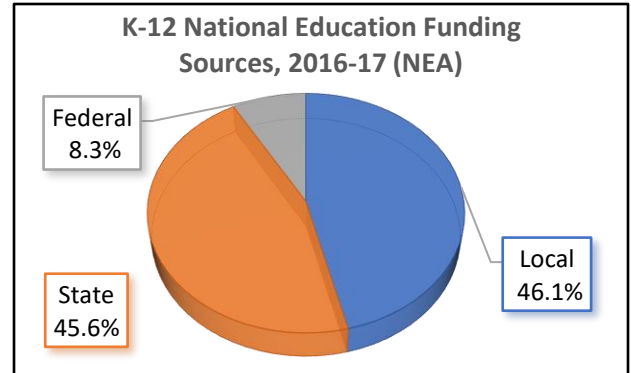


Teacher Pay is Important, but Not the Only Issue (Part 2)

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In last month's *By the Numbers* (<http://www.uccseconomicforum.com/publications/BTN-CSBJ-April-2018.pdf>), teacher pay across Colorado and within El Paso County was shown to be well below national levels. According to the 2018 National Education Association (NEA) report, Colorado ranked 31st in the nation with average salaries 13% below the U.S. and starting salaries 15% below the national average. This is troubling given the recent teacher protests and strikes across the nation, and the chronic shortage of teachers within our state, which has over 3,000 open positions. Locally, we are particularly challenged since teacher salaries in the various districts of El Paso County are between 7% and 29% below state averages, which are already low. Most education funding in the U.S. emanates from local dollars (see box).



However, as the striking teachers in Oklahoma declared, teacher pay is important, but it is not the only issue. Education expenditures per student represent a more holistic picture of dollars for the day-to-day operation of schools including teacher and instructional staff salaries and benefits, teaching supplies, other expenditures on instruction, transportation, and support services. Teachers recognize that their overall job satisfaction and their ability to excel in their profession is heavily influenced by the allotted dollars per student as these allocations determine class size, the availability of up-to-date teaching materials, their ability to augment instruction with additional supplies not always provided by their school, and their ability to learn about and give input on teaching methods and classroom innovation. Clearly, there are both quantitative and qualitative aspects to any job, although looking at the trends in total expenditures per student is one of the most tangible ways we can assess the overall monetary commitment we make to the education of our future workforce.

Table 1 shows the current expenditures per student in 2017 for the U.S. and Colorado as well as the lowest and highest ranked areas.

	Expenditures per Student	Rank
United States	\$11,642	N/A
Colorado	\$10,865	27 th
District of Columbia	\$25,025	1 st
Idaho	\$6,761	51 st

Source: <http://www.nea.org/assets/docs/180413-Rankings And Estimates Report 2018.pdf>

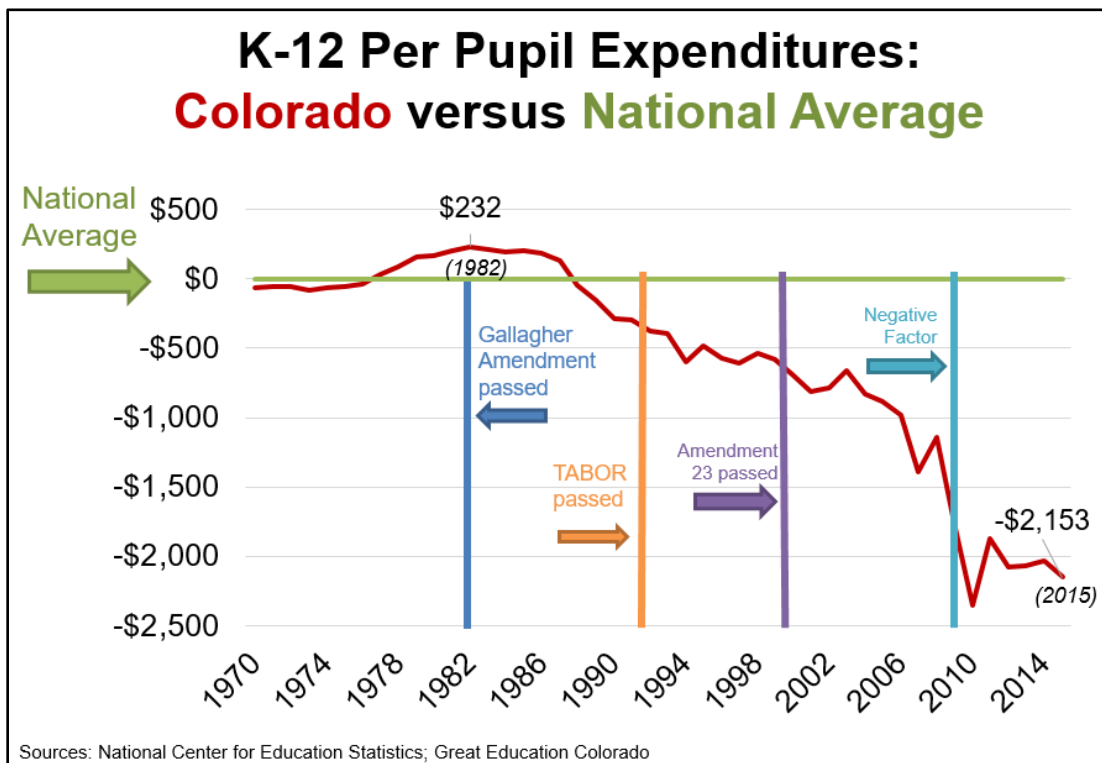
This data shows us that that we ranked twenty-seventh in the amount we spent per student in 2017, despite being second in the nation in terms of economic performance, as measured by the annual percentage increase in gross state product (Bureau of Economic Analysis). We had stellar economic growth in Colorado, but our economic performance is not reflected in how we are investing in our *future* economic performance as measured by the education of our workforce pipeline.

It seems counter-intuitive that we have such innovation and economic growth in our state despite the relatively low educational expenditures. This is explained by what has been coined the "Colorado Paradox." We are the second most educated state in the nation because of the in-migration of highly educated individuals who move to Colorado. Indeed, more than half of our population growth in the past 20 years has been from in-migration. It is clearly a huge benefit when

educated people want to move to your state, but is it sustainable and is it fair to Colorado taxpayers that we outperform virtually every state (except Washington) in terms of productivity and output while also underperforming in terms of teacher pay and per student expenditures? I also ask as an economist, why aren't allocations to K-12 keeping pace with economic performance? And if our expenditures per student are low now, what will happen during the next downturn when tax revenues inevitably fall?

The current state of K-12 funding in Colorado is emblematic of what has plagued many other states. The graph below shows that declining appropriations to education are a direct result of legislative policies to cap taxation. The graph below shows that in 1982, Colorado spent \$232 more than the national average in terms of K-12 per student expenditures. Fast forward to 2015, and Colorado was spending \$2,153 less than the national average according to the U.S. Department of Education's National Center for Education Statistics. And when adjusted for inflation, national per student expenditures have actually fallen in the past ten years.¹ More recent data by a difference source, the NEA, is shown in Table 1, and this data does demonstrate a smaller chasm in 2017 than in 2015 although accounting methods between the two agencies are not identical. Nonetheless, both sources show significantly lower expenditures per pupil in Colorado as compared to the U.S., and the graph demonstrates the impact of various tax legislation on student spending. Colorado has not cut taxes as did Oklahoma, but it has capped the amount the state can increase education expenditures. This is particularly challenging given the tremendous growth we have had in population and the increasing diversity of industries we have (fortunately) experienced. As it turns out, another paradox is that the more successful we have been in Colorado in terms of economic diversity and growth, the more we need a highly-skilled workforce with specialized training. It's a good problem to have, but as our significantly lower-than-the-national unemployment rate demonstrates (see box), it is challenging to find qualified workers and Colorado businesses are saying this is hindering their growth potential.

Unemployment Rate April 2018, BLS	
Colorado:	2.6%
United States:	3.7%



Having said all of this, many education experts point out that more funding does not necessarily equal better outcomes. There are a plethora of factors at play in teacher and parent satisfaction and in student academic outcomes. The teacher protests do highlight, however, that there is teacher dissatisfaction, that there is tension between taxation, student funding and outcomes, and a growing abyss between what children are learning and what employers need. Not unlike health care, most people are calling for "sweeping reform." As many teachers and education experts have pointed out, however, declining appropriations is not a good place to start.

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The next article will address higher education funding and enrollment.

For information on receiving the monthly economic dashboard via sponsorship, please contact Tatiana Bailey, Director, UCCS Economic Forum (tbailey6@uccs.edu)

ⁱ From 2009 to 2018 in the U.S., expenditures per student have increased \$1,386 or 13.1%. However, adjusted for inflation, expenditures have actually declined 2.3% according to the NEA.