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The Education Paradox: Why Colorado schools are short on funds

By Julie Phillips

The Boulder Daily Camera • June 27, 2004

Coloradans care about education, consistently ranking it among their top priorities. In 1998, voters underscored their support of K-12 schools by passing Amendment 23, which mandated a 1 percent increase over inflation in funding for 10 years. So why are schools across the state, including those in Boulder Valley, still faced with cutting budgets and services?

Didn't Amendment 23 guarantee that schools would get the money they need? What about the bond increases the voters of my district just passed? Why are some people complaining that K-12 education is inefficient and gobbling up a disproportionate share of the state's resources?

What happened to all that money?

The truth is that, even with recent improvements in K-12 allocations, Colorado is just starting to dig its way out of a 20-year-old hole in education funding. And because so many of the "fixed" costs of running schools — the cost of health insurance, the price of gas and electricity — have continued to grow at a much higher rate than inflation, there is simply not enough money left to maintain classroom programs and to prevent an even greater increase in student-teacher ratios.

On top of these very real economic pressures, the federally mandated No Child Left Behind act and state laws, such as the Colorado School Assessment Program, are challenging schools to raise the bar on achievement. Asking our teachers to teach to higher standards — and asking our kids to reach them — is good. Not providing them with the resources to back up these lofty goals is not.

Why can't schools just become more efficient about allocating the resources they have? After all, businesses do it all the time. Recently, for example, a major airline announced that it would fly its planes at slower speeds to save money on rising fuel costs. But we can't slow down the rate at which we teach math or turn down the thermostats and require kids to wear parkas in freezing cold classrooms to save money.

Where schools can reasonably and logically achieve savings, most are doing so. The Boulder Valley district, for example, has cut costs by reducing the number of administrators from one for every 597 students to one for every 854 students between 1998 and 2004. Those measures, however, cannot save enough money to allow school districts to meet expectations and pay their bills under current spending and revenue constraints. That's because there are only so many places schools can squeeze fixed costs before it has a very real impact on the core "product" of education: teaching our kids.

When it comes to shrinking funding for education and other critical services in Colorado, nearly all roads lead back to the Taxpayer's Bill of Rights. With its too-tight restrictions on state spending and local property tax restrictions, TABOR ensured that per pupil funding for K-12 education could not keep up with inflation during the 1990s. The cost of operating a school grows faster than inflation because the things schools buy grow faster than inflation. What do school districts buy? Mostly, they



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buy people, which includes wages and benefits. While inflation grew 34.2 percent between 1994 and 2004, the cost of providing health insurance for teachers grew a whopping 132.5 percent. This differential means that if the Boulder Valley School District is to continue to offer health insurance for its employees, it must cut other services. Further, other "fixed" costs have exceeded inflation — including the prices of energy and technology — which are taking a larger and larger share of the funding pie, leaving less money for direct classroom services.

Amendment 23 was passed in reaction to TABOR's siphoning off of school funds. It helps, but we have to remember that its main purpose was to enable Colorado to dig out of a hole, not keep up with demand. By 2011, Amendment 23's inflation-plus-1-percent funding increases will only enable Colorado to catch up with what was spent in real dollars in the classroom in 1989. But as we've seen, this does not remedy underfunding for health insurance, energy and other "infrastructure" costs.

In addition to preventing school funding from even keeping pace with inflation, TABOR decreases the amount of money schools get from property taxes. One outcome of this is that while property values in Boulder Valley increased 147 percent between 1990 and 2001 and student enrollment went up by 15 percent, property tax revenues for schools actually went down in real dollars.

It takes resources to provide a quality education. With a few minor adjustments to TABOR, we can stop the downward spiral by allowing funding for schools to keep pace with growth in the economy. That would still give Coloradans two things we value: strict limits on overall government spending and one of the lowest overall tax rates in the nation along with good schools for all our kids. We hope voters will have the opportunity to uphold all three of these values in November.

Julie Phillips is president of the Boulder Valley Board of Education. She wrote this article at the invitation of the Bell Policy Center. To learn more about the Bell, visit www.thebell.org.