

How to bridge the wealth gap

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Much is made over gulf between rich and poor. Liberals want to take from the rich and give to the poor, while conservatives say the poor should just make themselves richer. The conservatives are right, sort of.

The problem is that the poor often can't even find a job, much less one that pays well. There are opportunities out there, but only for those with the right education and the training.

Neither liberals nor conservatives have been adept in dealing with that fact, with some exceptions. One is the Cato Institute, a libertarian-leaning think tank that issued a report recently on ways to make the highly profitable education industry more efficient and effective.

If that happens, the main beneficiaries will be low-income people who now are grossly underserved by all but a few low-cost public colleges and universities.

On that point, incidentally, of the five most affordable and accessible institutions with high graduation rates, two are located in Southern California. According to a report by the Education Trust, the two are Cal State Long Beach and Cal State Fullerton.

That information is critical to people who are on the wrong side of the divide between rich

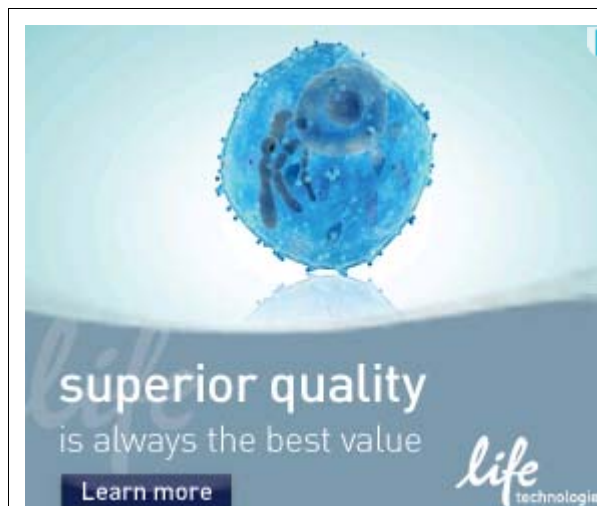
and poor. Education, everyone agrees, makes all the difference, but higher education mostly isn't getting the job done.

As the Cato report points out, the problem isn't a lack of government funding. By analyzing not only the revenue but the actual costs of a college

education (which most institutions don't share with students and parents), the report comes to a surprising conclusion.

"Nonprofit" colleges and universities don't show profits on their books, but their surplus revenues are even greater than the for-profit educators. The report's author, Vance H. Fried, convincingly calculates the nonprofits' "profit" margin at an average of 60 percent per student.

They find ways to spend all that money, of course, on research, graduate education, low-demand courses, low faculty teaching loads, excess compensation and featherbedding. Almost none of that spending helps a disadvantaged student bridge the gap between poverty and wealth.



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Here's the really sad part. The federal government is underwriting this travesty with our tax dollars when it should be setting policy that benefits the entire nation by giving its workforce the education it needs to be competitive with the rest of the world.

Cato's remedy is to curtail tax credits and deductions, and reduce grants and loans to the level of actual costs of education. The savings would be as much as \$60 billion or more a year.

The issue isn't fairness in the way wealth is divided, it is in providing training to an undereducated workforce. Educators need to focus less on benefiting themselves at taxpayers' expense, and more on the nation's real problems.



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