

Education Vouchers Benefit Edgewood Economy

Brief Analysis No. 714

by John D. Merrifield

July 15, 2010

Tuition voucher programs attempt to improve academic performance through school choice. Vouchers pay a set amount to schools chosen by the students' families. Programs can be federally funded (like the D.C. Opportunities Scholarship Program), funded by local government (such as the Milwaukee Parental Choice Program) or privately funded.



Dallas Headquarters:
12770 Coit Road, Suite 800
Dallas, TX 75251
972.386.6272
Fax: 972.386.0924

www.ncpa.org

Washington Office:
601 Pennsylvania Avenue NW,
Suite 900, South Building
Washington, DC 20004
202.220.3082
Fax: 202.220.3096



Government-funded programs generally have strict eligibility requirements and often restrict the type of school a student can choose. For example, many government programs will not allow voucher students to attend a school with a religious affiliation.

Edgewood Voucher Program.

From 1998 to 2008, the Children's Educational Opportunity Foundation funded tuition vouchers for residents of San Antonio's Edgewood Independent School District that ranged in value from \$2,000 to \$4,700 per year, depending on the student's grade level and whether the selected school was in the Edgewood district. The vouchers were available to any student in Edgewood whose family chose to participate, regardless of academic ability or income. After 2003-2004, budget limitations forced the foundation to restrict vouchers mostly to continuing students.

Thus, unlike most voucher programs, the Edgewood program did not limit vouchers to a few low-income students in poor performing public schools, and the program was funded long enough to have measurable effects on student performance and the community. This resulted in

not only educational gains for both participating and nonparticipating students, but also economic gains for the Edgewood neighborhood.

Since the temporary nature of the program may have had short-lived and varying effects, the program was analyzed during the startup phase (1998-2001), for the years until the program was closed to new entrants (1998-2005), and over the whole 10-year period (1998-2008).

Impact on Property Values. Prior to the voucher program, Edgewood enrollment was declining as students' families moved out or students enrolled in other schools. Property values declined 12.2 percent in the three school years prior to implementation of the voucher program in 1998. This trend was reversed after the voucher program was introduced:

- From 1998-2001 Edgewood's property value rose 16.2 percent.
- Compared to five other districts with similar demographics but no voucher program, Edgewood's property value gain from 1998-2001 was second highest.
- From 1998-2005, Edgewood's property values rose 54.6 percent — the highest among the districts compared.

Comparing Edgewood's growth to other similar districts helps control for factors such as inflation.

Impact on Single-Family Home Values. The number of single-family dwellings in Edgewood grew by 2.1

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percent in 1998-2001, 4.9 percent over the 1998-2005 period and 7.4 percent over the decade (1998-2008) during which the voucher program was running. This was second fastest among the comparison districts in all three periods. Single-family home prices increased by an average of approximately \$6,500. [See the figure.] In turn, property tax revenue rose, netting the district an extra \$10.6 million.

Impact on Multifamily and Manufactured Housing Values.

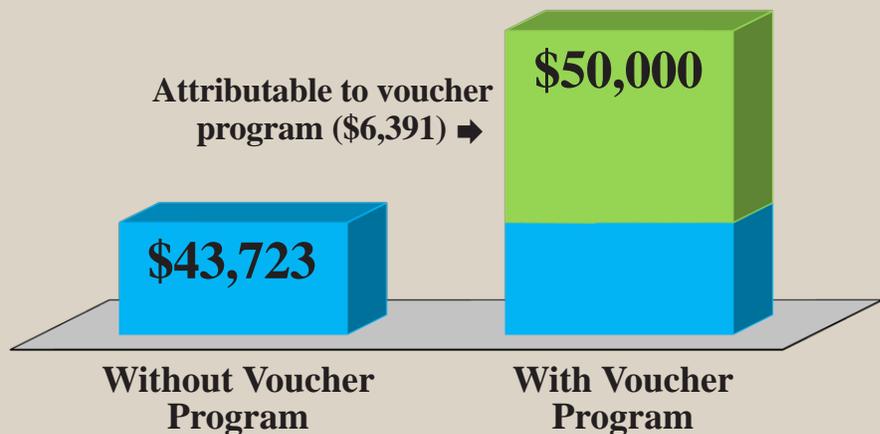
Edgewood's multifamily residential properties grew by 1.5 percent in 1998-2001, 17.1 percent over the 1998-2005 period and 25.1 percent over the decade (1998-2008). The growth rates were in the middle of the performances of the districts that were compared, which is quite remarkable given the closure of some Edgewood apartment projects in the late 1990s.

Edgewood steadily improved its standing in multifamily market value relative to the control districts. From 1998-2008 Edgewood's multifamily residence market value was top among comparison districts, increasing 209.1 percent. From 1998-2005 Edgewood's gain of 79.6 percent was second among the districts.

Edgewood's growth in mobile homes and mobile home market value topped the five other districts in all three periods. Notably:

- Mobile home market value jumped 65.9 percent from 2000 to 2001.
- Market value rose another 96.3 percent from 2001 to 2002, whereupon it leveled off and then declined slightly.
- The number of mobile home properties rose with the increase in market value with a one-year lag.

Average House Value in Edgewood Independent School District



Source: John Merrifield et al., "An Evaluation of the CEO Horizon, 1998-2008, Edgewood Tuition Voucher Program," August 2009.

The absolute numbers are small, but an initial surge in mobile home market value and lagged growth in the number of mobile home properties is consistent with the incentive to quickly and cheaply respond to the voucher opportunity. It also reflects the possibly temporary nature of the voucher opportunity from a family's perspective in 1998 and 1999.

Impact on Commercial Property Values. From 1998 to 2001, the number of commercial properties in Edgewood increased by only 4 percent, which was still better than two of the four control districts. Edgewood commercial growth accelerated after 2001. Increases from 1998 to 2005 and 1998 to 2008 (33.2 percent and 35.4 percent, respectively) in Edgewood commercial property values topped all of the control districts. That decreased the number of vacant lots by 22.8 percent from 1998 to 2008, and the number of industrial properties fell by 28.6 percent — both a blessing for the neighborhood in terms of aesthetics.

Conclusion. The sudden increase in property values and demand for housing in Edgewood indicates the desire of parents to move into the district's boundaries in order to qualify their child for the voucher program. While the exact number is unknown, many voucher users attended non-Edgewood public schools prior to becoming voucher users, moving to the district specifically for voucher eligibility. In addition, others would have left the district had the vouchers not existed, including many children entering school for the first time.

The Edgewood experiment shows that policymakers can reap significant economic development and educational benefits at no net fiscal cost by implementing school choice programs like universal vouchers.

John D. Merrifield is a professor of economics at the University of Texas at San Antonio, a senior fellow with the National Center for Policy Analysis and the director/cofounder of the E.G. West Institute for Effective Schooling (egwest.org).