

MONTHLY TAX FEATURES



Tax Foundation, Inc.

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School Enrollment Down, But Costs Rise

The number of students enrolled in public elementary and secondary schools in the U.S. continued to decline from the peak year of 1971. But total expenditures for the school system continued to rise.

The total enrollment in 1977 is 43,721,000, according to an analysis by Tax Foundation. The total in the peak year beginning in September, 1971, was 46,081,000. The current decline is expected to continue until 1983, when

the projected enrollment will be 40,070,000. A gradual rise is projected, resuming in 1984.

Despite a two percent decline in public school enrollment, total expenditures for public elementary and secondary schools rose from \$40.7 billion in 1969-70 to \$67.1 billion in 1975-76. Costs include current expenditures, capital outlay, interest, and other expenses. The total represents an increase of sixty-five percent. Complete figures are given in the accompanying tables.

In the years before World War II, local governments provided over two-thirds of all support for public schools. The states furnished less than one-third, and Federal support was negligible. By 1975-76, the share financed by local governments had dropped to forty-eight percent, the state share had risen to forty-four percent, and the Federal contribution was eight per-cent. These figures are national averages; there is a wide variation of financing arrangements from state to state.

In New Hampshire and South Dakota, the state governments provided less than fifteen percent of total school funds. Hawaii financed ninety-three percent of school costs, the Federal government supplying the remainder. In Alabama, Alaska, Delaware, New Mexico, and North Carolina the state share of total financing exceeded sixty percent.

The expenditure per pupil also varies widely from state to state. New York, which spends \$2,179 per pupil is at the top of the scale followed by Alaska where the per pupil expenditure is

**Estimated Revenue Receipts for Public Schools
by Source of Funds and State**

1975-1976

State	Amount (millions)				Percent of total		
	Total	Federal	State	Local and other ^a	Federal	State	Local and other
Total	\$67,136.9	\$5,345.9	\$29,321.6	\$32,469.4	8.0	43.7	48.3
Alabama	858.8	138.3	545.0	175.4	16.1	63.5	20.4
Alaska	232.9	35.2	151.2	46.5	15.1	64.9	20.0
Arizona	763.8	80.4	365.3	318.1	10.5	47.8	41.6
Arkansas	472.6	73.4	246.7	152.5	15.5	52.2	32.3
California	6,831.8	630.0	2,759.5	3,442.3	9.2	40.4	50.4
Colorado	880.0	60.0	350.0	470.0	6.8	39.8	53.4
Connecticut	1,027.1	42.1	284.3	700.7	4.1	27.7	68.2
Delaware	219.2	17.5	148.4	53.3	8.0	67.7	24.3
Florida	2,097.7	130.3	1,145.1	822.2	6.2	54.6	39.2
Georgia	1,155.2	139.5	599.5	416.2	12.1	51.9	36.0
Hawaii	285.9	20.7	265.1	—	7.3	92.7	—
Idaho	225.7	24.6	111.8	89.3	10.9	49.5	39.6
Illinois	4,305.7	266.5	1,998.1	2,051.1	6.2	46.2	47.7
Indiana	1,501.0	85.0	610.0	806.0	5.7	40.6	53.7
Iowa	1,042.9	48.2	396.3	598.4	4.6	38.0	57.4
Kansas	743.0	86.1	325.6	331.3	11.6	43.8	44.6
Kentucky	755.0	110.0	410.0	235.0	14.6	54.3	31.3
Louisiana	942.0	165.0	525.0	252.0	17.5	55.7	26.8
Maine	296.0	24.0	132.0	140.0	8.1	44.6	47.3
Maryland	1,498.5	84.0	592.7	821.0	5.7	39.5	54.8
Massachusetts	1,975.0	80.0	465.0	1,430.0	4.1	23.5	72.4
Michigan	2,745.0	105.0	1,420.0	1,220.0	3.8	51.7	44.4
Minnesota	1,425.0	79.0	780.0	566.0	5.5	54.7	39.7
Mississippi	1,502.9	106.5	278.5	119.9	21.2	55.0	23.8
Missouri	1,266.8	103.3	442.8	720.7	8.2	35.0	56.9
Montana	247.8	15.0	142.8	90.0	6.1	57.6	36.3
Nebraska	396.7	29.2	70.0	297.6	7.4	17.6	75.0
Nevada	188.3	10.3	76.0	102.0	5.5	40.4	54.2
New Hampshire	210.7	12.7	19.9	178.2	6.0	9.4	84.6
New Jersey	2,702.0	110.0	795.0	1,797.0	4.1	29.4	66.5
New Mexico	369.6	76.1	234.2	59.2	20.6	63.4	16.0
New York	7,577.0	351.0	3,023.0	4,203.0	4.6	39.9	55.5
North Carolina	1,454.4	190.2	964.2	300.0	13.1	66.3	20.6
North Dakota	186.4	13.5	90.9	82.0	7.2	48.8	44.0
Ohio	2,984.5	177.0	1,092.0	1,715.5	5.9	36.6	57.5
Oklahoma	720.0	80.0	360.0	280.0	11.1	50.0	38.9
Oregon	715.0	42.0	207.0	466.0	5.9	29.0	65.2
Pennsylvania	4,008.5	348.0	1,929.1	1,731.4	8.7	48.1	43.2
Rhode Island	295.1	23.4	106.0	165.8	7.9	35.9	56.2
South Carolina	672.0	99.0	395.0	178.0	14.7	58.8	26.5
South Dakota	185.1	26.8	26.2	132.0	14.5	14.2	71.4
Tennessee	902.8	99.8	478.4	324.5	11.1	53.0	35.9
Texas	3,713.8	384.8	1,862.5	1,466.5	10.4	50.2	39.4
Utah	368.7	27.2	213.4	128.2	7.4	57.9	34.8
Vermont	166.3	10.0	49.0	107.3	6.0	29.5	64.5
Virginia	1,417.0	155.3	434.2	827.5	11.0	30.6	58.4
Washington	1,200.0	99.5	617.8	482.8	8.3	51.5	40.2
West Virginia	465.5	57.3	261.9	146.4	12.3	56.3	31.4
Wisconsin	1,552.3	116.1	498.3	937.9	7.5	32.1	60.4
Wyoming	118.4	8.2	38.9	71.3	6.9	32.9	60.2
District of Columbia	269.4	47.9	—	221.5	17.8	—	82.2

^aIncludes revenue receipts from local and intermediate sources, gifts, and tuition and fees from patrons. Source: *Facts and Figures on Government Finance*, 1977 edition (forthcoming), Tax Foundation, Inc. Basic data from H.E.W.

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Schools *continued from p. 1*

\$2,096. Arkansas, which spends \$881 per pupil is at the bottom of the list, although Tennessee, Missouri, and Louisiana also spend less than \$1,000 per pupil.

Average annual salaries of instructional staff in public schools also vary widely from state to state. Alaska tops the list at \$22,327; however, because of the high cost of living, data for this state cannot be readily compared with those for other states. New York ranks next, the average salary being \$18,900. In Mississippi and Oklahoma, salaries

averaged under \$10,000, while no averages are available for Arkansas and Florida. All of the averages are based on salaries paid to supervisors, principals, and other instructional staff as well as classroom teachers.

More complete figures on enrollment, source and allocation of funds, and per pupil expenditures by state appear in the forthcoming 19th Biennial

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Public and Private Elementary and Secondary School Enrollments¹

Selected School Years 1899-1900 to 1985.
Actual and Projected
(Thousands)

School year ²	Total public and non-public all grades	Total all grades	
		Public	Non-public
1899-1900	16,855	15,503	1,352
1909-10	19,490	17,814	1,676
1919-20	23,279	21,579	1,700
1929-30	28,329	25,678	2,651
1939-40	28,045	25,433	2,611
1949-50	28,518	25,139	3,379
1959	40,782	35,182	5,600
1960	42,181	36,281	5,900
1961	43,164	37,464	5,700
1962	44,849	38,749	6,100
1963	46,487	40,187	6,300
1964	47,716	41,416	6,300
1965	48,473	42,173	6,300
1966	49,239	43,039	6,200
1967	49,891	43,891	6,000
1968	50,744	44,944	5,800
1969	51,119	45,619	5,500
1970	51,309	45,909	5,400
1971	51,381	46,081	5,300
1972	51,044	45,744	5,300
1973	50,729	45,429	5,300
1974	50,353	45,053	5,300
1975	50,137	44,837	5,300
1976	49,693	44,393	5,300
1977	49,021	43,721	5,300
1978	48,154	42,854	5,300
1979	47,224	41,924	5,300
1980	46,409	41,109	5,300
1981	45,818	40,518	5,300
1982	45,413	40,113	5,300
1983	45,370	40,070	5,300
1983	45,370	40,070	5,300
1984	45,624	40,324	5,300
1985	46,058	40,758	5,300

¹Beginning in 1959, data include Alaska and Hawaii. Non-public school enrollment estimated. Projected enrollments begin in 1976.

²Fall enrollment reported beginning 1959. Fall enrollment prior to 1962 was not reported by grades; grade breakdowns for years 1959 through 1961 are estimates.

Source: *Facts and Figures on Government Finance*, 1977 edition (forthcoming), Tax Foundation, Inc. Basic data from H.E.W.

Current Expenditures Per Pupil by State¹

School Years 1975-76 and 1969-70

State	1975-76	1969-70	Percent increase
U.S. Average	\$1,388	\$ 816	70%
Alabama	1,090	544	100
Alaska	2,096	1,123	87
Arizona	1,415	720	97
Arkansas	881	568	55
California	1,320	867	52
Colorado	1,422	738	93
Connecticut	1,659	951	74
Delaware	1,606	900	78
Florida	1,381	732	89
Georgia	1,114	588	89
Hawaii	1,545	841	84
Idaho	1,112	603	84
Illinois	1,452	910	60
Indiana	1,160	728	59
Iowa	1,455	844	72
Kansas	1,475	771	91
Kentucky	986	545	81
Louisiana	1,082	648	67
Maine	1,197	693	73
Maryland	1,516	918	65
Massachusetts	1,356 ²	859	58
Michigan	1,366	904	51
Minnesota	1,516	904	68
Mississippi	997	501	99
Missouri	1,186	709	67
Montana	1,554	712	99
Nebraska	1,302	736	77
Nevada	1,261	770	64
New Hampshire	1,175	723	63
New Jersey	1,892	1,016	86
New Mexico	1,261	707	78
New York	2,179	1,327	64
North Carolina	1,099	612	80
North Dakota	1,207	690	75
Ohio	1,264	730	73
Oklahoma	1,130	604	87
Oregon	1,501	925	62
Pennsylvania	1,660	882	88
Rhode Island	1,481	891	66
South Carolina	1,030	613	68
South Dakota	1,094	690	59
Tennessee	969	566	71
Texas	1,094	624	75
Utah	1,084	626	73
Vermont	1,398	807	73
Virginia	1,197	708	69
Washington	1,443	915	58
West Virginia	1,071	670	60
Wisconsin	1,618	883	83
Wyoming	1,489	856	74
District of Columbia	1,954	1,018	92

¹Data are for pupils in average attendance in full-time public elementary and secondary day schools. Current expenditures exclude capital outlay and interest on school debt.

²Figure is for 1974-75 school year.

Source: *Facts and Figures on Government Finance*, 1977 edition (forthcoming), Tax Foundation, Inc. Basic data from H.E.W.

\$18 Billion Tax Cuts Proposed

The U.S. economy has lost momentum and needs stimulus, Reginald H. Jones told the House Ways and Means Committee. He proposed a permanent \$15 billion tax cut for individuals, a permanent \$3 billion increase in the Investment Tax Credit for business raising the credit from 10 percent to 13 percent, and a \$5 billion Federal program designed to reduce structural unemployment.

Mr. Jones, chairman and chief executive officer of General Electric Company, is a trustee of Tax Foundation. His statement to the Congressional committee is the subject of Tax Foundation's February *Tax Review*. Mr. Jones testified February 4.

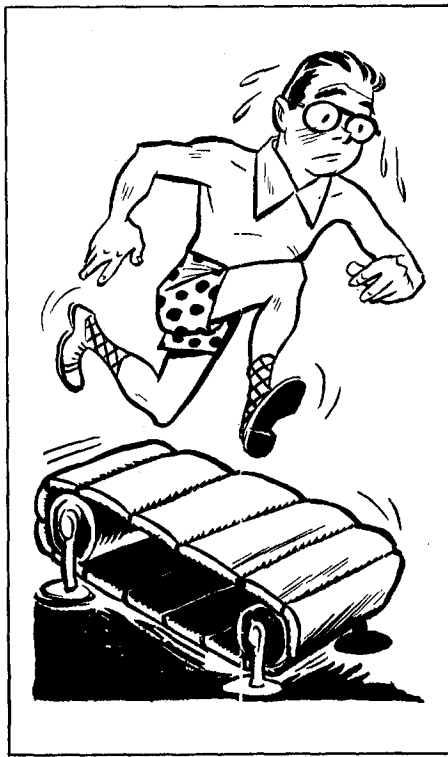
In calling for an \$18 billion permanent tax cut, he points out that there is so much slack in the economy now that a sizable program of permanent tax cuts and job-oriented action programs would not cause unmanageable inflation or deficits, but would strengthen the economy against future inflation and future deficits.

"It takes courage for the Congress to reduce taxes and let the people keep more of what they have earned," he states. But with a record of experience in tax reduction covering three decades under all kinds of economic situations, "surely we can see the powerful stimulation that results when you have the confidence to restore purchasing power to the private sector through permanent tax reductions. You *build* the tax base when you strengthen the private sector. You *weaken* it when you siphon still more resources from the productive sector into the ever-growing government sector.

"If the government opts for one-shot tax rebates or heavy spending on public service jobs that reduce the unemployment figures but don't really strengthen the economy, we'll face the same problems of stagnation and inflation in 1979 and 1980," Mr. Jones writes.

"In order to achieve sustained improvement right out into the 1980's, we should invest in a more permanent approach to our economic problems."

Where Charlie Green's Taxes Go



Charlie Green first came to the attention of Tax Foundation in 1959. A survey of his financial situation in 1965 showed that his salary had risen from \$6,800 in 1955 to \$10,000, but that taxes and inflation had wiped out all but \$921 of his \$3,200 economic progress in the ten years.

The U.S. Federal government will spend \$411 billion in fiscal 1977.

That statement by itself evidently has very little meaning for most citizens and taxpayers. Judging by the questions that are often asked of the Tax Foundation, they want to know: What does the government do with all that money? How do they spend it? Will it pay the bills? And, incidentally, how does that affect me as an average taxpayer?

In order to help answer such questions, and at the request of nationally syndicated columnist Sylvia Porter, Tax Foundation recently dusted off and rejuvenated an old friend, Charlie Green. Charlie is a mythical character who represents the average taxpayer. He is a white collar worker, is married,

and has two children. He'll earn \$15,000 this year and pay Federal taxes of \$3,975.

His Federal taxes in 1977 are estimated as follows:

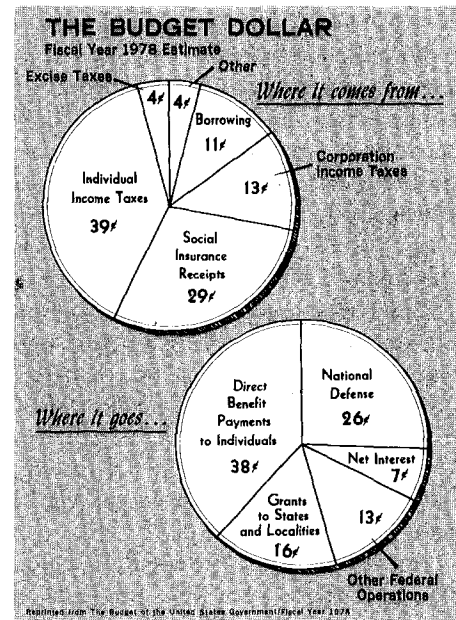
Individual income tax	\$1,459
Social Security tax	878
Indirect Federal taxes	1,635
total	\$3,975

The figure for Charlie's income tax assumes there will be no change in existing law affecting his 1977 taxes. The figure for indirect taxes includes his employer's share of the Social Security tax, which is born ultimately by Charlie and all other consumers. It also includes corporate income, excises, and customs.

Where Charlie's money goes—how it is spent, dollar by dollar—and the total amounts spent by the Federal government are shown in the accompanying table. The data are based on revised estimates of 1977 Federal receipts and outlays presented in the budget released January 17.

They contain some surprises. Nearly a third of Charlie's contribution to Federal expenditures, \$1,288, will go for income security—that is, Social Security benefits like retirement, disability and other payments—and welfare. Dropping well down into second place at \$934 is national defense.

Two other expensive items are health and interest on the Federal debt.



Charlie will pay \$365 for health expenditures, 9.2 percent of his tax dollars, and \$353 for interest, or 8.9 percent.

What's more, the item for interest may go higher. Budget outlays total \$411,243 million. But budget receipts are \$354,045 million. That leaves a deficit of \$57,198 million. The deficit is 16.2 percent of receipts. 16.2 percent of Charlie's taxes equals \$644.

"This would indicate that the Federal government is borrowing \$644 this year in Charlie's name and pledging his

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How the Federal Government Will Spend Charlie Green's Tax Dollars in Fiscal 1977

Function	Charlie's share		Total amount (millions)
	Amount	Percent of total	
Income security	\$1,288	32.4%	\$138,118
National defense	934	23.5	100,075
Health	365	9.2	39,251
Interest	353	8.9	37,987
Education, training, employment, social services	194	4.9	21,114
Veterans' benefits and services	171	4.3	18,388
Natural resources, environment, energy	159	4.0	17,050
Commerce and transportation	151	3.8	16,106
Revenue sharing, general fiscal assistance	83	2.1	8,926
Community and regional development	71	1.8	7,695
International affairs	67	1.7	7,150
General science, space, technology	39	1.0	4,434
General government	36	0.9	3,731
Law enforcement and justice	36	0.9	3,712
Agriculture	28	0.7	2,899
TOTAL	\$3,975	100.0	\$411,243

¹After deduction of \$15,393 million in offsetting receipts; not classified by function.

Eight Cities Selected In 1977 Meeting Program

Willard F. Rockwell, Jr., Tax Foundation chairman, will be the speaker at a membership meeting in Denver June 16. John A. Love, president of Ideal Basic Industries, is the meeting chairman. Governor Love is a vice chairman of Tax Foundation. Mr. Rockwell is chairman of Rockwell International.

Other meetings in the 1977 program schedule are Los Angeles, April 27 and Omaha, June 7. Fred L. Hartley, president of Union Oil of California, will chair the meeting at the Los Angeles Club. No speaker has yet been designated. Mr. Hartley is also a vice chairman of Tax Foundation.

James H. Evans, president of Union Pacific Corp. and a Tax Foundation trustee, will speak at the Omaha

meeting. A chairman for this meeting will be named shortly. The Denver meeting will take place at the Brown Palace Hotel.

Following the successful 1976 series of six national membership meetings, the Board of Trustees authorized a 1977 program of as many as eight meetings. Their purpose is to broaden the work of the Foundation at the national level and to provide members with an overview of government fiscal problems as they affect individual and business taxes.

Work is going forward on scheduling these and other meetings. Cities presently under consideration include Birmingham, Cincinnati, Cleveland, Charlotte and Raleigh in North Carolina, and St. Louis.

"Do You Swear..."

Hundreds of newly elected or appointed public officials have in the past month taken the oath to "preserve, protect and uphold the Constitution of the United States."

Among the provisions of the Constitution are the first ten amendments called the Bill of Rights. The tenth reads as follows:

Art. X

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Charlie Green

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future income and that of his children against the debt," points out Bob Brown, Tax Foundation executive vice president.

Federal education, training, employment and social services programs take another \$194 or 4.9 percent of Charlie's share of total expenditures. A number of items such as science and space, general government, law enforcement and justice, and agriculture are at or below one percent.

Miss Porter's column appeared January 28 in newspapers throughout the U.S.

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Edition of *Facts and Figures on Government Finance* to be published by Tax Foundation in March. The unique handbook is widely used and quoted by government officials, tax experts, research analysts, students, accountants, comptrollers, economists, and lawyers.

Average Annual Salaries of Instructional Staff in Public Elementary and Secondary Day School by State¹

School Years 1975-76 and 1969-70

State	1975-76 ²	1969-70
U.S. Average	\$13,967	\$ 8,840
Alabama	10,803	6,954
Alaska	22,327 ³	10,998
Arizona	12,815	8,975
Arkansas	n.a.	6,445
California	15,960	9,980
Colorado	12,600 ⁴	7,900
Connecticut	12,586	9,400
Delaware	14,016	9,300
Florida	n.a.	8,600
Georgia	10,847	7,372
Hawaii	16,059	9,829
Idaho	11,969	7,257
Illinois	14,216 ⁴	9,950
Indiana	15,239	9,574
Iowa	10,084	8,200
Kansas	11,115	7,811
Kentucky	12,662	7,624
Louisiana	15,639	7,220
Maine	14,126	8,059
Maryland	16,321	9,885
Massachusetts	12,600	9,175
Michigan	16,030	10,125
Minnesota	13,145	9,957
Mississippi	9,649	6,012
Missouri	11,085	8,091
Montana	15,500	8,100
Nebraska	10,418	7,855
Nevada	13,400	9,689
New Hampshire	12,700	8,018
New Jersey	14,283	9,500
New Mexico	13,500	8,125
New York	18,900	10,200
North Carolina	11,312	7,744
North Dakota	10,688	6,900
Ohio	14,400	8,594
Oklahoma	9,700	7,139
Oregon	12,700	9,200
Pennsylvania	14,200	9,000
Rhode Island	13,701	8,900
South Carolina	10,360	7,000
South Dakota	10,573	6,700
Tennessee	10,470	7,290
Texas	13,372	7,503
Utah	11,800	8,049
Vermont	10,300	8,225
Virginia	11,970	8,200
Washington	16,000	9,500
West Virginia	10,764	7,850
Wisconsin	13,500	9,150
Wyoming	11,600	8,532
District of Columbia	16,098	11,075

¹Includes supervisors, principals, teachers, and other instructional staff.

²Estimated by reporting states.

³Because of the high cost of living in Alaska, data for this state cannot readily be compared with those for other states.

⁴Includes some personnel in addition to instructional staff.

Source: *Facts and Figures on Government Finance*, 1977 edition (forthcoming), Tax Foundation, Inc. Basic data from H.E.W.