

BACKGROUND

The South Umpqua School District is located in southern Oregon and consists of five schools that served 1,914 students in the 2000-2001 school year. Over the course of the decade, the District's enrollment has declined. It decreased in the first half of the 1990s, rebounded slightly in the middle of the decade, and has steadily dropped since 1997. Since 1991, enrollment decline 12 percent.

The District's share of special education students, 15.8 percent, is above the statewide average, and 4.8 percent above state's 11 percent threshold for enhanced funding. The District's rate of minority students is half as large as the statewide average, and the rate of non-native English speakers is quite low, at 0.1 percent. The rate of students in poverty is substantially higher than the statewide average, with one-fifth of the students living in poverty.

Table 1: District Profile, 2000-2001 School Year

	South Umpqua Level	South Umpqua Percent	State Percent or Level
Students			
Enrollment	1,914		
Average Daily Membership	1,826	95.4%	95.8%
Special Ed Students	303	15.8%	12.4%
ESL Students	1	0.1%	9.4%
Students in Poverty	408	21.3%	14.4%
Teen Parents	17	0.9%	0.5%
Minority Students	196	10.2%	20.9%
Staffing			
Licensed Staff	115	48.3%	55.0%
Instructional Assistants	46	19.3%	14.5%
School Administrators	8	3.4%	2.9%
Central Administrators	4	1.7%	1.5%
Classified Support Staff	65	27.3%	26.0%
Instructional Days			
K-12	176	na	171
Computer Infrastructure			
Students per Computer	6.4	na	5.7
Students per Internet Connection	7.3	na	6.0
Student Performance (8th Grade)			
Reading	na	50%	62%
Writing	na	45%	68%
Math	na	42%	56%
Math Problem Solving	na	50%	58%

Source: Oregon Department of Education.

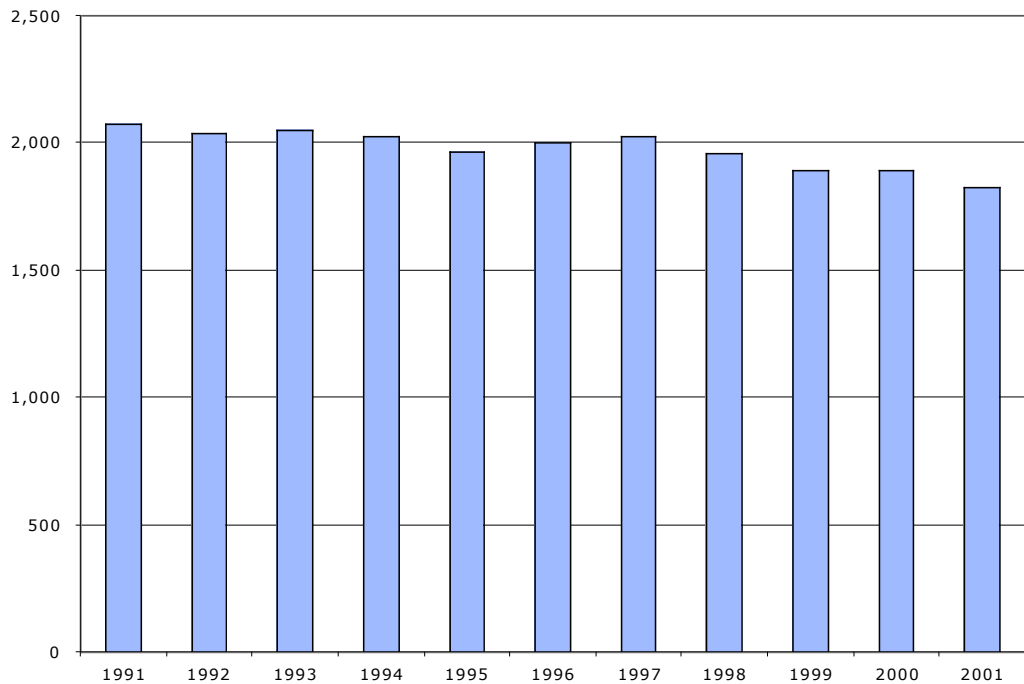
The District's distribution of staffing varies from the state average for instructional staff. The District employs relatively fewer licensed teachers, and relatively more instructional assistance than the state average. The proportion of administrative and

support staff are roughly in line with state averages, with the proportion of school administrators and support staff slightly higher than the statewide averages.

The number of instructional days is higher than the state average. The District's computer-related infrastructure is below the state average with 6.4 and 7.3 students per computer and internet connection, respectively.

The District's eighth graders perform poorly relative to their state counterparts on statewide tests. District students failed to meet the state average in all four test areas. The students' writing skills rated the worst, and their scores on math problem solving were closest to the state average.

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



Source: Oregon Department of Education.

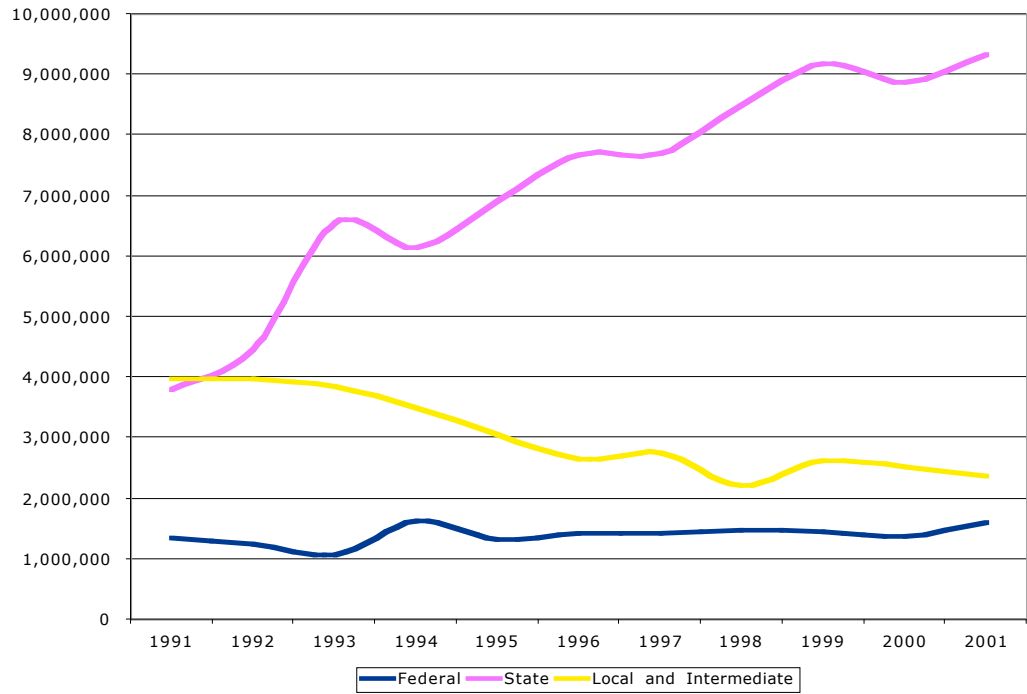
REVENUE TRENDS

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 considerably. In 1991, the District's revenue from state and local was roughly equal. The District received \$9.1 million in total revenues with local and intermediate sources (education district) contributing \$4.0 million or 44 percent. The state government contributed \$3.8 million, or 42 percent, and the federal government contributed \$1.3 million, about 15 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

\$4.0 million in 1991 to about \$2.4 million in 2001, or about 18 percent of total revenues. Meanwhile, the state's share of District revenues rose from \$3.8 million in 1991 to \$9.3 million in 2001, about 70 percent of total revenues.

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



Source: Oregon Department of Education.

At the beginning of the 1990s, just over half of the District's federal funds came from forest fees. Most of the remaining federal dollars comes from programs to support impoverished students. Since 1991, forest fees declined, representing a smaller and smaller portion of federal dollars. Now, much of the federal dollars are from Title 1 grants, 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. District officials report that forest fees would increase their budget by about \$500,000 annually.

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.

Between 1991 and 2001, total expenditures grew 41.6 percent (see Table 2), compared to a 30 percent increase in inflation. Over the decade, the District has spent about \$500,000 or less on capital expenditures on an annual basis, except during the 1998-99 school year. That year, the District spent \$2.3 million in capital expenditures, funded by lottery dollars, to pay for a new roof at the High School. District officials report that the District's facilities are old and are in poor condition. Barrels catch leaking rainwater inside classrooms, and older buildings lack adequate fire protection facilities.

Table 2: Total Expenditures, South Umpqua School District, 1991-2001

School Year	Total Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	9,014,014		
1991-1992	9,883,553	9.6	9.6
1992-1993	11,224,870	24.5	13.6
1993-1994	11,058,631	22.7	-1.5
1994-1995	11,320,153	25.6	2.4
1995-1996	11,363,583	26.1	0.4
1996-1997	11,937,475	32.4	5.1
1997-1998	12,164,507	35.0	1.9
1998-1999	14,648,677	62.5	20.4
1999-2000	12,945,186	43.6	-11.6
2000-2001	12,767,036	41.6	-1.4

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 3 shows spending per student—defined as average daily membership—rose from \$4,342 to \$6,992 from 1991 to 2001, a 61.0 percent increase. Over the same period of time, price inflation, measured by the US Consumer Price Index, increased 30 percent.

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 3: Total Expenditures per ADMr, South Umpqua 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	4,342		
1991-1992	4,845	11.6	3.0
1992-1993	5,468	25.9	6.1
1993-1994	5,463	25.8	8.8
1994-1995	5,754	32.5	11.9
1995-1996	5,677	30.7	15.2
1996-1997	5,888	35.6	17.8
1997-1998	6,199	42.7	19.7
1998-1999	7,740	78.2	22.3
1999-2000	6,831	57.3	26.4
2000-2001	6,992	61.0	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.

Because the District spent relatively little on capital during 1991-2001, except for the 1998-99 school year, trends for current expenditures are similar to those just discussed for total expenditures. Current expenditures declined 0.3 percent from 2000 to 2001, and grew 42.0 percent over the decade (see Table 4). Table 5 shows that current spending per student exceeded the general rate of inflation throughout the entire decade.

Table 4: Current Expenditures, South Umpqua School District, 1991-2001

School Year	Current Expenditures	Percentage Change	
		From 1990-1991	From previous year
1990-1991	8,813,593		
1991-1992	9,616,533	9.1	9.1
1992-1993	10,706,320	21.5	11.3
1993-1994	10,737,931	21.8	0.3
1994-1995	10,891,490	23.6	1.4
1995-1996	10,925,100	24.0	0.3
1996-1997	11,414,334	29.5	4.5
1997-1998	11,582,639	31.4	1.5
1998-1999	12,376,338	40.4	6.9
1999-2000	12,553,670	42.4	1.4
2000-2001	12,516,400	42.0	-0.3

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 5: Current Expenditures per ADMr, South Umpqua 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	4,246		
1991-1992	4,714	11.0	3.0
1992-1993	5,215	22.8	6.1
1993-1994	5,304	24.9	8.8
1994-1995	5,536	30.4	11.9
1995-1996	5,458	28.6	15.2
1996-1997	5,630	32.6	17.8
1997-1998	5,902	39.0	19.7
1998-1999	6,539	54.0	22.3
1999-2000	6,625	56.0	26.4
2000-2001	6,855	61.4	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 here.

Table 6 shows that instructional spending per student on regular programs increased from \$2,219 to \$2,962 during 1991-2001. Spending on regular instructional program exceeded the rate of inflation until the 1999-00 school year, when spending per ADMr declined to 1999 levels. Compared to 1991 expenditures, instructional spending per student kept pace with inflation, growing 33.4 percent, slightly exceeding the 30.0 percent growth in inflation during the same time period.

Table 6: Expenditures on Regular Instruction per ADMr, South Umpqua 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	2,219		
1991-1992	2,425	9.2	3.0
1992-1993	2,593	16.8	6.1
1993-1994	2,662	19.9	8.8
1994-1995	2,736	23.3	11.9
1995-1996	2,694	21.4	15.2
1996-1997	2,785	25.5	17.8
1997-1998	2,835	27.7	19.7
1998-1999	3,143	41.6	22.3
1999-2000	2,947	32.8	26.4
2000-2001	2,962	33.4	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

Table 7 shows expenditures for special education rose steadily since throughout the decade. Measured across all district students—regardless of whether they actually received special education services—expenditures increased from \$370 per district student in 1991 to \$970 per student in 2001, an increase of 162.5 percent. Expressed differently, special education represented 8.7 percent of current expenditures in 1991, and in 2001, it represented 13.2 percent of current expenditures.

District officials at South Umpqua School District reported that the number of special education students has steadily risen over the decade. The proportion of special education students relative to the total student population has risen, because the total student population has declined. In 2001, 15.8 percent of the student body qualified for special education programs. The State provides special education funding for up to 11 percent of the student body.

Table 7: Expenditures on Special Education Instruction per ADMr, South Umpqua 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	370		
1991-1992	437	18.1	3.0
1992-1993	478	29.4	6.1
1993-1994	530	43.3	8.8
1994-1995	609	64.8	11.9
1995-1996	613	65.9	15.2
1996-1997	696	88.2	17.8
1997-1998	741	100.5	19.7
1998-1999	862	133.2	22.3
1999-2000	962	160.2	26.4
2000-2001	970	162.5	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

SALARIES AND BENEFITS

Spending per student on staff salaries and benefits exceeded inflation during the 1990s. Since 1991, inflation grew 30.0 percent, while salaries and benefits grew 63.0 percent. In 1996, salaries and benefits per ADMr declined slightly from the previous year, but recovered in the following year. In 2001, salaries and benefits per ADMr declined slightly from 2000.

In an attempt to slow the category's growth, the District has imposed a cap on employee health benefits. All staff now pay a portion of their own health insurance costs.

Table 8: Salaries and Benefits per ADMr, South Umpqua, 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	3,400		
1991-1992	3,801	11.8	3.0
1992-1993	4,155	22.2	6.1
1993-1994	4,350	28.0	8.8
1994-1995	4,479	31.7	11.9
1995-1996	4,432	30.4	15.2
1996-1997	4,565	34.3	17.8
1997-1998	4,923	44.8	19.7
1998-1999	5,302	56.0	22.3
1999-2000	5,549	63.2	26.4
2000-2001	5,540	63.0	30.0

Source: ECONorthwest calculated from Oregon Department of Education data.

District contributions to PERS have increased. The District pays the employees' contribution, adding to overall costs for benefits.

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 9.4 full-time equivalent staff members, or four percent. During the same time period, the number of students declined by 141, or seven percent. The bulk of the staff increase was in the form of educational assistants and student support staff.

The District reduced the number of teachers across categories. The number of kindergarten teachers decreased by one staff member, a 20 percent cut. The number of teachers of ungraded classes declined by 12 teachers, a 37 percent decrease. The number of educational assistants rose by 14, a 41 percent increase. District officials report that they have blended classes at the elementary level. Many classes include two grades, to economize on teaching staff and to keep class size low. As teaching staff declined, so did student enrollment, keeping the student-instructor ratio relatively constant, decreasing from 12.7 students per instructor to 12.2.

Student service staff shrank in many categories, including guidance counselors at the elementary and secondary levels, librarians, district administrators, and administrative support staff. Library and media support staff grew by 1.9 FTE, and student support staff grew by 8.0 FTE.

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, South Umpqua 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
Kindergarten Teachers	5.0	4.0	-1.0
Elementary Teachers	54.5	51.5	-3.0
Secondary Teachers	25.0	25.0	0.0
Teachers of Ungraded Classes	32.5	20.5	-12.0
Educational Assistants	34.0	48.0	14.0
Instructional Coordinators and Supervisors	3.5	1.0	-2.5
Subtotal	154.5	150.0	-4.5
Student -Instructor Ratio	12.7	12.2	-0.6
Student Service Staff			
Elementary Guidance	4.0	3.0	-1.0
Secondary Guidance	4.0	2.5	-1.5
Librarians/Media Specialists	3.0	1.0	-2.0
Library and Media Support Staff	4.1	6.0	1.9
District Administrators	5.5	4.0	-1.5
District Support Staff	7.0	7.0	0.0
School Administrators	8.0	8.0	0.0
School Administrative Support Staff	12.0	10.5	-1.5
Student Support Staff	0.0	8.0	8.0
All Other Support Staff	30.5	42.0	11.5
Subtotal Student Service Staff	78.1	92.0	13.9
Student-Service Staff Ratio	25.2	19.8	-5.3
Total District Staff	232.6	242.0	9.4
Student-Total Staff Ratio	8.5	7.5	-0.9
ADMr	1,967.4	1,826.0	-141.4

Source: ECONorthwest calculated using Oregon Department of Education Data.

District officials listed a number of courses and activities that were offered in 1991 but are no longer available today or are available at greatly reduced levels. The District has lost choir throughout the whole district, and the vocal music program at the elementary level. Foreign language programs have been reduced, and the High School no longer offers drama, counseling support, a speech therapist, elementary school physical education programs, and music programs have been reduced. Fees for field trips have increased, placing financial burden on the students. Fees for sports have grown, but it is strongly supported by community booster club.

FINDINGS

The key findings for the District are:

- The District enrollment is declining.
- Revenue from federal forest fees have declined by about \$500,000.
- Total and current spending per student was exceeded inflation over the decade.
- The District's increase in instructional spending per student equaled inflation over the decade.
- The District's increase in special education instruction spending per student grew 163 percent over the decade, greatly exceeding inflation.
- The District's increase in salaries and benefits per student exceeded inflation over the decade.
- The District has reduced the number of licensed teachers, and increased the number of teaching assistants.