



## THE STATE CHAMBER OF OKLAHOMA

LEGISLATIVE ADVOCATES FOR BUSINESS

**WE THE PEOPLE** of the Great State of Oklahoma, in order to secure a more prosperous climate for our citizens, hereby acknowledge that quality education is the key to job creation, stability, growth and economic advancement. We recognize that economic vitality is tied more to the ability to satisfy the workforce needs of a community's job providers than any other incentives that could be offered.

In order to successfully achieve a stable foundation for growth and prosperity, a quality educational system must be appropriately funded and administered. In an effort to evaluate the quality of our nation's common education system, a 2007 study conducted by the Institute for a Competitive Workforce, an affiliate of the U.S. Chamber of Commerce, detailed the status of K-12 education systems in every state. In that study, Oklahoma received an "F" in *Academic Achievement* and a "D" in *Academic Achievement of Low Income and Minority Students*. This is unacceptable.

In an attempt to revise the state's funding mechanism for Oklahoma's common education system, an initiative petition called *Helping Oklahoma Public Education (H.O.P.E.)* was circulated in the fall of 2008 by the Oklahoma Education Association (OEA). The petition garnered enough signatures to be verified valid by the Oklahoma Secretary of State and placed on the statewide ballot in November, 2010 (or an earlier date if established by the Governor). The ballot measure is SQ 744. If adopted, the ballot measure would amend the state Constitution to *require* Oklahoma common education appropriations to equal the average per pupil expenditure level of our six-state region comprised of Texas, New Mexico, Colorado, Kansas, Missouri and Arkansas. *HOWEVER, the ballot initiative does NOT require such appropriations to be spent in the classroom! These funds can go to administration in a system which is already top-heavy!*

Each year, the state legislature has one constitutional requirement, the passage of a state budget. With the latest comparison figures available, in 2007, Oklahoma's total budget was approximately \$6.7 billion. Of that, common education received almost \$2.8 billion in state appropriations, or 41% of the total state budget. For comparison purposes, the 1997 *total* state budget was \$4.15 billion with \$1.53 billion, or 37%, spent on common education. As noted, the common education funding in Oklahoma has significantly increased in both dollars and percentage of budget over those ten years.

According to the OEA, if SQ 744 was fully implemented during the current 2010 fiscal year budget negotiations, the increased allocation to common education would have been \$850 million over and above what was appropriated. This represents approximately 12% of the entire budget. Although the state question, if passed, would phase in the funding increases over a three year period, the budget impact seems clear.

When dividing the state's number of students by state expenditures, Oklahoma's "per pupil expenditure" is certainly below the six state regional average. However, other factors such as federal and local funding, which vary significantly in every state, must also be taken into consideration. Regardless of the funding issue (roads and bridges, healthcare, human services, corrections, education, etc.), basing appropriation levels on other state methods of funding is simply NOT good policy.

In addition, the economies of other states are based on different foundations than ours, and Oklahoma cannot predict the actions of other states on education funding. A state in our region, for example, could decide to pass a constitutional amendment similar to SQ 744, requiring “per pupil expenditures” be equal to or *exceed* the regional average. Or a state in our region could increase education by legislative action. In either event, the regional per pupil expenditure is an ever increasing moving target.

Taking it a step further, one of our neighbors could pass a constitutional amendment tying education funding to the national average. With SQ 744 in place, Oklahoma’s per pupil expenditure would then be based on a national average. In any event, SQ 744 leads to a potential budgetary disaster for the State of Oklahoma.

The major question under consideration should be “how efficiently are Oklahoma common education dollars spent?” There is no doubt that Oklahoma’s common education system is “top-heavy”. Compared to the regional states as determined by SQ 744, the average common education school district per student is one district per 2,359 students. Oklahoma averages one district per 1,038 students! These statistics seem to be extremely disproportionate and assures a lopsided portion of Oklahoma expenditures go to administration and *not* the classroom. Yet we hear no word about the prospect of tying the number of school districts or administrative costs to a regional average thereby enhancing efficiency and reducing Oklahoma’s excessive inefficiencies. Remember, SQ 744 does not require any additional funds to go into the classroom. The only requirement is that the states’ common education appropriations must equal the per pupil expenditure average of our surrounding states.

Enhancing funding for an inefficient system and expecting a better result is of significant concern. Many in Oklahoma’s education community promised a resolution to the funding, support and school performance woes with the passage of H.B. 1017 in 1990. Then there was the funding mechanism housed within the tribal gaming compacts which would pour money into the common education system. The most recent revenue stream deemed adequate to resolve finance distress was the Oklahoma “Education Lottery”. Although all these efforts have been put into place, the OEA still sued the state of Oklahoma for additional funding and lost their case in the Supreme Court. This, of course, led us to the H.O.P.E. Initiative Petition and SQ 744.

Every entity or agency receiving state funds should be extremely concerned with SQ 744. Funding for Transportation, Infrastructure, Municipalities, Counties, Higher Education, Career Technology, Health, Human Services, Substance Abuse and Mental Health, Corrections, etc. would be in serious jeopardy. The only way to address this unavoidable consequence would be either massive agency funding cuts or significant tax increases on Oklahoma citizens and businesses.

Those interested in enhancing appropriate funding to Oklahoma’s common education system, which we *all* should be, should focus on achieving efficiencies which will, in turn, help accomplish this important goal.

Prepared by Matt Robison, Vice President  
Small Business and Workforce Development  
The State Chamber of Oklahoma