Andrew E. Oster, Frank Keating and Mike O'Neal: Thinking differently about Oklahoma public school spending

* By Andrew E. Oster, Frank Keating & Mike O’Neal

A recent article published in The Economist (“What’s wrong with Oklahoma?”) and trumpeted widely on social media accomplished one thing very well regarding the debate about public education finances and teacher compensation. It painted what can only be described as an alternate reality full of distortions and, in some cases, demonstrably outright falsehoods. We want to set the record straight for the Oklahoma people by laying out a few hard economic truths.

First, we want to affirm that, as most Oklahomans, we strongly believe our teachers deserve a significant increase in pay and will continue to demonstrate how that is possible without the need for significant increases in revenues.

Revenue shortfalls are not the cause of Oklahoma’s education troubles. In fact, through fiscal year 2016, Oklahoma public schools received more than $9.2 billion in revenue, a near record high. Since 2006, inflation-adjusted public school revenues have risen by more than $1.6 billion, or 21 percent. This amounts to revenues of more than $13,240 per student, an increase of more than $1,300 per student or more than 11 percent. If the teachers are not sharing in those increases, it is a fair question to ask where it is going.

In comparing Oklahoma teacher salaries to other states, it is also important to recognize and adjust for the cost of living. A dollar in Oklahoma goes further than a dollar in 45 other states. The Missouri Economic Research and Information Center listed Oklahoma as having the fifth-lowest cost of living among the 50 states as of the third quarter of 2017. A comparison across states without adjusting for the cost of living presents a significantly flawed analysis.

Similarly, the argument that tax cuts have wrecked the state’s finances is simply false. Oklahoma has experienced near record revenues in recent years. In 2005, the Legislature passed what was then the largest personal income tax cut in state history. The official analysis concluded the state would lose $150 million in revenue. In reality, income tax collections grew by $305 million and sales tax collections grew by $243 million — a $548 million increase. From 2006 through 2012, additional tax cuts were met with similar results. Where the combined revenue declines were predicted to be almost $500 million, revenues actually increased a combined $869 million — a swing of $1.369 billion.

Furthermore, we should ask whether the schools have received their fair share of state revenues. In one generation (1991-2017), total state spending has increased by $7.3 billion even when adjusted for inflation. This 70 percent increase shows the size and scope of Oklahoma government spending growing at an unsustainable rate. Over the same period, Oklahoma’s population grew by just 24 percent. Did the schools participate in that 70 percent increase?

Many fault the constitutional changes made as a result of State Question 640 and the requirement for a three-fourths majority of both houses to increase taxes. However, tax measures may be submitted for a statewide vote where only a simple majority is necessary. Indeed, a statewide vote was held in 2016 for a proposed 1 percent increase in the sales tax to fund numerous education initiatives including a $5,000 teacher pay raise. Without significant reforms and stronger accountability, 60 percent of Oklahoma voters said no.

So, what are some of the biggest reasons for low teacher pay and high attrition, among other problems? A good place to start is the bloat in the education system. Oklahoma currently has 513 school districts (and only 77 counties) — more than all neighboring states except Texas. Caddo County, a 1,200-square-mile county in southwest Oklahoma, has almost as many school districts (11) as the entire state of Nevada. Each of those districts has a well-paid superintendent and additional central services that continue to eat into school resources that could be used for teacher salaries and educational materials.

Since 1992, Oklahoma public schools have increased spending per student by 11 percent, adjusted for inflation. At the same time, public school teachers received only a 4 percent real increase in purchasing power, according to economist Benjamin Scafidi. He demonstrates that the culprit nationwide is a 65-year binge in non-teaching staff hiring, far in excess of increases needed to accommodate student enrollment growth. Specifically, the increase in non-teaching hires was more than seven times the increase in student enrollment. Collectively, Oklahoma public school districts now employ more non-teachers than teachers. Based on Oklahoma’s post-1992 surge in non-teaching staff, Scafidi estimates the cost to Oklahoma taxpayers at $373 million per year — while student outcomes were largely stagnant. Of all tested grades in Oklahoma City and Tulsa public schools, at least 75 percent and 71 percent respectively were not proficient in English and at least 81 percent and 77 percent respectively were not proficient in math. So, while the staffing surge failed to deliver meaningful results, teachers could have received a permanent raise of $8,872 if those funds went to them.

One example of misaligned spending priorities lies in Catoosa. In spite of the troubles reported about staff and teacher pay, Catoosa sports a brand new $1.5 million press box at the high-school football field and bought MacBook computers for all middle-school and high-school students. Priorities. As noted earlier, most of the school budget decisions are determined at the local level, not the state level.

Oklahomans really want accountability more than anything else. At 62 percent, that was the conclusion of none other than the Oklahoma Education Association’s own recent polling. Assuming that the current $5,000 pay raise pending in the Legislature passes, had there been real accountability in public education spending, Oklahoma teachers could be earning $13,872 more annually in 2018 than in 1992. Coincidentally, that figure is higher than the median response of the same OEA poll for how much Oklahomans believe teacher pay should be raised. How amazing would it be to raise teacher pay in Oklahoma by almost $14,000 by adding accountability and efficiency to the system? We encourage the Legislature and the school districts to do what ordinary Oklahomans do every day — set priorities and make hard choices — for the benefit of our teachers and ultimately our children. They both deserve much better.

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