

## Competition and Risk

Remember when long distance phone calls cost so much that one teenager separated from their friend could bankrupt your budget? Reagan brought competition to the phone industry and opened the door for cell phones and cheap long distance. Now we don't even think about making long distance phone calls, they're just part of the plan. This is exactly the kinds of efficiencies and cost savings that competition can bring to education in Alaska. In this article I'd like to show a specific aspect of governmental programs that would be drastically improved with some competition.

Risk is a factor in any project or process, and a lot of effort and resources go into managing that risk. It can come from underestimating the costs, not recognizing the impacts of attached strings, legal liability, and a host of other reasons. The borough itself has a Risk Management division just to look at these issues. Risk aversion is rapidly becoming one of the largest costs of the government doing business.

A current local example is where the Borough spent \$503,600 to put up 350 bus stop signs. This has resulted in the borough twice adding more money into the bus stop project. A significant portion of that was because public works had all the signs and their placements engineered, instead of just having a contractor install them according to already known safe standards. This was done to mitigate the risk that a sign might fall over and hit someone in the head. So how far do you go to avoid risk? Do you encase all the signs in NERF® material? Do you mount the signs on pilings driven to bedrock? What you find in these situations is that a private business is always willing to take more risk than the government, so private enterprise is always able to do it for less. To be honest, you'll never completely get away from this as long as government is doing projects, because the money isn't their own. The government never feels the need to take more risk when it can just take more money.

So now let's take a look at education and some of the risks. If you didn't have enough teacher time allocated for each student then maybe you would be sued for not dedicating that time. If you don't have enough security at the schools then if anything happened you could get sued. If you don't have a psychologist at every school, then any psychological problems the children may have in the future you may take the blame for. While not all of these examples are fully implemented in our school district, it is the line of reasoning that has led to the doubling of staff (not teachers) in the last twenty years, while student population has declined. In its great desire to avoid any risk or liability, the school district has been increasing the number of employees to mitigate risk.

It's important to note that a lot of the risk mitigation here locally has been driven by the federal No Child Left Behind standards. They require all students to test to the same level (if the school district wants federal handouts). It has now reached the point where the school district sometimes has one teacher for one student. This is because it feels that if it doesn't show that it's putting out enough effort, i.e. spending more, then it could be held liable if the child fails the test. It will only get worse with the pseudo-Common Core standards that the State has adopted, which are completely test-driven (woe to those students who have test anxieties).

What competition can bring to this playing field is that private and charter schools can accept more responsibility from the students and parents, and therefore require the parents to take more risk. Each parent will be able to weigh in the balance the risk they are willing to accept versus the quality of education that the parent wants, and make the decision on where to educate their children. The government schools will respond because of their desire to have more students, and move back towards where the schools once were with regards to risk and responsibility. As mentioned already, government will never be as efficient as private enterprise, but it can certainly be more efficient than it is right now. We currently spend around \$16,000 per student in the Borough, one of the highest rates in the country, and a large portion of that is the school district dealing with potential liability. There is a bill in the legislature (SJR9/HJR1) to allow the citizens to vote on whether parents should have choice in their educational systems. It would allow those of all incomes to utilize private systems of education. Polling has shown that overwhelmingly most Alaskans do want that choice, but the no-choice lobby has been pressuring the Senate and House to not support letting the people vote on this issue. Please let your legislators know that you would like to vote on this issue. You can email the entire legislature at [GOV.ALLlegislators@alaska.gov](mailto:GOV.ALLlegislators@alaska.gov).