

# **There Is No Way to Tell Whether** **The School District of Lancaster Needs More Money**

**By Roy Minet** (Rev. 02/18/15)

The School District of Lancaster has “a \$7.9 million budget shortfall.” They need more money and must raise taxes. No one is surprised since this happens most years. Property taxes have become so burdensome that increasing numbers of property owners are struggling to keep their homes.

You could plug in the names of most other school districts with their corresponding budget shortfall numbers and the above statements would be just as true. There is no end in sight. Something doesn't seem quite right: why should basic education be such a killer burden, especially since everybody is forced to contribute whether or not they have children?

But do schools *really* need more money? They say they do. They threaten to cut all manner of important personnel and programs if they don't get it. Should we take their word for it? If we don't just take their word for it, how could we independently determine how much money they need?

We could at least look at what schools have accomplished with all the funding increases they've already received. We'd find that, in Pennsylvania, the cost per student per year has approximately *tripled* over the last 25 years and is now approximately \$15,000. The best measure we have of accomplishment probably is standardized testing. In spite of the breathtaking increase in costs, test scores have changed very little. This seems to suggest that giving schools even more money is not likely to result in improvement.

Perhaps we could send in teams of auditors to see whether all that money is needed. This approach might find some waste and cost saving opportunities. But even if the auditors are knowledgeable in the field of education, they are not going to know as much about a given school as those who are engaged in running it. Schools are fairly complex operations and their administrators will happily bury you with the details of why more money is necessary for this and that. Auditors would end up having to just take the school's word for most things.

The fundamental problem, though, is that the schools themselves do not really know whether they need more money. I am not at all suggesting that our schools are run by either idiots or charlatans. I am sure they are good people who sincerely believe to their very core that more money is necessary. However, *they simply have no way to tell for sure whether it is or is not.*

Educating young people effectively and at the lowest possible cost is a complex and challenging undertaking. Just as with other things of that difficulty, like manufacturing cars, the only way to find out for sure how cost-effectively it can be done is through free and open *competition*.

Entrepreneurs and education experts must be free to try doing education in any way they think might work best and offering their services to parents. Parents must have choices and be free to choose the accredited option they believe will best educate their children at the most affordable cost. Schools that do a good job will flourish and those that don't will go out of business. Only then will we have a good idea how much it costs to educate children.

It is a grave error to set schools up as a monopoly. Monopolies are bad, and government monopolies are the worst. In the private sector, a monopoly that does an awful job invites new competition that could grab market share. But effective competition is impossible with a government monopoly. Government forces taxpayers to support the monopoly no matter how bad it may get.

The parents of 400,000 Pennsylvania students send their children to private schools or home school them. The Friedman Foundation cites some evidence that such alternative schooling provides a better education. But there is no way this is free and open competition since these parents are forced to also pay for government schools. It certainly does indicate strong demand for alternatives.

Unfortunately, Article III, Section 14, of the Pennsylvania Constitution says the state "...shall provide for...a thorough and efficient system of public education..." Rather than establish a monopoly, a better way to do this would be through a carefully designed voucher system that parents could use to pay for their children's education at a school of their choice.

Competition drives quality up and costs down. Until we have true free market competition, there is no way to tell how much education should cost, and there likely will be no end to budget shortfalls and tax increases.

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