

Price-Less Means that Government Policies Specify the Most Schooling Can Cost

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Part of assuring we're all on the same page on key concepts – after first discussing [the core meaning of 'school choice'](#) – is a focused discussion of the term 'priceless' (=price-less) that I have used repeatedly to condemn the implicit hope/expectation that schooling can be the first industry to thrive without dynamic price change that accurately reflects scarcity (demand relative to supply). Such dynamic price change is normally delivered by markets, but central authority orchestration of dynamic price change is a conceivable, absolutely under-researched possibility; maybe good, and more politically feasible than market-driven price change. Applied to schooling, 'price' is a broad term that applies to everything from school tuition to teacher salaries. Next week, we will discuss the meaning of genuine competition vs. mere potential rivalry, and the widespread misuse and loose use of the term, competition.

The bottom-line for priceless provision of schooling is the assumption – actually implicit delusional hope triumphing over experience – that schooling can thrive as an industry with the government virtually limiting what it can cost (price control). Specifically, the hope has been that a politically-correct central planning process can [finally] produce comprehensive neighborhood public schools that at least adequately serve diverse student learning needs with one comprehensive (many elective courses) campus in each neighborhood, and alongside that persistent delusion, [increasingly](#), hope that such a process can orchestrate a dynamic menu of schooling choices that matches diverse learning needs. I say 'delusional' because the comprehensive, 'free' (=100% subsidized tuition) neighborhood school strategy has been attempted since the advent of public schooling in the 19th century, with reform frenzy-resistant, gold-plated disaster, 'Nation at Risk'

academic performance outcomes. Politically correct [central planning dominates](#) the proposals to reduce reliance on the attendance-zoned traditional public schools. Significant improvement through a central planning alternative to the price change and profit-loss process that drives most economic outcomes – to paraphrase Thomas Jefferson’s admonition that liberty cannot survive widespread ignorance – has never yielded tolerable outcomes in any industry, including schooling, much less the relentlessly improving efficient schooling outcomes we need, and never will.

You may be thinking that the current *average* per pupil public school system expenditure of [\\$13,000](#) is quite a lot and that policies that limit cost to taxpayers are long overdue. I agree. Indeed, [heroic implicit assumptions](#) that include ‘incentives don’t matter’ and ‘competition is counter-productive’ (public schools should have a public finance monopoly), mean that a system of attendance-zoned, comprehensive public school campuses very likely inflate costs significantly. And we know that making something ‘free’ (100% subsidized) [typically inflates its cost](#). But an even larger problem than waste arises when we apply *averages* as caps to a potential menu of specialized (i.e. non-comprehensive) campuses. The specialized (\equiv different) instructional approaches we need to serve diverse student populations have different per pupil costs, and higher initial costs than later after experience and competition lower costs and prices. Specifying schools’ per pupil revenues is either wasteful, by topping the actual costs of many instructional approaches, or prohibitive by setting a per-pupil revenue limit below the start-up or long-term cost of a new instructional approach. ‘Prohibitive’ means that the per pupil revenue limit prevents some schooling options from being conceived or implemented, while consigning others to exist in small amounts through philanthropic subsidies. That is a virtually prohibitive outcome in that the small amounts available will be far below the demand and thus virtually blocked from meaningful availability by long wait lists. Since the per pupil subsidies available to families that want to use a assigned public school alternative are typically far below the [\\$13,000](#) average support for traditional

public school users, ‘prohibitive’ is likely a widespread result, though since much of prohibitive means the unmeasurable unavailability of schools that would exist if portable subsidies like voucher and tuition tax credit amounts were closer to the subsidy for users of traditional public schools, combined with freedom to co-pay.

So, which government policy implicitly and problematically limits what schooling alternatives can viably cost? Answer: policies that specify that schools receiving government money cannot directly charge parents for the instruction delivered to their children and then allocating schools \$X/student to traditional public schools, \$Y/student to chartered public schools, and \$Z/student for some private school users. Typically, $\$X > \$Y > \$Z$, with $\$Z=0$, mostly, or low and restricted to a very narrowly defined subset of students; for example those assigned to officially ‘failing’ traditional public schools, or below a low income threshold. The best-known, but mistaken poster child ([lousy experiment](#)) is the [overhyped](#), restriction-laden Milwaukee Parental Choice Program (MPCP) that offers a tuition voucher to some low income families. Except for a recently-created minor exception, the MPCP created pricelessness by requiring private schools to accept the voucher amount as full payment, or not at all. That especially devastating restriction, among many, is why the [Milwaukee system remains an urban basket case](#).

As noted above, only with extensive, long-term philanthropic support can private or public schools offer instructional approaches that cost more than \$Z or \$X/student, respectively. When instructional approaches become available through philanthropic support, there is nearly always not nearly enough (long waitlists) to meet the zero tuition demand. The best instructional approaches that cost more than taxpayers are willing to spend are available from private schools, but only to families willing and able to ‘pay twice’; their taxes to support public schools, and also private school tuition. For example, I learned recently that the [‘sports theme’ school](#) example I used to explain the need for schools of choice to achieve high rates of student engagement in their studies is

so effective *for some children* that it exists in the private sector, but only 3-4 nationwide, according to my source, because of the difficulty getting enough families to pay a hefty tuition when zero tuition, comprehensive public schools are available. Since very few families are willing and able to pay twice, very few schooling options costing more than the per child subsidy amount (\$X, \$Y, or \$Z). Magnet schools, created to achieve integration without busing, provide some instructional approaches that cost more than the \$X/student average spent on district-provided schooling.