



**True Costs of Education Unknown Without Consumer Feedback  
*Increased Tax Burden Has Economic Impact***

**By John LaPlante**

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**(WICHITA)** - In its Friday, June 3 ruling ordering Kansas legislators to increase next year's school budget by \$285 million, the Kansas Supreme Court relied on the assumption that we know what the true costs of a suitable education are.

The Legislature had already planned on increasing the budget by \$142 million in light of the Supreme Court's ruling on January 3.

In its most recent ruling, the court relied heavily on the fact that the Legislature did not increase spending by the \$853 million recommended by the consulting firm Augenblick & Myers.

But the Augenblick and Myers approach is of limited value. Its calculations were made within an operating model that we would find substandard in most other areas of life.

From anti-trust law to regulation to economic development initiatives, public policy in Kansas and the United States has long emphasized the value of competition. When consumers are able to satisfy their needs through a variety of providers, private individuals and the public at large gain. Through the interaction of willing buyers and sellers, the socially desirable quantity and price of goods and services is determined.

Many government programs already use consumer input in the publicly supported purchased goods or services. These include food stamps and higher education, in which the final recipients of public aid, not local authorities, decide where to spend the money.

In K-12 education, however, the role of the consumer can be severely limited. The publicly supported good, education, is delivered through a very small number of providers, usually the local school district. Selecting a different provider requires moving, a substantial cost that not all families can afford. When we give near complete control over spending decisions to local educational authorities, we deny to both the taxpayers and families that are the direct consumers of those dollars the benefits of competition.

In short, the true value of education is not fully known because consumer feedback is limited.

In discussions of the court's ruling, the economic impact of increased tax rates must not be overlooked. In 2003 and 2004, the Beacon Hill Institute estimated the effects of four plans that would increase tax revenue for education. The least expensive of the plans, based on a Kansas House bill, was projected to raise tax revenue by \$173.5 million. But the Beacon Hill studies also projected the \$173.5 million increase would result in the loss of 3,450 jobs.

Two other plans, with the Augenblick & Myers targets in mind, were projected to raise tax revenues by \$853 million. Tax increases required to meet that number would cause a loss of 12,000 to 21,000 jobs.

Given the difficulties of determining the true costs of education in a system of limited customer feedback, as well as the job losses that would be imposed by tax increases, the Legislature must find a way to both strengthen education and safeguard the economy.

"Now is the time for the Legislature to promote competition," says John R. LaPlante, education policy fellow at the Wichita-based Flint Hills Center for Public Policy. "Even the most sophisticated analysis of today's system of schooling fails to capture the important feedback - necessary to determining the true value of a service - that is available when people can pick from a number of providers."

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*The Flint Hills Center for Public Policy is an independent voice for sound public policy in Kansas. As a non-profit, nonpartisan think tank, the Center provides critical information about policy options to legislators and citizens. For more information, please visit our web site at [www.flinthills.org](http://www.flinthills.org) or contact us at [inquiries@flinthills.org](mailto:inquiries@flinthills.org) or (316) 634-0218.*