

Mission, TX
Mission Progress-Times
Circ. 2536

JAN - 2 2004

Opinion

Reform Education, But No New Taxes

By Michael Quinn Sullivan
Texas Public Policy Foundation

Rarely do the words of a politician offer solace, let alone encouragement, to beleaguered taxpayers. But Texas' governor did just that at his year-end press conference.

Across the nation, governor after governor has caved to the shrill calls of big-government apologists by proposing tax hike after tax hike to shore up deficits brought on by years of over-the-top spending. Fiscal responsibility is singularly unpopular in all too many state capitals, even when demanded by those who pay the bills.

Alabama's governor tried to tie a massive tax increase to heavenly rewards. Alabama suggested he go back to Sunday school. California's Gray Davis implemented so many tax hikes and spending boondoggles that a voter backlash removed him from office.

But Texas overcame a \$10 billion, two-year budget shortfall (modest compared to other states such as California's \$35 billion one-year prob-

lem) without a tax increase. But it wasn't by accident. It was a series of conscious decisions to promote the health of Texas' economy over the blots of big government.

That no city, state or nation has ever taxed its way into prosperity is without question. One trips over the mounds of evidence; a thousand people a day moved from high tax states to low tax states in the 1990s. High taxes reduce employment opportunities and stifle entrepreneurial endeavors.

Undeterred by reality, advocates for increasingly intrusive government have set their sights on the spring of 2004 as an opportunity to bring more money into state coffers.

Texas' system of school finance has been under attack for several years as unwieldy and inequitable for taxpayers and students. Any strides made in reforming Texas schools have been dwarfed by outrage over the "Robin Hood" scheme that unjustly redistributes local property taxes around the state.

Sky-rocketing tax bills, legal challenges and political denouncements have brought us to the eve of a special session to address the way Texas funds education and what is being funded in the first place.

In the coming months Texans will be subjected to words like "adequacy" in describing ways to "reform" the state's system of school finance. After all, who can be against giving every child an adequate education? Be wary: "adequacy" and similar buzzwords are often double-speak used by those looking to increase funding for a bloated system that has yet to demonstrate it can wisely or appropriately spend the money it is already being given.

Texas voters were polled this summer and almost 60 percent said public school bureaucrats waste money. When combining local, state and federal monies, somewhere close to (or beyond) \$10,000 per child per year is spent on public education in Texas, far exceeding the cost of nearly any private school. Sadly, though, barely half of those dollars reach the classroom. Money thrown at educational problems rarely solves them and very often makes them worse.

At his recent press conference, Governor Rick Perry told reporters that when a special session is called, legislators must organize a new system of

school finance without increasing the tax burden on Texans. Perhaps the method of taxation will change, he said, but the tax burden will not go up. The spending system must be fixed, not propped up.

That's a head-on assault against the creative bait-and-switch proposals under consideration in Austin. Most would give property owners a massive reduction in ad valorem taxes, only to levy an even greater burden on them through various taxes on business activity and personal income.

The governor explicitly ruled out an income tax as an option. And with good reason: states with income taxes all have higher total tax burdens than Texas and less economic growth. As one economist likes to say, Texas should sell the Alamo before destroying our economy with an income tax.

But does the state's tax system need to be reformed? Very likely, but it must be done in ways that enhance Texas' economic advantages. We must remember that our current tax system has been an integral part of what has given our state one of the most robust economies in the nation. Tinkering with it is done only at great peril.

(The Texas Public Policy Foundation is a non-partisan research institution)