

The Fixed Costs Fallacy

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A standard objection to private school choice proposals that would increase the per pupil funding of traditional public schools (TPS) is that the drop in total TPS funding that results from some students departing for private schools matters more than per pupil funding. Falling total funding allegedly matters more than rising per pupil funding because departure of some students doesn't reduce expenses very much; costs are fixed. That can be true, by choice; that is, if districts choose not to capture savings possible with reduced student numbers. Otherwise, costs are essentially constant only in non-growing districts that lose a tiny number of students; too few to close a classroom. In growing areas, like most of Texas, departure of students that were not a good fit for the assigned TPS yields tremendous savings. It reduces the need to build new schools. The fixed cost argument never arises when enrollments grow.

A related part of this fallacy is the TPS claim that funding shifts impact TPS student outcomes. There is little, if any, credible evidence of that; on a [macro-level](#), or at a [state](#) or district level. The [macro-level](#) is the national evidence that inflation-adjusted per pupil funding has tripled since 1965, but academic outcomes have not improved. The micro-level includes things like the 2011 complaint that Texas TPS would be harmed by a controversial \$5 billion state funding cut. There is no documented link of that to decreased performance. And it includes jaw-dropping cases such as [Kansas City](#)'s, court-mandated huge funding increase with nothing to show for it but some opulent facilities.