



Problem – Education Funding

History

Over the past generation the federal government has passed legislation that has expanded its control over public education. Some of this has come in the form of partially-funded or unfunded mandates, which have the intent of forcing school districts to provide an ever-greater range of services to the community. The government has also used funding to press for expanded ‘accountability’ or ‘improved quality of education.’ The most noteworthy example of this is the “No Child Left Behind” program or NCLB.

Federal Unfunded Mandates

While many of these federal mandates have some merit, they have burdened school districts with financial obligations that simply cannot be fulfilled without hurting traditional classroom education. Thus the question: is the federal government the best entity for managing public education?

State and Local Support

Public education is also suffering from funding problems caused by the recession-driven fall off of revenues to state and local governments. Other units of government have the ability to ‘tighten their belts’ during tough economic times by delaying projects, laying off staff, cutting programs, etc. It’s much more difficult for a school district to do this without hurting the quality of education, but during a recession quality education is the backbone of long-term economic growth and it must be treated as such.

Considerations

Currently, school funding generally comes from state and local taxpayers. Consideration should be given to another source of funds. This new source would be used when the first two are unable to provide the necessary funding to the local school district.

Disclaimer: This document is merely a conceptual design and is intended for discussion purposes only.

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Solution – Education Funding *For Discussion Purposes Only*

Scale Back the Dept. of Education

First, we believe that education is best managed and funded at the state and local levels. Any mandate worth having should be initiated and funded by state and local governments; therefore, we support scaling back most federally mandated involvement in public education. However, we affirm our support of land grant universities, Pell grants, and student loan subsidies. We also support continuing federal funding of university research, career and technical education programs such as the "Perkins Grant" and also for funding special education.

School Endowment Fund

We propose a program that, though initiated at the federal level, would be immediately taken over at the local level. This program's strength is that it would greatly strengthen public schools during economic downturns. Initially, federal legislation would encourage and pay to set up an endowment fund in every school district called a School Endowment Fund or SEF. Along with this, the government would make a one-time contribution to that fund merely as seed money (for example, \$50 per pupil in each district). At this point the fund would be managed and administered locally. The only constraints put on its management would be that the school district could spend only the income received from interest, dividends or return on investment during most years. During years of economic downturn (defined by a certain level of local unemployment) the school district could withdraw up to 10% of the principle value of the fund.

The federal government would encourage but not require state and local units of government, together with civic organizations and individuals to contribute to this fund during times of surplus and prosperity. In certain years, even the local school district might wish to not spend proceeds of the fund, or might choose to divert surplus monies into this fund for investment.

While this proposal may not alleviate all problems associated with funding public education, it could smooth out some of the problems caused by recessions.

Endowment Funding

After the "No Child Left Behind" is phased-out, funding and appropriation for NCLB would remain the same until the SEF has been established. After the SEF is established, the funding for NCLB would be eliminated and thus the U.S. Department of Education would be reduced in size.

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