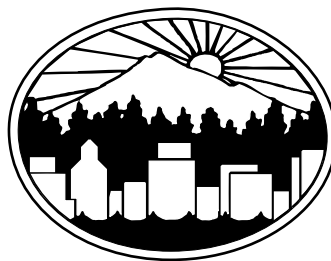


Oregon K-12 Revenue and Expenditures, 1990-2001

by Richard Leonetti
and
Nick Weller

September 2002



Cascade Policy Institute

813 SW Alder Street, Suite 450

Portland, OR 97205

Phone - (503) 242-0900 Fax - (503)242-3822

www.CascadePolicy.org

About the Authors

Richard Leonetti is a researcher with Oregon Tax Research. Nick Weller is education policy analyst for Cascade Policy Institute.

Acknowledgements

For the research of this report we benefitted greatly from the assistance of Brian Reeder and Tom Tinkler at the Oregon Department of Education, Heidi Franklin of Portland Public Schools, and Tony Rufolo Ph.D., of Portland State University. These individuals were invaluable in providing information and data for this report, but are not responsible for the content contained within.

About Cascade Policy Institute

Founded in 1991, Cascade Policy Institute is Oregon's premier policy research center. Cascade's mission is to explore and promote public policy alternatives that foster individual liberty, personal responsibility and economic opportunity. To that end the Institute publishes policy studies, provides public speakers, organizes community forums and sponsors educational programs. Focusing on state and local issues, Cascade offers practical, innovative solutions for policy makers, the media and concerned citizens.

Cascade Policy Institute is a tax-exempt educational organization as defined under IRS code 501(c)(3). Cascade neither solicits nor accepts government funding, and is supported by individual, foundation, and corporate contributions. Nothing appearing in this document is to be construed as necessarily representing the views of Cascade, or as an attempt to aid or hinder the passage of any bill before any legislative body. The views expressed herein are the authors' own.

Copyright © 2002 by Cascade Policy Institute. All rights reserved.

Contents

About the Authors 2
Acknowledgements 2
About Cascade Policy Institute 2
Introduction 4
Key Findings 4
Measure 5 and equalization 5
Overview of education spending 6
Changes in school district borrowing 7
Categories of education spending..... 8
School staffing 9
Pupil to staff ratios 10
Teacher Salaries 11
Employee Benefits 12
Education spending and teacher compensation 13
Spending categories of interest 14
Methodology 17
Adjusting for inflation 19
Footnotes 20

Introduction

Education spending is the single largest item in the state budget and it attracts considerable attention from Oregonians. Unfortunately, this concern has not translated into consistent data about revenues or expenditures. To help clarify education debates this study provides an overview of education revenue and expenditures for the past decade, as well as investigates specific spending areas.

The numbers about education spending are often not cut and dry, and can be difficult to obtain and understand, as well as often requiring interpretation to make them comprehensible. For this reason we invite feedback from readers to help shed additional light on this topic. To contact us please email info@cascadepolicy.org or call (503)242-0900.

Key Findings

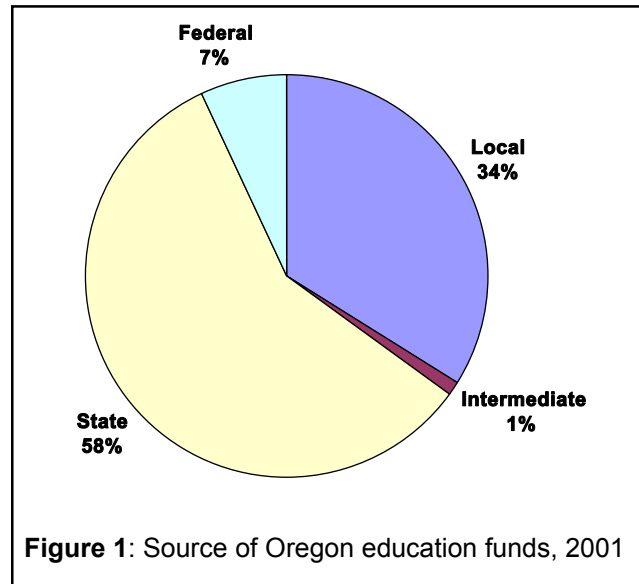
The analysis of Oregon K-12 education spending revealed a number of important findings.

1. Audited per pupil spending for 2000-01 in Oregon K-12 schools was \$8,794 adjusted to 2000 dollars. This represents an 8 percent increase over 1990-91, after adjusting for inflation and student enrollment. During the same time period revenues rose three percent.
2. The Average Daily Membership in Oregon schools grew 12.9 percent between 1990-91 and 2000-01 from 462,042 to 521,703.
3. School districts are borrowing more money now than in previous years for capital expenditures. From 1990-2001 net borrowing totaled \$2.56 billion and capital expenditures were \$2.86 billion.
4. Measure 5 appears to have slowed the growth in education revenue. Although it was not possible to find exact data from the 1980s, to the extent that growth in teacher salaries serves as a proxy for overall education spending they indicate that spending grew more rapidly in the 1980s than the 1990s.
6. Spending for special programs such as disabilities education, English as a Second Language (ESL) and Title I for low-income children grew throughout the past decade. In 1990-01 the programs accounted for \$625 on a per pupil basis and \$1,132 in 2000-01. Between 1990-91 and 1999-00 the number of students diagnosed with special needs grew from 10.9 percent to 13.1 percent of ADMr. Students in ESL programs grew from 2.5 to 7.0 percent between 1993-94 and 2000-01.
6. In 2000-01 per pupil, inflation adjusted spending in the Portland School District was \$11,124, which is 23 percent higher than the statewide, per pupil expenditure of \$8,794. In 1990-91 the Portland School District spent in inflation adjusted dollars \$10,233 per pupil compared to the state average of \$8,119.
7. The Oregon Department of Education compiles most of this data in some form, but they do not publish figures in a form that reveals per pupil spending and statewide expenditures. More revealing, timely and useful data comparisons would be a valuable service to policy makers and public stakeholders.
8. The figures in this report do not include the budget of the Oregon Department of Education, the costs of tax collection and distribution, and other related administrative costs.

Measure 5 and equalization

Measure 5 was a citizen initiative passed by Oregon voters in November 1990 to limit property tax rates. The initiative capped property tax rates and in some areas actually reduced property taxes, which had been the primary source of K-12 education funds. The law obligated the legislature to offset reductions realized by school districts.

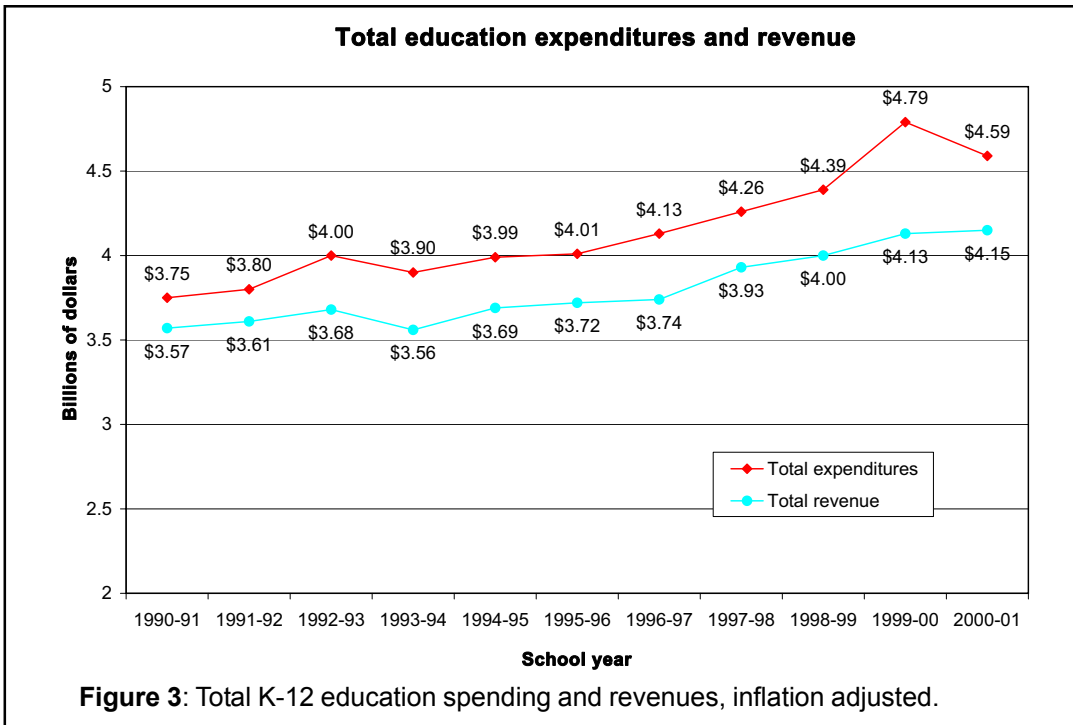
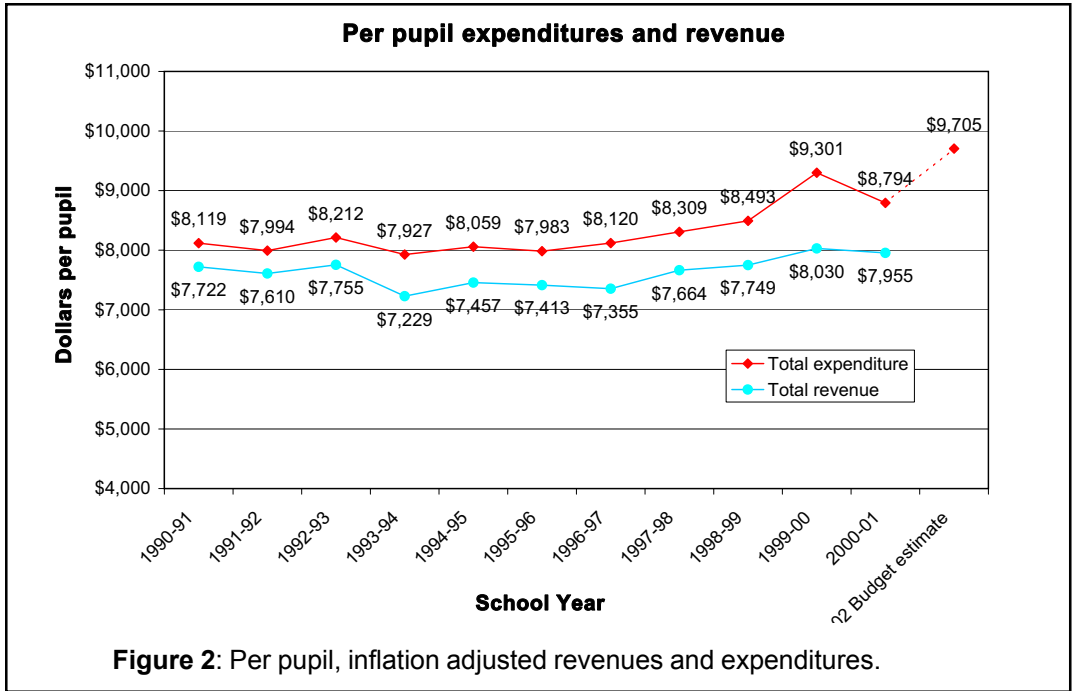
As property tax limits were phased in, the state began to increase its share of funding for K-12 education using income tax and lottery revenue. In 1990-91 property taxes supplied 66 percent of school funds and the state only 25 percent. Ten years later in 2000-01, property taxes provided 34 percent and the state 57 percent. The federal government supplied 7 percent of the funds. The intermediate category includes money from private donations, foundations and other sources.



During the time period Measure 5 was being implemented, the Oregon legislature enacted funding equalization to create a more level financial playing field among districts. Revenue is now distributed based on a complex formula designed to provide equal per pupil funds to all districts after adjusting for variables in facilities, transportation, local revenue and student characteristics. The obvious result of equalization is to reduce the spending of high expenditure districts while increasing the revenue available to districts historically below the state average.

Overview of education spending

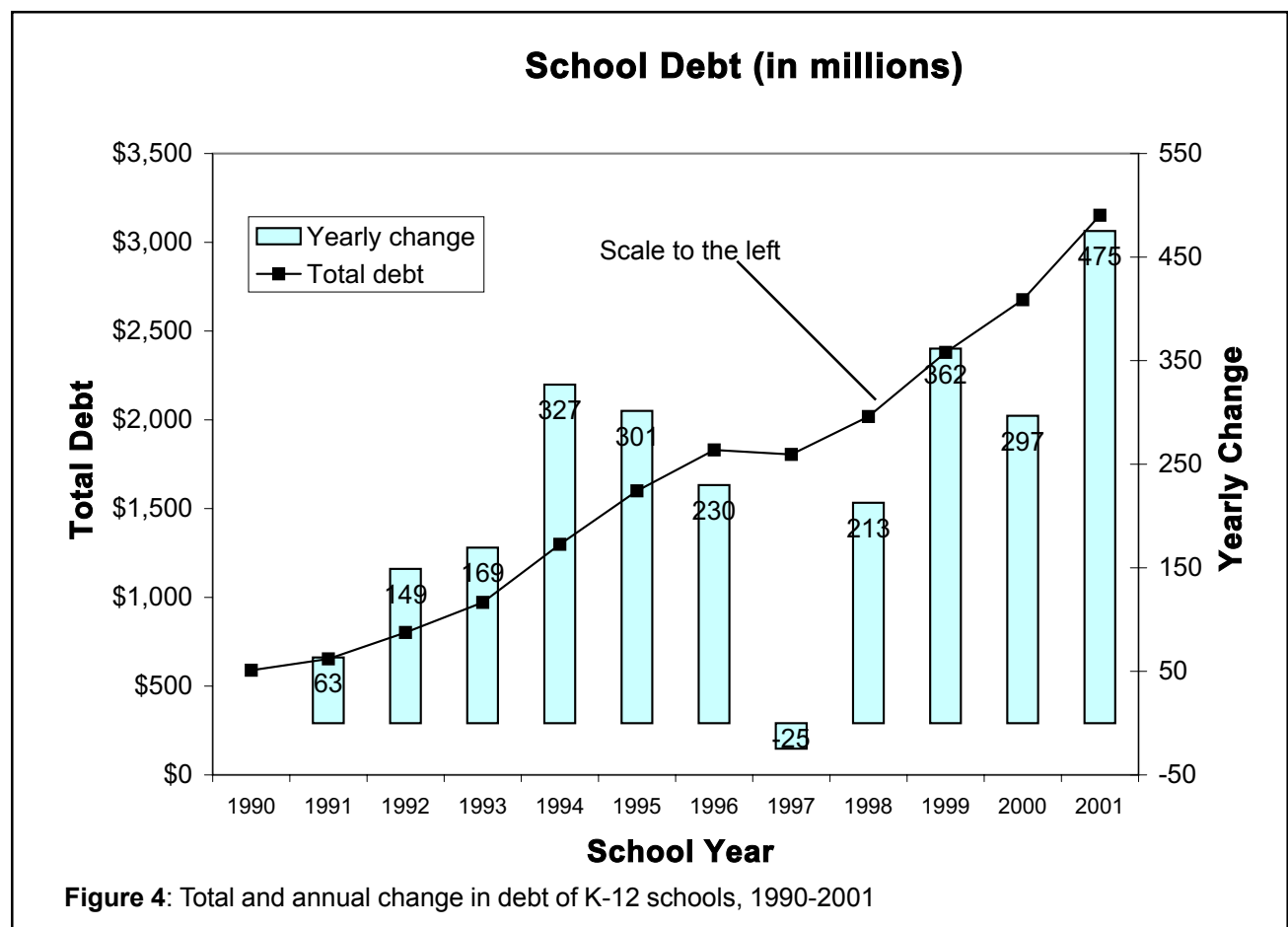
In 2000-01 the total spent by Oregon government K-12 schools was \$4.59 billion or \$8,794 per pupil inflation adjusted to 2000 dollars.¹ Final audited expenditures from 1990-91 to 2000-01 reveal that spending per student, adjusted for inflation, remained relatively constant from 1990 to 1996 and then rose in the last five years. Revising budgeted numbers downward to reflect historical differences between budgeted and actual spending, expenditures in 2001-02 will total just over \$5 billion or \$9,705 per pupil.²



Changes in school district borrowing

A particularly noteworthy change in the last decade has been the growing difference between expenditures and revenue shown in Figure 3. In 1990-01 expenditures were \$397 more per student than revenue. By 2000-01 the discrepancy had grown to \$839 per pupil. One way that expenditures can exceed revenue is through increases in borrowing, which school districts have done throughout the past decade. Given the complexity of school financing there may be other explanations for the gap between revenue and expenditures and anyone with ideas or information is encouraged to contact Cascade.

Figure 4 shows that \$600 million in total debt in 1990 has grown to over \$3 billion in 2001. Net borrowing during the same time period totaled \$2.56 billion and capital expenditures were \$2.86 billion. Data for the 1980s could not be located, but from the total debt figure of 1990 it appears that borrowing was taking place, although to a far less degree than in the 1990s. The exact uses of this borrowing are still unclear.



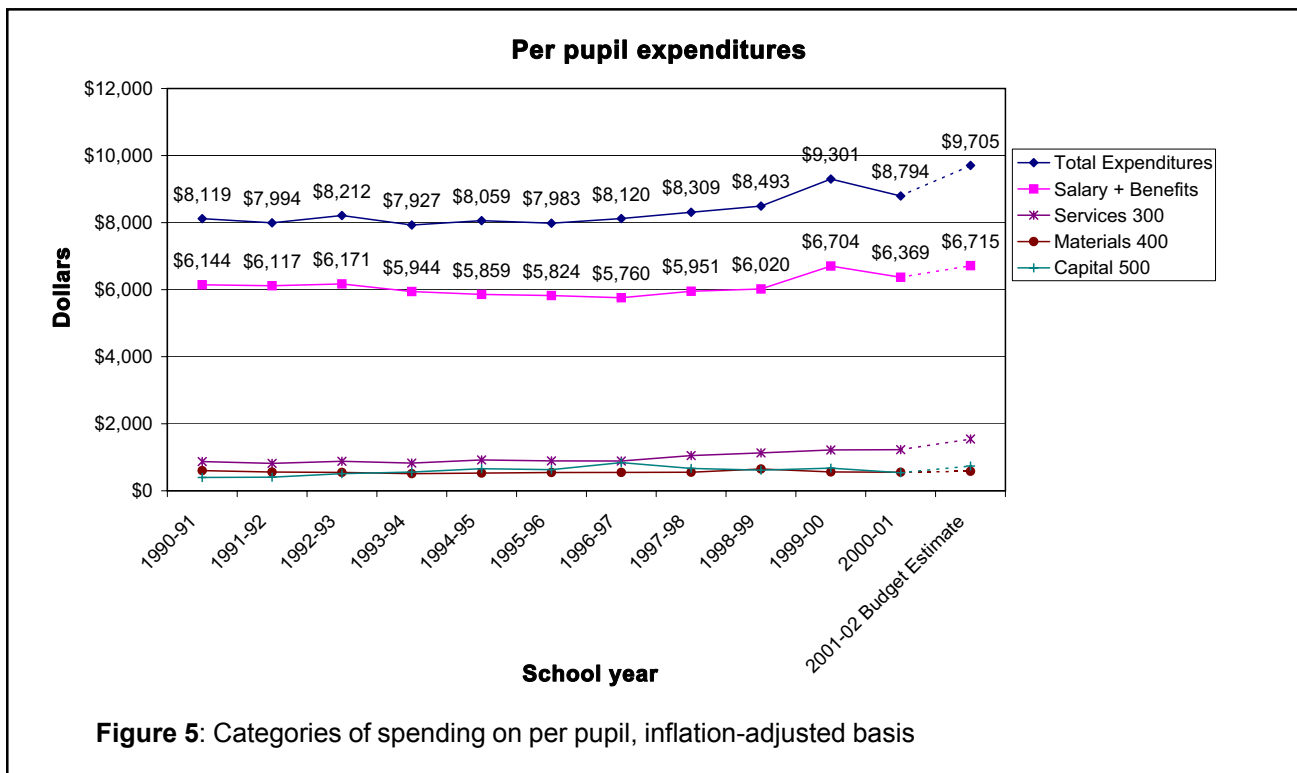
Categories of education spending

A breakdown of various spending categories on a per pupil basis appears in Figure 5. By far the largest portion of school expenditures goes to salaries and benefits, although during the last decade they declined as a percentage of overall spending. Since reductions in 1994-95, the percentage of salary and benefits has hovered around 72 percent of overall expenditures.

Small by comparison, purchased services are the next largest expenditure and have been growing over the last five years. This category includes items such as travel, professional services, property services, printing and other purchased services.

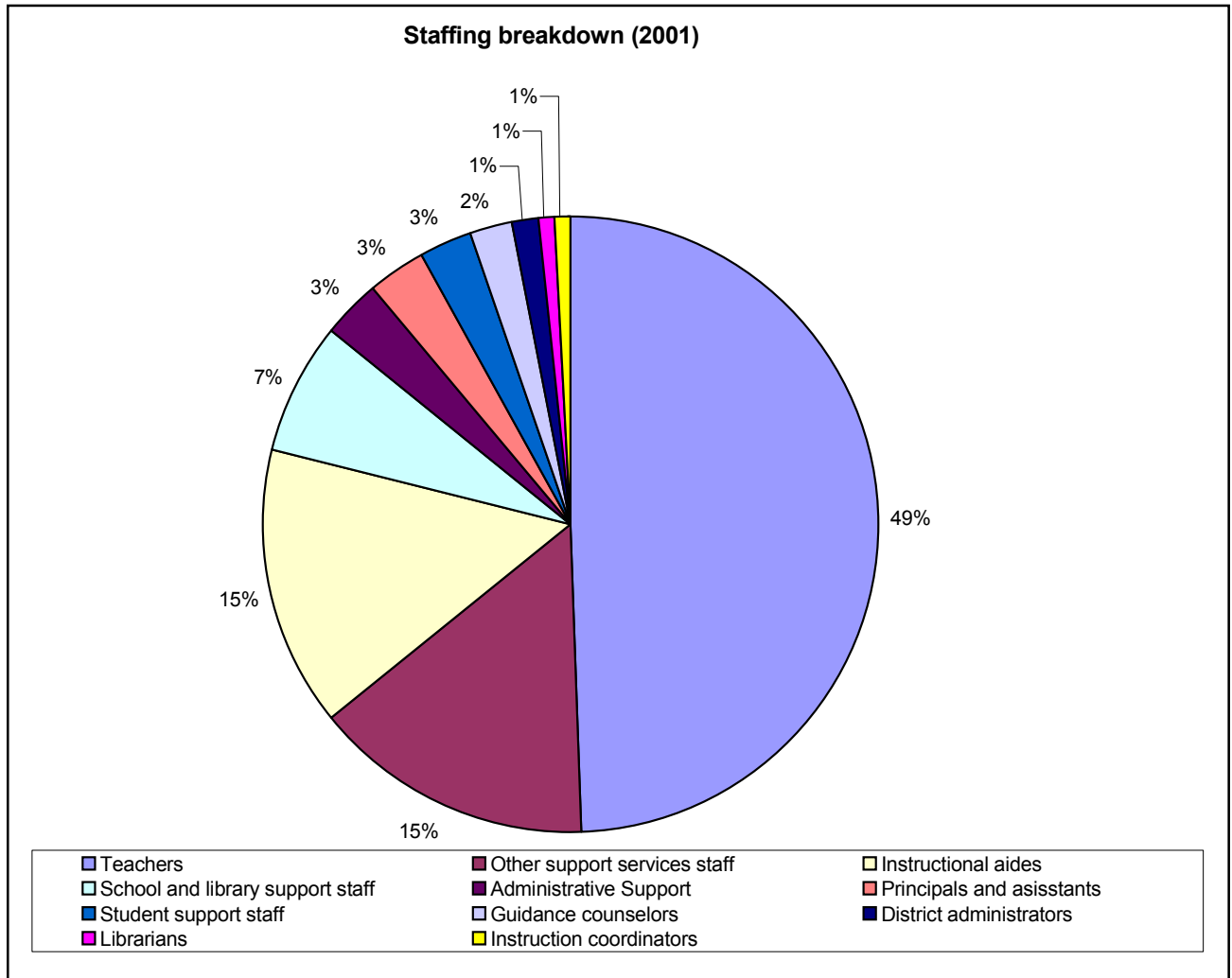
Capital expenditures were relatively stable throughout the past decade. To avoid double counting such expenses, which often occurs when looking at capital expenses within government budgets, one must either count capital expenditure or the resulting debt service, but not both. The choice made here was to count capital spending, because current school boards and superintendents control this expenditure whereas debt service results from decisions made by earlier officials.

Other components of per pupil expenditures, some of which are included in salaries and benefits and other categories, will be specifically addressed later in the report.



School staffing

Education is a people intensive business and significant attention is paid to the make up of education staff. Slightly fewer than one-half the people employed by school districts are certified teachers, although not all of them work in classrooms. Of total school district personnel, instructional aides comprise 15 percent and the rest of the in-school staff is 13 percent. In-school staff comprises 77 percent of the total staff employed by school districts. Another 17.6 percent of total employees are support staff and 5.4 percent work at the district level.



Pupil to staff ratios

The ratios of students to teachers and students to other categories of school staff have remained basically flat over the 1992-2001 period, as shown in Figure 6. If class sizes are increasing, as anecdotal evidence suggests, then more teachers may be working one on one, with small groups of students, or in

non-classroom roles. Another possible explanation is that some age groups contain “bubbles” of more students than the years before or after them. These anomalies can cause temporary increases in class size. These factors may explain how average class size can increase even as student to teacher ratios remain constant.

Between 1992 and 2001 the number of school districts in the state was reduced from 277 to 198 as a result of legislatively-mandated school district consolidation. One purpose of the law was to reduce administrative expenses through greater economies of scale. Throughout the 1990s the number of students to central office staff varied but, as Figure 7 shows, at the end of the decade there was more central office staff per pupil than at the beginning. It appears from the data that the largest growth in this area occurred in support staff, perhaps as an attempt to reduce the number of administrators, while maintaining workload.

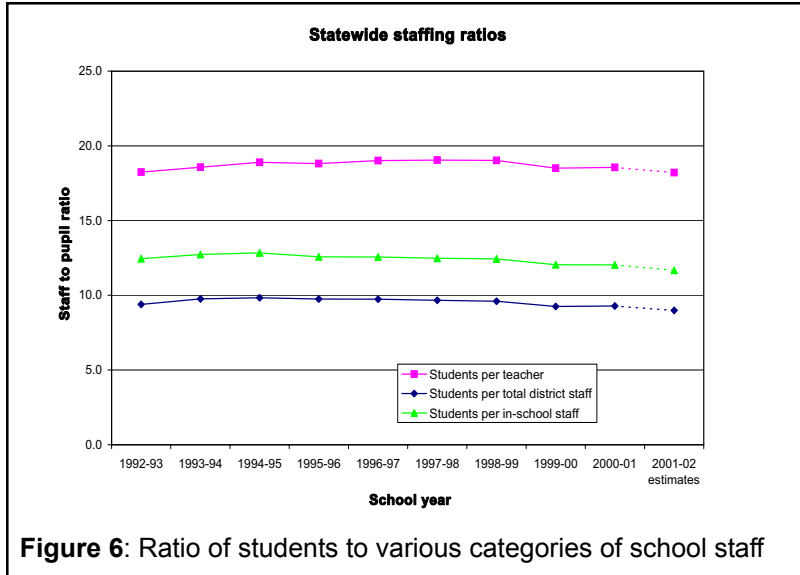


Figure 6: Ratio of students to various categories of school staff

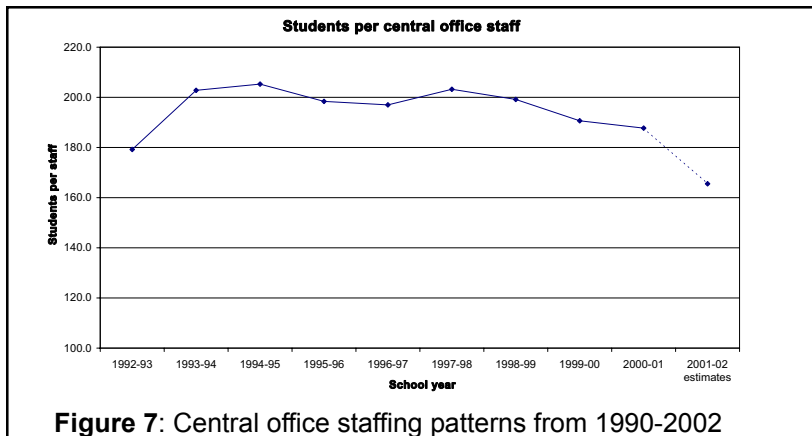


Figure 7: Central office staffing patterns from 1990-2002

Teacher Salaries

Teacher compensation is a major component of education spending and there is much attention paid to it by the Oregon Education Association and media. According to the National Center for Education Statistics, Oregon teacher salaries rank 12th highest in the nation, and the National Education Association places Oregon teachers 13th highest.

Average salaries for Oregon teachers are shown in Figure 8. In the 1980s, teacher salaries and statewide personal income both grew at 6 percent per year. During the 1990s growth slowed to an average of 3.44 percent per year for teacher salaries while Oregon per capita personal income grew at 4.25 percent per year.

On a CPI adjusted basis salaries increased in the first three years after Measure 5 and recently returned to 1990-91 levels. Because teachers are largely paid based on experience and education, these numbers vary with the average experience level of teachers in the state, and during the last half of the 1990s many teachers near retirement stopped teaching either to take advantage of early retirement incentives from school districts or a highly

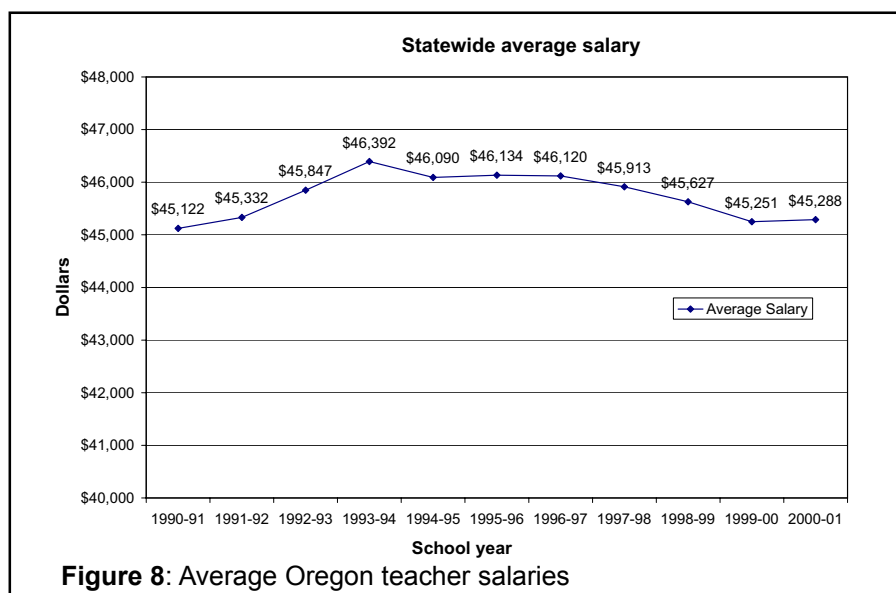


Figure 8: Average Oregon teacher salaries

valued stock market that increased retirement benefits. A younger workforce may account for the decline in average salaries of the past few years.

Furthermore, the average has little relationship to compensation for individual teachers. Teacher contracts contain annual Cost of Living Adjustments (COLA) of between two and three percent, and step increases based on years of experience. Additionally, every 15 credit hours of education moves a teacher into a higher pay column on the salary schedule. This means that a teacher can expect his salary to increase by five to seven percent each year until reaching the top salary bracket. A brief snapshot of the Portland school district's salary schedule is shown below. The numbers are different in each district, but consistently the top salary is about twice the base salary. The figures reported from the salary schedule do not include benefits or compensation for extra duties such as coaching or working with extracurricular activities.

Employee Benefits

	1998-99	1999-00	2000-01	2001-02
Lowest base salary (BA only)	\$26,545	\$27,076	\$27,888	\$28,725
Highest base salary (MA +45 course hours)	\$55,788	\$56,906	\$58,612	\$60,371

Figure 9: Minimum and maximum base salaries for teachers in the Portland School District.

A focus solely on teacher salaries ignores a significant part of total compensation because it fails to account for benefits that typically add 40 percent to compensation.³ The most significant benefits include: health insurance, retirement benefits and vacation. During the 2001-02 school year, districts in Oregon contributed between \$400 and \$901 per teacher, per month to health insurance plans. The average employer contribution was \$561 and in more than 70 percent of the districts the average employee contribution was less than \$100 per month.⁴

Teachers are members of the state Public Employees Retirement System (PERS). Government employees hired before 1996 have the unique benefit of a retirement plan that guarantees an 8 percent return on money invested in PERS or a retirement salary based on years employed and salary at the time of retirement, whichever is higher. There are also significant numbers of recent retirees who receive benefits that equal or exceed the highest salary they made while working. As a result of numerous factors, PERS is currently \$8.5 billion underfunded and local governments, including school districts, will likely devote an increasing percentage of their budgets to paying retirement benefits.⁵

Teachers also receive a significant number of paid holidays and vacation. Most teachers receive 69 paid vacation days, or 13.8 workweeks. Alternatively, one can consider summer vacation unpaid time in which case the annual salary should be considered payment for 9.5 months of work. For 10-year employees of large private employers the average paid holiday and vacation is only 26 days, or 5.2 weeks.⁴

It is difficult to compare benefits between the government and private sector, but there is some data available to shed light on the differences. On average, employees of private firms do not receive benefits comparable to government school teachers. In 2000, 52 percent of employees in private industry participated in medical care plans. Of that 52 percent, premiums were fully paid by the employer for 32 percent of those with single coverage plans and 19 percent of those with family coverage. The majority of medical care plan participants were required to contribute a flat monthly amount, averaging \$54.40 for single coverage and \$179.75 for family coverage.⁶ Employer-related retirement benefits were available to 55 percent of employees, with 19 percent in defined benefit plans, 36 percent in defined contribution plans and about seven percent in both.

Education spending and teacher compensation

Teachers receive a significant share of total education spending, but much money is also spent on other areas. One interesting comparison is the percentage of total education expenditures devoted to teacher salary and benefits.⁷ Average salary and benefits for an Oregon teacher are about \$63,000 per year. The average student to teacher ratio is 20:1, placing the average cost per pupil at about \$3,100. With total per pupil expenditures at \$8,794 teacher costs are about 36 percent of spending. The same calculation is performed for each year of the past 11 years.

	1990--91	1991--92	1992--93	1993--94	1994--95	1995--96	1996--97	1997--98	1999--98	1999--00	2000--01
Teacher compensation as percent of spending	39	40	39	41	40	40	40	39	38	34	36

Another interesting comparison is average teacher salaries across similar geographic areas. Considerable variations exist even between districts located very close to each other. It is possible that this is due to differences in the experience level of teachers, but it may reflect different salary schedules or some other component. Further study could reveal why the cost per teacher is so different from district to district.

District	2000-01 Average Salary	1990-91 Average Salary	10 year change (unadjusted)	District	2000-01 Average Salary	1990-91 Average Salary	10 year change (unadjusted)
Beaverton	43,804	34,169	28%	Phoenix/Talent	45,429	33,746	35%
Hillsboro	46,090	31,901	44%	Ashland	46,908	33,230	41%
Tigard	51,744	33,100	56%	Central Point	48,670	33,494	45%
Difference within group	18%			Medford	50,080	33,907	48%
				Difference within group	10%		
Riverdale	45,110	34,985	29%				
David Douglas	45,682	34,986	40%	Tillamook	39,164	27,413	43%
Centennial	47,055	35,145	34%	Lincoln County	44,774	32,592	37%
Portland	50,941	34,421	48%	Difference within group	14%		
Difference within group	20%						
Junction City	44,208	32,546	36%				
Fern Ridge	46,712	31,298	49%				
Eugene	48,856	36,915	32%				
Corvallis	46,574	not reported					
Difference within group	10%						
State average	45,288	32,295	40%				

Spending categories of interest

Spending for commonly referenced programs is shown in Figure 10. For ease of comparison, these spending categories have been averaged across the same resident Average Daily Membership (ADM_r) figure used throughout the report, even though programs such as special education, English as a Second Language and food service benefit smaller groups of students.

Approximately 37 percent of Oregon children are eligible for free or reduced-price lunches and school districts appear to be successful in controlling the costs of this program on a per pupil, inflation adjusted basis.

Acquisitions, construction and maintenance grew over the last ten years. They total \$1,300 per student in 2000-01 up from \$750 in 1990-91, as shown in Figure 10. Even as these amounts grow there are public complaints about deteriorating buildings and poor maintenance. As districts spread fewer dollars (if enrollment drops) over a stable number of buildings, less is available per building, which may explain potential lapses in maintenance. More in-depth study could address how schools with declining enrollment deal with capital stock.

In Figure 10 the special programs category demonstrates significant growth during the past decade. Included in this spending category are expenditures for all special education programs, ESL, and Title I for low-income students. Spending in these categories has grown 67 percent from 7.7 percent of school spending in 1990-91 to 12.8 percent for 2000-01. The majority of this spending is for special needs, not ESL or Title 1. From 1990-91 to 1999-00 students diagnosed with special needs grew from 10.9 percent to 13.1 percent of total ADM_r. ESL students grew from 2.5 percent to 7 percent of total ADM_r between 1993-94 and 2000-01.

Greater details about special education are further explained in the attached chart. Increases in autism, traumatic brain injury and health impairment are particularly dramatic in their annual growth, but the number of students in these categories began the decade at such a small number that even after rapid annual growth the total number of students is relatively small. Specific learning disabilities account for half of special needs students and 40 percent of the growth in special education during the 1990s.

The financial structure of special needs programs may create perverse incentives for some districts and parents that increase the number of students qualifying for these services. For more about this see “ADM_w is not useful for spending comparisons” in the Methodology section.

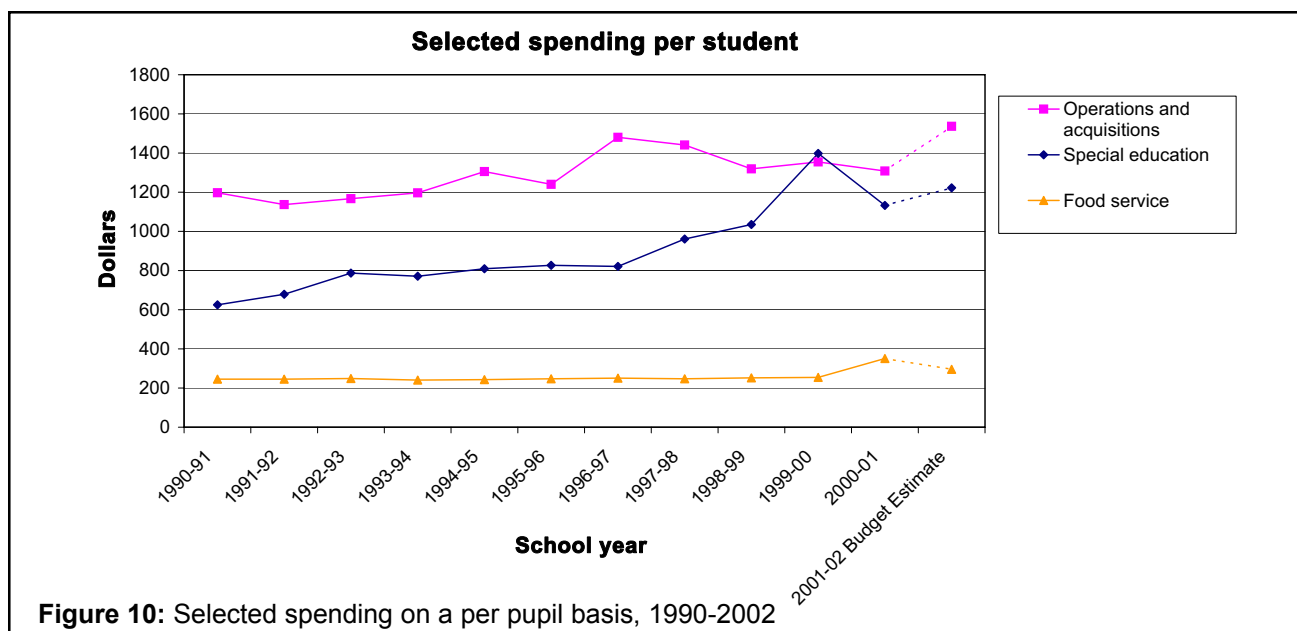


Figure 10: Selected spending on a per pupil basis, 1990-2002

The case of Portland

This study looked at the Portland school district in greater detail for two major reasons. First, it is the largest district with 9.3 percent of the state ADMr. Second, to see how Portland, one of the high spending districts in 1990, coped with funding equalization.

In 1990-91 Portland spending per student was 25 percent or \$2,114 higher than state per pupil spending

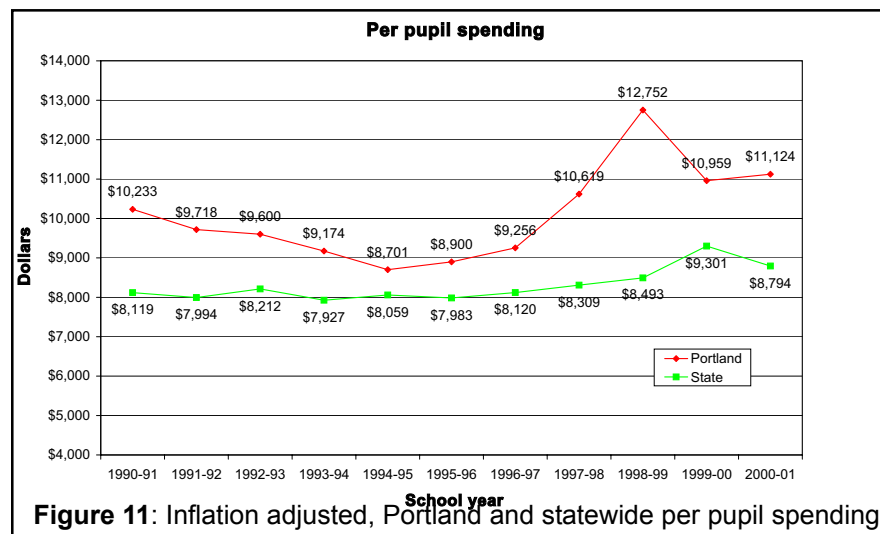


Figure 11: Inflation adjusted, Portland and statewide per pupil spending.

(Figure 11). The spending gap narrowed to about 8 percent or \$642, in 1994-95.⁸ By the last audited year, 2000-01, Portland spent \$2,330, or 26 percent more than the statewide average. The total expenditure numbers for Portland are slightly overstated because the district passes through \$10 million in grant money to other counties as well as a small amount for federal Title I and VI programs to private schools. The \$10 million is only \$206 per student and the Title I and

VI money is even less.

Again, salaries and benefits drive much of Portland's higher costs. The district's employee compensation started out \$1,730 higher per student than the state average in 1990-91 and only came down slightly by 2000-01. These numbers may have come down because the district offered early retirement incentives to many of its more experienced, and therefore more well-paid, teachers. As less experienced teachers enter the field the average salary drops, but the average will climb again as teachers gain experience and move up the salary scale.

Another component is the number of staff. Because of changes in reporting requirements, valid numbers only exist for recent years, but the 2000-01 numbers are telling. The total number of employees adjusted by ADMr is 10 percent higher than state averages. The combination of teachers and teacher aides are the same percentage of total staff as the statewide average.⁹ The data reveal that the number of licensed

staff not in classroom positions is significantly higher in Portland than the statewide average. Compared to state averages, Portland has seven percent more administrators in the schools, 35 percent more administrators at the central office level and seventeen percent more classified staff.

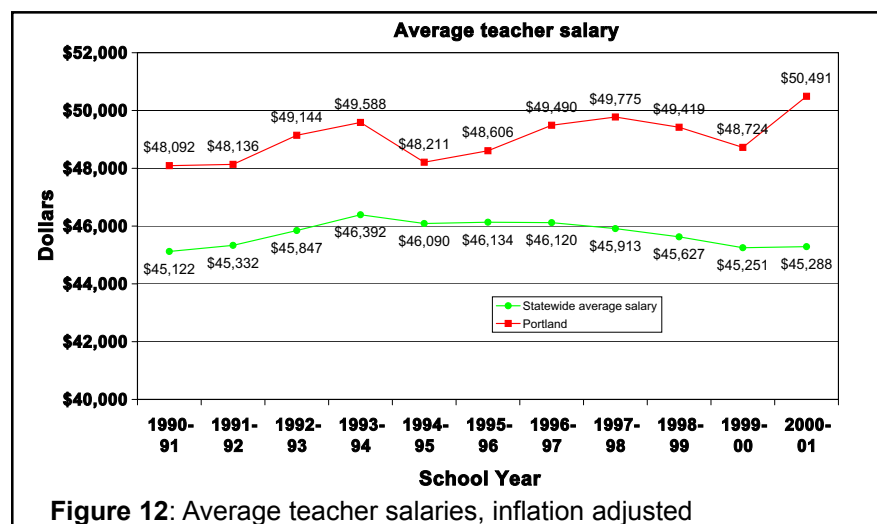


Figure 12: Average teacher salaries, inflation adjusted

The data show Portland has 19.4 students per teacher versus 19.7 for the state based on the October 1, 2001 enrollment figure. Using

ADMr, which adjusts for absences and part-time students, the ratio decreases for both the state and Portland to 18.9 and 17.8, respectively.

Portland initially reacted to equalization by lowering spending but recently spending has climbed back up. In the 1980's statewide teacher salaries rose (in unadjusted dollars) an average of 6.0 percent per year while Portland salaries rose 6.8 percent per year. In the 1990s the statewide average teacher salary went up 3.4 percent per year while Portland teacher salaries rose 3.9 percent per year. Portland's rate of increase was 13 percent faster in the 1980s and 15 percent faster in the 1990s.

Most teachers in Portland are in the upper pay brackets. As of November 2001, 28.5 percent of their teachers earned more than \$60,000 and another 30.3 percent made between \$50,000 and \$60,000, not counting benefits.

Portland's greater spending may also be related to more students in special education, ESL and Title

I. As a percentage of ADMr, Portland has more students falling into these categories than the state average. Total spending for these programs, even when averaged over all the students, grew from an \$440 above the state average in 1990 to \$1,164 greater by the end of the period.

As Figure 14 illustrates, Portland recently made a radical reduction in acquisitions, operations and maintenance. It is not clear why this occurred or what the consequences of the decision will be in to future years.

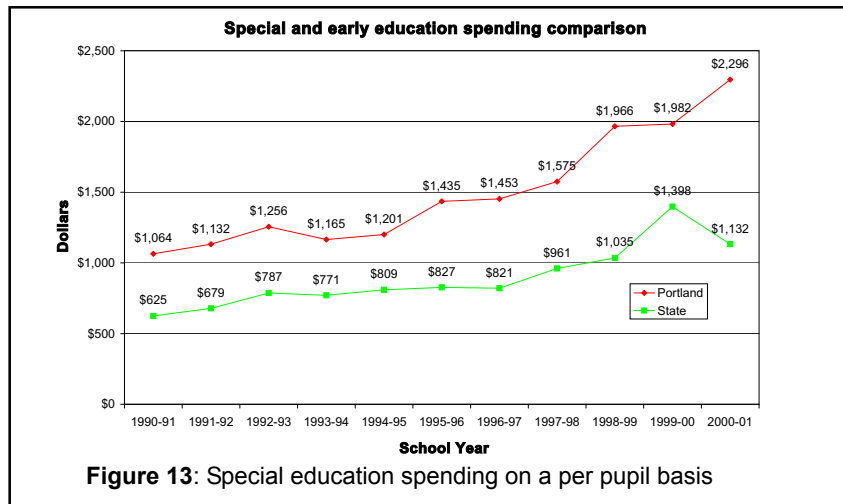


Figure 13: Special education spending on a per pupil basis

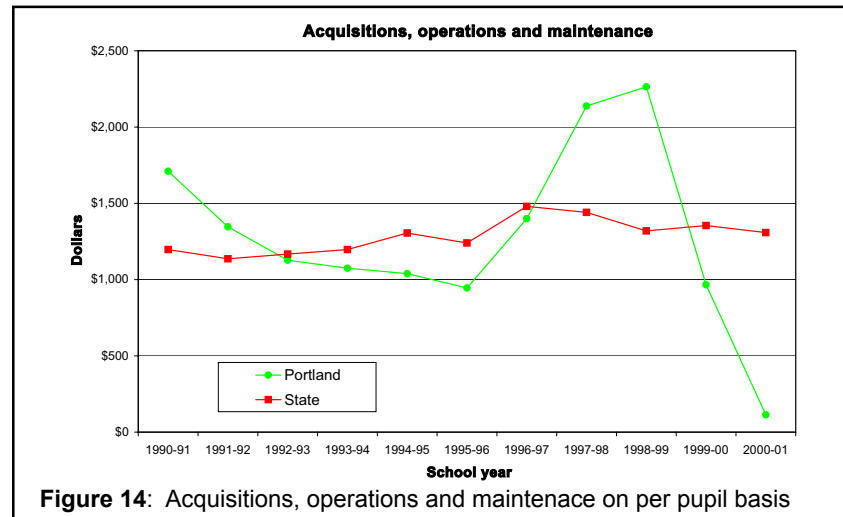


Figure 14: Acquisitions, operations and maintenance on per pupil basis

Methodology

Source for the data

The study looks at total education spending by schools and education service districts over the last 11 years, and includes money from state, local, federal and other sources. The data are based on the Oregon Department of Education's Audited Financial Expenditures. Using total expenditures, not just general fund spending, is important because it most accurately captures the complete taxpayer contribution to education, regardless of how the money is spent.

For 2001-02 the audited figures were not yet available. To make a comparison possible the budgeted numbers for 2001-02 were used, but they were revised downward to reflect a more realistic spending level. Comparisons between budgeted and actual expenditures in recent years revealed that actual spending was consistently about 85 percent of the budgeted numbers. The 2001 budgeted number has been adjusted accordingly. All numbers have been adjusted to reflect inflation and dollar amounts are shown in 2000 dollars.

Student counts

To accurately track school spending it is important to adjust expenditures to reflect the number of students served. Schools track students using three different measures: enrollment, Adjusted Daily Membership of residents (ADMr) and Adjusted Daily Membership weighted (ADMw).

The enrollment number is a simple head count taken on October 1. It is not useful because it counts each student as one person, regardless of the actual amount of time she spends in school. For example a half-day kindergarten student is counted as one, even though she is only in school for part of the day. This number overstates the number of students served by schools.

A more accurate measure is the ADMr, which is similar to calculating Full-Time Equivalent of employees. ADMr is the measure that indicates the average number of students in membership on any given day during the school year, factoring in part-time students, absentees and other attendance related statistics. Throughout this report ADMr is used as the per-pupil figure unless otherwise noted.

Oregon also uses ADMw frequently in school spending calculations. It is based on the ADMr but is adjusted by a complex, changing formula that increases the weight (funding) for small schools and certain categories of students such special needs, English languages learners, students in poverty, teen parents, and neglected and delinquent youth. For example, a student who qualifies for free or reduced lunch increases the ADMr by $\frac{1}{4}$ so that person actually attracts state revenue worth 1.25 students. In the 2000-01 school year 36.7 percent of Oregon students qualified for free or reduced lunch. This adjustment, plus many others, made ADMw 21.5 percent larger than ADMr in 2000-01.

ADMw is not useful for spending comparisons

School revenue is allocated based on the weighted ADM figure, but there are important reasons to be skeptical of its usage. ADMw is not useful for comparisons across time periods, because as accepted definitions of various diseases and disabilities change so do labels attached to students. These labels affect how funds are distributed and changing definitions and terms significantly affect a school's revenue even if very little changes in the actual population. For example, as the understanding of autism changes more children may be diagnosed with such a condition, although the number of autistic students may not actually change.

There is a perverse incentive for parents and administrators to increase special needs diagnoses. Diagnosis with a disability can exempt a child from accountability testing, reduce expectations about academic performance, meet parents' demands, or provide additional help for a struggling child (whether disabled or not).⁹ For parents it creates a legal entitlement to services that do not exist in traditional public education.¹⁰ This incentive can artificially increase the ADMw count.

There are also financial incentives on the part of school districts that may corrupt the ADMw numbers. Districts receive more money if they boost their weighted average, which can be done by increasing the number of students diagnosed with disabilities. Students diagnosed with a special need bring a double allocation of money from the state, about \$10,000, regardless of the diagnosed condition. According to Jay Greene, Ph.D., of the Manhattan Institute this funding method creates odd incentives, “The relatively low cost of treating specific learning disabilities may further incline schools and educators to assign that label, especially if the funds produced by identifying a child with a specific learning disability exceed the cost of providing that student with relatively minimal services.”¹¹

Concern about this backward incentive is becoming more prevalent and was also voiced by Dr. Frank Newman, president of the Education Commission of the States. “To a degree, we’ve created a situation where any troublesome child, it may be financially advantageous and simpler in administrative mechanisms to identify that child as learning disabled. So, now the question is, are we inadvertently creating a whole new category of people who are called learning disabled but who may not be? We know that something is irrational in the system.”¹²

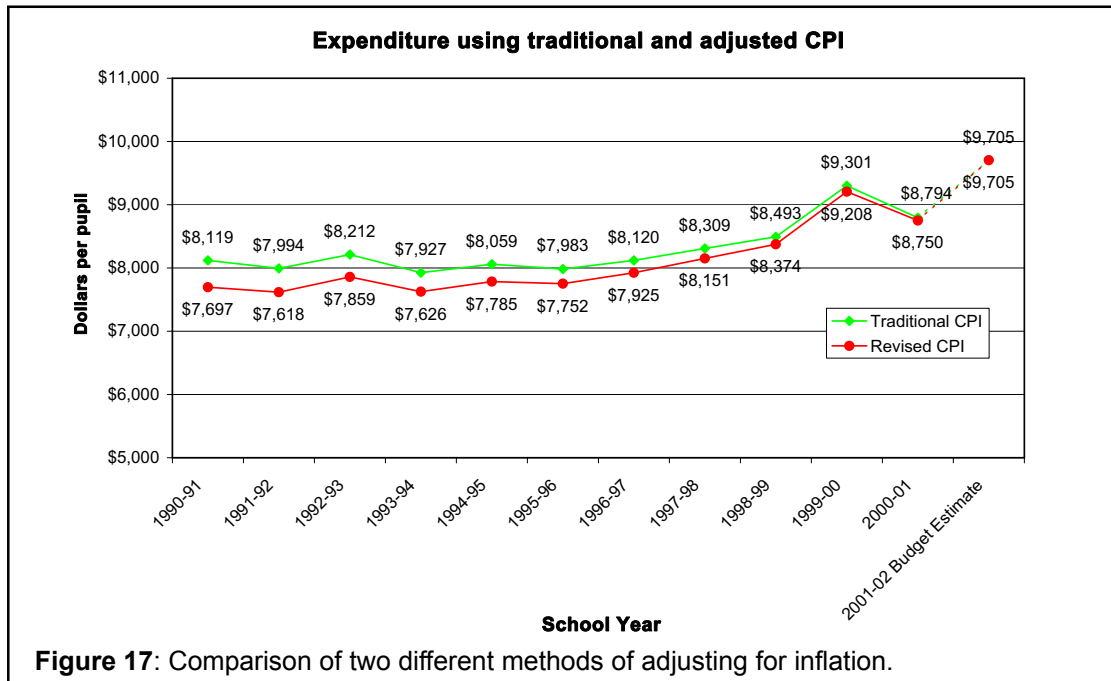
The growth in specific learning disabilities accounts for 41 percent of the overall increase in Oregon’s special education students during the past decade. Other significant increases occurred in health impairment, specific language impairment and autism. Special education data appear below.

Year	Autism	Deaf/Blind	Emotional Disturbance	Hearing Impairment	Mental Retardation	Health Impairment
1990-91	317	15	3,049	1,126	3,627	832
1999-00	2,290	26	4,327	931	4,272	4,301
Percent of special education students	3.4	0	6.4	1.4	6.3	6.4
Average annual change	24.6%	6.3%	4.0%	-2.1%	1.8%	20.0%
Percent of increase in special education students during 1990s	11.4	0.1	7.4	-1.1	3.7	20.0

Year	Specific Learning Disability	Speech/ Language Impairment	Traumatic Brain Injury	Vision Impairment	Total Special Education	Total ADMr
1990-91	26,828	13,283		343	50,290	462,043
1999-00	33,938	16,160	300	314	67,641	514,568
Percent of special education students	50.2	23.9	0.4	0.5		
Average annual change	2.6%	2.2%	30.7%	-1.0%	3.3%	1.2%
Percent of increase in special education students during 1990s	41.0	16.6	1.7	-0.2		

Adjusting for inflation

All spending comparisons have been adjusted for inflation using the traditional Consumer Price Index (CPI). However, one drawback to using this measure is that economists and policy makers recognize that the traditional CPI overstates inflation by $\frac{1}{2}$ to $1\frac{1}{2}$ percent each year.¹³ Figure 17 reveals that revising the annual CPI downward by merely $\frac{1}{2}$ percent makes a dramatic difference in the growth rate of education spending. Both traditional and revised CPI reveal the inescapable fact that Oregon schools receive more revenue and spend more per student now than ten years ago.



Footnotes

1. All numbers have been adjusted to reflect inflation; dollar amounts are shown in 2000 dollars. Student counts are according to Average Daily Membership of residents. See Methodology section for further information about data sources and calculations.
2. Comparisons between recent budgeted and actual education expenditures revealed that the actual numbers were about 85 percent of the budgeted numbers. This figure represents the lesser spending figure.
3. Computed by comparing ratio between salaries and benefits for all school employees
4. Brent Walth, "Soaring price of PERS bludgeons public agencies," *Oregonian*, May 26, 2002
5. Oregon School Board Association, Teacher Salary Survey, 2001-02
6. Employee Benefits in Private Industry, Bureau of Labor Statistics, News Release, July 16, 2002
7. The idea for this comparison comes from David Kirkpatrick of SchoolReformers.com. To read the commentary where he presents the idea see: <http://www.schoolreformers.com/editorials/2002/071002.html>
8. This could overstate the change. In 1994-95 Portland received a credit on the health and welfare account of \$8 million. It could be argued that some earlier years should have been less and 1994-95 actually higher at \$8,891, a \$382 difference. In a similar way Portland sold a piece of property for \$5 million in 1995-96 that if the sale had not occurred would have raised this figure \$115 to \$9,015. This represents part of the problem with determining exact spending figures for districts or the state.
9. Computed from state numbers detailing teacher to student ratio.
10. Jay Greene, *The Education Gadfly*, Fordham Foundation, May 9, 2002,
11. *ibid.*
12. Frank Newman, "What's so special about special education?" *The Merrow Report*, Public Broadcasting Service, May 10, 1996.
13. Brent R. Moulton, "Bias in the Consumer Price Index: What is the evidence?" Bureau of Labor Statistics, October 1996