



The Utah Taxpayer

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Association Releases Annual School Cost Study

Utah Spending Per Student Increased 6.1%

Utah's per student spending in the most recently completed school year increased 6.1% from the previous year. This increase continues the multi-year trend of increasing per student spending well in excess of inflation. Total teacher compensation, including benefits, increased 6.4%.

Every year, The Utah Taxpayers Association analyzes expenditures for Utah's 40 school districts and reports the results to Association members, educators, and the community at-large. A complete district-by-district analysis for the year 2000-01 is found on page 4 of this month's newsletter.

The Association uses data from the Utah State Office of Education's Summary of Statistical and Financial Data (part 2 of 3) and Annual Financial Report. The Association calculates district spending on the number of students in average daily attendance.

Changes from 1999 - 2000

Student enrollment decreased 0.2% in 2000 - 01. This could be the last decrease in student enrollment for the next twenty years or more as children from the "baby boom echo" begin to enter Utah's public school system. In fact, current year's enrollment growth was 100% higher than the original projections. Current projections indicate that Utah's school age population will increase approximately 2% annually for the foreseeable future.

Total spending per student increased 6.1% from \$5,433 to \$5,762.

The percentage of maintenance and operation costs that was spent for instructional expenses continued to decrease. In 1997-98, 70.6% of all maintenance and operation costs were spent for instructional purposes. This percentage has decreased three years in a row. In 2000-01, this percentage decreased

to 69.2%.

Spending per student increased in nearly all major categories from 99-00 to 00-01. Total maintenance and operations spending, the most commonly cited measure of public education spending, increased 7.2% from \$4,479 to \$4,803. Maintenance and operation costs are usually subdivided into instruction and supporting services. Instructional expense increased 6.2% to \$3,323 while supporting services increased 9.6% to \$1,480.

Utah's per student spending in the most recently completed school year increased 6.1% from the previous year. This increase continues the multi-year trend of increasing per student spending well in excess of inflation.

Non K-12 expenditures per student remained unchanged at \$144. Capital outlay increased 1% to \$815 per student. Food service costs per student increased 3.5% to \$269.

In the supporting services category, facility maintenance increased 13.2%.

Pupil-teacher ratio declined slightly from 20.51 in 99-00 to 20.32 in 00-01. Average teacher salaries increased 4.3% while average teacher benefits increased 12.2%. Average principal salaries increased 4%.

District Comparisons

Per student spending varied significantly from district to district, especially when total spending is separated into its components. Many of these variations can be attributed to obvious differences between districts including declining or increasing enrollment, urban or rural population, high or low property tax valuation per student, and district

management and local voter preferences.

The five districts with the lowest spending per student were located along the Wasatch Front. No school districts along the Wasatch Front were among the top 15 districts in per student spending. Larger school districts also tended to have larger class sizes.

Other interesting observations include:

- Granite and Wayne school districts had no debt service costs. Park City (\$671 per student) and Beaver (\$650 per student) had the highest debt service costs.
- Alpine School District has the highest percentage of its personnel as teachers at 69%. Granite was a distant second at 60%, and the state average was 54%. Daggett was lowest at 42%
- Statewide, 69% of all maintenance and operation costs were spent for instructional purposes. Logan School District was highest at 77% trailed by Provo (74%), Nebo (72%), South Sanpete (72%), and Alpine (71%). Ogden (63%), Beaver (61%), Tintic (61%), San Juan (59%), and Daggett (56%) had the lowest percentages of maintenance and operation costs dedicated for instructional purposes.
- School district property tax rates fluctuated considerably. Tooele's rate (.9290) was 40% higher than the statewide average of .6640. Five other school districts - Tintic, Jordan, San Juan, South Sanpete, and Juab - had property tax rates that were 20% higher than the state average. Five districts had property tax rates 20% lower than the statewide average.
- The five smallest school districts had the five highest per student administrative and business costs. However, the largest districts did not necessarily have the lowest per student administrative

(continued on page 4)

My Corner

By Howard Stephenson

In light of the current downturn in Utah tax revenues, a few policymakers are questioning whether Utah should “de-couple” its income taxes from the federal code in order to avoid a \$70 million revenue shift that is expected to result from the recent bonus depreciation provisions recently enacted by Congress. Estimates show a \$19 million state revenue loss in 2002, \$24 million in 2003, \$22 million in 2004 \$5 million in 2005. These state revenue “losses” would be recaptured in future years when the depreciation would have otherwise been claimed.



Mr. Stephenson

The federal “Job Creation and Worker Assistance Act of 2002 allows an immediate 30% bonus depreciation for assets acquired after the September 11 catastrophe.

If, for example, a company acquired a new \$10,000 asset after 9-11-01 which had a normal depreciation of ten years, the business could claim \$1,000 depreciation in the first year plus the 30% bonus, for \$4,000 in the first year. In succeeding years, the company would claim \$1,000 per year until year seven instead of year ten.

There is talk about preventing this federal tax change from affecting Utah taxes by amending the Utah law in a special legislative session which is expected to be called in April or May to handle a 2002 appropriation mistake and to propose changes in the primary election to accommodate a possible fourth congressional seat in Utah.

While sources tell us this is an idea that is “still in gestation”, your Taxpayers Association is seeking feedback from taxpayers about what position the Association should take on the issue.

Unions Attack Paycheck Protection Law, Taxpayers Association

Utah’s paycheck protection law came under attack from Utah’s Public Employee Unions and Teacher Unions in court on Friday, March 29 when Judge Stephen Henriod heard oral arguments on the plaintiffs’ motion for a preliminary injunction against the Voluntary Contributions Act (VCA).

Your Taxpayers Association played a major role last year in winning passage of the law which prohibits government from using taxpayer resources to collect contributions for political action committees (PAC) of public employee unions. Utah school districts, cities, counties, and state government have been collecting PAC money for these unions, enabling them to amass huge campaign finance war chests which dwarf the campaign funds of other interest groups including businesses. The VCA would end government’s involvement in the collection of PAC money. The new law also prevents ordinary union dues from being used for political purposes.

In court the unions argued the VCA was flawed because unions are private organizations, union membership in Utah is voluntary, and if an employee joins a union he must accept the union’s agenda, including its political expenditures.

But the real question the court needed to know is whether employees have a constitutional right to compel taxpayers to be a collection agent for the unions’ political activities. The unions seemed to concede they have no federal constitutional right to compel Utah to collect political contributions for them, but argued the Utah Constitution grants them such a right. They were unable to cite a case in support of this argument because there is none. Judge Henriod has not ruled yet on whether to lift the preliminary injunction. If he lifts the injunction, payroll deductions for PACs must stop unless the law is later overturned.

Taxpayers Association President Howard Stephenson was deposed last fall by the unions in this case. The unions wanted the Association’s membership lists, financial contribution records, press releases and other documents. The unions also demanded the Association produce documents regarding the Association’s communications with elected officials, private organizations, and individuals since 1998. These demands were clearly meant to harass the Association for its involvement in passage of the VCA. The Association refused the unions’ demands.

Besides not receiving the accelerated depreciation, if the Beehive state decouples from the depreciation bonus, Utah companies would have to keep separate federal and state depreciation schedules.

But if taxpayers receive the accelerated depreciation and state revenue shortfalls are exacerbated by it, there may be increased pressure to enact permanent tax hikes to help solve Utah’s ongoing education funding challenge. If lawmakers feel the accelerated depreciation has contributed to the funding problem, there may be a greater chance that business receives a greater share of tax hikes.

Those who think Utah should decouple from the federal depreciation bonus feel the real benefit of the bonus is on the federal tax, and I don’t mind keeping separate federal and state depreciation schedules.

Those who want the bonus depreciation to apply to Utah income taxes believe the accelerated depreciation at the 5% - corporate, 7% individual Utah tax rate is important to their business even if there is a risk of retaliation through business tax hikes if state revenue shortages continue. They also feel keeping two different depreciation schedules is an unreasonable request.

ASSOCIATION STAFF

- Howard Stephenson President
- Mike Jerman Vice President
- Scott C. Hogensen Research Director
- Stacey Fernelius Executive Secretary

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EXECUTIVE COMMITTEE

- Paul Judd Chairman
- Ken Macey Vice Chairman
- Keith Prescott Treasurer
- Steve White Immediate Past Chairman



Increasing Economic Activity To Fund Education Growth

UTAH TAXES NOW - XXIV / GOLF TOURNAMENT Tentative Agenda

Utah Taxes Now Conference: Friday, May 17, 2002
Hilton Hotel, 255 South West Temple, Salt Lake City, Utah
Sponsored by the Utah Taxpayers Association, Chevron Texaco & ALEC

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| 7:45 AM REGISTRATION | 10:20 REFRESHMENT BREAK: Lobby |
| 8:30 WELCOME : Paul Judd , Chairman of the Board, Utah Taxpayers Association

CONFERENCE MODERATOR: Rod Decker , Reporter, KUTV Channel 2 | 10:40 UTAH STATE TAX COMMISSION: Update on the Streamlined Sales Tax Project, Punishing Tax Evaders, Tax Commission Bills Passed, Electronic Sales & Income Tax Filing, Pam Hendrickson Commission Chair and Commissioners Marc Johnson and Palmer DePaulis |
| 8:35 KEYNOTE SPEAKER: Michael O. Leavitt , Utah Governor | 11:10 TAX-RELATED CONSTITUTIONAL AMENDMENTS ON THE 2002 NOVEMBER BALLOT

Rep. Dave Clark , - HJR30 Sale/Leaseback of Public Property - Capturing Federal Dollars With No Strings Attached Alan Sullivan , Chair, Constitutional Revision Commission - SJR10 Tax Article Amendments & Substantive Changes to Be Considered During the Coming Interim |
| 9:10 TAX IMPLICATIONS OF 100,000 ADDITIONAL STUDENTS IN UTAH PUBLIC SCHOOLS Mike Christensen, Director, Office of Legislative Research and General Counsel | 11:35 PROTECTING PROPERTY TAXPAYERS: HB305, Affidavits for Property Tax Exemptions. Also, the Ongoing Debate about Appraiser Licensing, The Level Playing Field for Property Tax Appeals, and Protecting Utah's Truth-in-Taxation Law. Mark Buchi , Partner, Holme Roberts & Owen |
| 9:30 INCREASING ECONOMIC ACTIVITY TO ENHANCE EDUCATION FUNDING WITHOUT INCREASING TAXES:

<i>What Is Utah Doing to Capitalize on the Tourism Potential of the Olympics?</i>
Cliff "Rip" Rippetoe - Utah Tourism Industry Coalition

<i>Creating Venture Capital for Utah's Free Enterprise System</i>
Ed Ekstrom - Managing Director, V-Spring Capital | 12:00 LUNCHEON: Grand Ballroom
<i>Presentation of Awards & Special Presentation: Utah Taxpayers Association's 80th Anniversary Luncheon Speaker: Dr. Richard Vedder</i> , Professor of Economics, Ohio University The World's Funniest Free Market Economist |
| 10:00 REVIEW OF THE 2002 LEGISLATIVE SESSION AND THE ASSOCIATION'S AGENDA FOR THE FUTURE
<i>HB137 - Eliminating the 20% Diversion of Education Taxes to RDA/EDA Housing Projects. SJR6 - Collecting School Taxes from Non-taxed Entities That Compete with the Private Sector</i>
Mike Jerman - Vice President, Utah Taxpayers Association | |

"Teed Off On Taxes" Golf Tournament
Sponsored by the **Utah Taxpayers Association & EIPaso**
Friday, May 10, Eaglewood Golf Course, North Salt Lake City

The "Teed Off on Taxes" golf tournament is designed for members and friends of the Utah Taxpayers Association, and for legislators and government officials, to enhance the partnership between taxpayers and government while discussing tax issues

and having some good golfing fun.

Please join us at the Eaglewood Golf Course for morning golf, entry prizes, awards (new leather golf bags, pro shop gift certificates, luggage and more), and a relaxing lunch.

REGISTRATION

24th Annual Conference on Utah Taxes & Spending
Friday May 17, Hilton Hotel, Salt Lake City, UT
\$75 per person for Association Members; \$100 for others.

"Teed Off On Taxes" Golf Tournament
Friday, May 10, Eaglewood Golf Course, North Salt Lake City
\$100 per person; \$350 for foursome

Name: _____

Company/Agency: _____

Address: _____

City: _____ State: _____ Zip: _____

For CPE credit (4 hours) check here ____ For CLE credit (4 hours) check here ____

Players

1. _____
2. _____
3. _____
4. _____

Please make check payable to: The Utah Taxpayers Association, 1578 West 1700 South, #210 Salt Lake City, UT 84104, (801) 972-8814

Due to space limitation, attendance will be limited to the first 300 registrants for the conference and first 144 for golf.

Taxpayers Association releases 2000 - 01 School District Spending Comparison

(continued from page 1)

costs. Jordan, the state's largest district, had the state's 11th lowest per student administrative costs. Granite, the second largest district in the state, had the 8th lowest per student administrative costs. Logan, the state's 17th largest district with

92% fewer students than Jordan, had the lowest per student administrative costs. Cache, the ninth largest district with 82% fewer students than Jordan, had the state's second lowest per student administrative costs.

- Average assessed property valuation per student varied dramatically from district to district. Park City's valuation per student, the highest in the state, was 5.5 times higher than the state average. Tintic, with the lowest assessed valuation per student, was 58% below the state average.

UTAH SCHOOL DISTRICT COMPARISONS 2000-2001

School District*	Average Daily Attend.	Instruct. Expense Per ADA	Inst as % of M&O	Total M & O Per ADA	Non K-12 Exp. Per ADA	Capital Outlay		Total Expend. Per ADA	Food Service Per ADA	Average Teacher Salary ##	Average Teacher Benefits	Avg. Principal Salary	**Pupil Teacher Ratio	Tchrs. as a % Prsnl.	Assessed Valuation Per ADA	***2001 Tax Rate
						Facility Const.	Debt Service									
Jordan	68,734	\$3,091	70%	\$4,422	\$107	\$468	\$161	\$5,159	\$258	\$38,163	\$15,356	\$57,130	22.50	54	205,651	.8424
Granite	65,959	3,216	70%	4,610	130	901	0	5,641	228	38,519	13,708	62,006	19.45	60	227,895	.6487
Davis	55,493	3,223	69%	4,656	144	216	136	5,153	272	38,136	14,647	63,049	20.77	52	155,775	.7600
Alpine	44,472	2,955	71%	4,179	88	568	202	5,037	213	38,174	14,847	61,562	21.70	69	154,478	.6769
Weber	26,647	3,044	69%	4,385	30	881	103	5,399	310	38,628	14,660	70,164	21.85	58	155,845	.5764
Salt Lake	23,368	3,875	68%	5,659	567	161	124	6,511	357	43,818	14,950	63,458	19.09	45	540,438	.5585
Nebo	19,937	3,221	72%	4,492	82	1,207	281	6,061	226	38,417	14,667	66,000	22.35	55	144,940	.7946
Washington	17,315	3,109	69%	4,513	85	1,117	300	6,016	220	38,116	15,051	62,845	21.12	54	254,526	.6743
Provo	12,395	4,245	74%	5,738	178	364	202	6,482	275	38,735	14,170	66,837	18.12	59	254,806	.5657
Cache	12,378	3,129	68%	4,576	54	340	228	5,198	291	38,078	14,265	66,276	21.31	52	135,058	.6452
Ogden	12,010	3,478	63%	5,564	107	363	20	6,053	402	39,560	17,295	66,282	18.24	51	196,512	.7674
Box Elder	10,301	3,134	69%	4,543	184	207	102	5,036	267	37,315	14,789	60,755	20.32	50	186,024	.6320
Tooele	8,662	2,927	69%	4,270	108	1,268	138	5,784	287	35,788	16,328	64,973	21.14	53	177,468	.9290
Iron	6,884	3,655	70%	5,232	147	831	446	6,656	231	36,416	15,038	62,688	20.29	48	223,556	.7902
Murray	6,112	3,137	66%	4,769	135	1,366	42	6,312	278	38,330	15,029	64,285	20.20	60	353,906	.5882
Uintah	5,556	3,763	69%	5,429	190	373	4	5,996	361	37,147	15,179	59,361	17.87	53	233,487	.5621
Logan	5,397	3,578	77%	4,664	130	1,174	191	6,159	295	38,666	14,510	60,009	18.45	57	233,925	.6800
Sevier	4,220	3,649	68%	5,360	123	700	223	6,406	298	37,583	13,810	59,539	19.50	51	136,269	.7312
Duchesne	3,933	3,567	64%	5,540	94	469	47	6,149	277	35,419	13,210	55,076	18.46	47	123,562	.7922
Carbon	3,831	4,693	69%	6,807	337	494	141	7,778	403	35,755	15,024	41,649	16.73	46	343,986	.6110
Park City	3,607	3,875	64%	6,090	201	3,073	671	10,035	246	40,606	15,147	62,496	17.08	53	1,272,611	.5555
Wasatch	3,435	3,673	70%	5,219	118	828	316	6,480	204	35,735	17,233	61,965	18.05	45	407,316	.5731
Millard	3,127	4,344	69%	6,330	102	492	168	7,092	364	38,749	16,484	57,712	18.06	45	657,435	.5355
San Juan	2,951	5,593	59%	9,494	204	529	95	10,323	376	38,573	16,250	54,247	14.64	44	158,858	.8200
So. Sanpete	2,584	4,001	72%	5,591	489	407	133	6,621	341	37,288	16,328	54,582	17.50	45	118,439	.8104
Emery	2,517	4,246	70%	6,076	288	618	84	7,067	320	40,193	17,994	61,130	17.13	44	548,424	.7676
No. Sanpete	2,336	3,456	65%	5,280	59	422	111	5,872	352	36,201	16,092	53,382	20.05	45	158,882	.5617
Morgan	1,900	3,396	70%	4,848	98	1,922	104	6,972	249	35,262	15,224	56,680	19.36	54	241,710	.4963
Juab	1,730	3,086	68%	4,523	151	167	317	5,159	310	35,957	15,566	58,677	21.94	48	211,529	.8070
Grand	1,452	3,570	65%	5,513	200	421	286	6,419	343	36,363	13,821	61,338	16.46	45	385,301	.6313
Beaver	1,341	3,598	61%	5,858	315	5,861	650	12,685	223	38,754	17,410	62,446	18.67	51	301,381	.7546
Kane	1,334	4,286	69%	6,187	62	3,738	265	10,253	298	37,443	17,648	47,763	19.15	47	351,904	.4861
So. Summit	1,201	4,282	67%	6,396	292	1,021	176	7,885	191	36,438	13,811	60,574	16.17	54	854,969	.5898
Garfield	1,045	5,073	70%	7,239	135	700	379	8,454	334	36,750	17,581	59,405	15.13	48	276,894	.7396
No. Summit	927	3,933	69%	5,730	397	1,660	214	8,002	295	37,646	16,563	54,927	17.17	52	356,529	.6023
Wayne	504	5,069	64%	7,876	49	632	0	8,557	396	34,240	16,618	45,376	13.94	49	261,266	.4839
Rich	446	4,986	64%	7,745	164	650	228	8,788	440	38,982	16,260	52,993	14.15	52	548,711	.5871
Piute	318	6,495	69%	9,398	265	731	83	10,477	524	38,226	16,037	36,266	11.57	46	155,896	.6159
Tintic	255	7,843	61%	12,817	126	735	197	13,874	532	31,178	16,641	43,231	10.28	46	97,507	.8749
Daggett	158	7,920	56%	14,102	426	1,157	500	16,186	509	33,535	15,039	37,078	10.61	42	925,338	.4715
State	446,773	\$3,323	69%	\$4,803	\$144	\$666	\$149	\$5,762	\$269	\$38,434	\$15,507	\$61,411	20.32	54%	230,805	.6640

Sources: Calculations by Utah Taxpayers Association based on data from Utah State Office of Education and Utah State Tax Commission

*School districts listed in order of average daily attendance (ADA)

Average contract salaries for classroom teachers. Includes career ladder salaries

NOTE: Per pupil expenditures include property and equipment, non K-12, interest and fees on debt, facility construction, and community services.

** Based on ADA and Full-Time-Equivalent Classroom Teachers

***2001 Property Tax Rates for the 2001-02 School Year