

## The Arithmetic of School Choice in Wichita Public Schools

Bob Weeks, [bob.weeks@gmail.com](mailto:bob.weeks@gmail.com)

Available online at the Voice For Liberty in Wichita at [wichitaliberty.org](http://wichitaliberty.org)

As the residents of USD 259, the Wichita public school district, consider a bond issue whose purpose, partly, is to reduce overcrowding, we should consider a way to reduce overcrowding in schools that would be much less expensive.

The district is not likely to consider this method. Whenever school choice implemented through vouchers or tax credits is mentioned, district officials and the teachers union immediately claim that school choice will drain money from public schools and lead to their ruin. But is the claim that school choice drains money from public schools true? Let's sharpen the pencil and do some arithmetic and see what happens.

USD 259 receives funding from three sources: the federal government, the state of Kansas, and the tax levied on property within the boundaries of USD 259. These funding sources react differently to changes in enrollment.

According to information on the Kansas State Department of Education website, state funding for education is based on this formula: "Base state aid per pupil (BSAPP) times adjusted enrollment equals state financial aid (SFA)."

There may be subtleties in the way that state funding is calculated, but let's assume the worst case for local school districts that the formula implies: that when a student leaves a school district *for any reason* the district loses the entire amount of state aid per student. Similarly, let's assume the district loses the entire amount of federal funding per student.

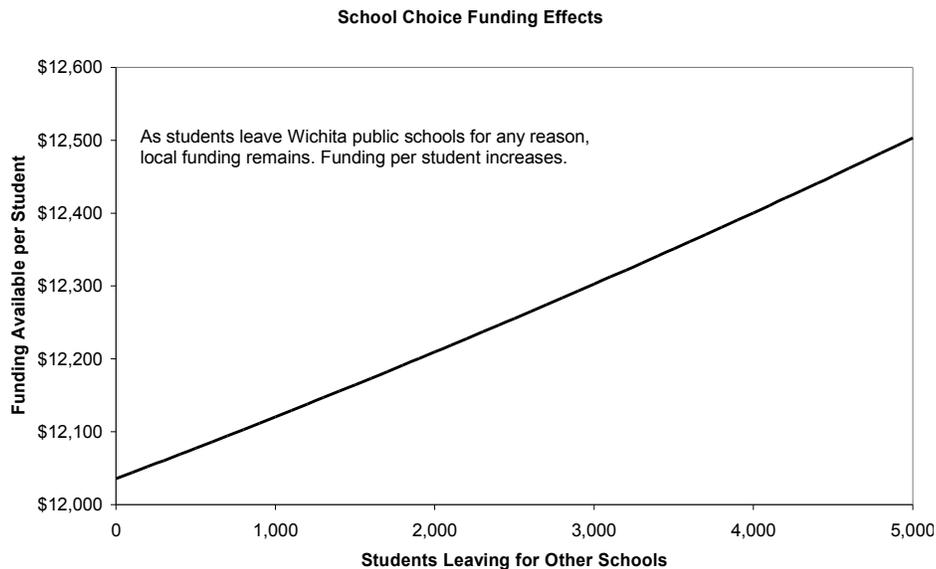
The local district, however, won't lose the local funding. That's because the source of local funding is the property tax. The amount raised depends solely on the assessed value of the property in USD 259 and the mill levy (the rate at which property is taxed). The number of students enrolled in USD 259 schools has no effect on the amount raised locally.

The following table illustrates what happens to school funding as enrollment changes. The row "2006 - 2007 figures" shows figures obtained from the Kansas State Department of Education, and the row below that calculates the funding per student from the three sources of funding.

The Arithmetic of School Choice in Wichita Public Schools					
	FTE Enrollment	Funding Sources			
		State	Federal	Local	Total
2006 - 2007 figures	45,232	314,570,397	59,606,103	170,207,775	544,384,275
Per student		6,955	1,318	3,763	12,035
Students leaving	1,000				
New FTE enrollment	44,232				
Reduction in funding		6,954,614	1,317,789	0	8,272,403
Remaining funding		307,615,783	58,288,314	170,207,775	536,111,872
Per Student		6,955	1,318	3,848	12,120

Now suppose that some students leave USD 259. The row "Reduction in funding" shows how much money USD 259 would lose, based on the number of students that leave. Note that the funding from federal and state sources decreases, but local funding, because it is based on property tax, does not change. The row "Remaining funding" shows how much USD 259 will receive, and the next row calculates the funding per student.

Note that as the number of students in USD 259 declines, the funding per student increases. The following chart shows what happens to available funding per student as increasing numbers of students leave USD 259. Again, it doesn't matter why the students leave USD 259. The effect on funding is the same. There is no "draining" of money. The total amount the district has available to spend will decrease, but their costs do, too.



Opponents of school choice have many arguments to refute the simple arithmetic of the financial impacts of school choice on local school districts. One important consideration

is that schools, like most businesses or institutions, have both fixed costs and variable costs. Opponents of school choice often claim that the costs schools face are mostly fixed costs, so reducing enrollment leads to little cost savings.

Research, however, shows otherwise. A 2006 study in South Carolina found that fixed costs were 20 to 25 percent of per pupil costs. A study using data from New Hampshire for the 2001-2002 school year found that 73 to 87 percent of total costs of schools are variable, meaning that 13 to 27 percent of costs are fixed. So fixed costs are a relatively small part of a school district's total costs, meaning that schools can adjust their costs quickly when faced with changes in enrollment.

Furthermore, fixed costs become variable over longer periods of time. School districts can adjust their level of fixed costs as they adjust to changing enrollment levels over time.

Is the analysis really this simple? Fundamentally, it is. School districts, however, may face numerous constraints on the way they may spend the funds they receive from various sources. There may be all sorts of strings attached. That is a problem itself, as it prevents public schools from allocating their resources flexibly and effectively.

In summary, school choice does not drain money from local school districts. Yes, total funding and spending declines as students leave to attend other schools, but costs decline too. School overcrowding — a major reason given for the need of the bond issue in the Wichita public school district -- is reduced or eliminated.

If the administration of USD 259 has information or reasoning to the contrary, let them make their case. Until then, the citizens of the Wichita public school district must wonder why the district is unwilling to consider this method of reducing school overcrowding without an expensive bond issue.

Note: Implementing school choice in Wichita funded through vouchers or tax credits would require a change in Kansas state law. If the board and superintendent of the Wichita school district were to ask the Kansas legislature for such a law, it would probably happen. Especially because one important Kansas lawmaker is a resident of the Wichita public school district. That's Jean Schodorf, Kansas state senator and chair of the senate education committee. We could hardly have a more powerful ally to help us effect meaningful reform in USD 259.