Fulfilling Pennsylvania's Education Mandate

(Roy Minet – Rev. 20251028)

Background – Article III, Section 14, of the Pennsylvania Constitution mandates that, "The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth." There is no way that requirement is being met by the current system – not even close! Costs and the heavy burden on taxpayers continue to spiral ever upward out of control while students' reading and math abilities actually decline. It should by now be evident to anyone that the poor education outcomes imperil our future, and that drastic, fundamental change is both necessary and urgent. "Minor tweaks" are just not going to fix this colossal mess. The politicians "fixes" have been failing for decades. They've had many chances. The system is so obviously neither "thorough" nor "efficient." The Commonwealth should be taken to court for its utter failure to fulfill this mandate of the Pennsylvania Constitutional.

The underlying reason for such abysmal failure is staring us right in the face, yet few clearly recognize it. It is a known and demonstrable fact that the free market economic system does by far the most effective job of providing all manner of goods and services that people want or need with the highest quality and at the lowest cost. This would also be true for educational services, but our education system completely disables free market mechanisms. Instead, it imposes a monopoly on us. And it is the worst kind of monopoly to boot – a government-run monopoly.

This deplorable situation can persist only if people do not comprehend and appreciate how the free market economic system functions. Unfortunately, that actually **is** the case — economic illiteracy is pervasive — only a very small percentage of the population comprehends the free market economic system. Why? It is because the education system utterly fails at teaching these important concepts. Few schools even have a teacher competent to teach microeconomics. Yet the key basic concepts are not difficult. A short, easy-to-read book titled, "*The Savior of the World – Comprehending the Free Market Economic System*" will give anyone interested a good basic understanding in only an hour or two, so it's not a huge, formidable body of information to learn.

The best solution to the education problem can be summarized simply: Get all governments out of education and put parents into the drivers' seat!

The New Education System — By the age of 5, an Education Savings Account (ESA) will be established for each child who will be its permanent owner. ESA earnings and deposits will be PA-tax-free (somewhat like an IRA). Anyone may make deposits to an ESA. ESA funds may be used only to pay for bona fide educational expenses of the ESA owner such as tuition, books, and transportation strictly to/from schools or colleges. Unspent balances will roll forward to future years. Parents will have control of the ESAs of their minor citizens. Upon age 18, control will

transfer to the new adult citizen. An ESA may be dissolved after age 25, and must be dissolved by age 35. When dissolved, any residual balance becomes the taxable income of the ESA owner.

All schools will be "private" schools. The schools will compete to provide the best possible education at the lowest price. Their "funding" will be unquestionably "fair" as they will have earned the tuition dollars parents pay them when voluntarily choosing a school for their children. There will be full school choice. Schools *will* be very attentive to their customers' (parents) needs and desires. Varying student needs likely will be better served by specialized schools instead of the one-size-fits-all unresponsive monopoly. Free market mechanisms will sort all that out and optimize it. "Bad" schools will quietly go out of business or be acquired and reorganized under new management; note that this is a critically important function of the free market that is completely missing with the government monopoly. Parents may educate their children in any way they see fit, including home schooling. There is absolutely no way to know how low education costs can be or how well children can be educated until the free market shows us.

The balances in the ESAs are specifically *not* the business of the state. The only proper government interest is to ensure that ESA funds are spent for bona fide educational expenses of its owner and in ensuring that the education of minor citizens is properly advancing commensurate with each child's age so they will be adequately prepared to succeed as adults. To that end, it is important to have an accurate and objective way to measure the educational levels of minor citizens vis a vis a core curriculum of established factual knowledge and skills. Such a tool provides a quantitative measure of each child's status and year-by-year progress. Importantly, it also provides a way to objectively measure and compare schools and even individual teachers.

1. Although government must ensure that such a measurement tool exists and provide the funding for it, government must not be involved in any way with its creation or maintenance. A completely independent body composed of parents, professional educators, and business managers (selected by counties) should have this responsibility. The body will contract with appropriate professional testing companies to develop, maintain, and calibrate a battery of achievement tests to be administered near the end of each school year.
2. The core curriculum shall consist only of basic established factual information and skills in the following areas (as is appropriate for each age): English language vocabulary and reading comprehension, mathematics, microeconomics and the free market economic system, physical sciences and the scientific method, world and US history, and the functioning of our representative republic under the US Constitution.
3. Calibration shall be maintained such that an average (median) student will score at the 50^{th} percentile each year in each subject.
4. Schools and/or parents are completely free to teach children anything they may see fit, so long as adequate progress is maintained in all core curriculum subjects. No matter how they are educated, every child must take the achievement tests once each year.

Subsidizing Education — We come now to the completely separate issue of whether or not taxpayers should be forced to subsidize the education of other people's children. Perhaps the answer to this question is somewhat less clear.

There is a powerful, fundamental argument for, "Hell, NO!" After all, it is parents' choice to have children. Parents are responsible for them. Parents pay for their children's food, clothing, shelter, medical care, entertainment, and all manner of other expenses. Why should education be any different? Such a pure free market solution would result in the best possible education efficiency. Also, it must be pointed out that the immutable laws of economics dictate that *any* amount of subsidy necessarily *will* push education prices up to artificially higher levels.

Parents who struggle to adequately provide for their children fall back on charities and assistance programs to help. There is no reason such help shouldn't be for education as well as food, clothing, medical care, etc.

An array of other thorny problems also can arise from forcing taxpayers to fund education. However, the new education system does provide for an adjustable level of subsidization. At the discretion of the General Assembly and Governor, the percentage subsidization can be set for future school years at any amount between 0% and 100%. A one hundred percent subsidy is defined to be the median amount that parents actually paid for their children's education in the preceding school year. The subsidy will be determined by age/grade level and will be deposited into each ESA in July of each year. Any subsidization will end upon the eighteenth birthday of the (formerly) minor citizen. It would be a good thing if the subsidization percentage were to be gradually lowered in order to move as closely as feasible to a completely free market education system. Setting the percentage of the subsidy between 0 and 100 percent is the *only* control the General Assembly shall have over operation of the education system.

Transitioning to the New Education System – As it so desperately needs to be, the new system is a radical change from the old. It is important to implement the transition carefully so to be as smooth as possible and to minimize disruption. About five years should accommodate most of the change. Enabling legislation should set an effective date of a June 30 that is a minimum of 18 months after the date it is signed into law by the Governor.

Upon the effective date, all local school boards are dissolved and the state will take ownership of all public school assets and liabilities, including of course the responsibility of servicing and retiring any bonds in accordance with the terms of their issuance. The state will put all schools up for sale as soon as possible after the enabling legislation is signed by the Governor. All assets and liabilities of the schools will be assumed by the purchasers except for any bonds which will remain the state's responsibility to retire. The settlement date will be the July 1 immediately after the effective date or as soon thereafter as possible. Efforts to sell remaining schools will continue. Any schools not sold and settled by the August 1 following the effective date will continue to operate, but will be operated and managed by the state as competitive business entities until they are sold and settled. Schools so operated by the state shall charge tuition equal to the ESA subsidy amount each year.

Schools lacking sufficient enrollment for reasonable viability will cease operation. Any schools not under agreement by the fourth May 31 following the effective date will be auctioned off to the highest bidder. Any schools still remaining unsold will discontinue operation within one year and the properties will remain on the market until sold.

Funding — All education-related revenues shall be separately tracked at the state level via a separate education account. Thus, revenue inflows and outflows from the sales of schools, the servicing of bonds, the payment of ESA subsidies and the taxpayer funding for education will flow though this account and a target balance of $5 billion shall be maintained.

Since the median amount actually paid by parents in the prior year will not be available until one year after the effective date, the one hundred percent subsidy amount for the first school year following the effective date is defined to be the average cost per pupil in public schools for the most recently completed year and the subsidy percentage will initially be set to 80%. The most recent available funding data are shown below.

Summary Table

Funding Source	Amount (2022–2023)	Percentage of Total	Per-Pupil Amount
Federal	$4.67 billion	12.8%	$2,981
State	$13.3 billion	36.3%	$8,492
Local (Property Taxes)	$18.63 billion	50.9%	$11,897
Total	**$36.6 billion**	**100%**	**$23,371**

Thus, the first-year subsidy would be an average of $18,697 per student (80% of $23,371). State and federal funding into the education account should continue at their same levels. However, local property taxes shall become state property taxes. Based on the numbers above, cash flow for the state's education account would be balanced with a 39% reduction of property taxes. However, there would also be positive cash flow from the sale of schools during the transition years that should initially more than offset the outflow for bond retirements (over time, both decline to zero). For the first year, state property taxes will be collected at 50% of the most recent local millage. In subsequent years a statewide uniform millage rate for state school property taxes shall be established and adjusted from year to year to maintain a sufficient balance in the education account.