Letter Brief in Williams v. Tex. Taxpayer & Student Fairness Coal. No. 14-0776

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Supreme Court of Texas
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To the Honorable Supreme Court of Texas,

We have no idea how much it costs to educate a student in the state of Texas, or in Missouri (where I live), or in any other state for that matter. This is a function of the way we fund schools. Rather than allowing prices to shift along supply and demand curves in a marketplace, we centrally determine a dollar amount through the political process and then give that to every school to use. Schools would be foolish to spend less, as they'd be leaving money on the table. Without outside fundraising, they lack the ability to spend more. That dollar amount is what they spend, not what it actually costs to educate a child.

So how might we create a system that accurately ascertains the real cost of educating a child in Texas? That system would need some mechanism in place that gives parents both the opportunity and the incentive to choose among educational providers based on both quality and cost. School choice reforms like vouchers or charter schooling don't accomplish this. In both of those cases, students get a lump sum to take to the private or charter school of their choosing, and schools have no incentive to spend above or below that level to educate the child. There is good reason to believe that these programs would increase the quality of schooling by increasing competition, but they still would not help us determine its true cost.

Five states have created programs that have the capacity to determine the accurate cost of educating a child. Florida, Tennessee, Mississippi, Arizona, and Nevada have created Education Savings Accounts (ESAs), in which funding for a child's education is placed in a flexible-use spending account (like a health savings account) that the child's family can spend on qualifying educational expenditures. Unused funds can roll over from year to year and can even be rolled into a tax-advantaged college savings account like a 529.

ESAs provide a strong incentive for families to look not only for quality, but also cost-effective options. If two elementary schools offer the same quality education, but one charges $500 less per year, families will likely choose the less expensive school so that they
can save that money or spend it on supplemental tutoring or some other educational expense. Provided that there are enough options to choose from, competition and the freedom of families to choose from numerous providers will push prices down. No other school funding mechanism (shy of families paying for everything out of pocket) provides such an incentive.

Unless and until the mechanisms by which we fund education allow for competition on price, as well as quality, we will never be able to determine the true cost of a child’s K-12 education.

Thank You and God bless Texas,

Michael Q. McShane