



The Utah Taxpayer

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October 2007 Articles

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Taking Stock: False assertions about vouchers, and why they are wrong

Whenever vouchers are debated, opponents trot out a litany of misleading, inaccurate and outright false statements designed to scare people away from parental choice. The current debate over Referendum 1 is no different. To make sure you have the facts, here is a candid assessment of common false claims voucher opponents make.

Won't vouchers drain funds from Utah schools?

This is the most common assertion, but repeating a lie doesn't make it true. In FY2008, Utah will spend \$7,500 per student. The maximum voucher amount is \$3,000. So each time a student uses a voucher to switch from public to private school, public schools and taxpayers save \$4,500. State law requires that these savings be used to increase per student spending for those students who remain in public schools.

But don't "ordinary" students only cost \$2,514 per student?

No. The \$2,514 figure is the value of the WPU, a tool the Legislature uses to distribute money to school districts. Importantly, Utah school districts receive an average of 1.26 WPUs per student.

However, the WPU is not the Legislature's only tool for distributing money to school districts. WPU money excludes more than \$2 billion that Utah spends on "ordinary" students, like Social Security and retirement for teachers, block grants to school districts, facility construction costs, interest, transportation, etc. Including all local, state and federal costs, Utah will spend \$7,500 per public school student in FY 2008.

But don't schools get more money for more students? Isn't the formula "more students = more money"?

According to the "more students = more money" theory, Utah public schools would be harmed if, for example, 20% of Utah students moved to Wyoming. That's absurd. When a student (or a lot of students) leaves, state law requires that the same amount of money be spread among fewer students.

Vouchers work the same way. Instead of paying \$7,500 per student, the state would educate those students who switch to private schools at a maximum cost of \$3,000 per student. The savings (\$7,500 minus \$3,000) is used to educate the remaining students and increases per student spending.

But aren't education costs fixed?

Utah public school enrollment is growing 3% per year. These new students need more schools, teachers, buses and equipment. There are NO fixed costs with schools that have not been built and teachers that have not been hired. Vouchers will divert a portion of this enrollment growth to private schools at a lower cost than it would cost to educate them in public schools.

But how can schools save money when one student leaves?

If voucher opponents really believe just one student would use a voucher, they wouldn't be spending millions of dollars on slick TV ads. Charter schools have demonstrated that there is significant demand for alternatives. Charter school enrollment is now approaching 30,000 students, and even more students would be enrolled if the Legislature did not impose growth caps on charter

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Visit Us at www.utahtaxpayers.org

school enrollment.

Do we really need to pay for two systems, a parallel system?

Opponents say private school vouchers are a parallel system. Everyone else calls it competition.

Aren't vouchers just a subsidy, another entitlement?

Public education itself is a subsidy. The fundamental premise behind public education is to require wealthy taxpayers to subsidize the education of all other taxpayers. Vouchers are a *smaller* subsidy than the existing public education subsidy (\$3,000 maximum voucher, instead of \$7,500 for a public school student). This conservative estimate includes facility construction and interest payments, which voucher opponents do not include

Are vouchers a subsidy for private industry?

No. As the accompanying chart indicates, federal, state, and local governments rely on various vouchers to provide goods and services.

Program	Government Alternative	Actual Program
Food stamps and W.I.C.	Government-owned farms and grocery stores	Vouchers that families can use at private grocery stores like Smith's, Harmons, and Albertsons
Pell Grants	Government-owned higher education	Vouchers for public and private universities, including religious ones like BYU and Notre Dame
School Buildings	Government-owned construction companies	Contracts with private construction companies like Layton Construction or Big D

Aren't private schools totally unaccountable under vouchers? Can't private schools teach radical ideologies or extremist religions?

Voucher opponents have made this assertion whenever vouchers are on the ballot. The truth is, vouchers have been in place in various American cities for decades. Not a single witch, terrorist, racist or polygamist school has opened. As the classic Wendy's ad said, "Where's the beef?"

Why don't private schools have to show that their students are making "adequate yearly progress"?

Voucher opponents show just how willing they are to distort the truth when they make this argument. They complain loud and long to various legislative committees about the testing requirements the state imposes, and lead the charge to get out of No Child Left Behind requirements like "adequate yearly progress." But when voucher are proposed, the same people assert that these tests and requirements are NECESSARY to protect taxpayers dollars. So which one is it?

In reality, every year private schools accepting students with a voucher have to administer a standardized test that compares the students' academic progress to their national peers. That's a far cry from opponents' assertion that private schools could use a test on "pop culture."

Won't private schools just take the voucher, and make a profit at the expense of children's education?

No. Utah's voucher law requires that private schools who accept a voucher must pass exacting audit requirements before they can receive a single dollar in voucher funds, and must continue to pass the same audit requirements.

Don't Utah children already have choice?

"Public school choice" is limited to those public schools where vacancies exist, such as on the east side of Salt Lake County. In most parts of the state, schools have declared themselves "closed," so "public school choice" is non-existent. This is especially true in rapidly growing communities like Herriman, Highland, Draper, Santaquin, Syracuse and St. George, where taxpayers most need inexpensive choices.

Don't private schools pick students, instead of the other way around?

No. Nearly all private schools have open enrollment policies.

But private schools aren't required to take special needs children.

Most private schools do. Besides, the Legislature created the Carson Smith voucher which is specifically targeted for special needs children so they can attend private schools. Currently, 40 private schools already participate in the Carson Smith program.

Aren't private schools just for the rich anyway? Aren't private schools too expensive even with vouchers?

According to the Sutherland Institute's survey of Utah private schools, the average affordable tuition among Utah's private schools is \$4,519.97. Many Utah private schools cost less than \$4,000,

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and many of these schools offer financial assistance of more than \$1,000 per child per year. Additionally, groups like Children First Utah provide financial assistance to low-income families. Therefore, with a \$3,000 voucher, even low-income families will be able to send their children to private schools.

Won't private schools just take the cream of the crop, and leave public schools with the rest?

No. Since vouchers are means-tested, the biggest benefit goes to the lowest income families. Generally, children from low-income families are the most difficult to educate.

Voucher opponents are just plain wrong when they assert that public schools accept all students. While the Utah Constitution mandates that all children be able to receive a free public education, public schools can and do expel troublemaker students every year. Moreover, Utah school districts often contract with private schools to educate the most difficult to educate students.

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My Corner - by Howard Stephenson

Why one of Utah's most prominent millionaires supports vouchers

Patrick Byrne may seem like an atypical education reformer. He has no children, doesn't invest or plan to invest in private schools, and he's much better known for being an investor and starting his career with Warren Buffet. Yet he is the head of First Class Education (an education reform group advocating that 65 percent of school budgets be spent on instructional expenses) and the largest contributor to the campaign for school vouchers in Utah.

His passion stems from two places. First is his understanding of how public education affects the future workforce that businesses, including his, will employ. The second is more philanthropic. Byrne has lived the American Dream, and he believes that every child deserves that same chance. "Utah's education system is fine for many children, but is failing others. I believe all parents deserve the chance to choose the education that is best for their children, and that will give them the best chance for success in life," Byrne says.

An investor by trade, Byrne had been the CEO of two companies by the time he started Overstock.com in October 1999. He saw how the Internet could efficiently provide wide access to close-out and excess inventory from manufacturers and traditional retailers and launched Overstock.com without any outside funding. Overstock's gross sales have grown from \$1.8 million in 1999 to more than \$800 million in 2006.

Today Overstock has nearly a thousand employees, all in Utah. From that standpoint, Byrne considers himself and his company an "end user" of the product of public education. He hires the graduates of Utah schools to implement his vision and make his company work. He says having a well-educated population is a key factor for all businesses in their ability to operate efficiently and successfully.

"Utah has tremendous societal advantages when it comes to education," Byrne says. "Families are strong here. Also, Utah invests highly in education."

Actual performance in Utah schools, however, is around the national average, according to the Nation's Report Card, published each year by the U.S. Department of Education. In 2007, 26 percent of high school seniors failed the state's Basic Skills Competency Test. The achievement gap between white and minority students is large and growing.

Byrne, who himself is a former college professor, believes that Utah's teachers, most of whom are talented, caring, and hard-working, "are trapped in a bureaucracy-laden, union-dominated monop-

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Quote of the Month #1

"Keep in mind that by their fruits, they shall be known, and the more I learn about these 'parents for choice,' the more I know they are from Satan. Lies and intimidation will not win as long as we stay strong."

Former PTA board member and legislative vice president Ronda Rose warning others of her discovery of the devil.

Deseret Morning News 10/9/07

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“Every child deserves the chance to reach the American Dream,” Byrne said. “Until we change the structure of education in Utah, fewer and fewer children will have that chance.”

“When we can improve the quality of education and deliver it more efficiently, everyone will benefit. Everyone wins, except for the unionized monopoly.”

oly that is isolated from market forces. Students are trapped in that same system, where there is no incentive for success and no consequence for failure—at least for the system itself. Children, parents, and then employers are the ones that deal with the consequences of mediocrity. Students graduate without demonstrating basic competency for success in college or the workforce, and then employers in Utah struggle to find qualified employees.”

Byrne’s opinion is supported by the findings of the Employer’s Education Coalition, which then-governor Mike Leavitt convened in 2002 to study Utah’s public education system. Their report said that the system was in “crisis” and was producing graduates that were not prepared for college or a career. Colleges and universities reported having to spend more and more money on remedial classes to fill in the gaps, and companies reported spending more and more money on training to give new employees basic work skills.

As a leading member of Utah’s business community, Byrne and Overstock face the same challenges. Beyond that, though, is the larger picture and greater concern of the lasting impact on children and society. “Setting aside how unprepared graduates affect businesses’ hiring and efficiency, it’s the graduates that suffer most when they complete school without the skills they need to succeed in life,” he says.

“Those graduates will struggle to find and keep good jobs.” Children from poor families, who are more likely to attend the worst performing schools, will be unlikely to break the cycle of poverty, Byrne believes. Children who grow up poor, and don’t get basic knowledge and skills, will remain poor and pass poverty on to future generations.

“Every child deserves the chance to reach the American Dream,” Byrne said. “Until we change the structure of education in Utah, fewer and fewer children will have that chance.”

Byrne believes that vouchers are a necessary step in improving education. “Schools treat students as revenue generators instead of as customers,” he says. “By providing families with the financial ability to make real choices, we are providing a financial incentive to all schools to treat children and parents like customers. When that happens, the quality of their product, education, will go up as schools recruit, attract, and retain students.”

As education improves, Overstock’s future employees will be better prepared to enter the workforce. Those benefits aren’t limited just to Overstock, of course. All Utah businesses will benefit from having a workforce that is better prepared and better educated. Most importantly, according to Byrne, the students will be better prepared to succeed at the next phase of life.”

Byrne points to other voucher programs across the country, including those in Wisconsin, Florida, and Ohio as evidence that vouchers work. “In all of these programs, parents are more satisfied, students do better in school, and graduation rates increase. It’s a question of efficiency and incentives. When families have choice, schools have the incentive to improve their product and the manner in which they deliver it. We need innovation in all schools, whether or not those schools are run by the government.”

Talking with Patrick Byrne it is clear that his beliefs are strongly held. If his ideas are implemented, he believes that all of society will reap the rewards. “When we can improve the quality of education and deliver it more efficiently, everyone will benefit: Most importantly the children who get educated, the companies that employ them, and the society that invests in the education system. Everyone wins, except for the unionized monopoly.”

Are voucher opponents interested in the facts?

When it comes to vouchers, opponents don’t seem to care about the facts. They try to argue both sides of a position. The problem is, both sides can’t be right at the same time.

Here are a couple examples of voucher opponents trying to have it both ways

Claim 1: Only the rich will use a voucher.

Example 1: “Minority children and those from low-income households are especially at risk in Utah, but vouchers offer little for them. Most of their parents can’t afford and don’t want to trans-

Quote of the Month #2

“It is unclear which parents want vouchers in order to remove their child or children from the public schools. Some parents may not be comfortable educating their children alongside so many language and cultural minorities.”

As we predicted in last month’s newsletter (see “Vouchers: Introducing the power of the marketplace”), voucher opponents are trotting out the racism card. We’d like to think this month’s Satan and racism assertions have exhausted voucher opponents’ store of offensive quotes.

Salt Lake Tribune, Oct. 6, 2007

fer, and transport, their children to the relatively few private schools, located almost exclusively along the Wasatch Front.”

“Brass Tacks: Rigorous voucher debate vital to Utah education,” *Salt Lake Tribune* editorial, Sept. 8, 2007

Example 2: “Even with a voucher, most Utah families will not be able to afford expensive private school tuition, which averages \$8,000 per child per year.”

www.utahnsforpublicschools.org/facts/myths.php, Myth #2

Example 3: “Moreover, only families who had the means to come up with the remaining tuition could participate in the program.”

Kim Burningham, “Voucher foes roll out a bus tour,” *Deseret Morning News*, August 30, 2007

Claim 2: Utah’s voucher program will cost the state \$71 million per year

Example 4: “The Parent Choice in Education Program will cost the state . . . \$71 million.”

“Do the math – and vote against vouchers,” *Deseret Morning News*, Sept. 27, 2007

Example 5: “Eventually taxpayers will be paying more than \$71 million per year just to support students in private schools who never would have enrolled in public schools in the first place.”

<http://daviscountywatch.blogspot.com/2007/08/response-to-three-anti-voucher-facts.html>,

Jeremy Manning

As the accompanying table shows, if Utah spends \$71 million per year providing vouchers to children, 20,500 public school students will use vouchers.

However, as Examples 1 through 3 show, opponents also argue that the vouchers are too small to help public school students switch.

Vouchers will help thousands of Utah families get their children the education they need. And most of those children would have attended a PUBLIC school without a voucher. That means vouchers will save Utah millions upon millions of dollars every year—but don’t expect to hear that fact from the opponents. They want confusion, not honesty.

Here’s a second example of how willing voucher opponents are to ignore the facts, in the hope of confusing Utahns.

Voucher opponents cite a [2004 USU](#) study in support of their claim that the average tuition at Utah private schools is \$8,000 (see Example 2 above). Curiously, however, they ignore the USU study’s central finding: school choice will save Utah taxpayers more than [\\$1 billion](#).

If voucher opponents do accept the USU study, as their citation of it suggests, then certainly they have to agree that vouchers will save Utah hundreds of millions, perhaps billions of dollars.

Don’t expect voucher opponents to change their stripes, though. They have their agenda, and they will push it. No matter what the facts say

Perfecting Vouchers

Voucher opponents are haranguing the public with allegations that the Legislature has left the voucher program with no legislative oversight for at least 5 years. Nothing could be further from the truth. Utah’s voucher program is the best in the country, but the Legislature has also reserved many options to further perfect the program.

Since the voucher will be phased in over thirteen years, the Legislature will be able to monitor how many vouchers are being used by switchers and how many are being used by students that would have gone to private schools anyway without a voucher. If too few students are switching, then the Legislature could increase the \$3,000 to a higher amount and reduce or eliminate the \$500 at the higher end.

In the first year of the voucher's implementation, less than ten percent of would-be private school students will be eligible for the voucher. This means the impact of giving vouchers to private school students in the first couple of years will be minimal. This gives the Legislature opportunity to make adjustments in the voucher program as it is being implemented.

Modifying existing programs would not be unique to vouchers. The Legislature annually modifies the Minimum School Program. This year's Minimum School Program has line items that didn't exist in the MSP from ten or even five years ago and previous MSPs had line items that don't exist today.

As the accompanying table shows, if Utah spends \$71 million per year providing vouchers to children, 20,500 public school students will use vouchers.

Vouchers will save Utah millions upon millions of dollars every year.

Number of Public school students using a voucher to switch, if Utah Spends \$71 million per year

Annual Cost	\$71,000,000
	divided by
Average Voucher Amount	\$2,000
	equals
# of vouchers used annually	35,500
	minus
# of existing private school students	15,000
	equals
# of public school students using a voucher to switch	20,500

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Voucher Savings

Voucher opponents are fond of asserting that vouchers will cost the state millions of dollars per year. As the earlier article, "Are voucher opponents interested in the facts?", shows, their assertions have no basis in reality. To help taxpayers see just how much vouchers will save Utah, we've prepared the following table.

Annual savings of vouchers at year 13, by number of public school students switching				
	Costs of Would Be Privates	Cost of Switchers	Overall Savings	Net Savings
12,500	\$(48,439,500)	\$(25,000,000.00)	\$81,250,000.00	\$7,810,500
15,000	\$(48,439,500)	\$(30,000,000.00)	\$97,500,000.00	\$19,060,500
17,500	\$(48,439,500)	\$(35,000,000.00)	\$113,750,000.00	\$30,310,500
20,000	\$(48,439,500)	\$(40,000,000.00)	\$130,000,000.00	\$41,560,500
22,500	\$(48,439,500)	\$(45,000,000.00)	\$146,250,000.00	\$52,810,500

Source: Utah Taxpayers calculations based on data from the Legislative Fiscal Analyst and "Utah Public Education Funding: The Fiscal Impact of School Choice," January 2007, Utah Taxpayers Association, Parents for Choice in Education and the Milton and Rose D. Friedman Foundation

In evaluating the savings due to vouchers, the key question is, how many students will use a voucher to switch from public to private school? Although we can make some meaningful estimates, they remain estimates. So we've presented our voucher savings data for a variety of switching scenarios.

To calculate the savings, we first have to estimate account for all the costs associated with the voucher program. The second column in this table shows the cost of providing a voucher to every child in private school, which is approximately \$48,439,500 dollars. Column 3 shows the other cost of the program, the cost of the vouchers provided by students switching from public to private school.

Column 4 shows the savings associated with all of the switchers. Most, but not all, of current public education spending can change in the short term, so we've assumed savings of \$6,500 per switching student. As the table shows, even with just 12,500 students switching, when the voucher program is fully implemented Utah will save millions of dollars every year. And as the table in the article "Are voucher opponents interested in the facts?" shows, voucher opponents anticipate 20,000 switching students, which would mean Utah saves more than \$41 million every year.

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