



CASCADE POLICY INSTITUTE

# CASCADE COMMENTARY

November 2002 No. 2002-28

## Summary

Per pupil education spending in Oregon rose during the 1990s after adjusting for inflation. Calls for more spending often highlight special education and teacher compensation. These areas, however, contain important structural problems that cannot be fixed by spending more money.

Word count: 746

***“Like others served by special education, students with a specific learning disability bring districts a double allocation of money from the state, but there is no requirement that the money be spent on services for them.”***

## First, look at school spending

*By Nick Weller*

Legislators and governor-elect Ted Kulongoski will face considerable pressure to increase funding for schools during the next legislative session. Before rushing into higher taxes, there should be a rational discussion about education spending. Data from the Oregon Department of Education was analyzed in a recent Cascade report, *Oregon K-12 Revenue and Expenditures, 1990-2001*, which serves as a foundation for such a discussion.

Many conversations about school spending take 1990, the year voters passed Measure 5, as a watershed mark. Then superintendent of the Portland Public School District Matthew Prophet publicly claimed that Measure 5 would force him to hand pink slips to his entire staff.

Years later we know that Prophet did not live up to his name. The Portland district employs more than 5,000 employees and its total per pupil, inflation adjusted spending went from \$10,233 in 1990-91 to \$11,124 in 2000-01. State-wide the average inflation adjusted per pupil expenditure rose from \$8,119 in 1990-91 to \$8,794 in 2000-01. Although they use slightly different data, the National Center for Education Statistics confirms Cascade's results. It finds that Oregon's per pupil education expenditures were \$8,605 in 1999-2000 and that after adjusting for inflation per pupil expenditures increased 39 percent between 1979-80 and 1999-00.

During the period covered by Cascade's report the composition of students across the state changed, too. From 1990-91 to 1999-00 students diagnosed with special needs rose from 10.9 percent to 13.1 percent of the school population, and between 1993-94 and 2000-01 English as a Second Language (ESL) grew from 2.5 percent to 7.0 percent of all students. Spending on programs for students with disabilities, ESL and Title I for low-income students increased from \$625 to \$1,132 when adjusted for inflation and averaged across all students.

The growth in special education is often used to as a rationale for greater school spending. Rarely mentioned, however, is that the method of funding special education may account for some of the increase in diagnoses of special needs. Jay

Greene, Ph.D., Senior Fellow at the Manhattan Institute, explains in the Fordham Foundation's *Education Gadfly*, "The relatively low cost of treating specific learning disabilities may further incline schools and educators to assign that label, especially if the funds provided by identifying a child with a specific learning disability exceed the cost of providing that student with relatively minimal services."

Students with specific learning disabilities comprise 50 percent of the special needs population in Oregon and were 40 percent of the growth in special education during the 1990s. Like others served by special education, students with a specific learning disability bring districts a double allocation of money from the state, but there is no requirement that the money be spent on services for them. More money will exacerbate the perverse incentive in special education funding.

Salaries and benefits for school employees hovered around 72 percent of total K-12 expenditures during the 1990s. Certified teachers are slightly less than fifty percent of all school employees. Average teacher salaries declined slightly during the 1990s, probably due to retirements by more experienced, higher paid teachers. In 2000-01 the statewide average teacher salary was \$45,288, with benefits adding between 30 and 40 percent to total compensation. The average says little about an individual teacher's income, however. A teacher's salary is based on experience, education credits, and a yearly cost of living adjustment that often amount to an annual 5 to 7 percent pay increase, until reaching the top pay bracket.

The desire to raise teacher salaries is a common rationale for greater education spending. Currently, compensation for teachers is unrelated to measures of learning or teaching quality, such as peer and supervisor reviews, test scores, or parent and student feedback. Without any connection between pay and teacher performance or learning, it is unclear how higher compensation would improve education. In addition to children, the losers in the current situation are the excellent teachers who do not receive monetary rewards for the high-quality work they do.

During the last eleven years Oregon K-12 education has experienced relatively stable per pupil revenue and increased expenditures after adjusting for inflation. Although areas such as special education and teacher compensation are frequent rationales for greater spending, analysis of both areas suggests there are concerns beyond what money can solve. The near myopic focus on revenue ignores areas where spending is not the solution and brings to mind the words of Albert Einstein, "Insanity is doing the same thing over and over again and expecting a different result."

---

*Nick Weller is education policy analyst at Cascade Policy Institute, a Portland, Oregon think tank. He and Richard Leonetti co-authored Oregon K-12 Revenue and Expenditures, 1990-2001 available online at [www.cascadepolicy.org](http://www.cascadepolicy.org).*

***“Compensation for teachers is unrelated to measures of learning or teaching quality. Without any connection between pay and teacher performance or learning, it is unclear how higher compensation would improve education.”***

### **Attention editors and producers**

*Cascade Commentaries* are provided for reprint in newspapers and other publications, with credit given to author(s) and Cascade. Contact Cascade to arrange print or broadcast interviews on this commentary topic. Electronic text files are available online at [www.cascadepolicy.org/cctext/](http://www.cascadepolicy.org/cctext/).

Please contact:

Kurt T. Weber  
Vice President  
Cascade Policy Institute  
813 SW Alder Street, Suite 450  
Portland, Oregon 97205

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

[www.cascadepolicy.org](http://www.cascadepolicy.org)  
[kurt@cascadepolicy.org](mailto:kurt@cascadepolicy.org)