

## Education Issues

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### Education Reform Is Key to Fixing State Budgets

The key structural problem in state and local finances is education, not health care. A fundamental shift in our K-12 investment strategy is the only way to avoid defaulting on the promise of a public education, says Adam Schaeffer, an education policy analyst at the Cato Institute's Center for Educational Freedom.

In 2011, state and local governments will spend 46 cents out of every tax dollar they raise on public K-12 education.

Medicaid/CHIP spending pales in comparison at just 17 cents of every tax dollar.

Public education, in other words, consumes a shocking 2 1/2 times the resources devoted to Medicaid at the height of recession-driven health care increases.

While measures such as converting teacher pension plans into defined benefit plans would lessen the immediate pain, they would do nothing to reverse the system's propensity for increasing real spending over time.

We need a more effective and efficient means of investing in education.

Nine states have begun using education tax credits to encourage more private spending in lieu of government funds we simply do not have.

Unlike vouchers, tax credit programs encourage individuals and businesses to invest their own funds, rather than government money, in K-12 education.

Like all private-school choice programs, these tax credits save large sums -- more than \$500 million a year in Pennsylvania, up to \$180 million in Arizona.

They are also a proven way to increase academic achievement in public schools.

Source: Adam Schaeffer, "Education Cost Top Problem for Local Gov't," Investor's Business Daily, February 2, 2011.