

Secretary of State AUDIT REPORT

Report No. 2002-45 • Originally Issued December 4, 2002 / Revised Issued December 13, 2002

Oregon Department of Education: Kindergarten Through 12th Grade Cost Survey



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Summary

PURPOSE

The purpose of the audit was to provide information on Oregon's Kindergarten through 12th grade (K-12) spending. We analyzed data from 197 Oregon school districts to show differences in spending patterns among districts. We also provided information on how Oregon's K-12 spending compares to national averages. Our purpose was not to conclude on the reasonableness of spending comparisons. Instead, the audit will provide a basis for future evaluations of K-12 spending.

RESULTS IN BRIEF

In reviewing Oregon K-12 statewide spending, we found the following:

- Oregon schools and school districts are smaller than the national average.
- The size of the school district appeared to heavily influence district spending.
- Oregon historically has spent slightly less per student on instruction than the national average; however, Oregon is above the national average in support services expenditures. There were large variances in the spending for instructional purchased services, student support, and other support services between Oregon and the rest of the nation.*

Due to the volume of detailed data collected during the audit, we will convey detailed information about individual district expenditures to the department in a management letter. The management letter will include the results of our follow up to recommendations in audit Report No. 2000-39, *Department of Education: Database Initiative Project*.

RECOMMENDATION

We recommend that the department examine the reasons for the cost differences in partnership with school districts.

AGENCY RESPONSE

The Oregon Department of Education generally agrees with the recommendation.

* For the purpose of this audit, we opted to use the definitions developed by the U.S. Department of Education National Center for Education Statistics. We would like to note that department officials did not agree with some of the expense classifications used in the report. Specifically, the department felt that two support service sub-categories, "student support services" and "instructional support services", would have been better classified as instructional support services because they represent direct services to students that are closely related to classroom instruction.

Introduction

The Department of Education (department) serves 198 school districts that are responsible for educating elementary and secondary students, and 21 educational service districts that provide districts with expertise and specialized resources. During the 2000-01 school year, Oregon had more than 1,200 public schools providing educational services to approximately 545,000 students enrolled in kindergarten through 12th grade (K-12).

The state is the primary source of education funding. Currently, state funding makes up approximately 70 percent of school general operating revenue for districts serving students in K-12. This has

dramatically increased during the past decade due to the implementation of the Measure 5 property tax limitation, because the state provided less than 30 percent of K-12 education funding, with local funding sources providing the majority of the funds in 1990.

During the 2001-03 biennium, the state will provide approximately \$4.7 billion for K-12 education. The Oregon Legislative Assembly created a formula designed to allocate state and local revenue to school districts so that every district should get the same amount per student, weighted to compensate for unavoidable differences in costs (e.g., transportation, special education). The funds make up most

of a school's general operating revenue.

This informational report is the initial step in examining how much individual Oregon school districts spend on instruction and non-instruction activities. At this time, we do not conclude as to the reasonableness of spending comparisons. This information can be used to identify areas of spending that need to be further examined.

Background

Oregon and National Education Statistics

Overall, it appears that Oregon has consistently spent a slightly lower percentage of dollars on instruction

than the national average, based on data published by the U.S. Department of Education's National Center for Education Statistics (NCES). NCES collects and compares annual data from each state on school district expenditures.

Over a five-year period, from the 1995-96 school year to 1999-2000

school year, Oregon spent an average of 1.9 percent less on instruction than the national average. The most recent statistics, 1999-2000 school year, showed that Oregon's districts spent an average of 59.4 percent of their current operating dollars on instruction compared to the national average of

61.8 percent, a difference of 2.4 percent. Tables 1, 2, and 3 compare Oregon's school spending with national averages for instruction, support services, and non-instruction.

**Table 1: Instruction Spending
Comparison of Oregon's Current Expenditures Per Student For Instruction
With the U.S. Average, by Type of Expenditure
1999-2000 School Year**

Expenditure Category	Oregon Average \$ Per Student	U.S. Average \$ Per Student**	Oregon Spent More or Less than the U.S. Average	Per Student Difference Results in This Much Statewide
Salaries Full and part-time teachers and teacher aides payroll salaries, substitute teachers, classroom assistants, and supplemental amounts for additional duties such as coaching and supervising extracurricular activities	\$2,748	\$3,100	\$352 less	\$192 million less
Benefits Fringe benefits paid to instructional staff including group insurance, social security contributions, retirement contributions, and other fringe benefits such as unused sick leave	\$1,007	\$769	\$238 more	\$130 million more
Supplies General instruction supplies, classroom teaching and audiovisual supplies, textbooks, workbooks, reference books, and periodicals	\$221	\$208	\$13 more	\$7 million more
Purchased Services Purchased professional and technical services of teachers or others who provide instruction to students (e.g., computer-assisted instruction) as well as travel expenses for instructional staff	\$214	\$124	\$90 more	\$49 million more
Other Includes dues and fees paid on behalf of instructional staff for membership in professional or other organizations, tuition paid to other states or to private schools, and miscellaneous expenditures for goods and services	\$54	\$67	\$13 less	\$7 million less
Total Instruction Spending Per Student	\$4,244	\$4,268	\$24 less	\$13 million less

** Excludes Oregon but includes the 49 states and the District of Columbia
Source: NCES, 1999-2000 National Public Education Financial Survey

Table 2: Support Services Spending
Comparison of Oregon's Current Expenditures Per Student For Support Services
With the U.S. Average, by Category of Service
1999-2000 School Year

Category of Service	Oregon Average \$ Per Student	U.S. Average \$ Per Student**	Oregon Spent More or Less than the U.S. Average	Per Student Difference Results in This Much Statewide
Student Support Attendance and social work, guidance, health, speech pathology, audiology, and other student support services	\$429.	\$341.	\$88 more	\$47 million more
Instructional Staff Support Instructional improvement, educational media (library and audiovisual), and other instructional staff support services	\$327.	\$312.	\$15 more	\$8 million more
School-Level Administration Office of the principal, full-time department chairpersons, graduation expenses	\$454.	\$392.	\$62 more	\$34 million more
General-District Level Administration Board of education services and executive administration (e.g., office of the superintendent, community relations services)	\$120.	\$143.	\$23 less	\$12 million less
Business and Other Support Services Business support services (e.g., payroll, purchasing, printing), central support services (e.g., research, development, and evaluation services), and other support services	\$411.	\$215.	\$196 more	\$106 million more
Operation and Maintenance Facilities, equipment, grounds, and vehicle upkeep and repair, and security	\$615.	\$666.	\$51 less	\$27 million less
Student Transportation Conveying students between home and school and trips to school activities, and vehicle operation and maintenance	\$297.	\$277.	\$20 more	\$11 million more
Total Support Services Spending Per Student*	\$2,653	\$2,346	\$307 more	\$167 million more

* Columns may not add to Total due to rounding.

** U.S. Excludes Oregon but includes the 49 states and the District of Columbia
Source: NCES, 1999-2000 National Public Education Financial Survey

**Table 3: Non-Instruction Spending
Comparison of Oregon's Current Expenditures Spent Per Student For Non-Instruction
With the U.S. Average, by Category of Service
1999-2000 School Year**

Category of Service	Oregon Average \$ Per Student	U.S. Average \$ Per Student**	Oregon Spent <u>More or Less than</u> the U.S. Average	Per Student Difference Results in This Much Statewide
Food Services Provide food to students and staff	\$230.	\$276.	\$46 less	\$25 million less
Enterprise Operations Financed and operated like a private business (e.g., school store financed through receipts from sales)	\$21.	\$17.	\$4 more	\$2 million more
Total Non-Instruction Spending Per Student*	\$251	\$293	\$42 less	\$23 million less

* Columns may not add to Total due to rounding.

** U.S. Excludes Oregon but includes the 49 states and the District of Columbia
Source: NCES, 1999-2000 National Public Education Financial Survey

Profile of Public Schools

As shown in Tables 1 through 3, Oregon spent approximately \$4,244 per student on instruction, \$2,653 on support services, and \$251 on non-instruction services during the 1999-2000 school year. Table 4 shows that the total spending for the 1999-2000 school year was \$7,149 per pupil. In comparison to the rest of the nation, Oregon spent approximately \$24 per student less on instruction, \$307 per student more on support services, and \$42 per student less on non-instruction activities. Altogether, that was \$241 more than the national per pupil average of \$6,908. Table 4 provides some basic information to consider when comparing Oregon to the rest of the nation.

**Table 4
Public Elementary and Secondary Schools: School Year 1999-2000**

Basic Information	Oregon	United States*
Student enrollment (10/1/99)	545,033	46,312,288
Total number of districts	198	14,374
Average number of students per district	2,753	3,222
Total number of schools	1,277	88,322
Average number of students per schools	427	524
Pupil-to-teacher ratio	19.6	16.1
Total current expenditures per student	\$7,149	\$6,908

* United States excludes Oregon but includes the District of Columbia
Source: U.S. Department of Education National Center for Education Statistics, Statistical Analysis Reports

Oregon School Districts

During the 2000-01 school year, Oregon had 198 school districts. In the 197 districts included in the analysis, school districts varied in size from one school to 99 schools, and from four students to 53,096 students.¹ Slightly more than half of Oregon's school districts had student enrollment of 1,000 or less. Table 5 shows the number of school districts by district size.

Table 5
Range of District Sizes: School Year 2000-01

Group	District Size (by Student Enrollment)	Number of Districts	Percentage of All School Districts
1	500 or less	73	37%
2	501–1,000	33	17%
3	1,001–3,000	43	22%
4	3,001–10,000	37	19%
5	More than 10,000	11	5%

The percentage of dollars spent on instruction can vary significantly among school districts. When looking within Oregon at the individual school districts, dynamics of a district must be kept in mind when doing comparisons. For instance, districts are different sizes. For example, one district has 13 schools with about 3,700 students, and another district has 60 schools and 35,000 students. When districts have the same student enrollment size, they may have a different number of schools within the district, and the schools may have different functions (e.g., regular K-12 programs, special education, vocational, alternative).

Education Service Districts

Twenty-one education service districts (ESDs) statewide provide regional educational support services to school districts. Typical services that ESDs provide to districts include media and printing services, special education services, curriculum support, staff development, and technology services.

ESDs are distinct from school districts, but territorially are made up of school districts; that is, the student count for an ESD is the sum of students in the districts within the boundary of the ESD. An ESD and its districts determine the services the ESD will provide.

Expenditure Categories

To provide a comparison of Oregon's school spending with national averages, we used expenditure categories and definitions developed by NCES. We used the NCES definition of current expenditure dollars, which are the day-to-day operational costs by schools. Current expenditures exclude long-term expenditures such as capital outlays, debt service, facilities acquisition and construction services, and property expenditures. The terms "instruction," "support services," and "non-instruction" expenditures used in this report are defined as follows:

Instruction: Expenditures that encompass activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and may be provided through some other approved medium such as television. In addition to regular K-12 programs, instruction includes (1) extracurricular activities such as athletics, band, and choir; (2) special programs for students with special needs such as talented and gifted, students with disabilities, and English language learners; and (3) summer school programs. We classified instruction expenditures into six categories: salaries, benefits, purchased services, supplies and materials, ESD services, and tuition and other.

Support Services: Expenditures for services that provide administrative, technical (e.g., guidance and health), and logistical support to facilitate and enhance instruction. The sub-categories of support services are student support services, instructional staff support services, general administration support services, school administration support services, other support services (business, central, and other support services), operation and maintenance services, and student transportation support services.

¹ Department of Education records show that there is one school district with no students. This district pays a district outside the state to provide elementary and secondary schooling for the students residing in its boundaries. For our purposes, when looking at cost per student, we excluded that district from our analysis, examining the cost-per-student spending of the remaining 197 districts.

Department staff felt that two support service sub-categories, student support services and instructional staff support services, would have been better classified as instructional support services, because they represent direct services to students closely related to classroom instruction, such as special education, counseling, and library and media services. For the purpose of this review, we followed the NCES definition of support services.

Non-Instruction: Expenditures of non-instruction include food services and enterprise operations (e.g., school book store).

Per Student Measure

Per-student measures can be calculated in different ways and yield different results. A variety of measures can be used: average daily membership, weighted average daily membership, average daily attendance, and fall enrollment. We used the fall enrollment student count, since it is the measure used for federal reporting. Fall enrollment count is the number of students enrolled in the fall of the school year (taken October 1st in Oregon).

Audit Results

Statewide Spending

For our analysis of K-12 spending within Oregon, we used data for the 2000-2001 school year, which was the most recent available. This data showed that Oregon school districts, as a whole, spent an average of \$7,258 per student. Of that amount, \$4,298 was for instruction activities, \$2,700 for support services, and \$260 for non-instruction activities. Figure 1 shows the percentage of spending per student in the three categories, and Table 6 provides a breakdown within each category.

Figure 1

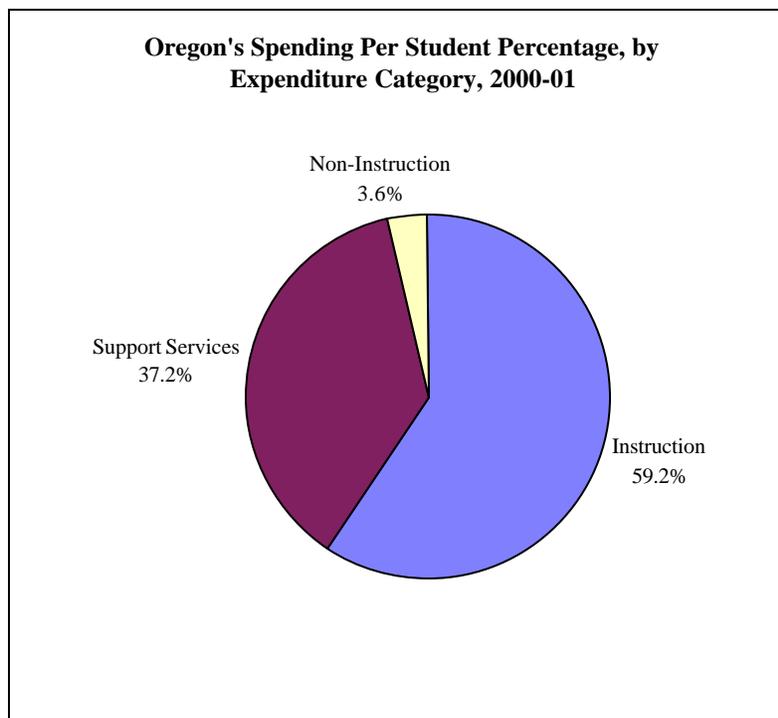


Table 6
Detail of Oregon's Instruction and Non-Instruction Spending 2000-01

Instruction	59.2%	Support Services	37.2%	Non-Instruction	3.6%
Salaries	37.6%	Student Support	5.2%	Food Service	3.3%
Benefits	14.3%	Instructional Staff Support	3.7%	Enterprise Operations	0.3%
Purchased Services	1.6%	General-District Level Administration	1.4%		
Supplies and Materials	3.5%	School-Level Administration	6.4%		
Tuition and Other	0.7%	Business/Central/Other Support services	5.3%		
ESD Services	1.4%	Operation and Maintenance	8.9%		
		Student Transportation	4.3%		
		ESD Services	2.0%		

Table 6 shows that instruction salaries and benefits are the two largest school spending categories. Combined, these two categories account for approximately 51.9 percent of the statewide average amount spent per student. The 37.2 percent spent per student on support service activities include student and instructional staff support, administration, operations and maintenance, transportation, and ESD services. The larger cost areas within support services are operations and maintenance, school administration, and student support. The remaining 3.6 percent was spent on non-instruction activities. Of the dollars spent on non-instruction activities, 92 percent was for food service.

School District Spending

Dollars Spent on Instruction

The statewide average amount spent per student on instruction was \$4,298. Individual districts spending per student on instruction ranged from \$3,989 to \$21,444. The largest variation of spending was in group 1, with district size of 500 or fewer students. Figure 2 shows the average spending per student on instruction for each district size group.

Figure 2

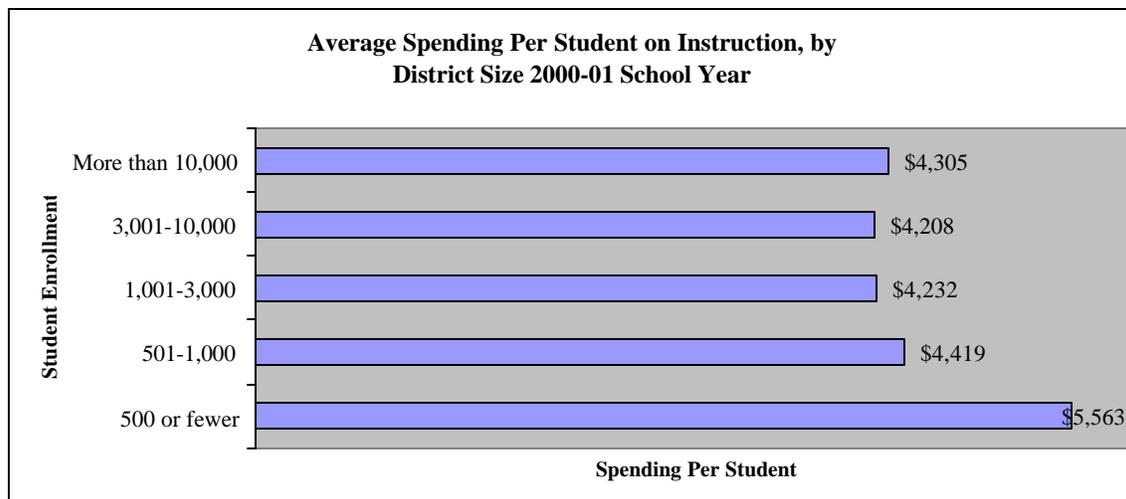


Table 7 shows the average spending on instruction for each group as well as the range of spending within each group.

Table 7
Oregon Average Dollars Spent Per Student On Instruction, By Size 2000-01

Group	District Size by Student Enrollment	Average	Range
1	500 or Fewer	\$5,563	\$3,989–\$21,444
2	501-1,000	\$4,419	\$3,502–\$5,654
3	1,001-3,000	\$4,232	\$3,718–\$5,238
4	3,001-10,000	\$4,208	\$3,405–\$5,551
5	More than 10,000	\$4,305	\$3,786–\$4,957

Table 8 provides additional detail on instruction spending for different sized districts. When we reviewed the average spending per student for instruction in each district, there appeared to be areas with significant differences. For example, salaries and benefits, as well as supplies and materials, were higher in group 1 than the other groups. Purchased services were reasonably consistent among groups 2-5, but were almost double in group 1.

Table 8
Oregon Average Cost Per Student Instruction Spending Detail by Size, 2000-01

Group	District Size by Student Enrollment	Instructional Personnel			Purchased Services	Supplies & Materials	Tuition & Other	ESD Services	Total
		Salaries	Benefits	Subtotal					
1	500 or Fewer	\$3,297	\$1,305	\$4,602	\$249	\$414	\$49	\$249	\$5,563
2	501 – 1,000	\$2,787	\$1,035	\$3,822	\$140	\$316	\$29	\$112	\$4,419
3	1,000 – 3,000	\$2,641	\$1,027	\$3,668	\$119	\$296	\$20	\$128	\$4,232
4	3,001 – 10,000	\$2,687	\$1,004	\$3,691	\$116	\$266	\$43	\$92	\$4,208
5	More than 10,000	\$2,757	\$1,057	\$3,814	\$108	\$215	\$72	\$97	\$4,305

Appendices A and B at the back of our report show instruction spending for all 197 districts that we analyzed. Appendix A is an alphabetical list of districts; Appendix B groups districts by size.

Dollars Spent on Support Services

The statewide average amount spent per student on support services was \$2,700. The amount spent on support services varied from \$1,805 to \$18,203 per student among individual districts. Figure 3 shows the average spending per student on support services by district size.

Figure 3

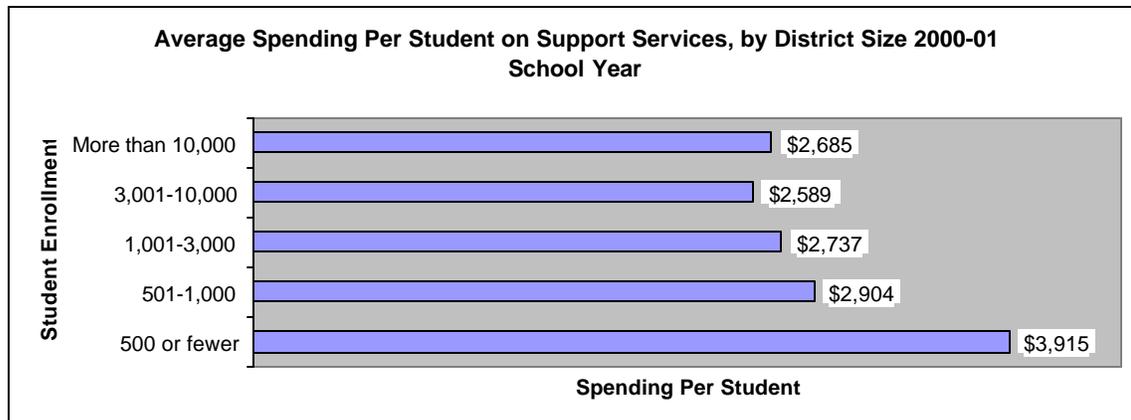


Table 9 provides the average spending on support services per each group as well as the range of spending within each group.

Table 9
Average Dollars Spent on Support Services 2000-01

Group	District Size By Student Enrollment	Average	Range
1	500 or Fewer	\$3,915	\$1,805 - \$18,203
2	501-1,000	\$2,904	\$2,395 - \$4,222
3	1,001-3,000	\$2,737	\$2,218 - \$3,486
4	3,001-10,000	\$2,589	\$2,098 - \$3,411
5	More than 10,000	\$2,685	\$2,168 - \$3,309

Of the 197 districts, 46 districts spent at least 1.5 times more per student on support services than the state average. The majority of those districts, 45 of the 46, were in group 1, with district size of 500 or less. Operations and maintenance appeared to be the support service area that had the highest average dollars spent per student for all groups. Table 10 shows the average spending within support services for each group.

Table 10
Average Cost Per Student Support Service Spending Detail by Size, 2000-01

Group	District Size by Student Enrollment	Student Support	Instructional Staff Support	School-Level Administration	General-District Level Administration	Other Support Services	Transportation	Operations and Maintenance	E-SD Services	Total
1	500 or Fewer	\$159	\$269	\$529	\$420	\$458	\$590	\$1,071	\$419	\$3,915
2	501-1,000	\$235	\$212	\$527	\$249	\$293	\$405	\$746	\$237	\$2,904
3	1,000-3,000	\$322	\$247	\$491	\$152	\$328	\$339	\$665	\$193	\$2,737
4	3,001-10,000	\$361	\$245	\$453	\$84	\$345	\$308	\$632	\$161	\$2,589
5	More than 10,000	\$435	\$303	\$464	\$60	\$439	\$279	\$612	\$92	\$2,685

Dollars Spent on Non-Instruction

The statewide average amount spent per student on non-instruction activities was \$260. The amount spent on non-instruction activities varied from \$0 to \$1,014 per student among individual districts. Figure 4 shows the average spending on non-instruction services per district size group.

Figure 4

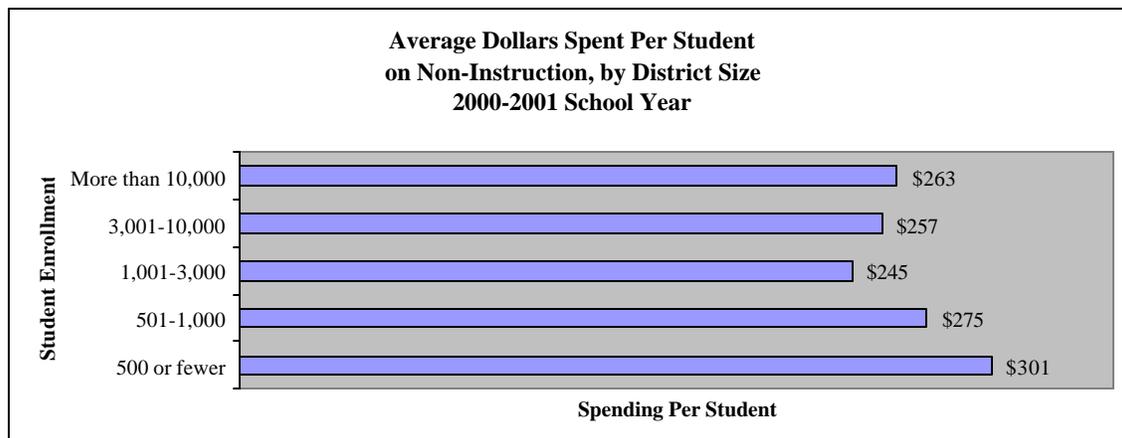


Table 11 provides the average spending on non-instruction services per each group as well as the range of spending within each group.

Table 11
Average Dollars Spent on Non-Instruction 2000-01

Group	District Size by Student Enrollment	Average	Range
1	500 or Fewer	\$301	\$0 - \$908
2	501-1,000	\$275	\$175 - \$448
3	1,001-3,000	\$245	\$0 - \$434
4	3,001-10,000	\$257	\$150 - \$438
5	More than 10,000	\$263	\$163 - \$1,014

When we reviewed food service expenditures, 17 out of the 197 school districts did not have food service expenditures. Of the 17 districts, 16 were in group 1 (student enrollment of 500 or less).

When we reviewed enterprise operations expenditures, 16 districts recorded enterprise operation expenditures. Only one district that recorded enterprise operations was in group five (more than 10,000 students).

Table 12 shows the average spending for non-instruction services.

Table 12
Average Cost Per Student Non-Instruction Spending Detail by Size, 2000-01

Group	District Size by Student Enrollment	Food Service	Enterprise Operations	Total
1	500 or Fewer	\$292	\$9	\$301
2	501 - 1,000	\$269	\$6	\$275
3	1,000 - 3,000	\$244	\$1	\$245
4	3,001 - 10,000	\$247	\$10	\$257
5	More than 10,000	\$224	\$39	\$263

Factors Affecting District Spending

Some factors could have an influence on district spending. Factors reported by other state analyses and the department that may affect individual district spending include, but are not limited to, the following: district and school size, average teacher salaries and experience, administrative costs, food service, and transportation costs.

We recommend that the department, in partnership with school districts, examine the reasons for the cost differences identified in this audit report.

Objectives, Scope and Methodology

The objectives of our audit were to determine:

- How Oregon's K-12 operating expenditures compare to other states in the following areas: (1) instruction spending as a percentage of total spending, and (2) per student spending for K-12 expenditure categories.
- The extent to which school districts allocated operating expenditures between instruction, support services, and non-instruction services.

This audit was limited to analyzing the most recent statewide instruction and non-instruction spending variances (1999-2000 school year) and district spending variances (2000-2001 school year).

We performed our fieldwork between September 2002 and November 2002.

To accomplish the objectives, we first defined the terms instruction, support services, and non-instruction, and selected the measure of cost per student. We used the U.S. Department of Education National Center for Education Statistics' definitions for instruction, support service, and non-instruction. We selected the fall enrollment count as the measure of cost per student.

We reviewed the processes and controls over the U.S. Department of Education National Center for Education Statistics, then obtained its data for statewide spending information and separated the data into instruction, support services, and non-instruction categories and sub-categories. The purpose of this was to provide background information on how Oregon compares to other states in its spending for instruction, support services, and non-instruction services.

For district spending data, we obtained district expenditure data (all funds except for internal service funds) from the department and separated the data into instruction, support services, and non-instruction categories and sub-categories. We also obtained ESD expenditure data from the department and separated the data into district instruction and support services. We grouped districts into student enrollment size sets to determine average spending and the variances of spending per each instruction, support services, and non-instruction categories.

We also explored potential factors that could affect district spending by reviewing information from other state audits and discussions with department personnel.

We conducted our audit according to generally accepted government auditing standards.

Appendix A: Alphabetic Listing of Districts' Percentage of Spending Per Student on Instruction

DISTRICT	PERCENTAGE			DISTRICT	PERCENTAGE		
	Instruction	Support Services	Non Instruction		Instruction	Support Services	Non Instruction
Adel SD 21	54%	46%	0%	Crow-Applegate-Lorane SD 66	57%	43%	0%
Adrian SD 61	57%	39%	4%	Culver SD 4	58%	37%	5%
Alsea SD 7J	60%	40%	0%	Dallas SD 2	60%	37%	3%
Amity SD 4J	59%	36%	5%	David Douglas, SD 40	60%	36%	4%
Annex SD 29	57%	36%	7%	Days Creek SD 15	53%	43%	4%
Arlington SD 3	56%	41%	3%	Dayton SD 8	60%	35%	5%
Arock SD 81	55%	45%	0%	Dayville SD 16J	55%	40%	5%
Ashland SD 5	63%	35%	2%	Diamond SD 7	38%	62%	0%
Ashwood SD 8	40%	60%	0%	Double O SD 28	58%	42%	0%
Astoria SD 1	63%	34%	4%	Drewsey SD 13	44%	55%	1%
Athena-Weston SD 29RJ	62%	33%	5%	Dufur SD 29	55%	42%	3%
Baker SD 5J	59%	38%	3%	Eagle Point SD 9	59%	38%	3%
Bandon SD 54	62%	35%	3%	Echo SD 5	60%	35%	5%
Banks SD 13	58%	39%	3%	Elgin SD 23	63%	34%	3%
Beaverton SD 48J	60%	36%	4%	Elkton SD 34	51%	46%	3%
Bend-LaPine Admin SD	61%	36%	3%	Enterprise SD 21	66%	32%	2%
Bethel SD 52	64%	33%	3%	Estacada SD 108	56%	40%	4%
Blachly SD 90	49%	45%	6%	Eugene SD 4J	61%	36%	3%
Black Butte SD 41	83%	17%	0%	Falls City SD 57	57%	36%	7%
Brookings-Harbor SD 17C	64%	33%	3%	Fern Ridge SD 28J	56%	40%	4%
Brothers SD 15	31%	69%	0%	Forest Grove SD 15	61%	35%	4%
Burnt River SD 30J	49%	47%	4%	Fossil SD 21J	56%	41%	3%
Butte Falls SD 91	53%	42%	5%	Frenchglen SD 16	61%	39%	0%
Camas Valley SD 21J	61%	35%	4%	Gaston SD 511J	60%	38%	2%
Canby SD 86	59%	38%	3%	Gervais SD 1	55%	40%	5%
Cascade SD 5	58%	38%	4%	Gladstone SD 115	59%	38%	3%
Centennial SD 28J	58%	39%	3%	Glendale SD 77	51%	43%	6%
Central Curry SD 1	57%	38%	5%	Glide SD 12	55%	42%	3%
Central Linn SD 552	54%	40%	6%	Grants Pass SD 7	64%	32%	4%
Central Point SD 6	62%	35%	3%	Greater Albany Public SD 8J	58%	39%	3%
Central SD 13J	62%	35%	3%	Gresham-Barlow SD 10J	60%	37%	3%
Chenowith SD 9	57%	40%	3%	Harney County SD 3	59%	37%	4%
Clatskanie SD 6J	60%	36%	4%	Harper SD 66	56%	39%	5%
Colton SD 53	53%	44%	3%	Harrisburg SD 7	56%	41%	3%
Condon SD 25J	59%	38%	3%	Helix SD 1	60%	37%	3%
Coos Bay SD 9	52%	44%	4%	Hermiston SD 8	65%	31%	4%
Coquille SD 8	58%	39%	3%	Hillsboro SD 1J	58%	39%	3%
Corbett SD 39	53%	44%	3%	Hood River County SD	63%	33%	4%
Corvallis SD 509J	53%	43%	4%	Huntington SD 16J	61%	34%	5%
Cove SD 15	60%	37%	3%	Imbler SD 11	65%	32%	3%
Crane SD 4	40%	57%	3%	Jefferson County SD 509J	57%	38%	5%
Crane UH SD 1J	42%	58%	0%	Jefferson SD 14J	56%	40%	4%
Creswell SD 40	60%	37%	3%	Jewell SD 8	58%	37%	5%
Crook County Unit SD	56%	40%	4%				

Appendix A: Alphabetic Listing of Districts' Percentage Spending Per Student on Instruction (continued)

DISTRICT	PERCENTAGE			DISTRICT	PERCENTAGE		
	Instruction	Support Services	Non Instruction		Instruction	Support Services	Non Instruction
John Day SD 3 (Grant SD 3)	61%	36%	3%	North Santiam SD 29J	59%	37%	4%
Jordan Valley SD 3	65%	35%	0%	Nyssa SD 26	60%	36%	4%
Joseph SD 6	66%	31%	3%	Oakland SD 1	60%	37%	3%
Junction City SD 69	60%	37%	3%	Oakridge SD 76	63%	34%	3%
Juntura SD 12	64%	35%	1%	Ontario SD 8C	58%	38%	4%
Klamath County SD	61%	35%	4%	Oregon City SD 62	63%	34%	3%
Klamath Falls City Schools	64%	33%	3%	Oregon Trail SD 46	57%	39%	4%
Knappa SD 4	61%	36%	3%	Paisley SD 11	52%	45%	3%
La Grande SD 1	60%	37%	3%	Parkrose SD 3	57%	39%	4%
Lake Oswego SD 7J	59%	35%	6%	Pendleton SD 16	60%	36%	4%
Lakeview SD 7	59%	38%	3%	Perrydale SD 21	63%	34%	3%
Lebanon Community SD 9	59%	38%	3%	Philomath SD 17J	58%	41%	1%
Lincoln County SD	56%	40%	4%	Phoenix-Talent SD 4	62%	35%	3%
Long Creek SD 17	49%	47%	4%	Pilot Rock SD 2	59%	37%	4%
Lowell SD 71	56%	43%	1%	Pine Creek SD 5	58%	42%	0%
Mapleton SD 32	49%	47%	4%	Pine Eagle SD 61	55%	42%	3%
Marcola SD 79J	59%	39%	2%	Pinehurst SD 94	61%	39%	0%
McKenzie SD 68	50%	47%	3%	Pleasant Hill SD 1	61%	39%	0%
McMinnville SD 40	59%	37%	4%	Plush SD 18	54%	46%	0%
Medford SD 549C	64%	34%	2%	Port Orford-Langlois SD 2CJ	59%	38%	3%
Milton-Freewater Unified SD 7	62%	34%	4%	Portland SD 1J	58%	39%	3%
Mitchell SD 55	56%	40%	4%	Powers SD 31	59%	41%	0%
Molalla River SD 35	54%	43%	3%	Prairie City SD 4	61%	36%	3%
Monroe SD 1J	52%	45%	3%	Prospect SD 59	60%	38%	2%
Monument SD 8	47%	48%	5%	Rainier SD 13	55%	41%	4%
Morrow SD 1	61%	35%	4%	Redmond SD 2J	60%	36%	4%
Mt Angel SD 91	63%	33%	4%	Reedsport SD 105	57%	40%	3%
Myrtle Point SD 41	57%	39%	4%	Reynolds SD 7	62%	35%	3%
Neah-Kah-Nie SD 56	54%	43%	3%	Riddle SD 70	54%	43%	3%
Nestucca Valley SD 101	54%	42%	4%	Riverdale SD 51J	58%	42%	0%
Newberg SD 29J	59%	37%	4%	Rogue River SD 35	57%	40%	3%
North Bend SD 13	56%	44%	0%	Roseburg SD 4	60%	36%	4%
North Clackamas SD 12	54%	43%	3%	Salem-Keizer SD 24J	64%	33%	3%
North Douglas SD 22	57%	40%	3%	Santiam Canyon SD 129J	60%	36%	4%
North Lake SD 14	54%	41%	5%	Scappoose SD 1J	57%	40%	3%
North Marion SD 15	58%	38%	4%	Scio SD 95	55%	42%	3%
North Powder SD 8J	62%	34%	4%	Seaside SD 10	61%	36%	3%
				Sheridan SD 48J	61%	35%	4%
				Sherman County SD 1J	55%	41%	4%
				Sherwood SD 88J	56%	41%	3%
				Silver Falls SD 4J	60%	37%	3%
				Sisters SD 6	59%	37%	4%
				Siuslaw SD 97J	62%	36%	2%
				South Harney SD 33	54%	46%	0%

Appendix A: Alphabetic Listing of Districts' Percentage Spending Per Student on Instruction (continued)

DISTRICT	PERCENTAGE		
	Instruction	Support Services	Non Instruction
South Lane SD 45J3	56%	40%	4%
South Umpqua SD 19	55%	40%	5%
South Wasco County SD 1	52%	45%	3%
Spray SD 1	48%	47%	5%
Springfield SD 19	59%	38%	3%
St Helens SD 502	59%	37%	3%
St Paul SD 45	60%	40%	0%
Stanfield SD 61	61%	36%	3%
Suntex SD 10	57%	43%	0%
Sutherlin SD 130	59%	38%	3%
Sweet Home SD 55	56%	40%	4%
The Dalles SD 12 Three Rivers/Josephine County SD	61%	37%	2%
Tigard-Tualatin SD 23J	54%	33%	13%
Tillamook SD 9	58%	38%	4%
Troy SD 54	64%	36%	0%
Ukiah SD 80	45%	49%	6%
Umatilla SD 6R	60%	34%	6%
Union SD 5	64%	33%	3%
Vale SD 84	63%	33%	4%
Vernonia SD 47J	55%	42%	3%
Wallowa SD 12	63%	34%	3%
Warrenton-Hammond SD 30	60%	37%	3%
West Linn-Wilsonville SD 3J	62%	36%	2%
Willamina SD 30J	58%	38%	4%
Winston-Dillard SD 116	57%	39%	4%
Woodburn SD 103	59%	37%	4%
Yamhill-Carlton SD 1	60%	37%	3%
Yoncalla SD 32	56%	40%	4%

APPENDIX B: Districts Grouped by Size—Percentage of Spending Per Student on Instruction**Group 1 – 500 or Fewer Students****Average = 56.89%**

Black Butte SD 41	82.80%
Joseph SD 6	66.08%
Imbler SD 11	64.66%
Jordan Valley SD 3	64.50%
Troy SD 54	64.41%
Union SD 5	64.34%
Juntura SD 12	64.05%
Wallowa SD 12	63.25%
Elgin SD 23	63.09%
Perrydale SD 21	62.81%
North Powder SD 8J	62.28%
Prairie City SD 4	61.31%
Camas Valley SD 21J	61.30%
Frenchglen SD 16	61.08%
Huntington SD 16J	60.94%
Pinehurst SD 94	60.91%
Stanfield SD 61	60.88%
Echo SD 5	60.55%
Helix SD 1	60.08%
Prospect SD 59	59.81%
Alsea SD 7J	59.79%
Cove SD 15	59.68%
St Paul SD 45	59.62%
Condon SD 25J	59.41%
Powers SD 31	59.00%
Pilot Rock SD 2	58.92%
Port Orford-Langlois SD 2CJ	58.80%
Marcola SD 79J	58.49%
Jewell SD 8	58.16%
Double O SD 28	57.83%
Pine Creek SD 5	57.71%
Riverdale SD 51J	57.56%
Annex SD 29	57.31%
Crow-Applegate-Lorane SD 66	56.90%
Suntex SD 10	56.80%
North Douglas SD 22	56.61%
Falls City SD 57	56.51%
Adrian SD 61	56.50%
Lowell SD 71	56.40%
Yoncalla SD 32	56.31%
Fossil SD 21J	56.26%
Arlington SD 3	56.11%
Mitchell SD 55	55.90%
Harper SD 66	55.89%
Sherman County SD 1J	55.34%
Pine Eagle SD 61	55.23%
Dufur SD 29	55.06%
Dayville SD 16J	55.05%

Group 1 – 500 or Fewer Students (continued)**Average = 56.89%**

Arock SD 81	54.56%
Plush SD 18	54.08%
Adel SD 21	53.91%
North Lake SD 14	53.90%
South Harney SD 33	53.73%
Butte Falls SD 91	53.53%
Days Creek SD 15	53.38%
South Wasco County SD 1	52.13%
Monroe SD 1J	52.08%
Paisley SD 11	51.91%
Elkton SD 34	50.51%
McKenzie SD 68	50.04%
Blachly SD 90	49.41%
Burnt River SD 30J	49.36%
Mapleton SD 32	49.21%
Long Creek SD 17	49.14%
Spray SD 1	48.37%
Monument SD 8	46.88%
Ukiah SD 80	45.06%
Drewsey SD 13	43.77%
Crane UH SD 1J	41.81%
Ashwood SD 8	40.31%
Crane SD 4	39.73%
Diamond SD 7	37.99%
Brothers SD 15	31.09%

APPENDIX B: Districts Grouped by Size —Percentage of Spending Per Student on Instruction (continued)**Group 2 – 501-1,000 Students****Average = 58.16%**

Enterprise SD 21	65.69%
Mt. Angel SD 91	62.70%
Oakridge SD 76	62.59%
Bandon SD 54	62.32%
Athena-Weston SD 29RJ	62.18%
Sheridan SD 48J	61.39%
Knappa SD 4	60.87%
Grant SD 3	60.85%
Warrenton-Hammond SD 30	60.50%
Santiam Canyon SD 129J	60.40%
Oakland SD 1	60.20%
Clatskanie SD 6J	60.19%
Dayton SD 8	59.98%
Gaston SD 511J	59.74%
Lakeview SD 7	59.34%
Amity SD 4J	58.74%
Culver SD 4	58.50%
Willamina SD 30J	58.41%
Myrtle Point SD 41	57.30%
Reedsport SD 105	56.78%
Central Curry SD 1	56.64%
Harrisburg SD 7	56.10%
Jefferson SD 14J	55.95%
Scio SD 95	55.27%
Glide SD 12	55.21%
Vernonia SD 47J	54.82%
Nestucca Valley SD 101	53.88%
Riddle SD 70	53.84%
Central Linn SD 552	53.74%
Neah-Kah-Nie SD 56	53.68%
Corbett SD 39	53.48%
Colton SD 53	53.42%
Glendale SD 77	51.34%

Group 3 – 1,001-3,000 Students**Average = 58.67%**

Brookings-Harbor SD 17C	63.67%
Vale SD 84	62.72%
Astoria SD 1	62.63%
Central SD 13J	62.37%
Phoenix-Talent SD 4	62.29%
Siuslaw SD 97J	61.96%
Milton-Freewater Unified SD 7	61.65%
Pleasant Hill SD 1	60.91%
Morrow SD 1	60.88%
The Dalles SD 12	60.71%
Seaside SD 10	60.68%
Umatilla SD 6R	60.41%
Nyssa SD 26	60.22%
Creswell SD 40	59.95%
La Grande SD 1	59.72%
Junction City SD 69	59.60%
Yamhill-Carlton SD 1	59.58%
Baker SD 5J	59.36%
Sisters SD 6	59.29%
Sutherlin SD 130	59.28%
North Santiam SD 29J	58.90%
Gladstone SD 115	58.87%
Harney County SD 3	58.62%
Banks SD 13	58.52%
Coquille SD 8	58.20%
Cascade SD 5	58.01%
Tillamook SD 9	57.91%
North Marion SD 15	57.82%
Philomath SD 17J	57.71%
Ontario SD 8C	57.62%
Winston-Dillard SD 116	57.30%
Scappoose SD 1J	56.87%
Chenoweth SD 9	56.86%
Rogue River SD 35	56.84%
Sweet Home SD 55	56.15%
South Lane SD 45J3	55.86%
North Bend SD 13	55.78%
Fern Ridge SD 28J	55.71%
Estacada SD 108	55.63%
Rainier SD 13	55.35%
Gervais SD 1	55.04%
South Umpqua SD 19	54.53%
Molalla River SD 35	54.38%

APPENDIX B: Districts Grouped by Size —Percentage of Spending Per Student on Instruction (continued)**Group 4 – 3,001-10,000 Students****Average = 59.66%**

Hermiston SD 8	65.28%
Grants Pass SD 7	64.34%
Bethel SD 52	63.70%
Klamath Falls City Schools	63.51%
Ashland SD 5	63.36%
Oregon City SD 62	63.03%
Hood River County SD	62.86%
Central Point SD 6	61.73%
Reynolds SD 7	61.69%
West Linn-Wilsonville SD 3J	61.62%
Three Rivers/Josephine County SD	61.13%
Forest Grove SD 15	60.78%
Klamath County SD	60.51%
Dallas SD 2	60.28%
Pendleton SD 16	60.22%
Redmond SD 2J	59.91%
Roseburg SD 4	59.74%
Silver Falls SD 4J	59.67%
David Douglas SD 40	59.58%
Newberg SD 29J	59.47%
St Helens SD 502	59.14%
Canby SD 86	59.02%
Lebanon Community SD 9	59.02%
Woodburn SD 103	59.00%
Eagle Point SD 9	58.83%
Lake Oswego SD 7J	58.66%
McMinnville SD 40	58.66%
Greater Albany Public SD 8J	58.37%
Centennial SD 28J	58.12%
Oregon Trail SD 46	57.52%
Parkrose SD 3	57.27%
Jefferson County SD 509J	57.06%
Sherwood SD 88J	56.03%
Lincoln County SD	55.89%
Crook County Unit SD	55.68%
Corvallis SD 509J	52.56%
Coos Bay SD 9	52.43%

Group 5 – More Than 10,000 Students**Average = 59.36%**

Salem-Keizer SD 24J	63.69%
Medford SD 549C	63.51%
Bend-LaPine Admin SD	60.90%
Eugene SD 4J	60.82%
Beaverton SD 48J	59.76%
Gresham-Barlow SD 10J	59.63%
Springfield SD 19	59.47%
Portland SD 1J	58.19%
Hillsboro SD 1J	57.60%
North Clackamas SD 12	54.32%
Tigard-Tualatin SD 23J	53.68%

Department of Education's Response to the Audit Report

The Department of Education generally agrees with the results of the audit conducted by the Secretary of State. Oregon spends near the national average on classroom instruction. When spending on services to students with special needs is included, Oregon's instructional spending slightly exceeds the national average. Spending on instructional salaries in Oregon is substantially less than the national average but is partially offset by higher retirement system (PERS) payments.

Oregon spends below the national average on general district-level administration and is somewhat above the national average on school-level administration largely because Oregon has a greater percentage of small schools. Overall, our school districts spend 8 percent of the total on "administration"—with the small districts spending a higher amount per student.

One category that warrants further attention is the category of "other support services," which represents 5.75 percent of total spending. The audit indicates that as an area where spending appears to exceed the national average. Oregon has more small districts and small schools than most other states, which results in higher expenditures per student for support services to students.

Given Oregon's rapidly changing demographics, school districts spend more on providing services to students with special needs, including English language learners and special education students. Oregon is more sparsely populated than the average state, resulting in slightly higher transportation costs per student.

While national comparisons are useful to begin to establish a baseline for comparison, the data reported to the U.S. Department of Education by other states must be viewed with caution. It is not clear if the spending variances noted in the audit are real or a result of differences in the way states report their expenditures. Wide variations across states suggest that further analysis is needed to understand the reasons for differences. The department looks forward to working with school districts to develop a deeper understanding of spending differences.

This report, which is a public record, is intended to promote the best possible management of public resources. Copies may be obtained by mail at Oregon Audits Division, Public Service Building, Salem, Oregon 97310, by phone at 503-986-2255 and 800-336-8218 (hotline), or internet at Audits.Hotline@state.or.us and <http://www.sos.state.or.us/audits/auditthp.htm>

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The courtesies and cooperation extended by the officials and staff of the Department of Education were commendable and much appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government