

TEF: A simple solution to restore the American Dream?

By Tim Garneau

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Editor's Note: NEA-New Hampshire wants to change the ongoing debate on taxes. TEF, which stands for "Tax structures, Economic development and Funding for public schools," is a new and compelling perspective on this debate. With the help of NEA's Research Department, more information about TEF will be available in the coming months. The following article is adapted from materials available at <http://www.nea.org/home/20852.htm>.

Finding ourselves struggling to make ends meet, only to discover the cost of living — gas prices, college tuition, taxes — on the rise, it is no wonder the American Dream has lost its allure. Over the past 30 years, tax structures have become increasingly unfair, shifting responsibility for funding public services onto those least able to afford it. Economic development policies presently cater to big business, leaving hardworking entrepreneurs shut out of competition. And perhaps most importantly, school funding has diminished, threatening the fundamental right of every child to a quality education. If these trends continue, most of us will not reach the American Dream.

Is there an answer? We need to recognize that America's main economic problems — Tax structures, Economic development, and Funding for schools (TEF) — are interrelated, and develop a solution which simultaneously address-

es each problem. In a nutshell, making tax structures and economic development policies fair will provide more than enough money to invest in world-class public schools for our children. Taxes don't need to be increased, just made fair. Economic policy makers don't need to reinvent the wheel, just make sure basic market principles are protected in order to level the playing field for all businesses to compete. We need TEF.

Here is how it works. TEF is a theory derived from 30 years of trend data collected across the United States. Basically, educational and economic opportunities are directly linked to state and local tax structures (T), economic development policies (E), and funding for public schools (F). These trends clearly suggest that T, E, and F, must be addressed simultaneously in order to preserve the American Dream.

Policy makers need to understand that the world has changed. America's success in the new economy depends on the knowledge and skills of its workforce — its human capital. For America to succeed — to create a prosperous, safe, and civilized future for our children — tax and economic development policies need to be fair so we can invest in our children's education. Today, 50 percent of all new hires leave teaching within five years because of poor working conditions and low salaries. To give our children the fighting chance at prosperity and security they deserve, we need to make sure they get a world-class

education.

But such a system of world-class education can't be created without adequate investment. Estimates show we need 25 percent more in funding to achieve educational funding adequacy. Such increases are necessary to make up for the stagnant salaries and inequalities which have existed over the last 30 years. To create world-class schools we need to attract and keep world-class teachers. Of our 29 competitor nations, only three pay teachers less than we do.

Investment in education pays — always. Dollar for dollar, investing in public education creates more new jobs and more income than an equal amount of dollars in tax cuts. In a typical state, a 2 percent increase in school funding generates 3,900 new jobs and \$92 million in additional personal income. While an equal tax cut generates only 1,500 new jobs and \$41 million in additional personal income. Not to mention there is an increase in the value of homes when investing in education. TEF is a win-win situation for America.

To learn more about TEF, plan to attend the Summer Learning Conference. For more information, contact Irv Richardson, irichardson@nhnea.org.

Tim Garneau is a second-year law student attending the Franklin Pierce Law Center in Concord. He began interning with NEA-NH in May of last year, and has continued on a part-time basis during the academic year. ♡