

#13 FairTax and Education

The old adage that the road to prosperity lies through the school house doors is as valid today as it was a hundred years ago. The difference is that today, a good education may cost tens of thousands of dollars, and leave a young adult looking for their first job with a mountain of debt.

But under the FairTax, an education would be less, not more, expensive for several reasons.

First, the FairTax considers education to be an investment, therefore unlike other goods and services, tuition and educational expenses would not be taxed.

Second, since the student would no longer be paying for it with after-tax dollars, the same education now requires 23% less income to finance. For example, if a student today has to pay \$10,000 for tuition, they need a job paying about \$13,000 (losing 15% in income taxes, plus 7.5% in payroll taxes). Under the FairTax, the student earning \$13,000 could pay his tuition, plus have \$3,000 left over for those extra expense, like food!

And let's not forget the effect of the FairTax on our local schools.

Since schools are a business, all their purchases would be untaxed. As we've mentioned in previous columns, the FairTax removes the roughly 22% of embedded taxes currently in all goods and services. Including those purchased by schools, so operating budgets could be reduced. In addition, as an employer, the school would no longer pay the 7.5% employer portion of salaries to teachers and personnel, resulting in another savings.

Schools that are now just scrapping by would suddenly find themselves with a 10% to 20% budget surplus.

Passing the FairTax would be good for schools, for students, and for America.