18,185,141		
1991-1992	12,120,994	-33.3	-33.3
1992-1993	12,996,922	-28.5	7.2
1993-1994	12,756,357	-29.9	-1.9
1994-1995	14,291,808	-21.4	12.0
1995-1996	14,303,883	-21.3	0.1
1996-1997	14,932,883	-17.9	4.4
1997-1998	16,938,903	-6.9	13.4
1998-1999	18,080,898	-0.6	6.7
1999-2000	17,932,379	-1.4	-0.8
2000-2001	19,224,210	5.7	7.2

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.

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows spending per student—defined as average daily membership—declined from \$8,185 to \$7,032 during 1991-2001, which represents a 14 percent decrease. Over the same period of time, price inflation, measured by the US Consumer Price Index, increased 30 percent.

District officials report that the community recently passed a \$16 million bond to fund facilities repairs, construction of new classrooms, and the completion of athletic fields.

Table 3: Total Expenditures per ADMr, Phoenix-Talent 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	8,185		
1991-1992	5,227	-36.1	3.0
1992-1993	5,436	-33.6	6.1
1993-1994	5,217	-36.3	8.8
1994-1995	5,807	-29.1	11.9
1995-1996	5,688	-30.5	15.2
1996-1997	5,646	-31.0	17.8
1997-1998	6,212	-24.1	19.7
1998-1999	6,621	-19.1	22.3
1999-2000	6,610	-19.2	26.4
2000-2001	7,032	-14.1	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, such as band, debate, school assemblies, and athletics.

Current expenditures are similar to total expenditures, except for the 1990-91 school year. Current expenditures rose 4.0 percent during 2000-2001 and 83.3 percent over the decade (see Table 4). Current spending per student increased at a rate higher than inflation throughout the decade, although some years saw a decline in per student spending over the previous year. (Table 5). Per student spending increased 48.9 percent during 1991-2001, while inflation increased 30.0 percent.

Table 4: Current Expenditures, Phoenix-Talent School District, 1991-2001

School Year	Current Expenditure	Percentage Change	
		From 1990-1991	From previous year
1990-1991	10,086,941		
1991-1992	11,201,843	11.1	11.1
1992-1993	12,669,664	25.6	13.1
1993-1994	12,613,452	25.0	-0.4
1994-1995	13,454,394	33.4	6.7
1995-1996	14,060,570	39.4	4.5
1996-1997	14,545,335	44.2	3.4
1997-1998	16,664,751	65.2	14.6
1998-1999	17,635,062	74.8	5.8
1999-2000	17,783,075	76.3	0.8
2000-2001	18,486,632	83.3	4.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 5: Current Expenditures per ADMr, Phoenix-Talent 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	4,540		
1991-1992	4,831	6.4	3.0
1992-1993	5,299	16.7	6.1
1993-1994	5,159	13.6	8.8
1994-1995	5,466	20.4	11.9
1995-1996	5,591	23.2	15.2
1996-1997	5,500	21.1	17.8
1997-1998	6,112	34.6	19.7
1998-1999	6,458	42.2	22.3
1999-2000	6,555	44.4	26.4
2000-2001	6,762	48.9	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 \$2,553 to \$3,592 during 1991-2001. Spending increased 12 percent in 1992 over the previous years' spending. Over the course of the decade, spending on regular instructional program exceeded inflation, increasing 41 percent, while inflation grew 30 percent.

Table 6: Expenditures on Regular Instruction per ADMr, Phoenix-Talent 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	2,553		
1991-1992	2,852	11.7	3.0
1992-1993	2,973	16.4	6.1
1993-1994	2,919	14.3	8.8
1994-1995	3,003	17.6	11.9
1995-1996	3,067	20.1	15.2
1996-1997	2,994	17.3	17.8
1997-1998	3,366	31.8	19.7
1998-1999	3,457	35.4	22.3
1999-2000	3,346	31.1	26.4
2000-2001	3,592	40.7	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 increased almost four fold from \$223 per district student in 1991 to \$800 per student in 2001. Expressed differently, special education represented 4.9 percent of current expenditures in 1991. In 2001, it represented 11.8 percent of current expenditures.

District officials, like others across the states, point to a 1977 federal mandate to serve children with severe mental and physical disabilities as the key factor underlying the trend. 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. Expanding research on human physiology has expanded the definition of handicapped, allowing for better diagnoses. This has resulted in more students identified as eligible for special education. In addition, some District officials suggested that characteristics of the special education population have become more severe, requiring more attention from school staff.

District officials recognize the need and strongly support the provision of special education but note that the category's rate of growth has put pressure on the entire budget. Both the federal and state governments target funding to special education, but District representatives believe it is inadequate. When passing 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 Instruction per ADMr, Phoenix-Talent 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	223		
1991-1992	265	19.0	3.0
1992-1993	469	110.5	6.1
1993-1994	487	118.3	8.8
1994-1995	564	152.9	11.9
1995-1996	618	177.1	15.2
1996-1997	602	169.9	17.8
1997-1998	669	200.1	19.7
1998-1999	727	226.0	22.3
1999-2000	700	213.8	26.4
2000-2001	800	258.7	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

SALARIES AND BENEFITS

On average, spending per student on staff salaries and benefits slightly outpaced inflation during the 1990s. The average annual increase for salaries and benefits equaled 5.0 percent, compared to 2.7 percent growth in inflation. Salary and benefit increases were inconsistent over the decade—in some years spending per student declined, in others it rose as much as 12.9 percent above the previous year’s level.

Table 8: Salaries and Benefits per ADMr, Phoenix-Talent, 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	3,276		
1991-1992	3,550	8.4	3.0
1992-1993	4,009	22.4	6.1
1993-1994	3,997	22.0	8.8
1994-1995	4,251	29.8	11.9
1995-1996	4,317	31.8	15.2
1996-1997	4,272	30.4	17.8
1997-1998	4,492	37.1	19.7
1998-1999	4,779	45.9	22.3
1999-2000	5,080	55.1	26.4
2000-2001	5,311	62.1	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

In an attempt to slow the category's growth, the District imposed a cap on employee health benefits, and employees must now pay for a portion of their health insurance.

PROGRAM IMPACTS

LONG-TERM TRENDS

Table 9 reports the number of staff by position for the 1994-1995 and 2000-2001 School Years². Overall, the District's workforce has increased by 69.2 full-time equivalent staff members, or 37 percent. During the same time period, the number of students grew 11 percent.

Among teaching staff, the bulk of the increases came as new elementary teachers, which grew by 32 percent. The District lost 3.1 full-time equivalent secondary teachers, but increased the number of teachers not assigned to a particular grade. The number of educational assistants grew also. As a result of increased teaching staff, the student-instructor ratio fell from 18.9 to 15.5.

Overall, student service staff grew by 23.2 full-time equivalents. The number of support staff grew the most. While support staff increased, the number of district administrators fell by two, a one-third reduction.

² 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, Phoenix-Talent 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	4.5	6	1.5
Elementary Teachers	63.8	84.5	20.7
Secondary Teachers	41.1	38	-3.1
Teachers of Ungraded Classes	5	22.6	17.6
Educational Assistants	16.1	25.4	9.3
Instructional Coordinators and Supervisors	0	0	0.0
Subtotal	130.5	176.5	46.0
Student -Instructor Ratio	18.9	15.5	-3.4
Student Service Staff			
Elementary Guidance	0	1.5	1.5
Secondary Guidance	3	3	0.0
Librarians/Media Specialists	2	2	0.0
Library and Media Support Staff	5	5	0.0
District Administrators	6	4	-2.0
District Support Staff	5	7	2.0
School Administrators	8	9	1.0
School Administrative Support Staff	17.5	17.7	0.2
Student Support Staff	2	6.9	4.9
All Other Support Staff	8	23.6	15.6
Subtotal Student Service Staff	56.5	79.7	23.2
Student-Service Staff Ratio	43.6	34.3	-9.3
Total District Staff	187.0	256.2	69.2
Student-Total Staff Ratio	13.2	10.7	-2.5
ADMr	2,461.3	2,734.0	272.7

Source: ECONorthwest calculated using Oregon Department of Education data.

District officials reported that programs have changed a little during the last decade. The District added swimming and golf to the Sports program, and reduced music and arts at the elementary level. Computer and technology programs have increased, while agricultural and vocational programs have decreased.

The District's ESL program is a dual-language program. That is, the ESL classroom includes both native English and Spanish speakers, and the students learn all their subjects in both languages. The program starts at the kindergarten level, and continues through 5th grade. District officials report that the program is effective, creating bilingual students at an early age.

FINDINGS

The key findings for the District are:

- The District was below the statewide spending average prior to Measure 5, so revenues increased throughout the first half of the 1990s.
- The increase in total revenues per student grew 21 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 exceeded inflation over the decade.
- Spending on special education instruction increased sharply during the 1990s. In 1990-1991, special education represented 4.9 percent of current expenditures. By 2000-2001, its share of current expenditures equaled 11.8 percent.