



Universal Scholarships Can Help Neighborhoods Needing Revitalization

Bartley Danielsen **PROFESSOR OF FINANCE AND REAL ESTATE,
NORTH CAROLINA STATE UNIVERSITY**

Even before COVID, families often moved from cities to suburbs to get better school assignments. COVID has increased the urban exodus. A recent Wall Street Journal op-ed, “Why Orthodox Jews Are Leaving Brooklyn for Florida” is one example of a less understood phenomenon.

Some families move to escape any school assignment. In fact, as the focus of the WSJ piece, Jacob’s story represents a general academic finding: school choice programs attract families, improve neighborhoods, and raise property values.

Consider Vermont’s “tuitioning system.”

Vermont has many small school districts. In most of them, children are assigned to the local public school. But dozens of Vermont districts don't have a public school. These communities are referred to as "tuitioning districts" because families in these areas select a private school or an out-of-district public school for their child. The selected school then bills tuition directly to the child's home district. The family pays nothing.

So, here's a telling fact about Vermont's tuitioning districts. According to Census data, families with school-age children make up an unusually large fraction of residents in tuitioning districts compared to districts with assigned schools. Occasionally, Vermont districts have closed public schools due to low enrollment and switched to tuitioning. In these instances, the community commonly records in-migrations of families after the change. It seems likely these families would have avoided the old, assigned school, but they are now attracted by the tuitioning opportunity. As Vermont real estate agents know, research shows the tuitioning program enhances local property values.

Other research shows similar results with a voucher program in Paris, France. The Paris program allows students to attend a private school rather than an assigned public school. However, some parts of the city have very few private schools that can accept the vouchers. In these areas, assigned public school quality strongly affects a home's market value.

In contrast, for areas where several nearby private schools accept vouchers, home values are no longer tied to the quality

of the school. Statistically, the quality of a public school has no detectable effect on home values in these areas. Parisian families can turn to the private school option when they are unsatisfied with their public option. For these neighborhoods, having an underperforming public school nearby may be no more problematic than having a restaurant on the block serving unappetizing food. Families can just choose not to go there.

Charter schools are another school-choice tool that can spark in-migration and economic development in neighborhoods. Real estate developers know this, and some have sponsored charter schools to boost the value of their neighborhoods under development.

Recently, the business community in Duarte, California convinced the Duarte school district to sponsor a new charter school. The new school is a satellite of Santa Ana's renowned Orange County School of the Arts (OCSA). Two decades ago, OCSA moved to Santa Ana from a wealthier Orange County community. OCSA's move sparked a revitalization of Santa Ana's urban core. Duarte has placed a well-researched bet that where OCSA expands, jobs and growth will follow.

And these are just a few documented cases of school choice raising property values or bringing economic vitality to areas with unattractive assigned schools. There are many similar cases with other types of school choice like public school inter-district transfers and even within-district choice programs.

In a post-COVID world, it will become even more important for urban civic leaders

to wake up to the power that school choice can have in arresting the flow of families out of cities. Given these examples, Florida's new perception as a school choice destination is not surprising. School choice attracts families and grows struggling communities. But when middle-class families leave the city because of the public schools, they shrink the tax base while leaving behind impoverished neighborhoods.

Environmentalists should also be concerned that the education refugees moving to the suburbs will have larger carbon footprints than they had as city dwellers. More families in the suburbs means more

traffic and more air pollution. Seen in this light, urban public school dysfunction is one of the biggest environmental problems that we face in the United States today. It drives the sprawling structure of every metropolitan area in the country.

Despite decades of failure by education bureaucrats, mayors and city councils must continue to rely on those bureaucrats to try to fix failing urban public schools. However, if these city leaders are serious about saving their communities, they must accept that bad schools are driving people out of town. They must give urban families choices – many, many choices.