



# The Utah Taxpayer

A Publication of the Utah Taxpayers Association

1578 West 1700 South ♦ Suite 201 ♦ Salt Lake City, Utah 84104 ♦ (801) 972-8814

### May 2008 Articles

Utah K-12 per student expenditures increase 7.3% in FY2007

My Corner – Action-packed conference to focus on outcomes of recent Utah legislature, future economic issues

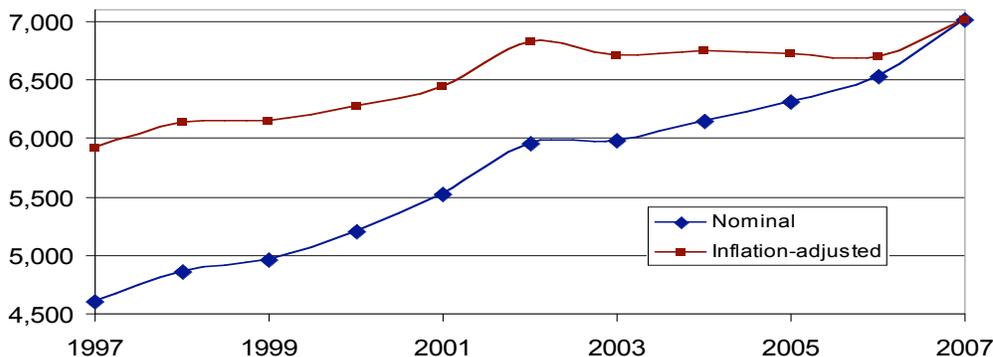
## Utah K-12 per student expenditures increase a whopping 7.3% in FY2007

Total K-12 per student expenditures in Utah increased from \$6,529 in FY2006 to \$7,009 in FY2007, a 7.3% increase. Operations expenditures per student, which exclude facility construction, interest, and food service, increased from \$5,126 to \$5,348, a 4.3% increase. These figures include charter school expenditures.

### Steady increases over past ten years

K-12 expenditures continue to outpace inflation and enrollment growth. From 1997 to 2007, K-12 expenditures per student increased at an inflation-adjusted rate of 1.7% annually. The following chart shows nominal and inflation-adjusted per student spending, including facility construction and interest, from 1997 to 2007.

Utah Spending Per Student, 1997 - 2007, Including Capital



Source: Utah Taxpayers Association based on Utah State Office of Education and Bureau of Labor Statistics data

Per student spending increased substantially during the 1990s when student enrollment growth was virtually flat and the economy was rapidly growing. During the early 2000s, a stalled economy coincided with increased enrollment which actually led to a slight decrease in inflation-adjusted per student spending. However, inflation-adjusted per student spending reached an all-time high in FY2007 due to huge education spending increases by the 2006 Legislature.

### District and Charter School Expenditures by Category

The accompanying table shows the growth in Utah per student spending from FY2006 to FY2007.

The Association projects that per student spending will reach \$7,500 in FY2008. All figures cited by the Association exclude non K-12 programs.

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## MARK YOUR CALENDARS FOR May 13th AND June 4th FOR THE 30th ANNUAL TAXES NOW CONFERENCE & TEED OFF ON TAXES GOLF TOURNAMENT

“Utah Taxes Now” Annual Conference: Tuesday, May 13th, 2007 at Little America Hotel.  
“Teed Off on Taxes” Golf Tournament: Wednesday, June 4th, 2008 at The Eaglewood Golf Course in North Salt Lake. Registration and sponsorship information is available for both events at [www.utahtaxpayers.org](http://www.utahtaxpayers.org) or inside this newsletter

To reserve your spot call 801-972-8814, or email [fallon@utahtaxpayers.org](mailto:fallon@utahtaxpayers.org)

The agenda for our annual conference will include presentations on privatization of government services, government transparency, transportation funding reform, and public educa-

Visit Us at [www.utahtaxpayers.org](http://www.utahtaxpayers.org)

**Percent of operations for instruction holding steady at 68%**

Utah districts and charter schools continue to spend about 68% of operations expenditures on instruction. The percentage has changed very little over the past several years.

The percentages for districts (68.0%) and charters (67.6%) are virtually the same. To facilitate comparisons with districts and charter schools, the Association transferred 90% of district and charter facility lease expenditures (fund 10, function2600, object 400), which are officially reported as operations costs, to facility construction since most charter schools lease their facilities and districts schools bond for their facilities.

The accompanying chart lists the districts with the ten highest and the ten lowest percentages of operations dedicated to instruction

With the exception of Ogden, districts with low percentages of instruction dedicated to operations are very small districts. As the following chart shows, once district enrollment reaches 8,000 students, the percent of operations dedicated to instruction is typically around 68% with the exception of Ogden (59.7%), Provo (75.0%), and Alpine (71.4%).

**Utah District/Charter School Expenditures per Student, FY2006 and FY2007**

Spending Category	FY2006	FY2007	% Inc
Instruction	\$3,480	\$3,634	4.4%
Student Services	189	199	5.5%
Media/library	252	251	-0.3%
Administration	514	550	7.0%
Plant Operation/Maintenance	500	511	2.1%
Transportation	191	203	6.0%
<b>Total Operations</b>	<b>5,126</b>	<b>5,348</b>	<b>4.3%</b>
Interest	158	168	6.8%
Facility Construction	948	1,178	24.3%
Food Service	298	315	5.6%
<b>Total Expenditures</b>	<b>6,529</b>	<b>7,009</b>	<b>7.3%</b>

*Calculations by Utah Taxpayers Association based on USOE data*

**Ten Highest / Lowest School Districts % of Operations Spending for Instructing**

District	Enrollment	Inst % Op
1. Provo	13,272	75.0%
1. Logan	5,641	75.0%
3. North Summit	981	74.7%
4. South Sanpete	2,855	73.4%
5. Wasatch	4,398	71.7%
6. Sevier	4,374	71.5%
7. Alpine	56,051	71.4%
8. Weber	29,132	69.6%
9. Juab	2,071	69.5%
10. Cache	13,560	69.1%
<b>Statewide average</b>	<b>N/A</b>	<b>67.9%</b>
31. South Summit	1,362	63.6%
32. Piute	298	63.2%
33. Carbon	3,475	62.9%
34. Duchesne	3,982	62.4%
35. Tintic	260	60.5%
36. Kane	1,188	60.4%
37. Ogden	12,358	59.7%
38. San Juan	2,871	59.5%
39. Wayne	531	55.3%
40. Daggett	150	51.4%

*Calculations by Utah Taxpayers Association based on USOE data*

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**Revenues**

About 56% of all Utah public education funding comes from state individual and corporate income taxes, with the remaining coming from property taxes (29%), federal government (9%), and local sources excluding property taxes (6%).

About 68% of all operations funding comes from income taxes with the remaining coming from property taxes (20%), federal government (8%), and local sources excluding property taxes (4%).

In FY2007, Utah school districts and charter schools received more than \$3.7 billion in revenues as the accompanying chart shows.

**Revenue Sources - Total Dollars**

	Property Tax	Other Local	State	Federal	Total
Operations	572,624,889	115,302,711	1,985,097,482	226,217,344	2,899,242,426
Capital	485,321,960	44,506,747	39,247,833	1,505,415	570,581,955
School lunch	0	65,212,006	21,885,505	82,288,393	169,385,904
Non K-12	25,634,805	11,278,051	33,931,446	21,723,776	92,568,078
<b>Total</b>	<b>1,083,581,654</b>	<b>236,299,515</b>	<b>2,080,162,266</b>	<b>331,734,928</b>	<b>3,731,778,363</b>

*Calculations by Utah Taxpayers Association based on USOE data*

**Why are there so many different education spending statistics?**

Most education spending statistics, such as those from the National Center for Education Statistics, Census Bureau, and the National Education Association, exclude facility construction costs and interest payments. Most people who cite statistics from these organizations are unaware of this.

When local school districts seek voter approval of construction bonds, the property taxes used to pay off the bonds are not included in commonly cited per student spending figures. The Association, however, considers tax dollars used for facility construction to be of equal value to tax dollars used for school operations and therefore includes these dollars when calculating total expenditures.

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*On May 13, the Utah Taxpayers Association will host it's annual "Utah Taxes Now" conference at Salt Lake's Little America Hotel.*

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**My Corner - by Howard Stephenson**

## **Action-packed conference to focus on outcomes of recent Utah legislature, future economic issues**

On May 13, the Utah Taxpayers Association will host it's annual "Utah Taxes Now" conference at Salt Lake's Little America Hotel. The packed agenda will include Utah's most influential policy leaders outlining the impact of the 2008 Legislature's decisions that affect business, the economy, and taxes, and preview the key issues Utah faces going forward.

Below are previews of some of the conference's panels and speakers.

### **Preventing LA-style traffic in Utah**

Traffic along the I-15 corridor gets worse every year, and as west-side communities grow those traffic problems go with them. While the number of cars on Utah streets goes up every year, staples of traditional transportation funding, the state gas tax and the federal government, are running out. More fuel efficient cars mean less gas tax revenue, and the federal government's highway funds are stretched increasingly thin.

**Cato Senior Scholar Randall O'Toole** will open the conference by discussing how market forces will allow Utah to better use our existing transportation infrastructure, and how transportation markets can provide the revenue we need to improve and extend our highway system.

### **Budgeting for the worst, or Why Utah is the best managed state in the nation**

Although budget projections suggest Utah will have the state's 3<sup>rd</sup> largest budget in state history, legislators and economists see signs of possible trouble on the horizon. Having learned from the mistakes of previous legislatures, the 2008 Legislature adopted several measures designed to protect Utah's fiscal soundness. **Senate President John Valentine** will explain why rainy day funds are so important, why the Legislature set aside \$100 million of education money, and why zero-based budgeting is so important.

### **Utilizing market forces to manage transportation growth**

Without the rebuild of I-15 in Utah County and the Mountain View highway, Utah's economy will be harmed. However, the cost of just these 2 projects will be between \$4 billion and \$6 billion, which could hinder the state's ability to meet the other critical transportation needs. **Senator Sheldon Killpack** (Senate Majority Whip), **Dan England** (President, C.R. England Trucking), **Stuart Adams** (chair, Utah Transportation Commission), and **Chuck Chappel** (Executive Director, Wasatch Front Regional Council) will discuss solutions to Utah's transportation funding problems, including how congestion pricing statewide will fit into Utah's transportation funding mix.

### **Does the Granite School District's \$100 million RDA give-away mean it's time for legislative restrictions on RDAs?**

When the Legislature last reformed Utah's redevelopment laws, school boards received veto authority over proposed RDAs, because public education advocates and the Legislature were unwilling to leave public school funding up to the discretion of cities and counties. However, the Granite School District's decision to opt-in to 4 separate retail RDAs totaling \$100 million raises serious questions about school districts' abilities to distinguish economic development opportunities from corporate welfare. **Senator Curt Bramble**, the sponsor of the last RDA reform legislation, will join **Holladay City Council member Barry Topham** and Utah Taxpayers' vice president **Royce Van Tassell** to discuss these critical questions.

## **Recent Legislation, Utopia, and other pressing issues to be discussed at conference.**

### **Utah: Home of the "Nation's Best" state & local privatization package**

The package of privatization laws enacted by the 2008 Legislature **Sen. Howard Stephenson** and **Rep. Craig Frank** the Reason Foundation's "2008 Innovators in Action" award. To understand how these bills will affect state and local governments, Providence **Mayor Randy Simmons** and **Rep. Craig Frank** will outline the goals of privatization, and how Utah's 2008 privatization package works.

### **Google government: Who else needs transparency in government finance?**

As Utahns are squeezed at the gas pump and the grocery store, Utahns are increasingly demanding accountability for their tax dollars. To help every citizen see exactly how their tax dollars are

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

***"If the private sector can, if the private sector will, then we should let it."***

Source: Provo Mayor Lewis Billings April 21, 2008, Provo Telecom Board meeting referring to the potential sale of iProvo to the private sector.

*Providence Mayor Randy Simmons and Rep. Craig Frank will outline the goals of privatization, and how Utah's 2008 privatization package works.*

*Will other districts follow suit? Under the new school building equalization law, how high will property taxes go to pay for the buildings necessary on the west side?*

*House Majority Leader Rep. David Clark is leading a task force to address the solutions Utah is contemplating, and outline how we can connect health care consumers with paying the costs of health care.*

working, **Sen. Wayne Niederhauser** sponsored Utah's first transparency in government finance law and will now outline how citizens can access this online, searchable database, and discuss how and when local governments will create similar databases.

#### **The Collapse of Utah's Municipal Telecom Experiment**

UTOPIA and iProvo have both failed spectacularly, though their member cities are approaching this failure in very different ways. While Provo wants to sell their fiber optic network, UTOPIA has asked its member cities to more than double their sales tax commitment. **Provo Mayor Lewis Billings, UTOPIA interim Executive Director Jim Reams** and **Utah Taxpayers Association President Howard Stephenson** will examine what lessons cities and the Legislature should draw from these eerily similar experiences.

#### **How much will the Jordan School District split affect you?**

The east side of the Jordan School District has seceded, and taxpayers across Salt Lake County and the state are feeling its effects. Will other districts follow suit? Under the new school building equalization law, how high will property taxes go to pay for the buildings necessary on the west side? **House Speaker Greg Curtis** will outline the 2008 Legislature's solution, and describe the long term problems and solutions Utah faces.

#### **Utah's energy policy (or lack thereof): Can Utah's economy continue to grow?**

The prices of oil, natural gas and electricity are at an all-time high, yet Utah and the nation still have no energy policy. And as our state continues to grow, so too does our demand for ever more power. Nevertheless, neither the United States nor the State of Utah have adopted a formal energy policy. **Rich Walje, president of Rocky Mountain Power**, will discuss the economic impact of these troubling trends, and outline possible solutions.

#### **Health system reform: Solving price increases and cost shifting**

The costs of health care are skyrocketing, and many businesses have already stopped offering health care coverage to their employees. Unfortunately, the federal tax structure incents a separation of those purchasing health care (employers) from those using health care (individual families).

**House Majority Leader Rep. David Clark** is leading a task force to address the solutions Utah is contemplating, and outline how we can connect health care consumers with paying the costs of health care.

#### **What is the Supreme Court doing with the Voluntary Contributions Act?**

Like Utah, Idaho adopted the Voluntary Contributions Act (VCA), which prohibits unions from collecting political contributions from their members without explicit, prior approval. As the UEA did in Utah, the Idaho unions challenged the VCA in court. So far various courts have reached contradictory answers, and at the request of both Idaho and the Utah Taxpayers Association, the Supreme Court has agreed to review the constitutionality of Idaho's law. **Attorney Maxwell Miller** (Immediate past chair, Utah Taxpayers Association) will outline the status of this critical case, and several other important tax-related cases.

#### **Keynote Addresses**

**Governor Jon Huntsman** and **National Taxpayers Union executive director Duane Parde** will wrap up the conference. Governor Huntsman will outline his vision of the key issues Utah faces, including many of the issues discussed at this conference. Mr. Parde will place Utah's experience in a national perspective, and help us better appreciate what Congress and the White House are doing on energy and tax policy.

Registration begins at 7:30 at Little America Hotel, and the conference will conclude at 1:30. The tentative agenda is on the web, [www.utahtaxpayers.org](http://www.utahtaxpayers.org). To register for the conference, please contact Fallon at 801.972.8814 or [fallon@utahtaxpayers.org](mailto:fallon@utahtaxpayers.org).



# 2008 Utah Taxes Now Conference

## (Tentative Agenda)

30<sup>th</sup> Annual Conference on Taxes & Spending  
**Weathering the Economic Storm – Utah Style**

Sponsored by: *Utah Taxpayers Association,  
Workers Compensation Fund and Chevron*  
Tuesday May 13, 2008 – 8:00 a.m. to 1:30 p.m.



**Little America Hotel, 500 South Main Street, Salt Lake City, Utah**

7:30 **Registration**  
 8:00 **Welcome: Margo Provost**, Chairman, Utah Taxpayers Association  
**Conference Moderator: Rod Decker, KUTV News**  
 8:10 Speaker :**Randall O’Toole**, Cato Institute “Using Market Forces to Improve Highway Efficiency”  
 8:30 Rainy day funds, \$100 million education set-aside, the push for base budgeting  
**Senate President John Valentine**  
 8:45 **Utilizing market forces to manage transportation growth:** Modernizing motor fuel taxes, instituting congestion pricing, funding Utah County I-15 rebuild (SCR6) & Mt. View Highway  
**Senator Sheldon Killpack, Senate Majority Asst. Whip Dan England, Chairman, C.R. England Trucking Stuart Adams, Chairman, Utah Transportation Commission Chuck Chappel, Executive Director, Wasatch Front Regional Council**  
 9:30 **Redevelopment incentives:** Does Granite School District’s \$100 million RDA incentive mean it’s time for legislative review?  
**Senator Curtis Bramble, Senate Majority Leader Barry Topham, Holladay City Council Member Royce Van Tassell, Vice President, Utah Taxpayers Association**  
 9:50 **Refreshment Break**  
 10:05 **Utah State Tax Commission Issues**  
 Status of Streamlined Sales Tax, SB 136 – Apportionment of business income, market states apportionment, Real Estate Investment Trust SB 204  
**Commissioner Bruce Johnson**  
 Sales taxes on college textbooks, spectrum issue of tangible/intangible HB 196  
**Commissioner Marc Johnson**  
 Second phase of Integrated Tax System and its impact on tax penalty changes  
 10:25 **Enactment of “Nation’s Best” State & Local Privatization Law**  
 HB 75 – Inventory and Review of Competitive Activities, SB 45 – Inventory of Commercial Activities of Local Entities, HB 426 – Government Procurement, Private Proposals

**Randy Simmons, Mayor, Providence, Utah Representative Craig Frank**  
 10:45 **Utah’s First Government Transparency Law:** Are Cities, Counties and School Districts Next?  
**Senator Wayne Niederhauser**  
 SB 38 – State Fiscal Transparency  
 10:50 **The Collapse of Municipal Telecom in Utah:** UTOPIA & iProvo – The Costs of Clean-up  
**Howard Stephenson, President, Utah Taxpayers Association Mayor Lewis Billings, Provo, UT Jim Reams, City Manager, Orem, UT (invited)**  
 11:10 **School District Splitting** – School Building Equalization: How high will YOUR property taxes go?  
**House Speaker Greg Curtis**  
 11:20 **Without an Energy Policy, Can Utah’s Economy Continue to Grow?**  
**Rich Walje - President, Rocky Mountain Power**  
 11:30 **Health System Reform: Solving Price Increases and Cost Shifting** HB 133  
**Rep. David Clark, House Majority Leader**  
 11:45 **Review of recent tax related court decisions**  
 ARUP v Salt Lake County, Better Communications v Tax Commission, Mead Corp. v Illinois Dept of Revenue,  
**Maxwell Miller**  
 11:55 **Legislative Round-up:** HB 52 – R&D Tax Credits, SB 135 – Pollution Control Sales Tax Exemption, HB 77 – Personal Property Tax Amendments, HB 248 – Sales Taxes on Personal Property Incorporated into Real Property, SB 61 – Financial and Economic Literacy Instruction in Utah Public Schools.  
**Andrew Stephenson, Research Analyst, Utah Taxpayers Association**  
 12:00 **Luncheon: Grand Ballroom**  
**Welcome: Michael Pazzi, Wells Fargo Executive Vice President**  
**Keynote Speaker: Gov. Jon M. Huntsman, Jr**  
 Lifetime Service Award, Taxpayer Advocate of the Year  
**Lunch Speaker: Duane Parde, National Taxpayers Union**

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**Mail/Fax Registration Form**

Phone- (801) 972-8814 Fax- (801) 973-2324

**Email Registration**

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Name: \_\_\_\_\_ Title: \_\_\_\_\_ Company/Agency: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

Please indicate if you wish to have 3.5 hours of: CPE credit \_\_\_\_\_ CLE credit \_\_\_\_\_

**\$100 for members and \$125 for others. (Hurry! Space is limited to 300)**

**Make Check Payable to: Utah Taxpayers Association, 1578 West 1700 South #201 Salt Lake City, UT 84104**

