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The Foundry

[Spreading the Education Spending Fallacy](#)

-  Posted October 15th, 2009 at 11.13am in [Education](#).

Last week, New York Times columnist Paul Krugman [tried to sell](#) the merits of second “stimulus” by claiming education spending is being slashed, to the detriment of American students. He contends that education has suffered because of skepticism about the merits of government spending. Krugman writes:

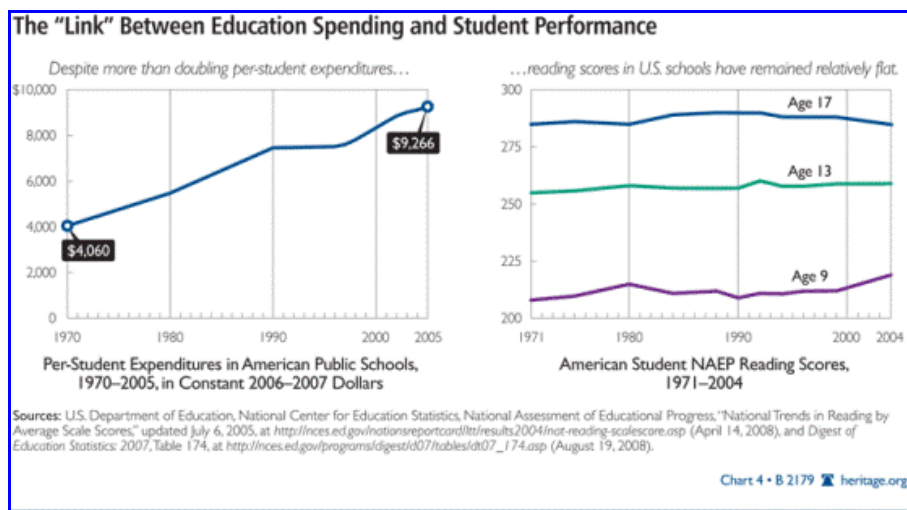
There’s no mystery about what’s going on: education is mainly the responsibility of state and local governments, which are in dire fiscal straits. Adequate federal aid could have made a big difference. But while some aid has been provided, it has made up only a fraction of the shortfall. In part, that’s because back in February centrist senators insisted on stripping much of that aid from the American Recovery and Reinvestment Act, aka the stimulus bill... As a result, education is on the chopping block. And laid-off teachers are only part of the story. Even more important is the way that we’re shutting off opportunities.

Krugman’s solution is to pass another large federal spending package:

First of all, Congress needs to undo the sins of February, and approve another big round of aid to state governments. We don’t have to call it a stimulus, but it would be a very effective way to create or save thousands of jobs. And it would, at the same time, be an investment in our future.

Aside from the erroneous notion that government can create wealth, Krugman’s call for more fiscal recklessness is premised on the notion that increased spending will improve education. However, years of rising spending has had [little impact](#) on academic achievement.

From 1984 to 2004, per pupil spending increased by 49 percent (after adjusting for inflation). And since 1985, federal elementary and secondary education spending has increased by 138 percent. Yet, reading achievement has remained relatively flat, and graduation rates have stagnated around 73 percent.



In addition to the misinformation in the Times op-ed about education spending, Krugman also implies that students do not have enough access to financial aid for college:


In America, with its weak social safety net and limited student aid, students are far more likely than their counterparts in, say, France to hold part-time jobs while still attending classes.

But here too, government spending is the culprit. Neal McCluskey over at The Cato Institute [explains](#):

Indeed, it's the vicious cost-escalation cycle that has made loans increasingly important: students and parents complain that higher education is too expensive, vote-seeking politicians increase grant and loan aid, colleges raise tuition to gather the new money, students and parents complain again, and around we go.

Taxpayers bear the biggest burden of these expenditures, and reap little to none of the educational rewards. Over the last ten years, students' real, after-aid educational costs — tuition, fees, room and board — increased approximately 24 percent at private four-year colleges, and 35 percent at public institutions. Federal aid furnished by taxpayers, meanwhile, increased much faster, rising 77 percent in the last decade, from \$48.7 billion to \$86.3 billion.

Education spending in America is at an all-time high. Taxpayers now pay close to \$10,000 per student per year – or, over the course of their time in public school, more than \$120,000 for a child entering first grade today. Yet pundits such as Krugman would rather advocate throwing more dollars into an education system that fails millions of children each year than promote substantive ideas for reform. If Krugman's interests truly lie in improving American education, using his coveted NYT space to promote ideas that work – such as school choice – would go a long way in reaching that goal.

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