

## ISSUES BRIEF: EDUCATION

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### **Perspective**

According to a 2007 report by the United Nations Educational, Scientific and Cultural Organization (UNESCO), fourth graders in the United States have among the best reading scores in the world. By the tenth grade, however, U.S. students score among the lowest in the world.

As the United States competes in a 21st century global economy, many public officials at federal, state and local levels are attempting to reform our nation's education system. Reform efforts span from preschool to college, and focus on such issues as dropout rates and achievement gaps. Proposals address everything from salaries and classroom size to test structures, teacher effectiveness and curriculum standards. Throughout it all, a wide net of blame has been cast: on parents, teachers, unions, school boards, taxpayers, elected officials.

Some policy makers are now stepping back and asking some fundamental questions about our education system:

*Whose job is it to educate our nation's children?*

*What is the best way to provide this education?*

*Who should make the rules regarding how our children are educated?*

*Who should pay for this education—and how much should they pay?*

*What outcomes should we seek—and how should we measure them?*

### **Resources**

Primary resources for this brief include: UNESCO, CO Dept of Ed, McKinsey&Company, Council of State Governments, National Governors Association, National Association of School Boards, US Dept of Ed, Great Education Colorado, U.S. Census Bureau, Education Commission of the States.

### **Public Education in the United States**

#### Statistics

Current expenditures for public elementary and secondary schools are about \$543 billion. The national average spent to educate one student was just over \$10,800 per year. State budgets support approximately 100,000 public elementary and secondary schools, where nearly 50 million students attend and 3.3 million teachers teach. For elementary and secondary schools, about 8% of the funds come from federal sources, 48% from state and 44% from local sources (as of the 2008 census). In Colorado, the FY2010-11 state share was projected at 62.48%.

The national average graduation rate (in 2006) was approximately 70%. The average annual income for a high school dropout is estimated at about \$17,500 compared to \$27,000 for a high school graduate. Each dropout costs the nation approximately \$260,000 over his or her lifetime.

#### Federal/State role

According to the U.S. Department of Education, the responsibility for K-12 education “rests with the States under the Constitution.” The primary source of federal support for states began in 1965 with the Elementary and Secondary Education Act (ESEA), which was targeted towards low income students. No Child Left Behind (2001) was an extension of ESEA, with express goals of raising achievement and closing the achievement gap.

Federal education program requirements are not technically unfunded mandates because the

conditions in federal law apply only when a state (or other grantee) voluntarily chooses to accept federal funds. Any state that does not want to abide by a federal program's requirements can choose not to accept the federal funds associated with that program.

## **What Other States/Nations are Doing**

### School Finance

In light of the recession and recent budget cuts, states across the nation are grappling with school funding. This struggle takes on two key components:

1. How much funding the education system should receive, and
2. Who should finance the education system.

The mix of local, state and federal funds being used to finance K-12 education is different in every state. According to the Council of State Governments, one recent nationwide trend has been for states to assume a larger share of total spending, with the goals of easing local property tax burdens, reducing inequities in school finance systems, and ensuring that districts have adequate levels of funding to meet state education standards. A few recent examples: (as of Oct 2010)

- In **North Dakota**, the state is financing 70% of the cost of elementary and secondary education (excluding the federal share) as the result of a 2009 education- reform bill.
- As the result of a 2008 law that reduced local property taxes and increased the state sales tax, **Indiana** now funds 100% of the general operating costs of public schools.
- In 2005, the **Kansas** Supreme Court ruled that the funding formula for K-12 education did not meet the state's constitutional obligation to adequately fund public schools. In response, the Legislature increased the amount of revenues going to schools by between the 2005-06 and 2008-09 school years. However, during the recent recession the legislature has dropped to below 2005 levels, despite the Supreme Court ruling.
- **Michigan** passed a measure in 1994 that reduced the state's reliance on local property taxes by raising sales tax and creating a stream of revenue for a separate School Aid Fund. Money for the fund comes from sales and income taxes, as well as a statewide property tax. In 2007-08 the state share was 57.3%.

Note that, while many states are moving towards more state funding for education, Colorado already pays a large state share due to the confluence of TABOR and Amendment 23. For budget year 2010-11, Colorado Department of Education projected that the state share would be 62.48% (recent FY2011-12 proposed budget cuts may lower that number if passed).

Additionally, some states are examining how they distribute their share of money to local schools. For example, while **Minnesota's** funding formula ensures that more dollars flow to districts serving high percentages of students living in poverty, **Illinois'** funding formulas result in high-poverty districts receiving less in state and local per-pupil aid.

### Education Policy

In the U.S., national and state reforms have taken on many tenors over the years. Several decades ago, a widespread drive for accountability and performance measures led to the system of student testing and oversight that states have in place today (a system which generates much controversy). Over the last decade or two, school choice became a prime topic as the percentage of charter and innovation schools rose dramatically. Last year, competition for federal Race-to-the-Top grant dollars helped drive a nationwide focus on teacher effectiveness. Additionally, the last few years have brought a focus on longitudinal testing as well as on workforce/college readiness initiatives.

Many advocacy groups, government-commissioned task forces, education leaders and public officials have weighed in regarding the best strategies for education. In asking ten leaders what would be considered “best practices” for education, one may get ten very different responses. Some recent examples include:

1. McKinsey and Company, a global consulting firm, recently studied 25 of the world’s school systems, and concluded that the experiences of the top school systems suggest three things that matter most:
  - Getting the right people to become teachers;
  - Developing them into effective instructors; and
  - Ensuring the system is available to deliver the best possible instruction for every child.
  
2. Diane Ravitch, a former top education advisor to Pres. George H.W. Bush, has received national attention for what she considers a radical departure from her former viewpoints about education. As No Child Left Behind (NCLB) was developed and charter schools gained momentum, Ms. Ravitch advocated for both. However, she now expresses concerns about the punitive nature/effectiveness of the “accountability regime.” Instead, she asserts:
  - Deregulation and privately managed charter schools are not the answer to the deep-seated problems of American education. They also fail to recognize that the best predictor of low academic performance is poverty—not bad teachers.
  - What we need is not a marketplace, but a coherent curriculum that prepares all students.
  - Our government should commit to providing a good school in every neighborhood in the nation, just as we strive to provide a good fire company in every community.
  
3. The National Association of School Boards is touting a recent report examining data-based decision making. The report compliments states for collecting more and better long-term data than previously, and calls for a broad effort to ensure the information is used adequately and appropriately. In addition, the report advocates a linking of data across the P-20/workforce education pipeline in every state, and that the data are accessible to all stakeholders—including parents and teachers—to promote lasting and continual improvement in educator effectiveness and student achievement. Further, the report urges states to implement training for educators and parents on how to use the data available.

## **Colorado**

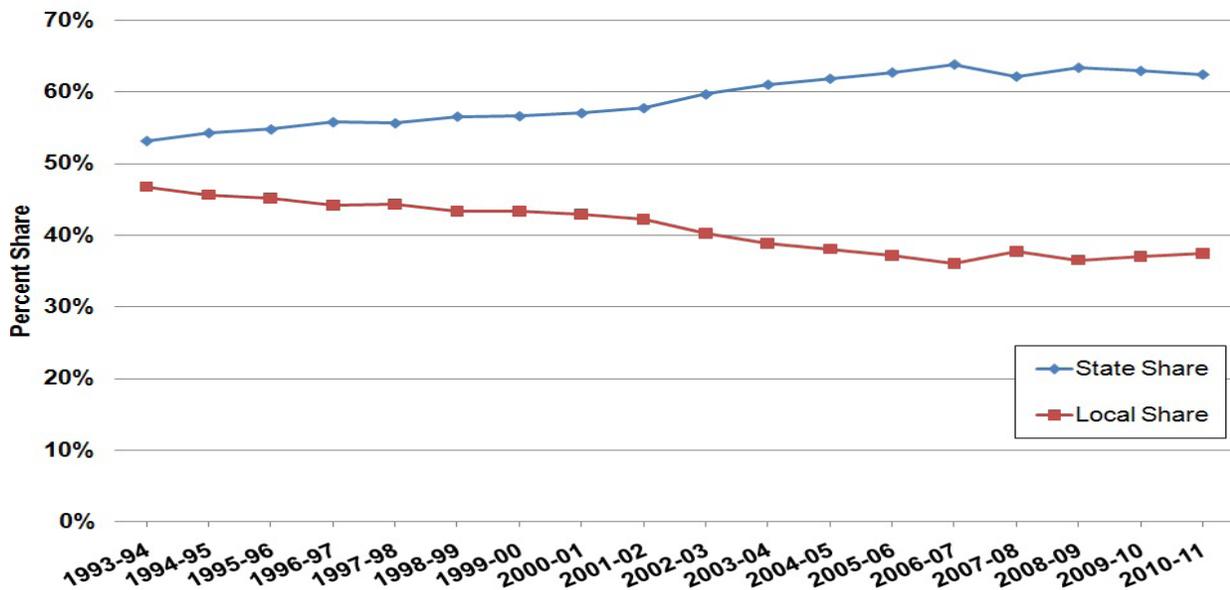
### Facts and Figures

- For budget year 2010-11, Colorado Department of Education projected that the state share of school finance would be 62.48%.
- For FY11-12, the latest budget proposal by Gov. Hickenlooper would result in a \$375M state share reduction to public schools.
- According to a 2009 Census report, Colorado ranked 49th for K-12 public school system finance amounts as related to \$1,000 personal income (based on 2006 data). Colorado ranked 39th in per-pupil funding in current dollars (at \$9,655).
- In Colorado, the 2009 graduation rate was 74.6%.
- The annual Quality Counts report (Education Week and Education Research Center) grades states on a variety of education indicators. Colorado received a “C” grade in 2011
  - Includes, among other indicators: an “A” for accountability, a B+ for assessments, a D+ for K-12 achievement, and an F for school spending.

- See <http://www.edweek.org/ew/qc/2011/16src.h30.html?intc=ml> for more.

School Finance (Sources: CO Dept of Ed, CO Legislative Counsel, CO Children’s Campaign)

**Fig. 1 - State and Local Shares of K-12 Public School Funding in CO, FY 1993-94 to FY 2010-11**  
(Colorado Leg Counsel)



Public schools in Colorado are funded from a combination of federal, state, and local sources: approx. \$8.6B for FY 2010-11. Colorado is expected to receive \$570M in federal funds for assistance to public schools. The state provided about \$3.7B. Property tax collections are the main source for public education funding at the local level, and are projected to be \$3.3B. Other local revenues, excluding bonds, are estimated at \$1.0B. Of the state's total appropriation to public schools, \$3.4B is the state share of school finance, and \$230M is for categorical programs such as special education and transportation. On average, a school district will receive \$6,813 in per pupil funding through the school finance act for FY 2010-11, which represents a \$254 decrease from last year's average per pupil funding. This represents a reduction of 3.6 percent per pupil.

The School Finance Act of 1988 set up a system to equalize per-pupil funding in school districts across the state. It set a uniform school district property tax mill levy of 40 mills and provided state “equalization” funding in districts where 40 mills did not raise enough money to finance schools. In 22 of 178 districts, no state funds were needed to supplement local property taxes.

However, passage of TABOR in 1992 changed the way rates were established for school district property taxes. In school districts with rising property values and growth that outpaced inflation-based revenue limits, TABOR required the district to lower its rates below the 40 mills set by statute. In 1993-94 mill levies averaged 38 mills. By 2006-07, school districts averaged 21 mills, and some are now in the single digits. By 2006-07, all 178 districts were receiving state funds.

By 2006, voters in 175 districts had approved measures to exempt themselves from these TABOR limits, also called “de-Brucing.” However, the 1994 School Finance Act had set a new formula for establishing school district mill levies and codified into statute TABOR’s limits on revenue growth.

Because of this Act, school districts had to lower their mill levy to avoid generating revenue that would exceed the TABOR limit. None of the 175 districts that voted to de-bruce challenged the 1994 statute, and school district mill levies continued to decline.

Due to a combination of these decreasing mill levies and Amendment 23, which required the state to ensure adequacy in funding across districts, the gap between the state and local shares grew. In 2007, the General Assembly enacted legislation (the mill levy freeze) which stabilized the local contribution. This leveled off the growing gap between state and local shares, but did not decrease the gap, since the freeze occurred after property tax rates had already been steadily declining. See **Fig. 1** (above)

### Policy

Colorado has passed numerous (and some significant) education policy reform measures over the past few years, including legislation and initiatives to:

- Restructure the state's education system, including new descriptions of school and postsecondary and workforce readiness, new content standards, and a new state testing system ("CAP4K")
- Created a statewide five-year dual-degree program, allowing students to concurrently earn a high school diploma and college associate's degree in five years.
- Increase state, school districts and individual public schools accountability measures for performance, based on a common set of indicators and related measures statewide.
- Launch a new online portal/transparency website called SchoolView.
- Increase educator and administrator effectiveness (SB10-191).
- Creating a system to assign unique identifiers for all educators, which can be used to match teachers with student outcomes.
- Fully adopt the Common Core State Standards in mathematics and English language arts, part of a National Governors Association initiative for common standards.
- Start implementing a \$17.4 million federal grant to create a new statewide system to track student and educator data from pre-kindergarten to postsecondary education and the workforce.

### Hickenlooper Transition Committee Recommendations:

The Education Committee recommendations include:

- Focus on fully implementing the bold package of reform laws that have been enacted.
- Establish a P-20 Cabinet, commission or sub-cabinet) within the Lt.Gov's Office.
- Invite the next Commissioner of Education to join the Governor's Cabinet.
- Form a bi-partisan task force/commission to develop a long-term P-20 funding strategy.
- Explore expanded learning opportunity pilots: hybrid/blended learning; competency based learning; extended school day/year; community partnerships; and creating a state-level clearinghouse to identify and seek federal grants on behalf of the state's education systems.
- Support the development of excellent schoolteachers and leaders and increase capacity in human capital across the P-20 spectrum.
- Expand learning opportunities that take into account the possibility of changing the length of the school day and year and that emphasizes online potentiality.
- Increase statewide urgency for closing the achievement gaps.
- Enhance innovative choice options in education (e.g. expanding number of charter schools and encouraging bold initiatives by local districts to expand CO's academic marketplace).