Rosen: We're No. 26! - not 49

Rocky Mountain News: April 7, 2006

'Colorado is 49th in Public School Spending." Oh, the shame! Perhaps you've seen this ignominious declaration on a sticker pasted to the bumper of some schoolteacher's Volvo or soccer mom's SUV. Why would anyone want to associate herself with such a disgraceful statistic or advertise it on the family car? Hmmm. You don't suppose this is a not-so-subtle way of lobbying for more money to pour into the government school establishment?

Oh, by the way, that claim is baloney. Colorado is nowhere near the bottom in public school spending compared to other states. In fact, we're right smack in the middle, just about where we ought to be. In a March 2006 study published by the Independence Institute, Education Analyst Benjamin DeGrow reproduces official data from the National Center for Education Statistics, a division of the U.S. Department of Education. Compared to the other 50 states and the District of Columbia, Colorado was ranked 26th out of 51 with "total expenditures" of $8,917 per pupil in 2002-2003, the most recent year for which NCES provides this data. By another measure, "current expenditures" (excluding debt financing and capital construction costs) per pupil, Colorado is ranked 31st by the NCES, 30th by the U.S. Census Bureau, and - even higher - 25th by the National Education Association, the nation's largest teachers union.

According to the Independence Institute study, "From 1970 to 2000, both Colorado and the United States *doubled* current per-pupil expenditures in real, inflation-adjusted dollars." Per-pupil spending in Colorado grew faster than the national average in the 1970s and slower than the national average in the '80s and '90s, evening out over the entire period. In recent years, under the Amendment 23 mandate, K-12 spending in Colorado has accelerated, in spite of the economic downturn.

Ranked dead last in total expenditures is Utah, at $6,114 per pupil. At the top of the spending standings, at $14,635 per pupil, is Washington, D.C, with New Jersey a close second at $14,018. But Utah and Colorado consistently outscore New Jersey on student tests, and Washington, D.C., is perennially one of the nation's worst-performing urban school districts. An analysis of test scores from the National Assessment of Educational Progress (NAEP) shows scant correlation between school spending and student performance.

The biggest spending states tend to be those with large urban population centers and powerful teachers unions, which explains why Colorado is in the middle of the pack. Nonetheless, Colorado still achieved a nationwide ranking of 15th in NAEP's tests measuring student performance in 2003 while spending $500 per pupil less than the national average. So much for spending as the key criterion in achieving educational excellence.

But that doesn't deter the educratic establishment from continuing to make the simplistic assertion that raising taxes to fund more public education spending is always a good idea. This is a transparently self-serving premise coming from people who make their living in a field where 85 percent of taxpayer-financed school spending takes the form of employee compensation.

So what's the source of the bumper sticker myth about Colorado being 49th in school spending? Originally, it came from the January 1999 "Quality Counts" survey in *Education Week*, a Washington, D.C.-based trade publication targeted at unionized teachers and school administrators. *Education Week* manipulates the data to re-rank the states on what it calls "adequacy of resources," including a comparison of what percentage of its income (gross state product) each state spends on public education. As a relatively prosperous state, Colorado gets a low ranking while West Virginia, a relatively poor state, gets a high ranking. By that logic, if Coloradans spend a lower percentage of their income on food than residents of West Virginia, that's bad for Coloradans, too. This is silly.

Under *Education Week's* scoring system, Colorado's national ranking would improve if our income dropped sharply while being compelled under Amendment 23 to spend more on government schools. Wouldn't that be wonderful?

The National Education Association conducts a similar drill, with slightly different rankings, based on school spending per $1,000 of personal income in each state. Even though Colorado's ranking, by this misleading measure, has moved up in both surveys, the pro-spending lobby is still sporting the outdated bumper sticker. Forty-ninth just sounds more dramatic. Union activists in at least nine other states - Arizona, Louisiana, Nevada, Florida, Pennsylvania, Idaho, Tennessee, Illinois and Utah - apparently agree. By one survey or another, all claimed to be 49th in 2004 or 2005.

Mike Rosen's radio show airs daily from 9 a.m. to noon on 850 KOA.

TABOR tames runaway spending

Bangor Daily News: Thursday, July 07, 2005

Writing about Colorado's Taxpayer Bill of Rights (TABOR), the Bangor Daily News recently editorialized that Coloradans find our tax limitation measure "difficult to accept." Hardly. TABOR was passed by a vote of the people in 1992 and has proven effective in putting the brakes on runaway government spending.

I have been, and remain, a strong supporter of TABOR. I have strongly encouraged taxpayer leaders in other states, including the good folks at The Maine Heritage Policy Center, to work for the enactment of similar measures. TABOR works because it prevents the kind of government spending - and higher taxes - that have plagued Maine and other states for years. Moreover, TABOR requires that we ask taxpayers first before government can spend more of their money, or increase their taxes.

Far from a fiscal strait jacket, TABOR is an economic bulletproof vest. And it has served Colorado well, despite the unrelenting attacks from those who seek unfettered government spending. For example, forecasters at "Economy Dot Com" project Colorado job growth in 2005 at 2.8 percent - one percentage point higher than the national average. The FDIC believes 2005 will be the best year in Colorado for new jobs since 2000.

We expect robust income growth, too. Colorado's per capita personal income ranks eighth in the nation. We're in the top ten states for personal income growth, with an expected growth rate of 5.6 percent, up from under 1 percent in 2002.

So, if TABOR is working so well, why am I joining a bipartisan group of Colorado legislators in asking our voters for permission to keep all the excess funds the state will collect over the next five years?

The answers are simple, and straightforward. First, Colorado, like most states, was hit hard by the recent recession and the 9-11 terrorist attacks. As a result, our state suffered an unprecedented two-year, 17 percent drop in revenue. The TABOR spending caps matter only when there is excess revenue - revenue that we then rebate to taxpayers. We lacked the revenue to hit the TABOR caps, so - until this year - TABOR has not been an issue. We did cut upward of $1 billion from our budget, but that was to have spending match our lesser revenue because we are Constitutionally required to balance our budget.

Secondly, Colorado voters in 2000 approved a Constitutional amendment that requires substantial increases in public education spending - regardless of whether our revenue is up or down. This narrow and difficult requirement, coupled with soaring expenses on the federal Medicaid mandate, deepened our fiscal challenges. Again, TABOR wasn't the problem.

This unprecedented revenue drop did, however, expose an unforeseen flaw in the design of TABOR: it prevents the state budget from recovering in the wake of a recession. While Colorado government was required to cut during the downturn, we have no way to more appropriately fund programs and services now that the economy is stronger. This "ratchet down" effect should be avoided, and Maine's version of TABOR now being considered will include a 20 percent budget stabilization fund that will eliminate the "ratchet down" effect, while still returning 80 percent of revenue over allowable spending to the taxpayers.

So, in order to complete our recovery from the recession, we are asking our voters to allow government to use the additional dollars over the next five years. This isn't due to a problem with TABOR. We're using a key provision of TABOR that allows for flexibility to respond to challenges - provided taxpayers agree. Colorado has seen more than 600 successful TABOR overrides in municipalities, counties, school districts and special districts. This November voters will decide whether the state can retain such revenue for the next five years.

As happened in Colorado when TABOR was originally passed, the big spenders in Maine are out in force predicting all sorts of calamity if your state caps spending and empowers taxpayers. The fact is, TABOR has been a key component in protecting Colorado jobs and our economy, and it could do the same for Maine.

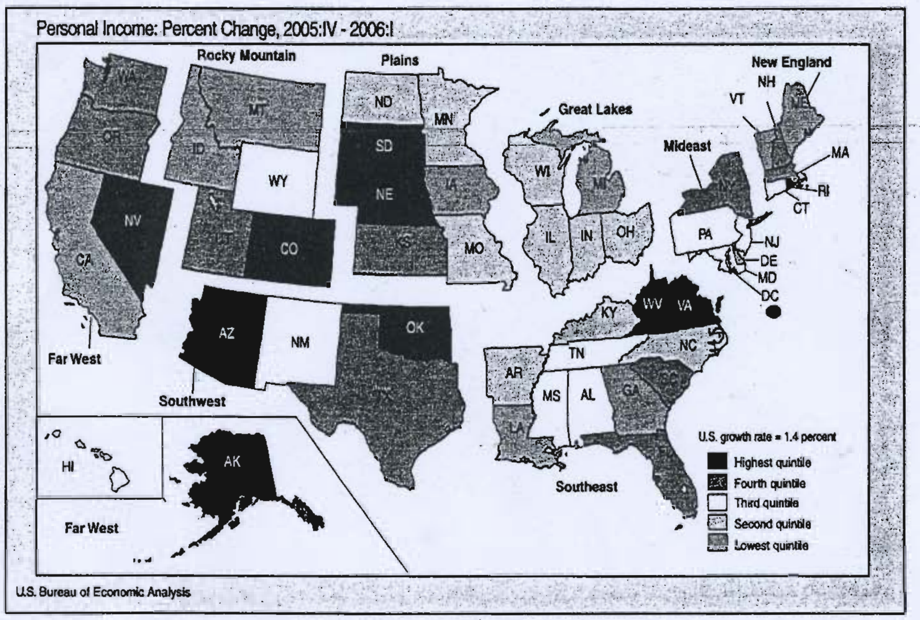
Bill Owens is governor of Colorado.

BEA
BUREAU OF ECONOMIC ANALYSIS
U.S. DEPARTMENT OF COMMERCE

THURSDAY June 22, 2006

STATE PERSONAL INCOME: FIRST QUARTER 2006

U.S. personal income grew 1.4 percent in the first quarter of 2006 according to estimates released today by the U.S. Bureau of Economic Analysis. This was slower than the 1.9 percent increase in the fourth quarter of 2005 but at a pace equal to the average of the last three years. Nonfarm state growth rates were clustered around the national average while farm states tended to have either lower or higher growth rates, depending on whether they specialized more in crops or livestock.



First Quarter 2006 State Personal Income Growth and Ranks

State	Growth	Rank	State	Growth	Rank	State	Growth	Rank
Alabama	1.5	21	Kentucky	1.3	32	North Dakota	1.3	35
Alaska	1.8	9	Louisiana	0.4	47	Ohio	1.3	33
Arizona	1.9	4	Maine	0.9	44	Oklahoma	2.0	3
Arkansas	1.3	31	Maryland	1.5	23	Oregon	1.6	20
California	1.0	41	Massachusetts	1.7	14	Pennsylvania	1.4	28
Colorado	1.8	5	Michigan	1.0	42	Rhode Island	1.8	7
Connecticut	1.5	22	Minnesota	1.2	38	South Carolina	1.6	19
D.C.	1.8	--	Mississippi	1.4	29	South Dakota	2.4	1
Delaware	-1.1	50	Missouri	1.2	36	Tennessee	1.5	24
Florida	1.7	15	Montana	0.4	48	Texas	1.6	17
Georgia	0.8	45	Nebraska	1.8	6	Utah	1.6	16
Hawaii	1.4	27	Nevada	2.1	2	Vermont	0.9	43
Idaho	0.5	46	New Hampshire	1.7	13	Virginia	1.8	8
Illinois	1.2	37	New Jersey	1.5	25	Washington	1.7	11
Indiana	1.1	39	New Mexico	1.4	26	West Virginia	1.8	10
Iowa	0.0	49	New York	1.7	12	Wisconsin	1.1	40
Kansas	1.6	18	North Carolina	1.3	34	Wyoming	1.3	30

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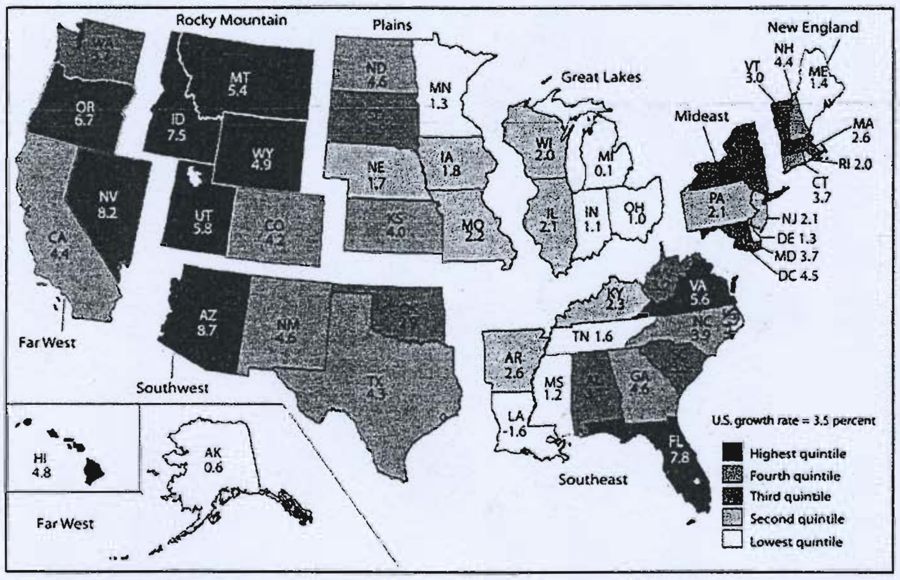
U.S. DEPARTMENT OF COMMERCE

WESTERN STATES LED ECONOMIC GROWTH IN 2005

Advance Gross State Product (GSP) Estimates

U.S. economic growth was widespread in 2005, as GSP grew in 49 of 50 states and the District of Columbia, according to estimates released today by the U.S. Bureau of Economic Analysis.[1] Eight of the ten fastest-growing states are west of the Mississippi River[2]. However, as compared to 2004, growth slowed for the nation and most states.

Chart 1. Percent Change in Real Gross State Product, 2004-2005



U.S. Bureau of Economic Analysis

- Growth in real U.S. GSP slowed from 4.2 percent in 2004 to 3.5 percent in 2005; most states' growth slowed as well.
- The services-producing sector continued its expansion with financial activities being the largest contributor to growth. The information-communications-technology-producing industries continued to experience double-digit growth. Most of the fastest-growing states have large concentrations in one or both of these sectors.
- Real GSP grew in all states except Louisiana. The decline in Louisiana was due to the effects of Hurricanes Katrina and Rita.
- Six of the fastest-growing states—Florida, Idaho, Nevada, Oregon, Utah, and Virginia—were also among the fastest-growing states in 2004.

[1] The 2005 estimates draw heavily on the 2005 preliminary state earnings-by-industry estimates released on March 28, 2006. Estimates for 2004 and earlier are based on BEA's regular GSP methodology. For further details, see the forthcoming July 2006 *Survey of Current Business* article on gross state product. Revised 2005 GSP totals, along with advance NAICS sector-level estimates of GSP for 2005, will be released in October 2006.
[2] Seven coterminous states plus Hawaii.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov.

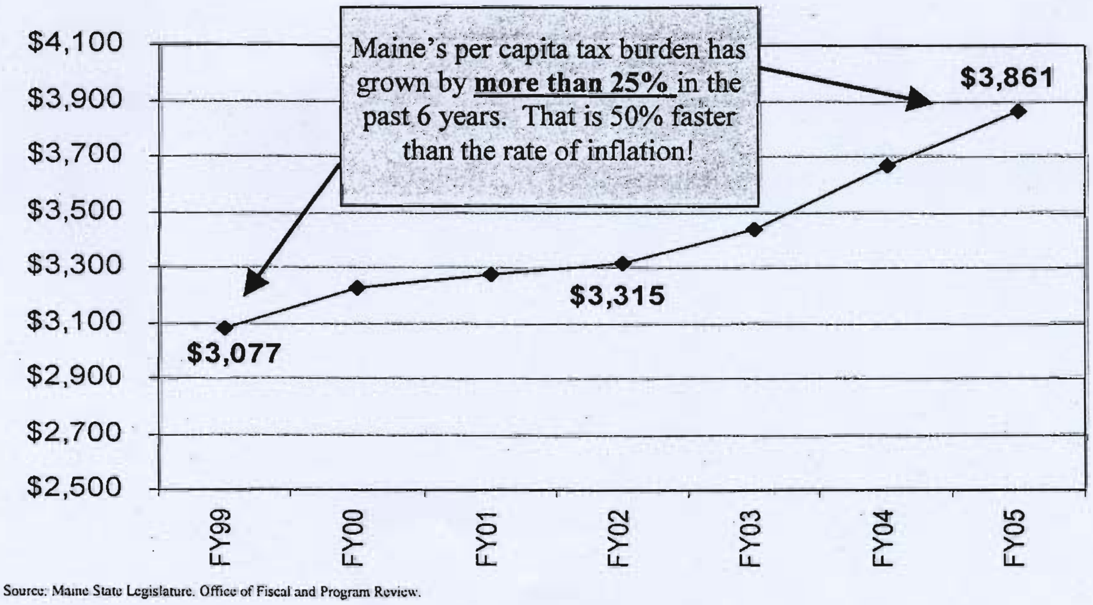
NOTE: The next release of GSP for advance 2005 NAICS sector-level estimates, along with revised 2005 totals, will be in October, 2006.

Contact: Ralph Stewart 202–606–9690

The Maine Taxpayer Bill of Rights

The Problem for Maine...

- High Taxes caused by Big Spending
  - **Highest state and local tax burden** in US for 12 years
    - Mainers pay $135 (13.5%) in taxes for every $1,000 in income
  - **Highest property taxes** in the country
    - *Highest as % of personal income, 6th highest per capita*
  - 7th highest state income tax rates in the country
- **2005 Downgraded bond rating** - *all 3 rating agencies, first ever*
- Low Incomes and Poor Job Climate
  - **39th in median household income**
  - **5th worst business tax climate**
  - **3rd highest health insurance rates**
- **Only state in the nation** (except for Hurricane Katrina-devastated Louisiana) to see a decline in economic activity in 2005
- Very low job growth – since Jan 2003
  - 0.7% growth in private sector jobs
  - 1.7% growth in government sector jobs
- **Oldest state** in the nation (median age)
- Second lowest birth rate in the country
- Less than 1% annual population growth – one of lowest in nation



Source: Maine State Legislature. Office of Fiscal and Program Review.

(For the solution, over please...)

The Maine Taxpayer Bill of Rights

The Solution for Maine...

In November of 2006, Mainers will vote on a citizen's initiative entitled **"An Act to Create a Taxpayer Bill of Rights."** The question reads: **"Do you want to limit increases in state and local government spending to the rate of inflation plus population growth and to require voter approval of all tax and fee increases?"**

The Maine Taxpayer Bill of Rights will provide a path to:

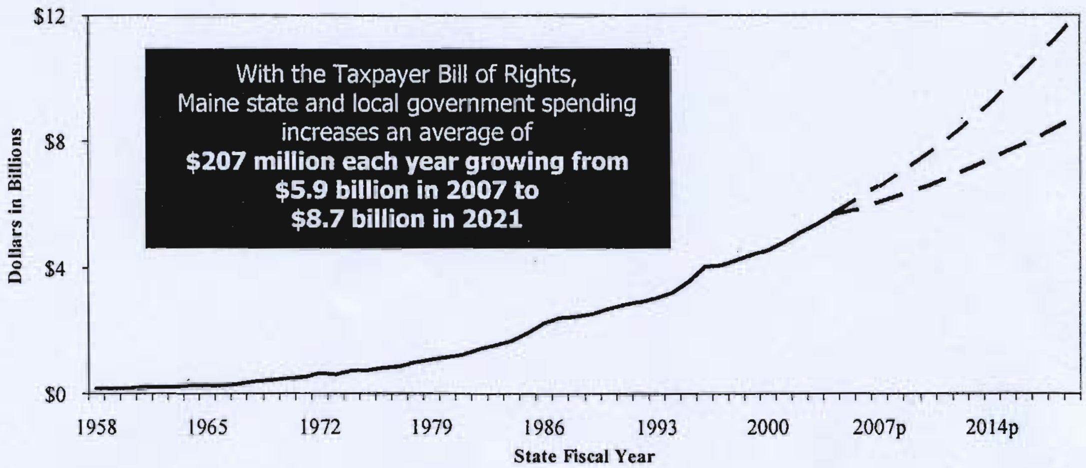
- Increase number of **jobs**
- Increase wages and **incomes**
- Retain more **young people and families**
- Reduce dependency on government programs
- Create more accountability for government spending
- **Reduce tax burden**

The Maine Taxpayer Bill of Rights will:

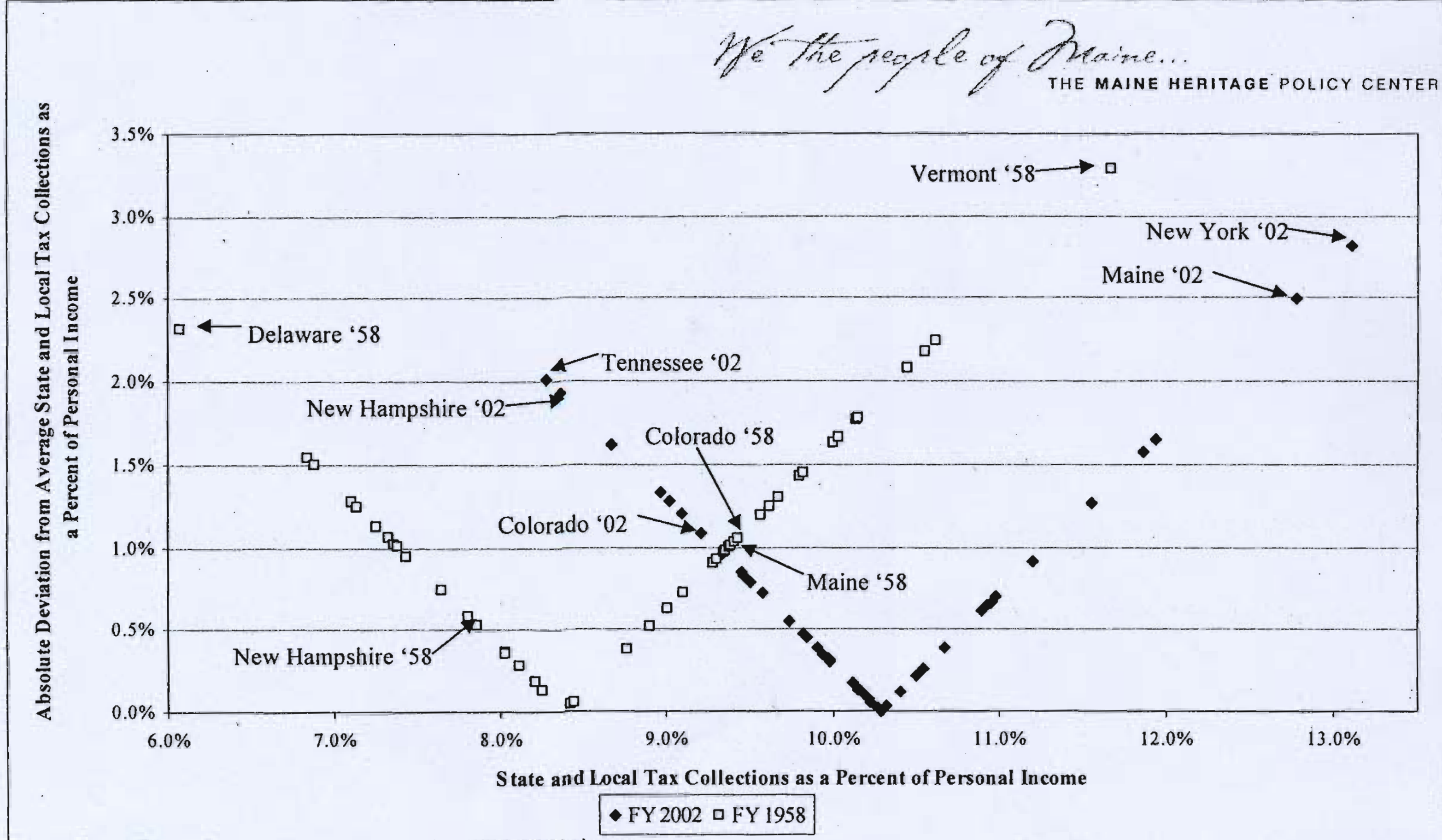
- Provide **reasonable growth** of government at all levels
- Create a **predictable** tax and regulatory climate
- **Reduce Mainers' tax burden**
  - Maine's tax burden could be reduced to the national average by 2021
- Use a proven, simple and successful method

With a Taxpayer Bill of Rights...

- Local **spending still grows** by a reasonable amount - an average of $74 million each year
  - Increasing from $2.4 billion in 2007 to $3.4 billion in 2021
  - 3.1% average growth each year
- State **spending still grows** by a reasonable amount - an average of $133 million each year
  - Increasing from $3.4 billion in 2007 to $5.2 billion in 2021
  - 3.7% average growth each year



Absolute Deviation from Average and Total State and Local Tax Collections as Percent of Personal Income
State Fiscal Years 1958 and 2002



Source: Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

Maine
State-Local Tax Burden Compared to U.S. Average
(1970-2006)

	State							U.S. Average			
Year	State-Local Tax Burden	State Rank (1 is highest)	Federal Tax Burden	State Rank (1 is highest)	Total Tax Burden *	State Rank (1 is highest)	State's Tax Freedom Day	Average State-Local Tax Burden	Average Federal Tax Burden	Total Tax Burden*	National Tax Freedom Day
1970	10.8%	9	18.1%	48	28.9%	33	April 16	9.8%	19.5%	29.4%	April 18
1971	11.3%	6	17.3%	48	28.6%	20	April 15	10.1%	18.5%	28.6%	April 15
1972	11.8%	6	18.5%	43	30.3%	14	April 21	10.4%	19.3%	29.7%	April 19
1973	11.8%	5	18.9%	42	30.7%	9	April 23	10.2%	19.7%	29.9%	April 19
1974	11.5%	5	19.2%	43	30.6%	21	April 22	10.2%	20.4%	30.6%	April 22
1975	11.4%	7	18.0%	40	29.4%	16	April 18	10.2%	18.8%	28.9%	April 16
1976	10.6%	12	17.7%	49	28.3%	36	April 14	10.3%	19.4%	29.6%	April 19
1977	10.6%	14	18.0%	48	28.5%	35	April 15	10.2%	19.6%	29.9%	April 20
1978	10.5%	10	18.5%	47	29.0%	32	April 16	9.8%	20.2%	30.0%	April 20
1979	10.2%	11	18.9%	47	29.1%	32	April 17	9.4%	20.7%	30.1%	April 20
1980	10.4%	6	19.1%	50	29.5%	33	April 18	9.4%	20.9%	30.3%	April 21
1981	10.6%	7	20.1%	47	30.7%	26	April 22	9.4%	21.6%	31.0%	April 24
1982	10.9%	8	19.1%	48	30.0%	25	April 20	9.7%	20.7%	30.3%	April 21
1983	10.9%	7	18.4%	44	29.4%	17	April 18	9.7%	19.7%	29.4%	April 18
1984	11.0%	7	18.2%	41	29.2%	16	April 17	9.8%	19.4%	29.2%	April 17
1985	11.0%	7	18.5%	41	29.5%	17	April 18	9.9%	19.7%	29.6%	April 18
1986	11.3%	6	18.8%	33	30.0%	13	April 20	10.0%	19.7%	29.7%	April 19
1987	11.8%	5	19.6%	33	31.4%	13	April 25	10.2%	20.5%	30.7%	April 23
1988	11.9%	3	19.3%	36	31.2%	11	April 24	10.2%	20.3%	30.5%	April 22
1989	11.6%	3	19.3%	42	30.9%	16	April 23	10.2%	20.5%	30.7%	April 23
1990	11.5%	6	18.8%	49	30.4%	22	April 21	10.3%	20.2%	30.5%	April 22
1991	12.0%	5	18.6%	49	30.6%	16	April 22	10.5%	19.9%	30.4%	April 21
1992	12.3%	3	18.4%	46	30.7%	15	April 23	10.6%	19.6%	30.2%	April 21
1993	12.1%	5	18.8%	45	30.9%	13	April 23	10.5%	19.9%	30.4%	April 21
1994	12.2%	4	19.3%	45	31.4%	13	April 25	10.5%	20.4%	30.9%	April 23
1995	12.4%	3	19.6%	44	32.0%	10	April 27	10.5%	20.8%	31.3%	April 25
1996	12.6%	2	19.8%	41	32.4%	11	April 29	10.4%	21.3%	31.7%	April 26
1997	13.2%	1	20.4%	41	33.5%	9	May 03	10.3%	21.8%	32.2%	April 28
1998	13.4%	1	20.8%	37	34.2%	7	May 05	10.4%	22.4%	32.8%	April 30
1999	13.0%	1	20.9%	39	33.8%	10	May 04	10.4%	22.5%	32.9%	May 01
2000	13.1%	1	21.9%	28	35.0%	8	May 08	10.4%	23.1%	33.6%	May 03
2001	13.1%	1	20.7%	32	33.8%	8	May 04	10.5%	22.2%	32.6%	April 30
2002	13.0%	1	18.4%	35	31.3%	6	April 25	10.3%	19.7%	29.9%	April 20
2003	12.8%	1	17.4%	37	30.2%	5	April 21	10.2%	18.7%	28.9%	April 16
2004	12.9%	1	17.2%	36	30.1%	6	April 20	10.3%	18.6%	28.9%	April 16
2005	13.5%	1	18.9%	33	32.4%	7	April 29	10.7%	20.2%	30.9%	April 23
2006	13.5%	1	19.6%	33	33.1%	7	May 01	10.6%	21.0%	31.6%	April 26

* May not add to total due to rounding.

Source: Bureau of Economic Analysis, Department of Commerce, and Tax Foundation calculations.