



# The Utah Taxpayer

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## Utah Schools Spend \$3.33 Billion in FY 2006

Total district and charter school spending in FY 2006 was \$3.33 billion, up 6.4% from FY 2005, according to the Utah Taxpayers Association's annual analysis of district spending. This includes operations, interest, facility construction, and food service, but excludes non K-12 programs. Total spending per student in Utah district and charter schools increased 3.5% in FY 2006. Due to significant increases in the costs of construction materials, facility construction was the largest single increase in per student spending at 10.5%. Transportation costs also increased significantly (6.7%) due to increasing gas prices.

### Expenditures per Student in Utah District and Charter Schools, FY2005 and FY2006

Spending Category	FY2005	FY2006	% Increase
Instruction	\$3,394	\$3,480	2.5%
Student services	185	189	2.2%
Media/library	254	252	-0.8%
Administration	504	514	2.0%
Plant operation/maint	496	500	0.8%
Transportation	179	191	6.7%
<b>Total Operations</b>	<b>5,012</b>	<b>5,126</b>	<b>2.3%</b>
Food Service	288	298	3.5%
Debt service	152	158	3.9%
Facility construction	858	948	10.5%
<b>Total</b>	<b>\$6,309</b>	<b>\$6,529</b>	<b>3.5%</b>

Source: Utah Taxpayers Association based on data from Utah State Office of Education *Annual Financial Report*.

These figures do not account for the massive increases that Gov. Huntsman and the Legislature approved in the 2006 and 2007 legislative session. The Association estimates that total per student spending, including capital and debt service, will reach \$7,500 in FY 2008, a 15% increase over FY 2006.

### How can expenditures per student be so high when the WPU was only \$2,280 in FY 06?

Contrary to press reports, the Weighted Pupil Unit (WPU) one of the measures of state aid to local schools and charter schools, is NOT the amount of tax dollars spent per non-special education student. Despite the attention paid to the WPU, less than half of all public school expenditures including capital and debt service are accounted for in the WPU.

The following items – based on FY 2008 appropriations – are not included in the WPU and are largely spent on non-special education students.

- Social Security, Medicare, and retirement: \$333.3 million
- Voted and board leeway programs: \$304.8 million
- Various block grants: \$113.7 million
- School building program: \$77.3 million
- Pupil transportation: \$70.9 million
- Teacher compensation increase (beyond steps and lanes): \$68.7 million

In total, about \$1.2 billion Minimum School Program expenditures, including many that are not listed above, are excluded from the WPU. On top of that, there are local expenditures of more than \$500 million for operations and capital/debt service that are excluded from the WPU. Most of this amount is spent on non-special education students.

In FY2008, WPU expenditures will be about \$1.75 billion out of a total of \$4.1 billion K-12 expenditures, or about 43% of the total.

Although there is a correlation between student enrollment and number of WPUs the WPU is not a per student amount. Statewide, there are about 1.29 WPUs per student (based on anticipated enrollment of 540,190 as stated in the Legislative Fiscal Analyst (LFA's) Appropriations Report).

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*The Census Bureau figure of \$5,257 is for FY 2005 and includes school lunch but excludes debt service and facility construction*

About 50% of the difference between the number of WPU's and the number of students is attributable to special education.

### **How can expenditures per student be so high when the Census Bureau says Utah spends \$5,257 per student?**

The Census Bureau figure of \$5,257 is for FY 2005 and includes school lunch but excludes debt service and facility construction. The Association's equivalent figure for FY 2005 would be \$5,300 (\$5,012 for operations and \$288 for food service). The difference between the association and the Census Bureau is less than 1%.

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**My Corner - by Howard Stephenson**

## **The Battle for Individual Liberty and its Steady Erosion**

I recently returned from Washington, D.C. where we visited once again Mt. Vernon. While in Washington, I also finished reading David McCullough's latest book *1776*. Being reminded of George Washington's true greatness and the difficulties faced by the rag-tag revolutionaries fighting a truly great and powerful British Army made me realize just how blessed we are to live in this Republic we call the United States of America.

July Fourth is called Independence Day in part because it is the day the thirteen colonies officially declared independence from Great Britain. But we often forget it is the day we celebrate the independence of the individual – the public acknowledgement that God made man free. "We hold these truths to be self-evident," they declared, "that all Men are created equal, that they are endowed by their Creator with certain Inalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness."

This Declaration gave rise to government respect for individual liberty where consumption and investment were influenced by prices and profits, rather than by privilege and compulsion. This individual liberty, protected by rule of law, free markets, and private property rights has produced more than two centuries of unprecedented prosperity which, ironically, is widely criticized by many Americans who can only see its flaws but envied by the rest of the world.

### **The long road to freedom**

Living in a nation of abundance and relative peace, we too often forget that the rights of the individual have been denied throughout most of the world's history. But thankfully, a few brave visionaries were willing to sacrifice all they had, including their lives, to advance these rights, although the advances were extremely incremental. In 1215 English barons threatening armed rebellion forced King John to sign the Magna Carta, limiting the power of the King. In 1305 William Wallace of Scotland gave his life in advancing the concept of individual rights and in challenging the mistaken notion that the king could do no wrong.

Then, on April 19, 1775 on Lexington Green a shot was fired which began the revolutionary war and has continued to echo around the world. The signing of the Declaration of Independence on July 4, 1776 by those pledging their lives, fortunes, and sacred honor proclaimed to the world that the fight for liberty had only begun.

As I read the accounts of the winter at Valley Forge just 20 miles from Philadelphia – the capital and most important city in the Colonies which had been captured by the British – I am amazed that the patriot soldiers did not give up.

The soldiers were mostly without shoes, many clothed in rags or with only a blanket to cover them. Rations were short and often dinner was only a mouthful of soup made of burnt leaves. Congress was unable or unwilling to supply the soldiers with regular wages and tales of suffering at home were frequent.

Three years later, at West Point, the army was in worse shape than at Valley Forge. Hunger stalked the encampment and ammunition was scarce. Once again, gaunt soldiers stood shoeless in the snow with nothing to cover them but a blanket. Washington wrote, "The prospects of the Continental Army have never been blacker. We have never experienced a like extremity at any period of the war. It seems now inevitable that West Point must be abandoned and the troops dispersed to prey upon the countryside for food."

Given their bleak situation and poor chances for victory, I am amazed that these patriots were willing to pay such a high price for the liberty which we so often take for granted.

### **The steady erosion of Liberty**

Unfortunately, the liberties the Founders won have been slowly and systematically eroded over the years. Childhood education in America was once a vibrant system of private schools which Alexis de Tocqueville in 1835 called the finest education system in the world and which produced an almost universally literate populace.

*Given their bleak situation and poor chances for victory, I am amazed that these patriots were willing to pay such a high price for the liberty which we so often take for granted.*

*Isn't it odd that Utah, the most conservative state in the nation is predicted to reject vouchers on the ballot this November, a tool which would put parents back in charge of their children's education?*

*During the 1930s the modern welfare state was born. Government actually caused the Great Depression and once it began, government prevented the private sector from ending it for 10 years*

*It is my hope that we will all consider the thoughts of Mr. Thoreau and our Founders before we ask government to do even more of those things we can and ought to do for ourselves.*

Beginning in 1850 this successful system was undermined and largely replaced by government schools promoted by wealthy elites and financed by compulsory taxation. Isn't it odd that Utah, the most conservative state in the nation is predicted to reject vouchers on the ballot this November, a tool which would put parents back in charge of their children's education?

As Joseph Bast of the Heartland Institute notes, "At the start of the twentieth century the Progressives gave up on free markets and limited government. They called for municipalization of services once privately provided, including everything from garbage collection, hospitals, charitable aid to the poor, and parks to municipal water systems, electricity, airports, and even traffic lights on city streets."

The Progressive movement also ensured a virtual institutionalization of an independent administrative branch of government which they believed needed to be independent from the three branches to ensure that government professionals could manage the business of government outside of the political process. Later the Progressives pushed the 17<sup>th</sup> amendment to the U.S. Constitution which eliminated the Founders' vision that U.S. Senators would be elected by and accountable to the state legislatures, the very concept which justifies two senators per state regardless of population and resulted in the "Great Compromise."

During the 1930s the modern welfare state was born. Government actually caused the Great Depression and once it began, government prevented the private sector from ending it for 10 years.

Mr. Bast observes, "People all around us today are still giving up, calling for increased government spending, more regulations, and higher taxes. Republicans and Democrats alike get elected by promising more--never less. The ethics that once supported a culture of self-government are rarely discussed, even less often taught to the next generation.

"If the Founders were here today, what would they think of a federal government that spends 20 percent of the country's GDP and runs up a \$400 billion deficit in a single year? Would they be pleased that government owns and operates the schools 90 percent of our children attend, pays for 40 percent of all health care expenditures, forces the top 10 percent of income earners to pay two-thirds of federal taxes, and allows 36 million families to pay no income taxes at all?"

#### **Time for renewal**

Henry David Thoreau's essay Civil Disobedience, written in 1849, explained his reasons for going to jail rather than obeying an unjust law. Thoreau wrote, "There will never be a really free and enlightened State until the State comes to recognize the individual as the higher and independent power, from which all its own power and authority are derived, and treats him accordingly."

It is my hope that we will all consider the thoughts of Mr. Thoreau and our Founders before we ask government to do even more of those things we can and ought to do for ourselves.

## **The tax increase voucher opponents won't tell you about, and how to avoid it**

The state Supreme Court has cleared up the ambiguities about Citizen's State Referendum 1 this fall, and the campaign is under way. The first volley came when both sides submitted reasons for the referendum to repeal Utah's voucher law to the Lt. Governor's Office. While voucher supporters offered cogent reasons to vote YES on Citizen's State Referendum 1, the opponents trotted out tired assertions that our elected officials have heard and rejected. More importantly, the opponents ignore the taxpayer reasons every Utahn should say YES to vouchers.

Recognizing the need to better fund Utah's public schools, the Utah Legislature has more than doubled per pupil spending over the past 15 years. This dramatic increase - today Utah spends just over \$7500 per pupil - has been possible because the state's economy has been red hot, while enrollment growth has been flat. Between 1990 and 2006 Utah's classrooms grew by only 18%, while the number of Utah jobs grew by a whopping 67%.

Unfortunately, these trends no longer prevail. Between 1990 and 2004, Utah schools never grew by more than 10,000 students in a given year; in 2005, 14,330 new students enrolled, and another 16,075 entered in 2006. The State Office of Education's most current projections show another 156,345 new students entering Utah classrooms between 2007 and 2016, nearly quadruple the number of new students who entered Utah classrooms in the 1990's.

#### **Quote of the Month #1**

***"Under the wholesale financial model, not enough revenue is generated for a city to pay the operational costs and the bond debt incurred to build the fiber optic network."***

Memo from George Stewart,  
Former Mayor and current Provo  
City Councilmen, June 5, 2007

**Enrollment Growth in Utah Public Schools 1990 to 1999 Compared with Projected Enrollment Growth 2007 to 2016**

	October 1	Annual		October 1	Annual
Year	Enrollment	Change	Year	Enrollment	Change
2007	540,189	14,529	1990	444,732	8,970
2008	553,428	13,239	1991	454,218	9,486
2009	567,613	14,185	1992	461,259	7,041
2010	583,077	15,463	1993	468,675	7,416
2011	599,258	16,181	1994	471,402	2,727
2012	616,227	16,970	1995	473,666	2,264
2013	632,889	16,662	1996	478,028	4,362
2014	649,531	16,642	1997	479,151	1,123
2015	665,818	16,287	1998	477,061	(2,090)
2016	681,484	15,666	1999	475,974	(1,087)
	<b>Total</b>	<b>155,824</b>		<b>Total</b>	<b>40,212</b>

Source: Utah State Office of Education

*The 2001 to 2003 slowdown happened while Utah school enrollment was flat, so no tax increase was necessary. However, it was all the Legislature could do not to cut public education spending.*

More troubling is the reality that Utah's economy will not always grow so rapidly. Since 1980, Utah has had 2 significant economic slowdowns, in 1986 and again in 2001 to 2003. With student enrollment growing faster than it did in the 1990's, but not so fast as it is now, the 1986 slowdown forced lawmakers to impose the largest tax increase - \$176 million - in Utah history.

The 2001 to 2003 slowdown happened while Utah school enrollment was flat, so no tax increase was necessary. However, it was all the Legislature could do not to cut public education spending. And if the slowdown had lasted just 6 months longer, Legislators would likely have had to raise taxes again.

It is at best folly - at worst irresponsible - to hope that Utah's hot economy can protect taxpayers from further tax increases brought on by the dramatic increase in public school enrollment. With the largest families in the nation, and per capita income well below the national average, lawmakers must identify policy options that simultaneously reduce the strain on our public school system and increase the amount of money available to educate Utah children.

That is why the Legislature and the Governor adopted HB 148. Vouchers help solve both aspects of Utah's education-taxpayer dilemma. Each time a parent uses a voucher (worth between \$500 and \$3000) to switch to a private school, Utah's public schools have one fewer child to educate, and they have between \$4500 and \$7000 more to spend on the rest of Utah's children. In other words, vouchers decrease the number of students in Utah classrooms and increase the amount of money available for other students.

Utah policy makers rightly see vouchers as one of several tools we need to avoid another tax increase. The lessons of 1986 and 2001 to 2003 are too clear and compelling to avoid any other conclusion.

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**Utah Job Growth, 1990 to 2006**

	Total Jobs	% Change	change	% Change
1990	723,629	4.7	32,385	0.0%
1991	745,202	3.0	21,573	3.0%
1992	768,602	3.2	23,488	6.2%
1993	809,731	5.4	41,129	11.9%
1994	859,626	6.2	49,895	18.8%
1995	907,886	5.6	48,260	25.5%
1996	954,183	5.1	46,297	31.9%
1997	993,999	4.2	39,816	37.4%
1998	1,023,480	3.0	29,461	41.4%
1999	1,048,498	2.4	25,018	44.9%
2000	1,074,879	2.5	26,381	48.5%
2001	1,081,685	0.6	6,806	49.5%
2002	1,073,746	-0.7	-7,939	48.4%
2003	1,074,131	0.0	385	48.4%
2004	1,104,328	2.8	30,197	52.6%
2005	1,148,315	4.0	43,987	58.7%
2006f	1,208,100	5.2	59,785	67.0%

## The Utopian Promises and Harsh Realities of iProvo

Common as it's become, it's almost not newsworthy: Provo's municipal internet service, iProvo, isn't generating enough revenue to cover their costs, let alone reinvest in their network. While the newspapers focused on the flap between Mayor Billings and the Provo City Council over how best to cover these continuing losses, they missed the real story. In the wake of its annual losses, most people have forgotten the promises iProvo backers made just a few short years ago. A few brief reminders are helpful.

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Promise	Reality
"iProvo cities can be confident that they will be firmly established in a space where the rest of the nation is headed anyway. Several years' head start will pay dividends enough to turn Ronald McDonald's red nose green with envy." Utahns for Telecom Choices May 10, 2004	As it turns out, Ashland, Oregon, which iProvo backers highlighted as an example of a working municipal fiber networks, is an excellent example of the "head start" Provo can look forward to. As the Pacific Research Institute noted, Ashland's "operating cash flow has ranged from – \$1,093,527 in 2002 to –\$164,606 in 2004. <i>Wi-Fi Waste: The Disaster of Municipal Communications Networks, May 2007</i> "
iProvo is a powerful infrastructure that will give our city a strategic advantage in job creation and economic development." Mayor Lewis Billings Community Update, August 2005	"If past economic cycles are repeated, the City might not have the favorable economic conditions we have today which could result in cutting City services to fund iProvo debt." Council Member George Stewart June 5, 2007
"For residents of Utah's fiber communities, a whole new world of jobs and career opportunities will soon be available." Utahns for Telecom Choices April 5, 2004	

*Far from iProvo creating jobs and stimulating the economy, iProvo today is the City's albatross. Where the current hot economy has other City accounts brimming, iProvo's debts continue to pile up*

### Projected Total Revenues and Expenditures for iProvo, FY 2008 to FY 2012

	FY2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenues	5,605,362	6,863,806	7,585,813	7,984,402	8,196,572
Total Expenditures	6,797,096	8,593,603	8,985,348	8,390,543	8,537,467
Operating Deficit	(1,191,734)	(1,729,797)	(1,399,535)	(406,141)	(340,895)

Source: Provo City Council

Far from iProvo creating jobs and stimulating the economy, iProvo today is the City's albatross. Where the current hot economy has other City accounts brimming, iProvo's debts continue to pile up. If the residents of Provo enjoy the same "head start" as Ashland residents, Provo taxpayers will be paying for their network long after its useful life is over.

*Put simply the “Yellow Pages Test” says if you can find a service advertised in the Yellow Pages, maybe government should not try to do it itself. These services can range from garbage collection to janitorial service to golf courses.*

*In conclusion Simmons asked citizens and taxpayers to tell their representative about the Yellow Pages Test.*

## Mayor Simmons Addresses Taxpayers Association

Utah State University Professor and Mayor Randy Simmons gave the “Yellow Pages Test” to attendees of a recent Taxpayers Association banquet. The “Yellow Pages Test” is what Indiana Governor Mitch Daniels uses when determining what role government should play in citizens lives.

Put simply the “Yellow Pages Test” says if you can find a service advertised in the Yellow Pages, maybe government should not try to do it itself. These services can range from garbage collection to janitorial service to golf courses.

Simmons contrasted the “Yellow Page Test” with the “Feel Good Test” usually applied by city and many state officials. The “Feel Good Test” has three parts:

- 1) Do I have good intentions?
- 2) Will I make some people happy?
- 3) Will I feel good for having done it?

Simmons encouraged legislators, and other elected officials in attendance to worry less about feeling good, and more about good public policy. “Far too often good intentions and good policy are strangers—that is why our Founders wanted limited government.” Simmons said.

By comparing two similar cities (Idaho Falls and Pocatello) Professor Simmons demonstrated the benefit of the Yellow Pages Test. “Idaho Falls used the Yellow Pages test and used private contractors for as many services as they could find,” Simmons said, “Pocatello on the other hand did not use private contractors and spent twice the amount in their public works department.”

In conclusion Simmons asked citizens and taxpayers to tell their representative about the Yellow Pages Test. He also said to tell them, “The right thing to do is to limit government by getting it out of the way of competition and market prices and market ingenuity.”

To read the text of the speech go to [www.utahtaxpayers.org](http://www.utahtaxpayers.org).



Mayor Randy Simmons