

## **Remarks to Long-Term Fiscal Stability Commission (July 29, 2009)**

I'd like to thank the Commission for the opportunity to provide a few remarks. In previous sessions you have heard from various groups that have painted a dire picture of Colorado's standing in regards to funding for public schools. But there's more to the story about this area that rightly makes up a large share of the state budget.

First, I will concede that Colorado spends less dollars per pupil than many other states, and that over recent years our state has not increased per-pupil spending as much as the national average. Depending on how you measure, Colorado's per-pupil expenditures from 1992 to 2007 have grown somewhere between 15 and 25 percent in real, inflation-adjusted dollars. The national average? Between 36 and 42 percent during the same time span. CDE reports that Colorado schools received more than \$8 billion, or \$10,000 per student, in 2007-08. More than 42 percent of that amount comes from state tax revenue. As a result, again depending on your sources, Colorado ranks either about 30<sup>th</sup> or about 40<sup>th</sup> in spending.

An adequate level of school funding certainly is needed to meet the shared goals of public education. But as Colorado Commissioner of Education Dwight Jones aptly was quoted in yesterday's *Denver Post*: "I am not one of those who says immediately pour more money on it. I think we first have to evaluate what resources we have and how we've been spending those dollars."

The problem is we don't know how much is adequate. And until we do, the game pitting the education establishment lobby versus the taxpayer will yield no winner. Seeking to figure out the "right amount" of school funding, so-called adequacy studies rely either on the "professional judgment" of self-interested school administrators, or on a "successful schools" model that has to overlook the fact that many schools make greater academic strides with less funds. The truth is: with the current system, we simply don't know.

For example, does Florida spend an adequate amount? Florida – which like Colorado spends less than the national average – has followed a comprehensive reform plan based on broad parental choice, rigorous accountability, and scientifically-based curriculum. As a result they have made major advances in student achievement, as measured by the gold standard NAEP test. A decade ago, only half of Florida’s fourth-graders demonstrated basic reading skills. It since has climbed to 70 percent. Today, the state’s African-American kids are fourth-highest among their peer group nationwide, and its Hispanic kids outperform all students regardless of ethnicity in 14 other states.

Hard times provide opportunities to rebuild systems that aren’t working as they ought, and school finance is a prime candidate. The issue for Colorado and most states is not so much inadequacy as inadequate school finance systems. Recently, the University of Washington’s Center on Reinventing Public Education – or, CRPE – concluded a six-year, comprehensive national study of our nation’s school finance system. The work of 40 top scholars concluded the way we fund schools has malfunctioned like an outdated computer overloaded with too many applications that it cannot process. Anyone who has ever encountered the “blue screen of death” gets the picture. We need to turn off the autopilot switch that perpetually funds inefficient programs and practices.

Here is one example from a recent CRPE study shows that Colorado schools misspend nearly 2 percent of their total budgets – or about \$140 million – on “master’s bumps,” rewards for teachers who earn a masters degree. Research shows zero correlation between the accumulation of advanced degrees and classroom success.

We need to restructure incentives so the energy of well-intentioned people who work hard in the system and the resources of taxpayers are directed into areas that effectively move the bottom line: student learning. We need to attach funding to students, rather

than programs. We need a system built on innovation and continuous improvement, not on compliance with regulatory schemes.

The transition to a more efficient and comprehensible system of school funding will not be easy, but the achievable goal makes it worthwhile. And existing technology makes it increasingly practical:

- We can and should seek to transform the delivery of instruction into a less costly, less labor-intensive enterprise.
- We can and should advance policies that make the detailed inputs of school spending and the detailed outputs of school performance more transparent to the taxpaying public.
- We can and should incentivize local education agencies to pursue more cost-saving strategies, including sharing services and competitive contracting of non-instructional functions.

Another cost-cutting measure worthy of important consideration would be the creation of a broad-based tuition tax credit program. Giving a modest tax credit-funded scholarship would empower students and families with another option to meet their educational needs, while public schools would retain excess resources to meet the needs of children who opt to stay.

Yes, it is not within your charge to redesign the school funding system. However, the Commission can recommend that policy makers give priority to vital systemic K-12 education reforms that promote efficiency and transparency as a means to advance the quality of public education while promoting Long-Term Fiscal Stability.

Difficult times provide Colorado with a momentous opportunity. Let's choose to find a smarter way to pay for schools before we scramble to pour more money on them.

Taxpayers deserve the good faith, and students deserve the opportunity. Thank you.