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Research Report

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Getting By with Less

Two Decades of K-12 Education Revenue and Spending

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The mission of Utah Foundation is to promote a thriving economy, a well-prepared workforce, and a high quality of life for Utahns by performing thorough, well-supported research that helps policymakers, business and community leaders, and citizens better understand complex issues and providing practical, well-reasoned recommendations for policy change.

Getting By with Less

Two Decades of Education Revenue and Spending

Over the past twenty years, Utah's K-12 education funding effort – or the amount spent per $1,000 personal income – has decreased from 7th highest in the nation to 37th. The decline has resulted in a nearly 29% decrease in tax revenue, which equates to a $1.2 billion reduction of funds available annually for public K-12 education. This would equate to an increase in funding of nearly $2,000 per pupil, or an average of over $1.2 million for each of Utah's schools. (see page 5).

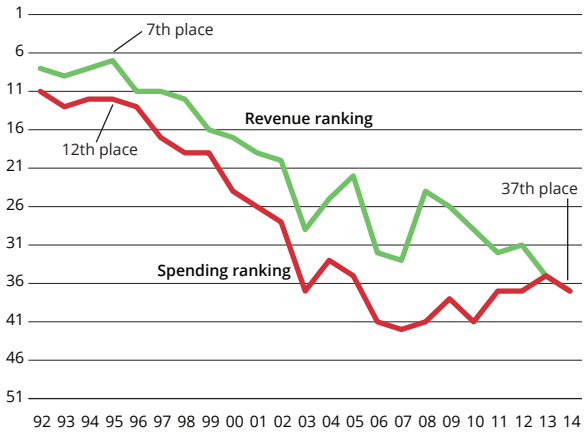
This report looks closely at four major tax and policy changes that have impacted K-12 education funding. In addition, this report examines recent funding. For example, $110 million has been added to K-12 education annually over the past five years. However, inflation and population growth consumed about $88 million annually, leaving only $22 million per year in new investment – an 0.8% annual increase (see page 14).

The report concludes by noting that Utahns will need to decide whether they are satisfied with current outcomes at current levels of spending. Those outcomes have shown some improvement in recent years, although challenges remain. Alternatively, Utahns would need to determine whether they are willing to see their taxes increase in an attempt to provide more children with opportunities for success in K-12 and to continue on to higher education.

KEY FINDINGS:

- **Without the mid-1990s changes and downward pressures on tax rates from Truth in Taxation, property taxes could have been bringing in an additional $600 million annually (see pages 11-13).**
- **From 1995 until today, income tax changes have resulted in an annual reduction of more than $350 million to public education (see pages 7-8).**
- **To reach the national average in per-pupil spending, Utah would need to increase total K-12 education spending by 70%, or $2.9 billion, doubling spending from state sources (see page 15).**
- **In 1996, Utah's income tax – which had been directed entirely to K-12 education – was identified as a source of funding for higher education, freeing up sales tax dollars for other state needs. As a result of a voter approved Utah constitutional amendment, income taxes are providing a large proportion of higher education revenues – more than $800 million in 2017 (see page 9).**

National Ranking of Utah's K-12 Education Funding and Spending Effort



Note: See Figure 2 for details.

This research report was written by Utah Foundation Research Director Shawn Teigen. Assistance was provided by Utah Foundation President Stephen Kroes, Research Analysts Christopher Collard and Mallory Bateman, and Research Intern Brooke Zollinger. Thanks to Utah economist Doug Macdonald for the insight from his previous research on this topic.

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INTRODUCTION

K-12 education has always been one of the top three priorities on Utah Foundation's Utah Priorities Project. It is the second most important issue for Utahns in Utah Foundation's 2015 Quality of Life Index. Elementary and secondary education is also a priority in Utah's state budget (30% of the 2016 budget) and other state budgets around the nation.[1] Nonetheless, Utah's K-12 education spending trails the nation by one metric and has been on the decline over the past two decades by another metric.

K-12 EDUCATION SPENDING

Spending Per Pupil

It is a commonly-cited statistic that Utah is routinely the state with the lowest per-pupil spending in the nation. This has to do, in part, with Utah demographics.

Utah has a young population, with the greatest proportion of school-aged children of any other state in the nation; more than 22% of Utahns are between 5 and 17.[2] The national average is just over 17%.

Inversely, Utah has the smallest working-age population in the nation; less than 60% of Utahns are between 18 and 64.[3] The national average is 63%. As a result, there are fewer Utahns in the workforce generating income tax to support a higher percentage of children in the public education system.

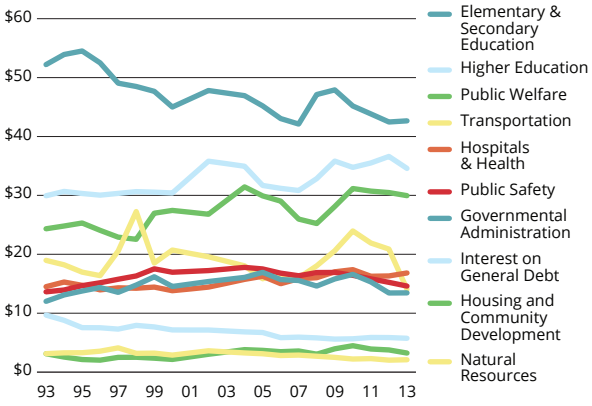
Utah's position for lowest spending is therefore no surprise, and it has ranked last since the 1980s.[4] In 2014, Utah spent $6,500 for each student compared to the U.S. average of $11,009, a 41% difference.[5] This difference between Utah and the U.S. has been growing. In 1995, Utah spent $3,471 compared to $5,494 nationally, a 37% difference.[6]

Spending Effort

Is it right then to accept Utah's unique demographics as the reason for the state's low per-pupil spending? Considering other spending measures might provide more insight into change over time. One such measure is K-12 education spending per $1,000 of personal income – or public education spending "effort." Since 1995, Utah's national ranking for public education spending effort has decreased from 12th to 37th in nation.[7]

Utah's overall state and local spending has been decreasing relative to personal income for the past two decades. The U.S. Census Bureau organizes tax expenditures into 10 categories. Figure 1 shows that K-12 education accounts for Utah's largest proportion of its state and local government expenditures. Its decline has been responsible for the overall spending decline. While expenditures for interest on general debt and for natural resources have declined, they

Figure 1: Utah State and Local Expenditures per $1,000 of Personal Income



Note: Higher education includes tuition revenues, which have increased faster than tax-funded budget appropriations. Note: Data for 2001 and 2003 are averages of their respective previous and subsequent years.
Source: U.S. Census Bureau State & Local Government Finance, U.S. Bureau of Economic Analysis. Calculations by Utah Foundation.

represent a small proportion of overall expenditures. All other spending categories have remained steady or increased.

Most of the spending on K-12 education comes from taxes. This report focuses primarily on taxes, beginning with tax burden, public education taxing effort, and the tax and policy changes that have affected public education revenues over time.

TAX BURDEN

The decrease in state and local government spending is directly tied to decreases in taxes – a result of Utah's decreasing tax burden. Utah Foundation defines tax burden as the taxes and mandatory fees that Utahns pay per $1,000 of personal income.

There are three main kinds of taxes: those on consumption such as sales taxes, those on wealth such as property and inheritance taxes, and those on income such as personal and corporate income taxes. Governments also receive funding from fees, such as courts, airport services, and sewers. In Utah, taxes account for approximately two-thirds of state and local revenue each year while fees account for the remaining one-third.[8]

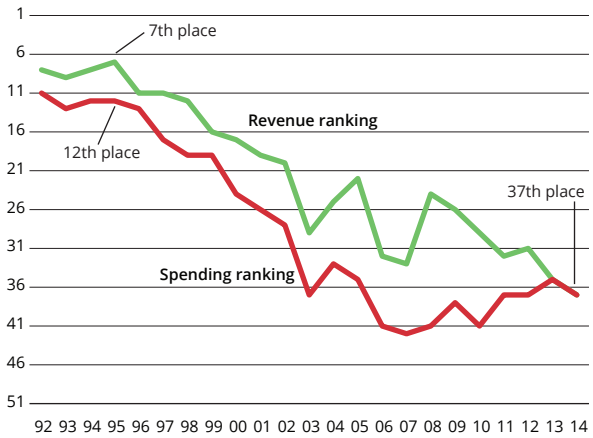
Utah's total tax burden is lower than it has been in decades. In 2012, Utah reached its lowest level of tax burden in two decades: $110.91 per $1,000 of personal income. Utah's tax level ticked up slightly in 2013 (the most recent data available) to $111.36.[9] The primary reason for the decrease in total burden is related to a reduction in state taxes.

K-12 EDUCATION FUNDING EFFORT

In Utah, K-12 education is primarily financed by income taxes and property taxes. Over the past twenty years, as with spending, the reduction in tax burden is primarily related to decreases in public education. While total revenue for K-12 education has generally increased over the years, these increases have not kept pace with income growth. In fact, Utah's education funding per $1,000 in personal income has fallen even more than the state's total decrease in taxation and mandatory fees. While Utah's overall tax burden has fallen nearly $10 per $1,000 since 1995, K-12 education funding has fallen by almost $12 per $1,000.

Like overall tax burden, Utah Foundation defines K-12 education funding effort as the proportion of Utahns' incomes that are dedicated to funding K-12 education per $1,000 in personal revenue. There has been a long-term decline in education funding effort since the mid-1990s, from as high as 7th in the nation in 1995 to a record low of 37th in 2014. In other words, the state's personal income now

Figure 2: National Ranking of Utah's Public Education Funding and Spending Effort



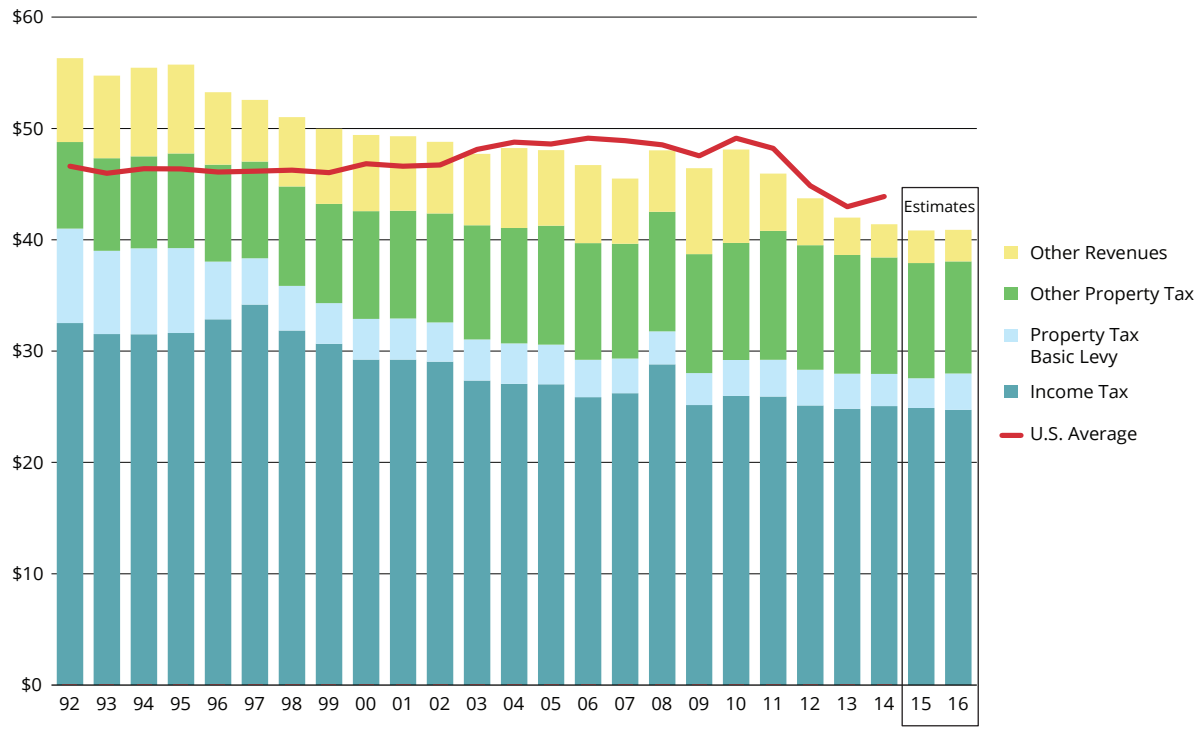
Note: Ranking based off 50 states and Washington D.C. Current spending excludes amounts spent on capital construction, interest on debt, adult education, and other non-K-12 programs. The revenue figures include all revenues for public education, including those spent on non-current expenditures.
Source: U.S. Census Bureau Public Education Finances.

invested in Utah public education has diminished significantly while that proportion in other states has diminished to a lesser extent, remained stable, or risen.

Figure 3 clearly shows the tax revenues in Utah that are decreasing as a portion of personal income. Income tax revenue is decreasing. The state-mandated basic levy property tax is decreasing. "Other revenues," which are primarily federal amounts, are also decreasing. However, other local property taxes, controlled by local school district boards and the voters in these districts, increased over the same period.

It is important to note that tax reductions as a portion of personal income are due in part to increasing incomes over time. Actual tax revenues may have been decreasing, remaining stable, or simply not increasing along with incomes.

Figure 3: Utah's K-12 Education Revenues per $1,000 of Personal Income, and U.S. Average



Note: 2015 and 2016 breakdowns are estimates.
Source: U.S. Census Bureau Public Education Finances, U.S. Bureau of Economic Analysis. Calculations by Utah Foundation.

Utah's funding effort decreased over 20 years from $56 per $1,000 of personal income in 1995 to $41 in 2014. This equates to a total reduction of 25.7%.[10]

However, the state does not collect all of the revenues that go into the calculation of K-12 education funding. Some are federal and others are local. Accordingly, Utah Foundation determined that a better measure might be to calculate the increase in funding needed to reach Utah's level of effort in 1995 using only amounts controlled by the state government. For school year 2014, $2.7 billion was from income taxes and $300 million was from the state-mandated basic levy property tax. This is a combined total just short of $3 billion.[11]

Utah's reduction to income tax and basic levy revenues over 20 years per $1,000 of personal income from $39 in 1995 to $28 in 2014 equates to a total reduction of 28.7%.[12] Increasing revenues in 2014 by $11 per $1,000 of personal income to $39 – or an increase of 40.4% – would have required an increase in revenue of $1.2 billion. This would bring income tax and basic levy revenues to $4.3 billion.[13] A boon for school revenue of this size would result in an increase in funding of nearly $2,000 per pupil, or an average of over $1.2 million for each Utah school.

Utah is not alone with a decreasing K-12 education funding effort. The national average effort was flat through the early 2000s and increased – in part due to federal investments – for several years until 2010. However, since then it has slipped from $49 per $1,000 of personal income in 2010 to $45 in 2014, a decrease of 11%. See Figure 3 for details.

These calculations are based upon U.S. Census Bureau estimates. These spending and revenue estimates are lower than the numbers detailed in the Utah State Board of Education reports and from other Utah sources (see the note for differences).[14] However, it would be prohibitively difficult to determine these amounts for each state in the nation. Accordingly, while they have their shortcomings, Utah Foundation uses the U.S. Census Bureau calculations – informed by USBE – to determine K-12 education finance efforts.

DECREASES IN EDUCATION FUNDING

Decreases in education funding have come primarily on the heels of four major policy changes. One is the Truth in Taxation laws in the 1980s which were implemented to curb property tax increases. Then, in 1995 and 1996 there was a tax relief effort that resulted in cuts to property tax revenue expansion and income taxes (as well as sales tax exemptions for the ski industry and others).[15] Another was in 1996 when voters changed the Utah Constitution to allow higher education to share the income tax portion of education funding. Lastly, income tax reform in 2007 decreased revenue for education.

Note that the sum of these changes is greater than the $1.2 billion estimate based upon revenues for K-12 education per $1,000 personal income. One possible explanation for this is if the changes of the mid-1990s had not been made, today's education funding effort would have even been higher than the effort in 1995. As a point of caution, these policy changes would have affected one another and economic growth, thus affecting overall K-12 education funding impacts.

INCOME TAX

Income tax and policy changes over the past 20 years have resulted in an estimated $350 million annual, inflation-adjusted reduction to income taxes. This is a rough estimate since the tax and policy changes did not happen in a vacuum, and thus could have impacted one another or the state economy itself. This calculation is based upon fiscal impact estimates made when these laws were passed. Before calculating these estimates, this report examines the history of the income tax and the background to the tax changes. The income tax portion of this report focuses primarily on the personal income tax, since corporate income tax makes up a small portion of overall tax revenue.

History

During the Great Depression, numerous states began to look toward broadening the tax base by reaching beyond property owners.[16] One way to do this was by taxing income. Utah followed this trend and adopted the income tax in 1931. The first returns were received in 1932.[17]

In 1946, voters adopted an amendment to the Utah Constitution stating that "revenue received from taxes on income… shall be allocated to the support of the public school system…" by putting such revenue toward what is now referred to as the Education Fund. That went into effect in 1947. This indelibly tied the income tax to K-12 schools and, as is discussed later in this report, to higher education.

Since its inception, per capita collection has increased, though with periodic dips. The largest such dips coincided with U.S. economic recessions, particularly the 1981-82, 2001, and 2007-09 recessions. The most recent recession began months after the Utah Legislature made final changes to what would be the largest income tax reduction since the tax's inception. A smaller, though still major tax cut, had come just ten years before.

The 1996 Utah Legislature passed several changes that affected income tax revenue. These changes came on the heels of a rapidly expanding economy at a time when Utah Foundation noted that the education fund contained "more money than was needed to fund public education."[18]

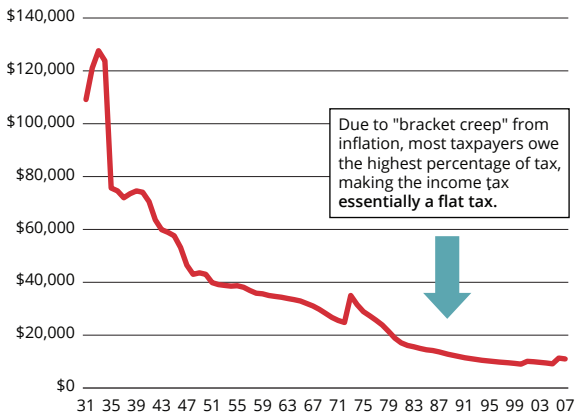
The 1996 laws provided income tax deductions for health insurance premiums of self-employed workers, for contributions to a College Savings Incentive Plan, and for lowering the top tax bracket from 7.2% to 7.0%. Other lower brackets were reduced the following year.

Tax Brackets

Two often-cited measures of income tax fairness are horizontal and vertical equity. Horizontal equity is when people that are in similar situations pay the same amount. Vertical equity dictates that people with ability to pay more do pay more. Progressive vertical equity is that people with the ability to pay a higher rate pay more, and regressive is the opposite. Progressivity and regressivity are determined by tax brackets, as well as the phase-out of credits and deductions at increasing income levels.

When paying federal income taxes, wage earners pay 10% tax on a certain portion of their income, 15% on the next portion, 25% on the next, all the way up to 39.6% for very high earnings. The portions of income are adjusted each year with the Consumer Price Index to account for inflation. For example, in 2016, all single tax filers must pay 10% on their adjusted earnings of up to $9,275, 15% between $9,275 to $37,650, and so on until paying 39.6% on earnings over $415,050.[19]

Figure 4: Income Tax Bracket "Creep" - Income threshold subject to highest tax rate, 1931 to 2007, adjusted to 2007 dollars



Note: Top tax bracket for married people filing jointly and heads of households.
Source: Utah State Tax Commission, Utah Foundation calculations.

Utah income taxes were subject to tax brackets until 2007. However, unlike the federal brackets, they were not tied to inflation. As such, the Utah income tax succumbed to "bracket creep" over the years. For instance, when the income tax was first implemented in 1931, the top tax bracket for all filers was for income of $8,000 and over. When adjusted for inflation, this is equivalent to over $100,000 today. The brackets were most recently adjusted in 1973, 2001, and 2006.

In 2007, the last year of tax brackets in Utah, the top tax bracket for married people filing jointly and for heads of households was $11,001 and more. For singles and married people filing separately it was $5,501 and more. Accordingly, in 2000, Utah Foundation reported that some thought that "Utah's income tax had become effectively a one-rate system" since most taxpayers were in the top bracket.[20]

The 2007 Tax Cuts

In 2007, cuts to sales and income taxes were passed unanimously by the Utah Legislature and signed by Governor Huntsman. The 2007 tax cuts – branded as tax relief and reform – essentially provided a tax cut for 98% of all Utahns.[21]

These cuts removed the bracket system in lieu of a flat rate for all income. This lowered what had been effectively a flat rate of 7.0% to an actual flat rate of 5.0%. Bracket creep had been partially responsible for the increase in income tax revenue per person over time. Bracket creep occurs when tax brackets are not adjusted for inflation and rising incomes push taxpayers into higher tax brackets over time even if their incomes are only rising with inflation.

It is generally accepted that relying on bracket creep for revenue increases is not good policy. Nonetheless, bracket creep did result in a gradual increase to Education Fund revenues. More importantly, lowering of the rate by two percentage points resulted in the largest decrease in income tax revenue since implementation.

Aggregated Income Tax Changes

The 2007 tax cuts are not the only income tax law changes that affected Education Fund revenues in the last 20 years. Those and additional cuts are shown in Figure 5. The figure, to make it easy to follow, is limited to bills passed since 1995 with more than a $1 million impact. Legislation that increased or decreased revenues in the Education Fund by more than $1 million from 1995-2016 resulted in a total decrease of

Figure 5: List of Bills Passed Between 1995 and 2016 with Effects of Greater than $1,000,000 on Education Funding, adjusted to 2015 dollars

Year	Bill Number	Bill Name	Effect
1996	HB 404	Health Care Insurance Deduction	-$5,906,966
	HB 405	Minimum School Program Act Amendments	2,215,112
	SB 237	Income Tax Reductions	-59,069,657
2001	SB 36	Individual Income Tax – Bracket Adjustments	-23,714,875
2005	SB 13	Individual Income Tax – Subtraction for Certain Military Income	-1,293,248
2006	SB 4001	Income Tax Amendments	-85,866,551
2007	SB 223	Tax Amendments	-138,679,863
2008	SB 359	Tax Changes	-23,641,265
2009	SB 14	Financial Incentives for Motion Picture Productions	-8,470,747
2010	SB 242	Economic Development Incentives for Alternative Energy Projects	-5,087,141
2012	HB 365	Revisions to Tax	4,374,941
	HB 35	Extension of Recycling Market Development Zone Tax Credits	-2,136,599
2014	HB 74S01	Energy Efficient Vehicle Tax Credits	-1,300,000
Total			-$348,576,859

Note: Only bills with ongoing changes are included.
Source: Utah Office of the Legislative Fiscal Analyst fiscal notes to bills.

nearly $350 million dollars. That is, the Education Fund currently has approximately $350 million less revenue each year in inflation adjusted dollars.

In addition to those bills with effects over $1,000,000, there are bills passed almost every year that have smaller effects. The bills passed between 2012 and 2016 had some small negative effects and small positive effects on the Education Fund. See Figure 6 for annual effects and the appendix for details.

Figure 6: Total Expected Annual Effects on the Education Fund of Bills Passed between 2012 2016

Year	Amount
2012	$3,266,000
2013	1,435,000
2014	1,198,000
2015	-1,763,000
2016	-6,251,400
2017	-2,131,100
2018	-$2,763,700

Note: These amounts are not adjusted for inflation since the Consumer Price Index estimates for 2016-2018 were not available at the time of publication. See the appendix for details.
Source: Utah Office of the Legislative Fiscal Analyst bill fiscal notes, Utah Foundation calculations.

Exceptions and Inducements

There are additional important components of income taxes that affect revenues, such as exceptions and inducements. These are generally used to promote the public good, bolster economic development, increase economic efficiency, and sometimes simply used to create what is considered good tax policy.[22] However, by their very nature, they lower income tax revenues.

Exceptions include deductions, exemptions, and some tax credits. The most common deduction is the standard deduction that people claim when they file their taxes. These are included in tax policy because lawmakers recognize that some of one's income is spent on things that are either basic for survival or are considered social goods. Deductions are related to taxpayers' expenses and account for those expenses that would otherwise be taxed. These remove a portion of one's income from taxation.

The most common exemptions are the "personal exemption" and those tied to taxpayers' dependents. These are in effect the same as deductions. Under Utah's current flat-rate tax, deductions and exemptions are combined into a "taxpayer tax credit" which phases out with higher incomes.

Policy makers not only use tax code to provide revenue, but also to induce certain behavior. This is often done using inducements such as tax credits, like those used to induce people to install solar power arrays on their homes and businesses and those used to entice the filming of motion pictures in the state.

In total there are 69 exceptions and inducements to personal and corporate income taxes in Utah.[23] Their estimated total value is $1.4 billion, which result in foregone income tax revenue. The largest, by far, is the taxpayer tax credit that totals $1.2 billion.[24] Others include individual taxes paid to another state totaling $73 million, the retirement tax credit totaling $45 million, a corporate Credit for Research Activities of $40 million, a corporate Enterprise Zone Tax Credit of $14 million, an individual Tax Credit for Increased Research of $13 million, and a corporate Economic Development Tax Increment of $11 million.

A flurry of tax credit and incentive bills passed the Utah Legislature in the early parts of this decade. One of them, Senate Bill 198 Economic Development Incentive Amendments from 2010, is expected to result in a modest reduction to Education Fund revenue of around $6 million.[25] Another of them, SB 100 Income Tax Credit or Refund Amendments from 2010, would forgo approximately $35 million but its fiscal note indicated that the Utah State Tax Commission was "not currently enforcing provisions of statute as written and thus elimination of those provisions will not result in real revenue loss."[26] SB 65 Alternative Energy Development Tax Incentives from 2012 could forgo Education Fund revenue of around $60 million by 2025.[27]

The biggest potential effect is through SB 242 Economic Development Incentives for Alternative Energy Projects from 2010. The bill's fiscal note concludes that "enactment of this bill would result in foregone revenue in the long run of up to $360 million annually."[28]

During the 2016 Third Special Session, the Utah Legislature passed House Bill 3001 – Tax Credit Review Amendments. This requires that the Revenue and Taxation Interim Committee review credits, including those related to individual income tax and corporate income tax. The review will pertain to the cost, purpose, benefit, and effectiveness of the credits.[29] If the review results in reduction or repeal of any credits, revenues in the Education Fund would rise.

1996 CHANGE TO THE SCHOOL FUND

The Education Fund was created in 2006. Prior to that, funding from income taxes flowed to the Uniform School Fund.[30] However, both were used in essentially the same manner.

In 1996, the Utah Legislature passed Proposition 6, allowing voters to decide on a Utah constitutional amendment that resulted in K-12 public education sharing Uniform School Fund revenues with higher education and with the Utah College of Applied Technology. The summary text to Proposition 6 read as follows:

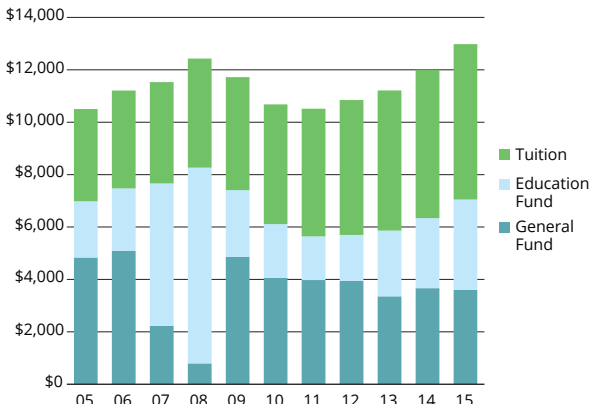
> Amends the Utah Constitution to 1) establish the definition of "public education system" for purposes of authorizing the expenditure of the available interest from the State School Fund and revenues from the Uniform School Fund in support of the public education system; and 2) specify that the revenues from income tax or intangible property tax are to be used for the support of the higher education system in addition to the public education system.[31]

Voters passed this amendment and five others that same year. It may seem significant to change the Utah Constitution, but it is not nearly as uncommon as changing the U.S. Constitution. In fact, by 1996, Utah's centennial year, voters had already considered 140 amendments and had passed 91 of them.[32]

Since the passage of Proposition 6, higher education has been appropriated as much as 25% of the Education Fund per year – topping out in 2008. Between 2015 and 2017, over 20% of this fund was used to fund higher education, in lieu of being allocated funds from the General Fund.

When Proposition 6 passed, the Utah Education Association's director of advocacy programs and political action said that "the bottom line is, we don't think it will result in less funding for public schools… we can change it and include higher education and still do as well for public schools."[33] A vote against the amendment would not necessarily have ensured more funding for K-12 education, because the income tax could have been reduced in future years if policymakers thought the fund contained more revenue than the schools needed.

Figure 7: Per-Pupil Higher Education Funding Sources, Adjusted for Inflation



Note: Figure does not include those in continuing education or those in self-supported remedial education at the institutions. Excludes capital facilities and Utah College of Applied Technology amounts.
Source:Utah Office of the Legislative Fiscal Analyst, Utah System of Higher Education. Utah Foundation calculations.

Education Fund revenues used by higher education have fluctuated over time, but funding has trended upwards, from $50 million in 1997 to over $800 million twenty years later.[34] However, the funds directed toward higher education have not necessarily resulted in a higher level of funding for Utah's colleges and universities. Figure 8 shows that in years when Education Fund dollars increased significantly, such as 2007 and 2008, General Fund dollars decreased. The same is beginning to show for 2013 through 2015. In recent years, Education Fund amounts appropriated to higher education have fluctuated between 30 and 90 percent of their sales tax funds, depending on the needs and revenues each year as determined by the Legislature. The Education Fund revenues have acted as pass-through amounts that have allowed General Fund revenues – from the state sales tax – to be used for other governmental services.

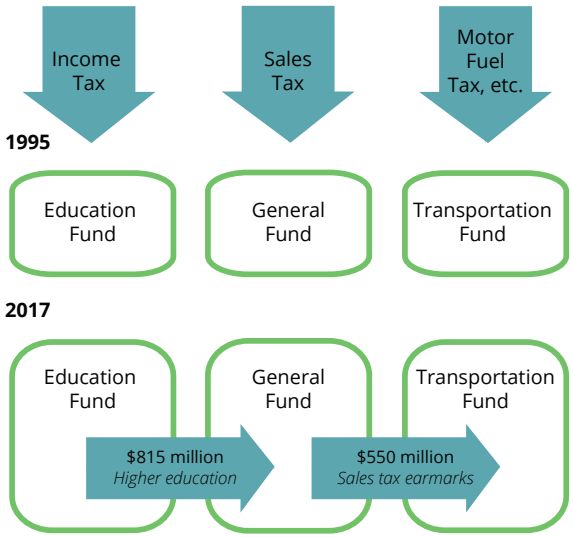
Linkage of the Education and General Funds

The Proposition 6 constitutional amendment provided a linkage between the Education Fund and the General Fund that did not previously exist. As noted, the decrease in funds available to public education have not necessarily resulted in an increase in funds for higher education. That is because General Fund dollars (which are mostly from sales taxes) previously allocated to colleges have been shifted to other programs, such as transportation. The result of Proposition 6 is that funds can now pass fluidly between each of the previously separate funds, as illustrated in Figure 8.

Transportation earmarks from the General Fund can tangentially affect K-12's share of the Education Fund since a more limited amount of general revenue in the General Fund puts pressure on higher education to compete with Education Fund dollars.

The transportation earmarks (or set-asides) from the General Fund are an estimated $550 million in 2017. These have steadily increased since the enactment of House Bill 1008 from the 2005 First Special Session, which created the Transportation Investment Fund of 2005 to maintain state and federal highways.[35] At that time, total earmarks were less than $50 million per year. The increase is expected to slow in coming years as the increases of revenues into the fund reach codified limits.[36] This limit will likely be reached in 2018.

Figure 8: Previously Separate "Buckets" of Funding have been Connected Since 1996



Source: Utah Office of the Legislative Fiscal Analyst.

On the surface, it might appear then that transportation has been experiencing a sharp increase in revenues. However, this is not the case. As previously shown in Figure 1, the ratio of transportation expenditures to personal income has held steady for the past 20 years. This is due in part to a motor fuel tax that had not increased since being set at 24.5 cents per gallon in 1997. Revenue from that tax has been losing value to inflation ever since. While the motor fuel tax was changed in 2015, by 2016 the change had not significantly increased transportation funding.

PROPERTY TAX

Effects of tax and policy changes over the past 20 years have resulted in annual, inflation-adjusted reductions in revenue of over $600 million from the basic levy property tax. This is the state-mandated tax that is used for public schools.

Overview

Property taxes are levied locally, by cities and towns, counties, school districts, and special taxing districts. The tax levels are typically based upon property valuations set by county assessors. Each county collects these taxes and then distributes them to the taxing entities. The Utah State Tax Commission values "centrally assessed property" such as railroad and utilities that cross county lines.

For the 2015 school year, $300 million in school revenues were from the basic levy. Another $700 million were from voted local and board local levies. The remaining local school property taxes equaled nearly $600 million for debt payments on buildings and capital projects.

In Utah, education funding is actually shifting more toward the state's responsibility. In the early 1990s the state was responsible for 51% of education funding. It is now responsible for 58% – compared to 47% nationally.[37] This is due in part to Utah state code restricting local revenue generation. That said, many school districts do not levy as much as they could, leaving potential property tax revenue on the table, which elected officials may forego in deference to their constituents.

History

The Utah Territory began charging a 1% tax on property in 1851, though most of the tax at that time was paid in grain.[38] In 1896, when Utah became a state, it used a statewide tax of its residents based upon their real and personal property. The tax was assessed by the state until 1935 and then was periodically state-assessed until 1945.[39]

With the introduction of income and sales taxes in the early 1930s, and with property tax law and rate changes over time, the property tax has had a declining proportion of the overall state revenue. Income, sales, and property tax now each make up about one-third of the state's tax revenue.

Changes since the Mid-1990s

During the mid-1990s, in response to rising property values, the Utah Legislature increased property tax exemptions and reduced the state-mandated basic levy for schools. In 1994, the Utah Legislature increased the exemption for primary residential property from 29.5% to 32%, and at the same time it lowered the basic rate from 0.4275% to 0.4220%.[40] Larger changes came the following year.

In 1995, in response to large state surplus and "continued complaint about the property tax from areas which had just been revalued," the Utah Legislature lowered the basic levy by 32% and raised the residential exemption to 45% (the maximum allowable under the Utah Constitution).[41] This equaled a $67 million tax cut to basic levy revenues.

In 1996, the Utah Legislature again saw surpluses and gave tax cuts, $25 million of which were to basic levy revenues. These cuts equaled a 35% reduction from 1994 to 1996.

Exemptions

Changing the tax rate is fairly straight forward, but exemptions require a bit more discussion. As noted, exemptions played a role in the property tax changes in the 1990s. As an example of a property tax exemption, a Utahn with a house valued at $200,000 and a 45% exemption would only pay property tax on $110,000 of the value of the home.

Figure 9: Property Tax Exemptions for Primary Residences

Year	Exemption
1983	25%
1991	29.75%
1992	29.50%
1994	32%
1995	45%

Source: Utah State Tax Commission, and Laws of the State of Utah passed at the 1991 General Session of the Forty-Ninth Legislature, Authority publishers.

In 1982, voters approved a constitutional amendment allowing property tax exemptions to a more broadly defined "primary residential property," and the Utah Legislature voted on a 25% exemption effective in 1983.[42] In the 1990s, residential property tax exemptions rapidly increased to the level they are today.

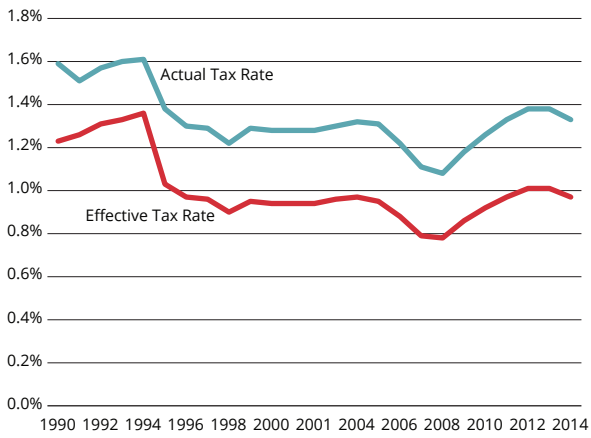
Other types of property tax exemptions and abatements include those for veterans with disabilities, armed forces personnel, people who are legally blind, some lower income older Utahns, people with disabilities, and people experiencing "extreme hardship."[43] Exemptions to the taxable or assessed value of the property result in an effective tax rate that is lower than the actual rate (see Figure 10).

Truth in Taxation

The 1995 property tax changes also made the basic school levy subject to "Truth in Taxation." Truth in Taxation affects how Utah governments and special districts set tax rates. This policy places pressure on local agencies to hold property tax revenues level without adjustments for inflation. By keeping revenue flat, Truth in Taxation tends to reduce inflation-adjusted revenues over time.

In 1969, the Utah Legislature passed a law to cap property tax increases that resulted from property revaluation to 106% of the previous year's revenue. This was in response to property tax reappraisal. Truth in Taxation was enacted in 1985 as a tradeoff to repeal the 106% limitation.

Figure 10: Property Tax Rate - Actual compared to Effective



Source: Utah State Tax Commission.

The Utah Legislature passed the Tax Increase Disclosure Act in 1985 with amendments in 1986. Simply, the act requires governing bodies to provide notices to the public and hold public hearings when the bodies make tax changes to increase their budgets.[44] Even holding the tax rate steady is considered a tax increase if property values are rising, because it results in higher revenues than the previous year. If new people and businesses move into an entities' tax jurisdiction resulting in new property development, revenues are allowed to increase from this growth without being labeled as a tax increase, but inflation is not accounted for.

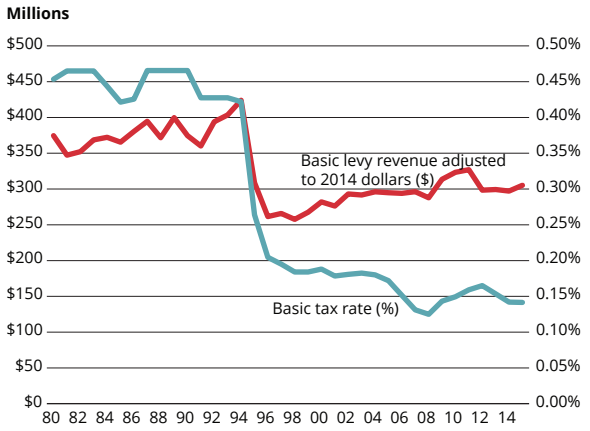
The county auditor is required to establish a "certified tax rate," which adjusts the tax rate to hold the total tax revenue constant. To choose any rate higher than the certified rate, governments must advertise

that they are increasing taxes and hold a tax hearing. Prior to its applicability under Truth in Taxation in 1995, the basic levy property tax rate generally held steady for years at a time, like 1987 through 1990 and 1991 through 1993.[45] This allowed revenues to grow as property values rose. Now, the rate changes every year, typically trending downward as property values rise, as seen in Figure 11.

According to a 2007 analysis from the Utah Taxpayers Association, "property taxes have grown at a much slower rate since Truth in Taxation's enactment than before."[46] Revenue grew at an annualized rate of nearly 10.8% between 1980 and 1986 (the six years before the law's enactment) but at 5.9% between 2000 and 2006. When accounting for inflation and population growth, these rates are about 7.0% and 5.5%. The Utah Taxpayers Association used these timeframes since they excluded the two reductions to the basic levy and other county reductions between the enactment of Truth in Taxation and 2000.

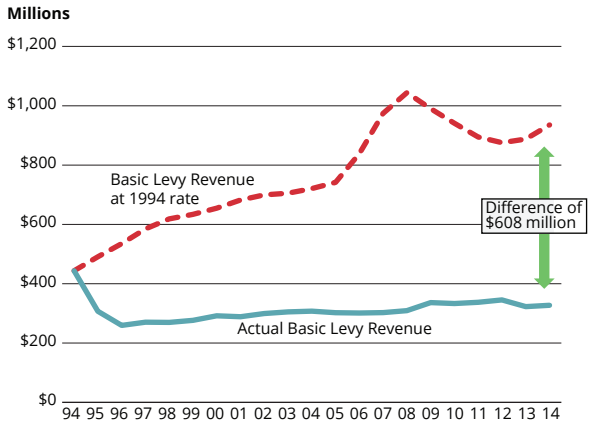
In part due to Truth in Taxation and to the mid-1990 tax relief, the basic levy has been funding a lower proportion of K-12 education over time. The difference between the basic levy revenue in 2014 and the revenue that could have been received in 2014 had the tax been kept at its 1994 rate is approximately $608 million.

Figure 11: Decrease in Basic Levy Property Tax Since 1980



Source: Utah Office of the Legislative Fiscal Analyst.

Figure 12: Basic Levy Difference between Collected Revenue and Forgone Revenue at 1994 Tax Rate



Source: Utah Office of the Legislative Fiscal Analyst. Calculations by Utah Foundation.

Other Property Tax Reductions

A recent property tax audit revealed other downward effects on property tax revenue. Growth has been inaccurately calculated, which lowered rates, reducing "roughly 1% of annual property tax collections," or "over $100 million of improperly reduced property tax revenue" over the past decade.[47]

Redevelopment agencies – or RDA – also affect revenue. They were authorized by the Utah Legislature in 1965.[48] This allowed for cities and towns to create agencies that would rehabilitate or redevelop "blighted" areas in their communities.

As currently written, the Community Reinvestment Agency Act allows redevelopment agencies to direct incremental increases in property taxes caused by new development toward other uses, such as paying off bonds and other financing vehicles that pay for infrastructure that serves the property.[49] There are 76 RDAs in the state, though several are inactive. Over $50 million in total property tax revenues was taken annually by RDAs between 2000 and 2007, and over $100 million has been taken annually since 2008.[50]

A West Jordan Facebook datacenter deal that failed to materialize in 2016 was rejected in large part due to the State Board of Education being leery about the RDA funds that Jordan School District would have foregone under the project (Salt Lake County was also not interested in the deal).[51] RDAs have impacted the basic levy by an average of about $13 million annually over the past ten years.

RECENT MEASURES TO INCREASE FUNDING

There has been a recent increase to the basic levy for K-12 education revenues. In 2015, the Utah Legislature passed Senate Bill 97, which increased property taxes for individuals and businesses in a $75 million K-12 school district equalization effort.[52] According to the fiscal note on the bill, homeowners in average homes (valued at $250,000) could see an increase of just under $50 per year. The revenue from Senate Bill 97 is not insignificant. However, it is a small portion of the increases in funding over the past five years, much of which has been consumed by school population growth and inflation over the past five year.

Where did the $1.8 billion go?

Utah policymakers have claimed that over the previous five years an additional $1.8 billion has been put into education.[53] This is true, and on its face seems significant for K-12 public schools.Almost half that amount went toward higher education. Of the other half, a large portion was in repeatedly counted "one-time" amounts for K-12 schools. Accordingly, the increase in new state funding over the five years is equal to $549 million, an annual average of $110 million or 4.3%. That too seems significant. However, recent state budget appropriations to K-12 schools have been largely consumed by student population growth and inflation. In analyzing the effects of inflation and growth, Utah Foundation has utilized only the state portion of funding.

K-12 education enrollment growth in Utah is the highest in the nation, in the neighborhood of 2% or 10,000 students per year. When accounting for this growth, the $110 million annual revenue increase between 2011 and 2016 is reduced by $46 million. However, growth is expected to slow over time, benefiting K-12 education financing.[54]

When accounting for inflation, the $110 million annual revenue increase between 2011 and 2016 is reduced by another $41 million. Future K-12 education revenue will likely continue requiring increases to accommodate for this inflation. Inflation is an important consideration because it affects the costs of running schools (e.g., supplies, utilities, and salaries).

Figure 13: Basic Levy Forgone Due to RDA Projects

Year	Percentage	Annual Amount
2005	4.57%	$10,841,615
2006	4.30%	10,509,218
2007	3.66%	9,294,852
2008	4.41%	11,839,498
2009	4.30%	12,439,960
2010	5.94%	15,883,297
2011	6.07%	17,393,645
2012	5.23%	15,494,663
2013	5.38%	14,789,632
2014	5.55%	14,659,509
10-year average	**4.94%**	**$13,314,589**

Source: Utah State Board of Eduation, Utah Foundation calculations.

Figure 14: Actual Revenue Increase of Growth and Inflation on Recent Increases in Education Funding, Millions of Dollars

Year	State-controlled Revenue	Nominal Revenue Increase	Effect of Student Growth	Revenue Lost to Inflation	Actual Revenue Increase
2011	$2,337				
2012	2,423	$87	-$53	-$51	-$17
2013	2,548	125	-43	-37	44
2014	2,668	120	-43	-49	28
2015	2,770	102	-50	-32	20
2016	$2,885	115	-43	-38	34
Avg. annual amount		$110	-$46	-$41	$22
Five-year total					**$110**

Note: Nominal revenue increase minus effect of student growth and revenue lost to inflation equals actual revenue increase. Amounts may not total due to rounding.
Source: Utah State Board of Education, U.S. Bureau of Labor Statistics. Calculations by Utah Foundation.

Together, the needs of increased student counts and modest inflation consumed about $88 million per year between 2011 and 2016. What remains from these funding increases is just under $22 million per year in new financial capacity for schools.

PERSPECTIVES ON RANKINGS

Some Utahns feel that current levels of funding are not sufficient for public education. In recent years, several proposals have arisen that would have resulted in increased income tax revenue. These include a reduction in the number of allowable income tax exemptions by Senator Pat Jones in 2014, an increase to the income tax rate from 5% to 5.5% by Senator Jack Draxler in 2015, and an income tax increase of seven-eighths percent by the citizens group Education First in 2016.[55]

New K-12 education funds should become available under Amendment B, a 2016 ballot initiative which amended the Utah Constitution to "increase and stabilize the distribution from the permanent State School Fund."[56] For the past 20 years the fund has been paying out revenues from Utah's state trust lands at around 2% annually – $45.7 million in 2015.[57] The corresponding Senate Bill 109 codified a new formula to cap distribution at 4%, allowing it to as much as double.[58]

What is the appropriate increase in funding, if any? And how should any such increase in funding be spent? Additional revenue could be used toward programming which show positive results, such as pre-school and full-day Kindergarten for children from lower-income households. It could also be used to rectify current problems facing Utah school districts, such as addressing teacher shortages.

Any of these possible funding areas warrant their own reports to analyze costs and benefits. For the sake of this report, Utah Foundation has simply run some numbers based upon targets related to the topics previously analyzed herein, such as per-pupil spending and spending per $1,000 of income.

Funding Options

If Utah simply wanted to get out of last place in per-pupil spending – pulling ahead of Idaho – it may not have to do anything. Idaho has some similarities to Utah. While Utah has the greatest proportion of school aged children in the nation (22.1%), Idaho is second greatest (19.5).[59] While Utah has the smallest working age population in the nation (59.4%), Idaho is second smallest (59.9%).[60]

Figure 15: Range of Per-Pupil Funding

	Rank	Amount
Utah	Lowest	$6,500
Idaho	Second lowest	6,621
U.S.	Average	11,009
New York	Highest	20,610

Source: U.S. Census Bureau, Public Elementary-Secondary Education Finances.

These similarities, and the fact that Idaho's education expenditures are decreasing, might lead to the states switching places at the bottom. As shown in Figure 16, Idaho has decreased by nearly $170 annually over the past three years, while Utah has increased by nearly $8 per year. Since Utah is currently $121 behind Idaho, if these per-pupil spending trends were to continue, Utah would surpass Idaho when the next U.S. Census reports are released.

The U.S. is a different story. Utah is $4,509 behind the national average in per-pupil spending. Utah would need to increase its funding by 69%, or $2.5 billion, to overtake the national average.

While Utah and Idaho have some similarities, Utah Foundation does not consider Idaho to be one of Utah's peer states. These include Colorado, Minnesota, Montana, North Dakota, South Dakota, as selected based on their similarity to Utah with respect to student poverty levels, parental education, and student race and ethnicity demographics.[61]

Utah's peers are showing a broad range in change of per-pupil spending. Minnesota, like Idaho, has recent reductions in annual per-pupil spending. Colorado, like Utah, has a very modest increase. Montana and the Dakotas are experiencing per-pupil increases near or above the national average, with North Dakota actually leading the nation. This is due in part to sky-rocketing employment and wages in North Dakota's oil fields, although that boom has since dissipated.

Utah is of course behind each of its peer states in per-pupil funding. However, Utah actually spends more than its peers on overall K-12 education per $1,000 personal income (see Figure 17), though Utah is in the middle of its peers for current spending – which includes instruction, support services, and food services.[62] Utah, its peer states, and the nation have seen a reduction in spending efforts since 1995. The U.S. declined by 6%, Colorado and North Dakota declined by 16% and 18%, respectively. Utah, South Dakota, and Minnesota all declined by about a quarter, and Montana by a third. As noted previously, these decreases are likely due in part to increasing incomes over time while actual tax revenues have been decreasing, remaining stable, or simply not increasing as fast as incomes.

Figure 16: Average Annual Per-Pupil Spending Change 2011 to 2014

Utah	$7.50
U.S.	72.56
Low-funded state	
Idaho	-169.61
Peer states	
Colorado	3.85
Minnesota	-44.19
Montana	138.77
North Dakota	522.28
South Dakota	65.58

Note: U.S. Census Bureau data from 2015 and 2016 were unavailable at publication. Peer states were determined in a previous Utah Foundation study.
Source: U.S. Census Bureau, Public Elementary-Secondary Education Finances. Utah Foundation calculations.

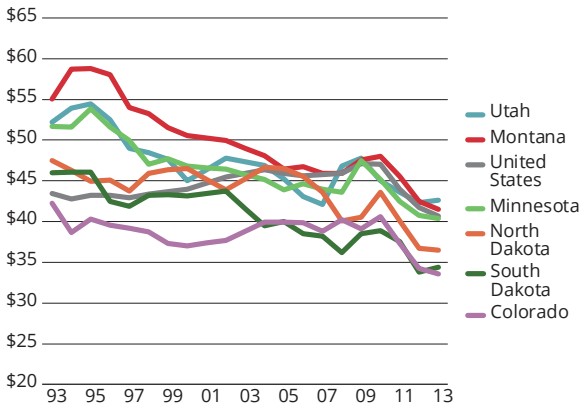
K-12 Educational Outcomes

Rankings are one thing, but the true goal in education is outcomes. Measuring those outcomes on a national scale is tricky. For example, comparing graduation rates across states is fraught with difficulties, since different states have differing requirements for graduation. However, there is one long-running tool for state-by-state comparisons.

The National Assessment of Educational Progress (NAEP) from the U.S. Department of Education has been testing students for decades. It is the nation's "largest nationally-representative and continuing assessment of what America's students know and can do in various subject areas."[63]

NAEP results are analyzed by average scores and by the percentage of students proficient in each subject area. NAEP does not recommend ranking states.

Figure 17: Utah and Peer States' Total K-12 State and Local Expenditures per $1,000 of Personal Income



Note: Data for 2001 and 2003 are averages of their respective previous and subsequent years.
Source: U.S. Census Bureau State & Local Government Finance, U.S. Bureau of Economic Analysis. Calculations by Utah Foundation.

The test uses a small sample of students in any given state and the average test scores are so close together that it is impossible to determine with confidence that one state is performing better than the 5 to 20 states that typically have a score near it. Further, NAEP cautions that researchers take into account socioeconomic and educational factors, not just each state's score or percentage.

Utah's NAEP scores improved somewhat in 2015 compared the national average.[64] In fact, Utah is now better than the nation on the three major tests – reading, math, and science – for both fourth and eighth grades. However, this is an average of all students.

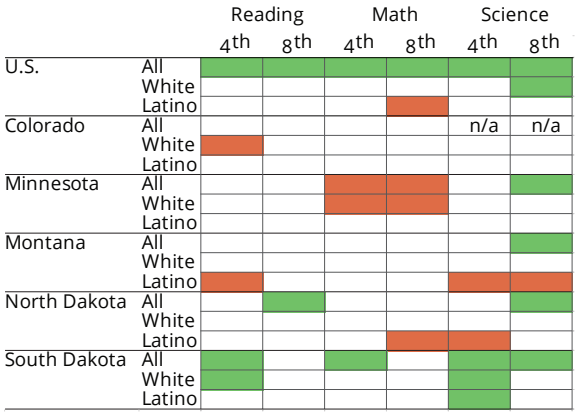
It is important to disaggregate – or separate – the results to look at different populations. This report focuses on only two racial and ethnic subgroups: white students and Hispanic and/or Latino students. In Utah, white children make up the majority of the students, and Hispanic and/or Latino children make up a vast majority of the students of color. The populations that identify with other races and ethnicities are so small as to preclude useful NAEP analysis.

When disaggregating for white and Hispanic/Latino students, Utah is not ahead of the U.S. except for white eighth graders on the science test. Utah is behind the U.S. average for Hispanic/Latino eighth graders in math.

When comparing Utah with its peer states, the results are a mixed bag, though better than the previous decade when Utah performed behind most of its peer states. In 2015, Utah does seem to be performing better than South Dakota on most major tests. Further, Utah is particularly successful in 8th grade science, with the aggregated score for all students beating out each of the five peer states.

However, when disaggregating the data, Utah's white students are no better (or worse) than their peers and Utah's Hispanic/Latino population scored lower than Montana. Even on the eighth grade science test, where Utah score overall was higher than almost all states in the nation, Utah's eighth grade Hispanic/Latino students were only higher than four other states. Utah could look toward Montana and North Dakota for their successes with Hispanic/Latino students.

Figure 18: Comparison of Utah's 2015 NAEP Performance with Utah's Peer States, with Statistical Comparisons



Key: Utah has higher score for green boxes, lower for red, and no difference for white.
Source: National Center for Education Statistics.

As with disaggregating for race and ethnicity, NAEP allows for comparisons by whether the test-taking children are in households that have lower incomes (and thus eligible for free or reduced priced lunch). Utah's lower-income students do not seem to be performing better or worse than Utah's peer states.

But Does Increased Spending Help

Eric Hanushek is an oft cited education researcher who has not found a positive connection between funding and success, stating that "increased expenditures by themselves offer no overall promise for improving education."[65] Instead, "on average, an additional $1,000 in per-pupil spending is associated with a trivial annual gain in achievement."[66]

Recent work from Northwestern University and U.C. Berkeley has found different results, though instead of looking at increases in incremental funding over time, this analysis looked at school systems impacted by enforced school finance reform (when courts require significant increases in funding, for example). They also looked beyond test scores. The researchers found that a "10% increase in per pupil spending each year for all 12 years of public school leads to 0.31 more completed years of education, about 7% higher wages, and a 3.2 percentage point reduction in the annual incidence of adult poverty" and that "effects are much more pronounced for children from low-income families."[67]

Why Industries like Education (and Healthcare) are Requiring Additional Funding

Even if revenues increase, education systems face a phenomenon called "cost disease."[68] Highly labor intensive industries (e.g. public education, higher education, and healthcare) face more quickly increasing costs over time. This is because labor costs rise more quickly than the average cost of living. Sectors that can increase productivity more easily, like manufacturing, which can use technological improvements to increase units of output per hour of labor, do not face such steep cost increases. Labor-intensive services find it much more difficult to increase output relative to labor hours, and as a result, education and healthcare spending by their very nature are expected to continue rising faster than general inflation.

Another way of looking at this is using State Higher Education Executive Officers association (SHEEO) methodology. Inflation, as measured by the Consumer Price Index from the U.S. Bureau of Labor Statistics (BLS), is based upon a basket of goods and services – mostly goods. Since the costs for higher education are about 75% staff, SHEEO developed a Higher Education Cost Adjustment where 75% is based upon BLS's employment cost index and the remaining 25% is non-personnel costs from the gross domestic product implicit price deflator from the U.S. Bureau of Economic Analysis.[69] For the fifteen year period ended 2014, CPI inflation measured 91%, but SHEEO's adjustment measured 107%.

Like higher education, the bulk of K-12 education expenses are for staff. This is a prominent theory about why costs are rising faster than inflation. This will likely continue to place pressure on agencies and tax payers for the future funding needs of schools.

PARTING THOUGHTS

This report looks at K-12 education funding and tax changes over time. From this, it is clear that Utah has been spending less than it had in the past on K-12 education per $1,000 personal income. What is not as clear is how it has impacted the quality of education in Utah. As the previous State School Superintendent Brad Smith pointed out, the amount of money Utahns spend on education reflects what we put into the system when really what Utahns should be focused on is what they get out of the system.[70] If Utah can achieve similar results in education while applying less funding effort than it did 20 years ago, those increases in efficiency in education should be lauded.

In addition to evaluating whether additional funding is needed to improve outcomes, one also needs to assess whether other needs outweigh additional funding in education. As part of the Utah Priorities Project, when asked whether they would prefer to increase spending on education, law enforcement, healthcare, or transportation, less than half of Utahns selected education – although it was the largest single response.[71] In figuring out how to best use taxpayer money, if education outcomes have continued to improve even with its lower levels of funding, it could be argued that an increased tax revenue could be used to provide funding toward other priorities.

Aside from balancing both outcomes and competing priorities, there is the issue of how taxpayers are impacted. The Utah Constitution guarantees a free education for all, and it makes sense to use income and property taxes to support that guarantee. However, taxes, especially at the extremes, can distort both market and individual behavior. Moreover, higher taxation on Utahns would result in less disposable income for many households, making it harder to adequately provide for their families.

Legislators in the past thought the spending on education was adequate and arranged for reductions in both property and income taxes. The first decade of the 2000s saw Utah's test scores declining compared to national averages and peer states. But since 2009, NAEP exams have shown Utah recovering much of that lost ground. Since outcomes over the long run have not drastically fallen, it could be argued that schools might continue to be funded at this lower level of taxation.

While educational outcomes have largely recovered from earlier declines, many Utah students continue to fall short of their full potential. There are a number of evidence-based programs that with a moderate increase in overall K-12 education funding can have a large impact on ensuring that all Utah children have the same opportunity to succeed. Such programming has the potential to have a broad, lasting, cost-efficient impact on educational outcomes.

Moreover, many Utahns support a higher priority on education than our current level of funding reflects. In Utah Foundation's 2016 Utah Priorities Project, K-12 education had the third-highest level of concern. Nearly one-half of Utahns support additional spending in education, and when asked if Utahns would be willing to pay higher taxes to increase money for public schools, 41% of Utahns agreed while 31% disagreed.[72]

Additionally, many districts are encountering difficulties in finding enough qualified teachers to ensure Utah's children receive a quality education. Additional funding could allow districts to pay teachers adequately and attract the kind of talented professionals needed to provide a quality education.

Ultimately, Utahns will need to decide whether current outcomes at current levels of spending is sufficient for their children. Alternatively, if Utahns want to provide greater assurances that all children have opportunities for success in K-12 and to continue on to higher education, they many need to walk back some of the tax and policy changes over the past 20 years that have removed more than $1 billion annually from public school budgets.

Bills Passed between 2012 and 2016 and their Effects on the Education Fund through 2018

Bills 2012-2016	2012	2013	2014	2015	2016	2017	2018
SB 143 Income Tax - Pass-Through Entities	$3,266,000						
HB 365 Revisions to Tax		$4,300,000	$4,300,000	$4,300,000	$4,300,000	$4,300,000	$4,300,000
HB 250 Tax Credit for Dependent with a Disability		-765,000	-781,000	-781,000	-781,000	-781,000	-781,000
HB 35 Extension of Recycling Market Development Zone Tax Credits		-2,100,000	-2,100,000	-2,100,000	-2,100,000	-2,100,000	-2,100,000
HB 96 S02 Cleaner Burning Fuels Tax Credits Amendments				-2,850,000			
SB 31 Special Needs Adoption Tax Credit			-241,000	-241,000	-241,000	-241,000	-241,000
SB 141 Education Contribution on Tax Returns			20,000	25,000			
HB 74 S01 Energy Efficient Vehicle Tax Credits					-1,300,000		
HB 140 Tax Credit Amendments				-100,000	-100,000	-100,000	
SB 242 Alternative Energy Amendments				-16,000	-64,000	-265,000	
SB 64 Utah Educational Savings Plan Amendments					-6,400	-7,100	-7,100
SB 250 Income Tax Revisions					41,000	41,000	41,000
SB 292 Achieving a Better Life Experience Program and Tax Credits					0	-187,000	-187,000
SB 1001 Corporate Franchise and Income Tax Amendments					-6,000,000		
HB 61 Corporate Franchise and Income Tax						-2,641,000	-2,773,000
HB 170 Medical Care Savings Account Tax Credit Repeal							21,400
HB 190 Taxation of Foreign Income Amendments							-500,000
HB 233 Tax Credit for Military Survivor Benefits							-87,000
HB 265 Mental Health Practitioner Amendments							-300,000
SB 171 Economic Development Tax Credits Amendments						-150,000	-150,000
Total	**$3,266,000**	**$1,435,000**	**$1,198,000**	**-$1,763,000**	**-$6,251,400**	**-$2,131,100**	**-$2,763,700**

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Utah Education Funding, 2014				
	Total	Federal	State	Local
Utah State Board of Education	$4,875,471,716	$432,335,077	$2,648,526,092	$1,798,317,205
U.S. Census Bureau	4,400,351,000	385,210,000	2,363,055,000	1,652,086,000
Census undercount	475,120,716	47,125,077	285,471,092	146,231,205

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